



NATIONAL LOTTERIES COMMISSION

a member of the dtic group



# ANNUAL REPORT

2023 | 24



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# PERFORMANCE HIGHLIGHTS 2023/24



**3 045**

Monitoring & Evaluation assessments completed against an annual target of 3 000

Launched the Vuvuzela Fraud Hotline



**8 373**

Jobs created or retained in NLC funded projects

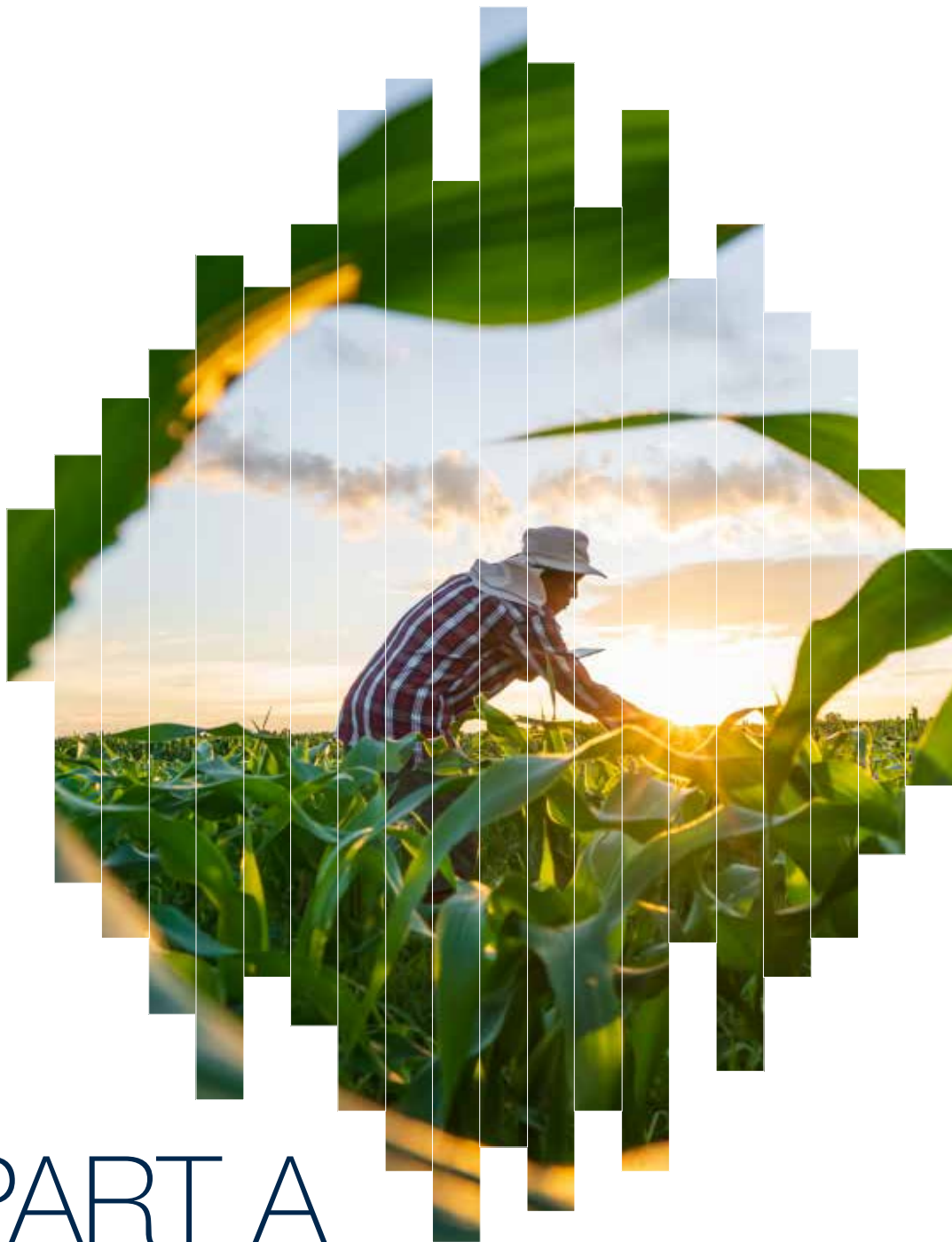
Illegal lotteries investigated and closed

**102**



The Forensic Investigation Unit completed 83 investigations into allegations of fraud and corruption





# PART A GENERAL INFORMATION

# 1. PUBLIC ENTITY'S GENERAL INFORMATION

**REGISTERED NAME** National Lotteries Commission (NLC)

**PHYSICAL ADDRESS** Block D  
Hatfield Gardens  
333 Grosvenor Street  
Hatfield  
Pretoria  
0083  
South Africa

**POSTAL ADDRESS** PO Box 1556  
Brooklyn Square  
Pretoria  
0075

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**WEBSITE ADDRESS** [www.nlcsa.org.za](http://www.nlcsa.org.za)

**EXTERNAL AUDITORS** Auditor-General South Africa  
4 Davenry Street  
Lynnwood Bridge Office Park  
Lynnwood Manor  
Pretoria  
0081

**BANKERS** First National Bank  
Nedbank

**COMPANY SECRETARY** Adv Nompumelelo Nene

## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AA</b>	Accounting Authority
<b>Act</b>	The Lotteries Act (Act No. 57 of 1997), as amended
<b>AFS</b>	Annual Financial Statements
<b>AGSA</b>	Auditor-General South Africa
<b>APP</b>	Annual Performance Plan
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>Board</b>	Board of Directors of the NLC
<b>CATHSSETA</b>	Culture, Arts, Tourism, Hospitality, Sports, Sector Education and Training Authority
<b>CFO</b>	Chief Financial Officer
<b>Commissioner</b>	Commissioner of the NLC
<b>DA</b>	Distributing Agency
<b>ERM</b>	Enterprise Risk Management
<b>ESD</b>	Enterprise Supplier Development
<b>GRAP</b>	Generally Recognised Accounting Practices
<b>HCM</b>	Human Capital Management
<b>IoDSA</b>	Institute of Directors South Africa
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>NDP</b>	National Development Plan
<b>NGO</b>	Non-governmental Organisation
<b>NLC</b>	The National Lotteries Commission established in terms of the Lotteries Amendment Act, including its controlled entities, being National Lotteries Distribution Trust Fund and National Lotteries Participants Trust
<b>NLDTF</b>	National Lottery Distribution Trust Fund
<b>NLPT</b>	National Lotteries Participants Trust
<b>NPO</b>	Non-profit organisation
<b>OHS</b>	Occupational Health and Safety
<b>PFMA</b>	Public Finance Management Act (Act No. 1 of 1999) as amended
<b>R&amp;D</b>	Research and Development
<b>RFP</b>	Request for Proposal
<b>SCA</b>	Supreme Court of Appeal
<b>SCM</b>	Supply Chain Management
<b>SHE</b>	Safety, Health, and Environment
<b>SOP</b>	Standard operating procedures
<b>The dtic</b>	Department of Trade, Industry and Competition
<b>TR</b>	Treasury Regulations



### 3. FOREWORD BY THE MINISTER OF TRADE, INDUSTRY AND COMPETITION

**T**he National Lotteries Commission (NLC) is a critical and significant player in the structure of our communities, in building social cohesion, and taking care of the most vulnerable among us.

As a regulating entity, the NLC is tasked with creating an enabling environment for lotteries to thrive within the parameters of the Lotteries Act 57 of 1997 (Lotteries Act), to protect the interest of participants, and by extension – to protect the revenues collected by ensuring that those contributions from regular South Africans achieve the impact that is intended among beneficiaries of grants.

The year under review saw the initiation of the process to issue the fourth Licence to Operate for the National Lottery and Sport Pools, a milestone which signifies the strides that the industry has made in South Africa, as well as the impact of the National Lottery as a staple in the lives of South Africans.

The work of re-establishing the NLC as a trusted and ethical funder that serves with integrity continues, and issues of mitigating fraud and corruption remain a key priority.

The fraud risk assessment completed during the period under review serves as a basis for the development of plans and measures that will detect, prevent, investigate and respond to incidents of fraud and corruption within the NLC environment. It is pleasing to see the NLC's collaborative approach with 'best-in-class' entities and expert organisations in this regard.

As part of building synergy between the Department and its entities continues, and it is our informed belief that once the groundwork of rebuilding the NLC has solidified, the entity will see continuous improvement in its audit outcomes in future.

I wish to acknowledge the commitment and hard work of the Board and Management of the NLC led by Prof Barney Pityana and the Commissioner, Ms Jodi Scholtz respectively. The same is extended to the staff at the Commission who serve at the coalface and work steadily to bring the dual mandate of the NLC to fruition.

**Mr Parks Tau, MP**

Minister of Trade, Industry and Competition



“

**Thank you** National Lotteries Commission for supporting athletics in South Africa. It would have been difficult to achieve my dreams and reach the stage of my career where I am now without your support and input. We truly appreciate your presence in athletics.

**- Bayanda Walaza**

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## 4. FOREWORD BY THE CHAIRPERSON

N BARNEY PITJANA GCOB FKC MASSAf

The National Lotteries Commission is a statutory body and a juristic person. That is enough to give it the persona of an organ of state. The Public Finance Management Act (PFMA) has listed the National Lotteries Commission as a Schedule 3 national public entity. The governing Board of such an entity must abide by certain fiduciary duties as it assumes the role as the accounting authority as defined in the PFMA. The publication of the Annual Financial Statements and Annual Report is one of the fiduciary responsibilities obligated by the PFMA (s.55). The publication of the audited Annual Financial Statements and Annual Report is, for me, an exercise in “accountability, responsiveness and openness” as enacted by the Constitution (s.1(c)).

The responsibility is even greater than mere compliance with the PFMA and the Constitution, in my view. It is an expression of responsible governance, the more so that the National Lotteries Commission (NLC) is a public institution in the truest sense of that word. It derives its resources voluntarily from the public, its resources are designated for a public function. It is not simply a public benefit organisation, it serves a developmental purpose, and it enables and empowers citizens to participate in programmes of community building and mutual care and support for the neediest in the community. To achieve this function, the Board of the NLC serves as the trustees of the National Lottery Distribution Trust Fund (NLDTF) that is entrusted with the deposits from the sales of lottery tickets. As trustees of the NLDTF, the Board oversees the distribution of grants to “worthy good causes” for which it is held accountable. To achieve that purpose, the NLC serves a function as a regulatory body for the lottery industry and advises the Minister about all matters relating to the lottery business, in particular about the award of the lottery licence by the Minister.

But there is more to determining its status. The NLC is not only a regulator of the lotteries industry, it is commanded to, with due regard to the Constitution, to ensure that the

lottery is conducted with all due propriety and with due regard to the interests of every participant. More well-known, the National Lottery is entrusted with the task of receiving allocations from the sales of the national lottery, to serve as a trustee of the NLDTF, and to make grants to worthy good causes.

That is a public function. The Regulations for the distribution of the funds from the NLDTF makes it very clear that the purpose that we seek by the grants we make is to “contribute to developmental needs, (to) enhance social and moral responsibility and economic viability of programmes designed to advance rural, under privileged and poor communities” (Part 1.2). As a public institution that has the task of distributing about R1,2bn annually to worthy good causes, makes the lottery a critical institution for social cohesion and for national development.

Guided by the enabling law of the lottery, the NLC has a duty to provide public knowledge and awareness of the work of the lottery, to be informed about the resources available for community upliftment projects, and to guard against the ill effects, unwise and unhealthy habits. That is the basis on which the lottery must be more widely known and as many South Africans as possible are invited to contribute to its programmes and business model.

That said, there can be no gainsaying the fact that for over a decade, it is now common knowledge that the previous Board and ex-senior executives of the NLC have failed in their duties in advancing the letter and the spirit of both the Constitution and the law. So serious was this matter that by Proclamation R.32/2020 dated 6 November 2020, the President authorized the Special Investigative Unit (SIU) to undertake an investigation of allegations of malfeasance, corruption and unlawful activities in the conduct of the affairs of the NLC.

It is also worth putting on record that consequent to these activities, the Minister deemed, it appropriate to cause

*"The NLC is not only a regulator of the lotteries industry, it is commanded to, with due regard to the Constitution, to ensure that the lottery is conducted with all due propriety and with due regard to the interests of every participant."*

the appointment of a new Board of the NLC. An interim Board assumed office in March 2022, a new Chairperson was appointed with effect from September 2022, and a substantive Board was in place by May 2023. At the same time, it is vital to make the disclosure that the Commissioner of the NLC resigned in August 2022, and a new Commissioner assumed office in February 2023. With such changes brought about by the SIU investigations, the identification of those who are fingered in malfeasance has been substantial changes at the senior executive level of the personnel of the NLC. It is also acknowledged that whenever such changes and disruption or instability visits an organisation, it becomes an opportunity for new beginnings, but that it also results in a depressed mood in the organisation.

Such was the responsibility that befell the Commissioner and the Board of the NLC during the period under review, to recalibrate the organisation, reset it and restate its mandate, assess its statutory commission and rebuild the organisation. That had to happen while the ordinary responsibilities of the NLC were underway. It is work that had to be undertaken sensitively, with expertise, as well as taking some bold steps towards its goal. This report then must, of necessity, outline the building blocks of this evolving and envisaged National Lotteries Commission.

For all these reasons, it is important to establish the National Lottery as a modern, progressive and efficient business institution that also has a heart for the needy and suffering in our society. Besides that, though, those who are gifted with excellent gifts in sport, culture, etc., must be recognised, assisted in bringing out their best potential, and to be applauded by society so that they could also be a good example to others. That is the task of nation-building. We are therefore constantly engaged in improving our business model, equipping our staff to do better and seeking opportunities to serve the people of our country in appropriate ways. Excellence, accordingly, must be the driving motto of the NLC.

Besides, the NLC is seeking to establish a culture of lifestyle audits and disclosures from the Board, executives to all levels of the organisation. This is not an easy task and there is also some resistance to it. As a culture, we recognise that it will take time to set in. With this also is a need to be assiduous about declarations of conflicts of interest. All this could be a tool for establishing a culture of accountability within the organisation.

## CORPORATE AFFAIRS

It was widely recognised that without the collapse of Good Governance the NLC might have been spared the shameful ignominy of its fate. The Board then resolved from the beginning to honour all the hallowed prescripts of Good Governance that have been standardized since King IV principally among them being effective and ethical leadership, effective management and control, accountability and strategic performance. The role of the Board to be the steering mechanism for the achievement of the strategic goals of the organisation, ensure accountability, approve strategy and policy, and then to oversee and monitor performance. The board seeks to honour the responsibilities between Management and Governance but hold the executive to account.

The Board Committee are the functional engines of Governance, and the recommendations of the Board Committees are presented to the Board for adoption as Board resolutions. The hard work of the NLC takes place in the context of the Board Committees and each committee is chaired by a member of the Board. In addition, some experts have been appointed by the Board as independent members of the Board to give expert guidance to the Board Committee.

Much work has been done to revise policies, consolidate others and to set a tone from the Board level of the strategic priorities of the NLC. That is work in progress.

The Chairperson of the Board undertook a province-wide tour to visit the provincial offices, a selected number of projects and introduced the Board and its ideas to all the partners of the NLC. The relationship between the Board and all the partners of the NLC is being established. It is planned that a national Indaba will be held next year to seal the strategic effect of the partnership.

The Board and the Executives have also held various workshops together to hammer out a new strategy for the NLC. That work is in progress.

The Governance work of the NLC is driven by the Company Secretariat which has been restructured and well resourced. The Company Secretariat is both a conduit and link between Board and the Commission. In a recent independent review of the performance of the Board and the Secretariat satisfaction was expressed about how the Board functions although concerns were expressed about the size of the Board and the resultant load that members carried.

## FINANCE AND AUDIT 2023/24

A lot of work has been done to promote a culture of compliance, accountability, and performance management since the last audit season. This work has meant a considerable policy shaping for the organisation and oversight by both the Finance and the Audit and Risk (BARC) Committees. Lessons we believed had been learnt from last year's Audit Process have not spared us from confronting new challenges this year that had not been anticipated. It must also be mentioned that the Auditor General's Audit Team is very painstakingly thorough in its inspections and interrogation of the books. Once again, the Finance Team is learning lessons both about the capacity of their various professionals and the skills demanded by new developments in audit functions that we must work towards. Notwithstanding that we are very delighted with the audit this year. We recognise that we were all thoroughly stretched hence the delay in the finalization of the audit. A culture of compliance is being established to abide by the policies of the organisation, to implement the observations of the previous Audit, and to work diligently with the Audit Team of the Auditor General to produce this year's Audited Financial Statements. Where the team fell short lessons have been learned, continuous improvement and performance management will be put in place.

We confirm that the Finance team has worked tirelessly to enhance governance and improve policies and processes to address the internal control deficiencies identified. Whilst the audit outcome is not ideal, it is representative of legacy

matters that take time to work itself out of the system. Having said that the NLC has made significant strides in closing off these matters and is confident that in the new year, the outcome will improve.

## OPERATIONS

### GRANT-FUNDING

It is not surprising to disclose that the epicentre of the corrupt activities in the NLC had to do with the critical function of the grant distribution work of the NLC. These unlawful activities involved the collusive activities of members of the Board, some of the former executives and senior managers of the institution, aided by the beneficiaries of the NLC grants. The SIU in its earlier assessment disclosed that some R1,4bn were stolen, by various devious means, from the coffers of the NLC. With the assistance of the SIU, the Commissioner was obliged to take appropriate disciplinary action against some senior managers and executives of the NLC. The result was that an atmosphere of apprehension was palpable in the organisation and forms of resistance were evident. It also meant that new senior managers and executives had to be employed. Ultimately, the diagnostic fact was that a sense of moral decay had set in in the organisation. It meant that the building of an ethical consciousness became an imperative in an organisation whose purpose was to express care for the needy and display a deep sense of patriotism in the execution of their duties. There is thus no denying that while there are dedicated members of staff, the truth is that there are also many who definitely do not belong to the frame of reference that the NLC was seeking to construct. Or to put it differently, any transformation of the organisation depends on the character and caliber of the personnel and that the rebuilding of such character would take much longer than we may have envisaged.

Interventions in the Grant-funding Avenue of the mandate of the organisation constituted, inter alia, the following:

- Design of a new policy to give effect to s.2A(3) of the Act being the reference to what was previously known as the "pro-active funding". A new policy for Research-based funding was adopted.
- Stricter controls were adopted at every stage of the grant-awarding process: an inspectorate was established, partnerships with various governmental agencies, e.g. Home Affairs, SARS, CIPC, DSD was to ensure that identification of applicants could be done with greater ease; partnership with the banks also meant that the illicit movement of funds could be detected earlier;



- Enhanced monitoring and evaluation at all the stages of the grant-making process;
- Lastly an electronic system of registration of grantees and on-line applications is being introduced;
- The NLC has adopted new standard operating procedures for grant funding applications; and
- Affidavits to be signed by all Directors, submission of bank statements and tax status.

Much of this is causing consternation among some of our grant applicants who may well find this to be unfriendly. We believe that it is necessary to do so to protect the integrity of the NLC grant-funding programme.

During the period of FY 2023/24 the NLC had embarked on the robust engagements in reviewing its strategic priorities to ensure alignment with the mandate. The organisation is still facing a backlog in the adjudication of applications for FY 2023/24. This matter is being remedied by seeking the intervention of the Executive Authority in the appointment of the additional Distributing Agency Members with an intention to increase efficiency in the adjudication of applications. The Board has declared this a crisis that brings disrepute to the NLC.

#### **THE APPOINTMENT OF A 4<sup>TH</sup> NATIONAL LOTTERY OPERATOR**

The Board is of the view that the processes that would enable the Board to advise the Minister about the award of the 4<sup>th</sup> National Lottery and Sports Pool Licence have been undertaken diligently and effectively. With the valuable assistance of expert advisors, the Adjudication Report has been presented to the Minister and his decision is awaited with interest.

It is worth pointing out that the participation in this process has been unprecedented. Compared to previous National Lottery and Sport Pools Licences (RFP) processes, eight applicants submitted their proposals, an independent panel of evaluators was appointed and the Adjudication Report will inform the Minister and enable him to make a decision to award the licence. A second feature of this year's process is that a great deal of public interest appears to have been generated. One notes that there may even be some impatience judging by the demands and accusations that accompany the probing interest in the finalisation of this matter. Thirdly, in this RFP, the Minister has sought to pave the way for a possible state lottery post this 4<sup>th</sup> Licence.

As far as we know the new Licence-holder is set to assume responsibility as from 1 June 2025.



*"In implementing the regulatory mandate, illegal lotteries were identified and enforcement action was taken. This resulted in 102 illegal lotteries identified and enforcement action was taken to cease their operations. These lotteries would have raised approximately R24 million by illegally selling lottery tickets to members of the public."*

## **HUMAN CAPITAL AND REPARATIONS**

In the effort re-build the ethical organisational culture and governance, the requisite skills have been appointed to improve efficiencies in the execution of the mandate to changing lives of the communities we serve. The spirit of trust and transparency has been promoted in the NLC to motivate a workforce committed to deliver enhanced seamless service delivery. Furthermore, the NLC cannot avoid the responsibility of taking disciplinary action against members of staff who have been found complicit in corruption or other forms of malfeasance. We have found that these processes have taken far too long to bring to completion.

A Social and Ethics Committee of the Board has been established. The Committee serves as the barometer of the ethical state of the institutions, sets out appropriate policies, and promotes education and training that would enhance the ethical culture in the organisation. In an effort to establish an ethical environment the NLC launched a Fraud Prevention Summit on 22 November 2024. By all accounts the initiative had the overwhelming support of staff and other institutions and agencies in the Public Service joined the effort to lend support to the NLC initiative.

The NLC has a duty to promote the integrity and protection of those who came forward in reporting maladministration. The NLC seeks to address some of these areas through a reparation process. The purpose of the Reparations Committee is to consider and address the injustices suffered by whistleblowers and that the NLC will be making in its efforts to apologize unreservedly for the damage caused to individuals and identified community infrastructure projects during the previous period of maladministration and corruption. The Reparations Committee is governed by the Terms of Reference and reports quarterly to the Board on its mandate and progress.

## **INTERNAL AUDIT**

During the 2023/2024 financial year, the Board approved a revised structure for the Internal Audit and Forensic Investigation Division. This restructuring has strengthened the division, equipping it with the necessary resources to effectively fulfil its mandate. The enhanced focus on grant funding and supply chain management reflects the Board's commitment to addressing historical challenges and reinforcing governance in these critical areas.

The NLC further continues to implement action plans based on findings from the AGSA, Internal audit and the SIU to increase and enhance controls within the organisation. The Board reviewed the research-based funding policy to strengthen proactive funding controls within the NLC and mitigate corruption or prevent maladministration relating to the grant-making process. The Policy on lifestyle reviews, investigation and audit was approved by the Board to enhance ethics culture within the organisation, the implementation thereof is ongoing by Internal Audit.

## **ORGANISATIONAL COMPLIANCE**

The Board in conjunction with the office of the Company Secretary is currently undergoing the review all the organisational policies. This is one of the critical elements to enforced culture of compliance and accountability.

## **RISK MANAGEMENT**

In compliance with the Section 51 of the PFMA, the NLC has implemented a system of risk management which is efficient and effective, the implementation of risk management framework resulted in identification of strategic risks and mitigations actions in line with the mandate of the NLC. Reputation, brand management, the fourth licence operator transition and regulatory are among the risks identified, the mitigations these risks have been implemented and are monitored and reported to the NLC Governance structures in line with the combined assurance framework furthermore,



the NLC conducted end-to-end ethics and fraud risk assessments which led to the development of the Fraud Prevention Plan which aids with the prevention, detection and response to fraud and corruption while improving the NCL control environment.

To increase efficiency and compliance, and ensure the distribution of grants in a fair and equitable manner, the development of the new NLC Grant Management System is also at an advanced stage. This was followed by the development of a plan built around three pillars of returning the NLC to the focus of its core mandates by reinstating credibility, restoring governance, and building operational excellence. This is to ensure all NPOs are vetted and eligible for funding and to minimise double dipping.

### **REGULATING THE LOTTERY AND SPORTS POOLS**

The Monitoring of the current National Lottery and Sports Pools Licence Operator was executed to ensure that compliance with the Lotteries Act and Licence Agreements was adhered to. This resulted in the Operator performing above set targets for the year, by generating R7,28 bn in ticket sales, of which the contribution to good causes was R1,8 bn. The Operator spent R968 million in procuring goods and services to support lottery operations. Of this spending, 92% (R907 million) was spent on local suppliers.

The registration of society lotteries, which are fundraising lotteries allowed for non-profit entities, continued for the year. This led to R47 million in revenue generated by these non-profit entities to support their operations.

In implementing the regulatory mandate, illegal lotteries were identified and enforcement action was taken. This resulted in 102 illegal lotteries identified and enforcement action was taken to cease their operations. These lotteries would have raised approximately R24 million by illegally selling lottery tickets to members of the public.

### **STRATEGIC PARTNERSHIPS**

The NLC acknowledges that there are other critical and complementary players in the developmental space. Therefore, partnerships are necessary to enhance the grant funding mandate and build a sustainable civil society sector. Five strategic partnerships with national and provincial government were concluded.


### **RESTORING THE BRAND REPUTATION**

Strides have been made in re-establishing open and positive media relations, and the tone of engagements has warmed from probing approaches to information-seeking on the outcomes the NLC seeks to achieve as it emerges from a turbulent period. A Media and Communications Strategy was approved by the Board in January 2024.

### **THANK YOU AND APPRECIATION**

Since the last Report, the Department of Trade, Industry and Competition is now led by a new team. We welcome the Honourable Minister Parks Tau, MP, and Honourable Deputy Ministers Zuko Godlimpi, MP and Andrew Whitfield, MP. We have valued the guidance of the Minister and his team especially in navigating the inter-regnum since Minister Ebrahim Patel retired. Our home, the Department of Trade, Industry and Competition with Ms. Malebo Mabitje-Thompson as the Acting Director General has offered us much needed support to achieve our objectives. As early as it may be in their tenure, we wish to express our heartfelt appreciation for their support and we are looking forward to a rewarding partnership.

On behalf of my colleagues, members of the Board of the NLC I offer our appreciation for the support of the Commissioner and her Executive Team, as well as to the Company Secretariat for the diligence with which what could have become an onerous task and for the ease with which they have received the strategic leadership of the Board at a difficult time in its life.



**N Barney Pityana** GCOB FKC MASSAf  
Chairperson of the Board

Gqeberha, 6 December 2024.



## 5. COMMISSIONER'S OVERVIEW

MS. JODI SCHOLTZ

**T**he journey of the NLC over the last decade is one that is well documented in the media. Several reports from different sources including the SIU, the media and find common ground that there had been a systematic collapse of governance which resulted in adversely impacting the reputation of the entity.

It was against this backdrop that I joined the NLC in February 2023, and much of my attention immediately went to installing mechanisms that would be immediately effective in strengthening internal controls and filling the senior vacancies. The Chief Financial Officer (CFO) started on 24 April 2023 while the Chief Audit Executive (CAE) started on 20 March 2023.

The 2023/24 financial year was one of contrasts. Whilst assessing the full spectrum of the impact of what had gone awry in recent years and implementing corrective measures, we had to balance the interests and concerns of a workforce that was discouraged and disempowered. What is not documented is that the organisation, in terms of systems, processes, policies and people, was that these were deliberately weakened over more than a decade.

Engagements with employees, mapping of processes and interrogation of policies continue to highlight the systematic “disablement” of the NLC. Processes, policies and systems can be addressed in a systematic, planned manner and this has taken place in the reporting period. However, empowering employees and instilling trust again will require time and quality investment and initiatives in this regard have already been put in place. A consequence management framework was developed and disciplinary processes initiated, and various initiatives started to address the many concerns raised in forensic and audit reports.

Consequence management has been embedded in the NLC’s policies and procedures. The NLC has been instituting disciplinary procedures informed by forensic, internal audit and SIU recommendation reports. Where employees are implicated in alleged fraud or corruption, the NLC has adopted a zero-tolerance approach to fraud and corruption and employees are immediately placed on precautionary suspension. Where officials have resigned, the NLC retains its rights to proceed with civil and criminal sanctions where this is feasible.

With the support and guidance of the board, the executive management team has been working to strengthen systems and processes and redirecting the NLC towards a new vision and organisational values that will contribute towards effective, impactful grant funding. The Annual Performance Plan of the NLC was revised to ensure greater alignment and this is reflected especially within programme 3 in this Annual Report.

Findings from the Auditor General, Internal Audit, and external forensic reports highlighted high levels of irregular expenditure, non-compliance and lack of consequence management, and their recommendations highlighted the enormity of the task ahead of us. Change is constant, and the process of invigorating the NLC will take time. With each milestone, we take time to reflect and track our progress, ever mindful of the vision led by the board to:

- Reinstatement of credibility by ensuring that our processes have integrity to support regulating lotteries and that funding has real, lasting impact. Internal Audit has also been capacitated with resources and a forensic investigation unit established.

This has come with fraud and corruption risk assessments that are tracked with transparent, clearly documented mitigation factors and incidents that are reported to allow for trend analysis and intelligence gathering. At the tail end of the financial year, we

*"Integrity is one of our core values at the NLC. We are committed to operating lawfully, ethically and with integrity in every aspect of our business. We acknowledge that the NLC has previously been the victim of corrupt practices but we are cleaning up the legacy of the past! This requires an unwavering commitment to ethics from our people, business partners and stakeholders to ensure that we remain firmly on our new path of accountability, transparency, and good governance. We are rebuilding our processes, policies, controls and procedures, and filling key roles with skilled ethical professionals"*

welcomed a new Executive Manager for Legal Services as well as the Chief Risk Officer, further strengthening the leadership of the organisation.

- Restore governance through the review of structures and policies that guide the organisation to function optimally and in compliance with all applicable legislation; and
- To Build Operational Excellence as we keep a lens on our stakeholders, both internal and external to ensure that our programmes speak to their needs and expectations while continually improving customer service across all functions.

## REGULATING LOTTERIES

In a landmark year, the NLC supported the Department of Trade, Industry and Competition as the Minister issued the Notice of Request for Proposals for the Fourth National Lottery and Sport Pools Licence ("RFP") in terms of Section 13(2)(a) of the Lotteries Act 57 of 1997. This is in accordance with our responsibilities as outlined in the Act. Since 2000, South Africa has seen three national lottery operators being tasked with the strategic activity that has become part of the fabric of society, creating millionaires, and importantly, raising revenue from each lottery ticket that is sold, and this is ultimately directed toward good causes. The process of selection and appointment naturally attracts heightened public interest, and part of the critical task of the process is the maintenance of strict confidentiality undertakings from both the NLC and the applicants. This is required to ensure that the process is protected from any possible interference and to maintain its integrity, and we look with anticipation to the culmination of the undertaking.

## FUNDING FOR IMPACT

As South Africa's largest grant funding organisation, the NLC is constantly faced with the balancing act between the large number of funding requests with a limited budget. Trends have shown that while the budget available for distribution is just over R 1.2 bn per annum, requests for funding run into the tens of millions.

This points directly to the critical needs of the communities at large, and the not-for-profit sector in particular. Discussions around how we ensure that the NLC funds sustainable, impactful models, supportive of the developmental needs of our country are a central focus within the NLC, and we continually seek innovations and varied perspectives in this regard.

One key mechanism that the organisation began working on in the reporting period is continuing the NLC's digital transformation. In 2023/24, concerted efforts have been directed to developing and building a new grant management system based on well defined, mapped and optimized business processes. With several long-term projects in the pipeline, the grant management system will automate and integrate several functions from application to the verification of compliance requirements, to payment of grants.

The main aim of the new grant management system is to reduce the number of days to process and adjudicate applications received. In an effort to take our stakeholders along our journey of evolution, we have taken them into our confidence around resourcing, system and procedural challenges that have impacted the efficiency of our processes, particularly of turnaround times. Despite these, the colleagues within the NLC have brought themselves fully to the task of serving stakeholders, and organisations across all funded sectors that continue to receive much-needed funding.



## CONCLUSION

We continue with our work to bring about operational excellence and to transform our organisation. Our stakeholders are our partners in staying the course. We have established the NLC of the future as one that is built on transparency and openness, and it is in that same spirit that we have invited all stakeholders to be our eyes and ears and to keep us accountable. The NLC will also continue engaging various structures to facilitate improved coordination and alignment especially in the funded sectors. We have taken great strides and made much progress during the year and will continue with dedication to deliver on our mandate.

Through the reparative measures initiative, the NLC continues its efforts to repair its reputation in pursuit of its objectives, protect the integrity of the NLC and give effect to the human rights of dignity and ubuntu by taking steps to restore harmony to fractured relationships and promote the restoration of social harmony and healing. Whistleblowers who may have suffered as a result of their reporting under the previous administration; and community infrastructure projects as identified in the SIU investigations will be part of this reparations initiative.

My commendation and appreciation to the colleagues within the NLC who have shown commitment and continue to contribute towards the NLC we all envision. Our gratitude to the Department of Trade, Industry and Competition (**the dtic**) and the many other entities that have supported the NLC during the year. Only through synchronised collaborative efforts can we, as a collective, turn the tide against the inequalities that plague our society. My heartfelt appreciation to the Board of the NLC, led by Board Chairperson, Prof. Barney Pitso, for their unwavering support and guidance during the reporting period.



**Ms. Jodi Scholtz**

Commissioner



## 6. STATEMENT OF RESPONSIBILITY

### STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

We relied on our five-year strategic plan and Annual Performance Plan (APP) (published on our website), which reflect the NLC's long-term, mid-term and short-term objectives in line with the National Treasury Framework for Strategic Plans and APPs. Interviews with key stakeholders were also conducted to ensure all material information is included in the report.

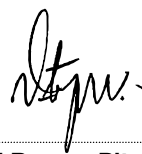
To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General South Africa (AGSA).
- The Annual Report is complete, accurate and is 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 F) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the NLC.
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been 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, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.



**Ms. Jodi Scholtz**

Commissioner



**N Barney Pityana** GCOB FKC MASSAf

Chairperson of the Board



## 7. STRATEGIC OVERVIEW



### 7.1 VISION

To be a global innovative leader in regulating safe and sustainable lotteries and sports pools.

### 7.2 MISSION

To ensure better regulation and social upliftment through innovation.



### 7.3 VALUES

We are committed to achieving sustainable growth through the practice of good corporate governance, the provision of excellent service and sound regulatory practice. In fulfilling the mission and delivery of our mandate, we demonstrate:

**INTEGRITY** To be honest, open, accessible, and fair in all our dealings, decisions and actions.

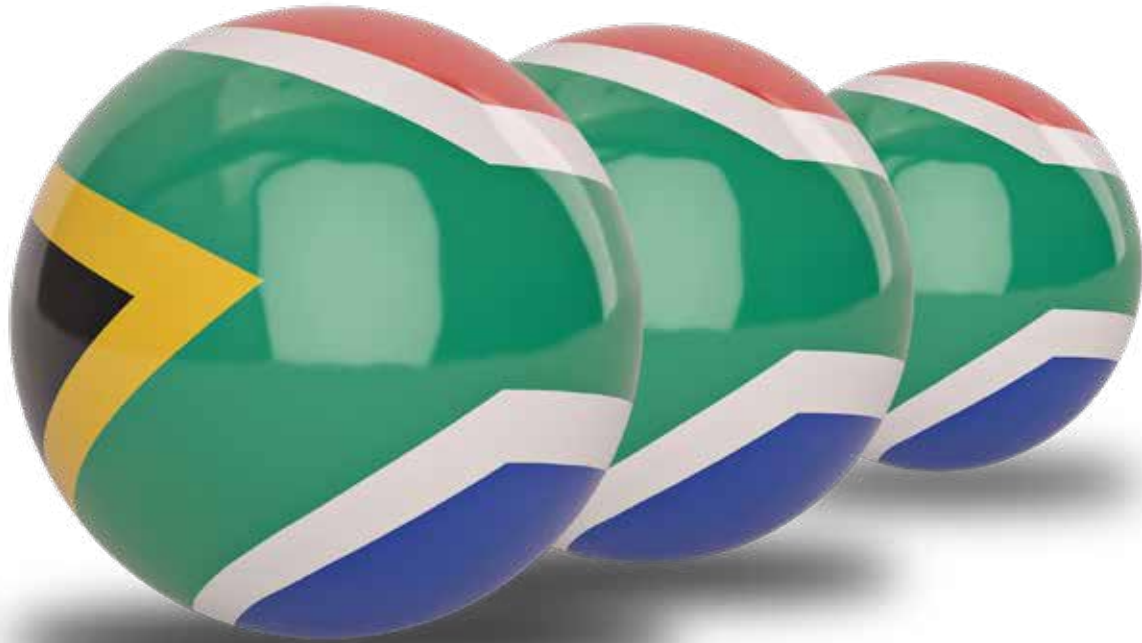
**PERFORMANCE EXCELLENCE** To take ownership of our responsibilities, to work effectively, efficiently, with professionalism and ensuring a positive sustainable impact on the communities we serve.

**SERVICE EXCELLENCE** To provide a level of service which is of a high quality, target based and meets the expectations of all stakeholders.

**SOCIAL CONSCIOUSNESS** To be sensitive to the needs of the community order to initiate social upliftment.

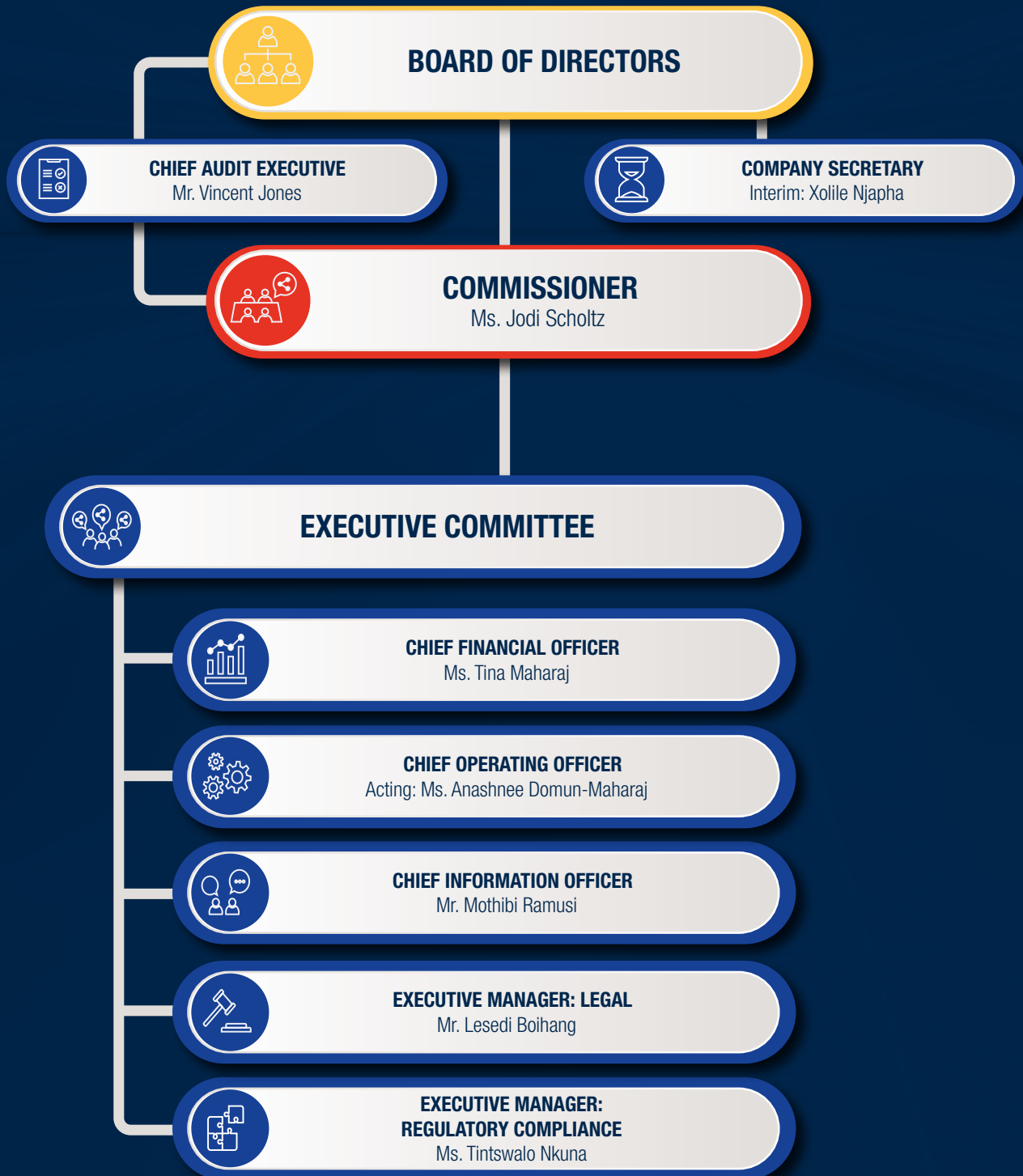
**INNOVATION AND AGILITY** To continuously strive to redefine standards of excellence in the work that we do.

## 8. LEGISLATIVE AND OTHER MANDATES



- The National Lotteries Commission (NLC) is a Schedule 3A Public Entity in terms of the Public Finance Management Act (PFMA) (Act no 1 of 1999), as amended and has been established through the Lotteries Act (Act No 57 of 1997) as amended.
- The NLC has the sole mandate to regulate and prohibit lotteries and sports pools and to provide for matters connected therewith.
- To ensure that the National Lottery and Sports Pools are conducted with all due propriety and strictly in accordance with the South African Constitution 1996, this Act, all other applicable law and the licence for the National Lottery, together with any agreement pertaining to that licence and that the interests of every participant in the National Lottery are adequately protected.
- Conduct research on worthy good causes that may be funded without lodging an application prescribed in terms of the Lotteries Act, upon request by the Minister, Board or on its own initiative in consultation with the Board.
- Invite applications for grants from worthy good causes in the prescribed manner.
- Promote public knowledge and awareness by developing and implementing educational and informational measures to educate the public about the lotteries and provisions of the Lotteries Act, as amended, and educating the public by explaining the process, requirements and qualifications relating to the application for grants in terms of this Act.
- Manage its staff, focusing on the financial, administrative, and clerical functions and exercise any other function as delegated or directed by the Minister or the Board.

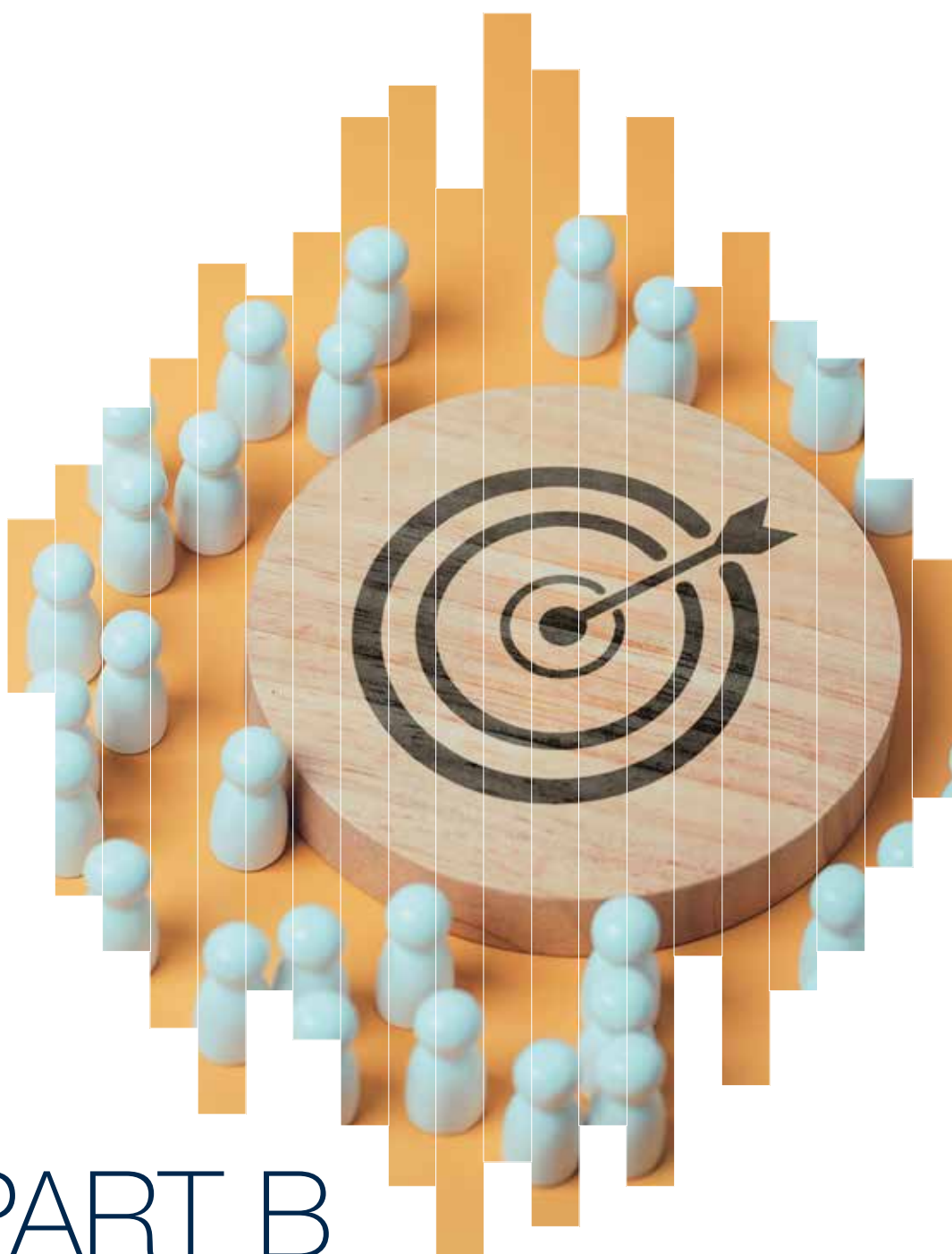
## 9. ORGANISATIONAL STRUCTURE



## NLC STRUCTURE - VACANT/FILLED POSITIONS

HEAD OFFICE
COMMISSIONER'S OFFICE
SECRETARIAT'S OFFICE
Ethics Officer
Document Management Officer
OPERATIONS OFFICE
Chief Operation Officer
BUSINESS DEVELOPMENT
LEGAL
Executive Assistant
Legal Officer X2
Admin Assistant
ICT
Applications Developer
Database Administrator
Infrastructure Support
HUMAN CAPITAL
INTERNAL AUDIT
Specialist Forensic Investigations
Forensic Officer X2
Specialist Internal Audit
Specialist Performance Audit
IT Auditor: Data Analytics
ENTERPRISE RISK MANAGEMENT
Enterprise Risk Officer
Specialist: Enterprise Risk
FINANCE
Senior Manager: Financial Accounting
Demand & Acquisition Officer X2
Travel Officer X2
Demand and Acquisition Specialist
Management Accounting
Junior Management Accountant
REGULATORY COMPLIANCE
Specialist: Lotteries Regulatory Compliance
Specialist: Regulatory Compliance & Enforcement

PROVINCIAL OFFICES
FREE STATE
Monitoring & Evaluation Officer
EASTERN CAPE
Client Liaison Officer
MPUMALANGA
Monitoring & Evaluation Officer
WESTERN CAPE
Client Liaison Officer
LIMPOPO
Grant Funding Officer
Monitoring & Evaluation Officer
NORTHERN CAPE
Monitoring & Evaluation Officer
KWA-ZULU NATAL
Client Liaison Officer
Grant Funding Officer
GAUTENG
Grant Funding Officer
NORTH WEST
Client Liaison Officer
DISTRIBUTING AGENCIES
DA Members X12



# PART B

# PERFORMANCE INFORMATION



# 1. AUDITOR'S REPORT: **PREDETERMINED OBJECTIVES**

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information in accordance with the AGSA findings engagement. This engagement is not an assurance engagement and accordingly do not express an assurance opinion or conclusion. The outcomes on the audit of performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report. Refer to page 110 of the Report of the Auditors Report, published as Part F: Financial Information.



## 2. SITUATIONAL **ANALYSIS**

### 2.1. **SERVICE DELIVERY ENVIRONMENT**

The role and functions of the NLC are clearly outlined in the Lotteries Act (No. 57 of 1997, as amended), which places an obligation on the organisation to support (directly and indirectly) the electoral mandate of the national government. In the quest for achieving its vision and mission, among others, to 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. Furthermore, the business of the NLC is influenced by the political and economic landscape of the country.

Businesses, especially in the context of developing economies, like that of South Africa, operate in a **V**olatile, **U**ncertain, **C**omplex, and **A**mbiguous world otherwise known as the VUCA environment. Notably, the intensity of the VUCA in a developing economy context is high. During the development of the NLC's strategy, the organisation would have been mindful of Schick, Hobson and Ibisch's (2017) observation that environmental volatility implies surprising twists and unpredictable results. This is because in the opinion of Singhal (2021), the volatility concept is linked to the speed at which environmental changes occur.

Uncertainty hinges on the indeterminate probabilities associated with future events (Murugan, Rajavel, Aggarwal & Singh, 2020). While complexity describes the complicated interaction of environmental factors, ambiguity relates to the profound difficulties associated with interpreting anticipated occurrences and using it as a premise to accurately model the future. According to a report by the Institute of Risk Management South Africa (IRMSA, 2022), while there may be a legion of risks that affects business operations in South Africa, the top nine risks that organisations are likely to contend with at a macro-level, include the probable events such as complete breakdown of ethical and legal principles across society, unmanageable societal unrest and breakdown of the rule of law, complete economic collapse, to name the few.

In the quest to mitigate some of these risks, IRMSA (2022) suggests risk treatment actions which upon successful implementation, would enable organisations to ride the crest of the risk waves. Among others, these include:

- Strengthening of consequence management mechanisms,
- Institutionalising effective control frameworks,
- Normalisation of ethical behaviours,

- Upskilling of human resources, and
- Appointment of skilled and experienced persons at Board, Executive, and Accounting Authority levels.

The insights from the IRMSA's study are instructive. The NLC, like many organisations, must recognise that the business environment has become increasingly turbulent and treacherous. Owing to this, the need for greater awareness and proactivity towards identification, analysis, evaluation and treatment of risks has escalated. To this end, the cardinal responsibility of the Governing Board of the NLC is to drive a risk aware culture following the tenets of the enterprise risk management school. This may prove beneficial to the NLC as it would enhance our chances of success with the endeavours that we seek to fund for the greater good of society.

South Africa's dynamic tapestry includes a service delivery landscape as diverse as the country itself. From the busy urban centres of Johannesburg and Cape Town to the rural expanses of Mpumalanga and the Eastern Cape, the provision of critical services serves as the foundation of communities across the country. At the heart of South Africa's service delivery system is a dedication to equality and inclusivity, which stems from the Constitution's democratic ideals, and the NLC, as the grant funder plays a pivotal role in the space.

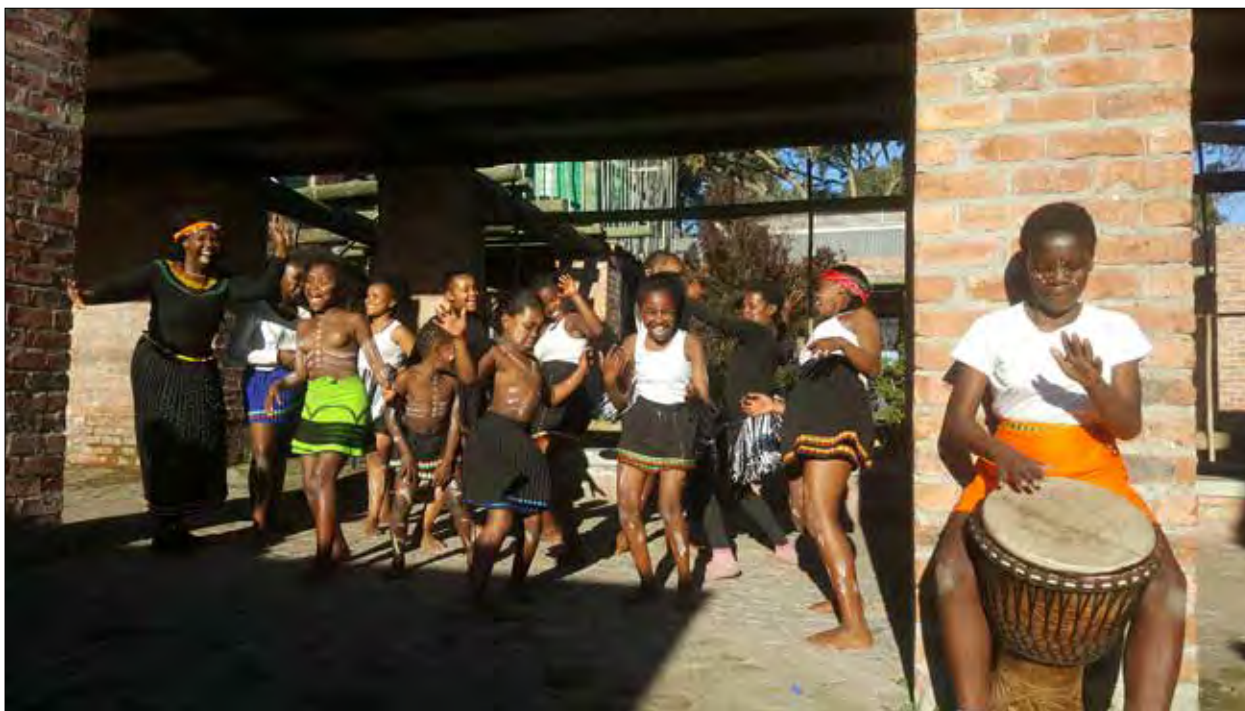
From a sector-specific viewpoint and reflecting on those sectors relevant to the NLC's funding programmes, a closer focus on Civil Society organisations (CSOs) is significant. The definition of civil society includes the wide array of non-

governmental and not for profit organisations that have a presence in public life, express the interests and values of their members and others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Another all-encompassing description of CSOs includes those who provide social and welfare services aimed at young children (through early childhood development centres); women and families affected by domestic violence; vulnerable groups including the elderly, people with disabilities, youth, orphans and children, and animal welfare.

There are different types of Non-Governmental Organisations (NGOs) in South Africa. These include Non-Profit Organisations (NPO), Faith-Based Organisations (FBO), Public Benefit Organisations (PBO), and Community-Based Organisations (CBO), to name a few. In South Africa, the number of registered NPOs have indeed been significant, driven by various factors including socio-economic challenges such as high rates of unemployment and poverty.

At the heart of the NLC's work is the recognition that NGOs play a pivotal role in the realisation of the National Development Plan and the 2030 Agenda for Sustainable Development. In addition, the sector also plays an important role in skills development and job creation opportunities, particularly for women and youth who are the hardest hit by the high levels of unemployment in South Africa. This scenario paints a worrisome picture that essentially attracts innumerable knocks at the NLC's door. The growth of NPOs implies a difficult terrain for the NLC, with increased demands for funding, heightened competition for resources, and a need for strengthened oversight and capacity-building efforts.





The expanding number of NPOs has necessitated that the NLC enhances oversight and due diligence processes to ensure that funds are allocated appropriately and used effectively. This entails strengthening monitoring mechanisms, conducting thorough assessments of organisations' capacity, and implementing accountability measures. This complex landscape presented a comprehensive review of the grant funding business processes, which required the integration of a risk-based approach and tightened controls. To this end, a 360° assessment has been supplemented to verify applicants and augment the current assessment process for applications, which includes pre-site visit inspections. These mechanisms are envisioned to ensure that only credible NPOs are funded, as the mere registration of an NPO cannot be considered an acceptable proxy indicator for good governance at the NPO.

The sustainability and market prospects of a national lottery in South Africa are directly and indirectly affected by the economic landscape and the dynamics of the global, regional and domestic economy. Businesses and organisations operate in the broader context of society and so, knowledge of fundamental social factors would be useful for decision-making purposes in any business or organisation, more so for the NLC stemming from the work that we do.

Statistics South Africa's Census 2022 showed that the population of South Africa increased from 51,7 million in 2011 to more than 62 million in 2022; a growth rate of 1,8% in the intercensal period.

Whilst South Africa has comparatively robust infrastructure, financial systems, and innovation potential when compared to its Sub-Saharan African counterparts, it faces deep rooted challenges of unemployment, income inequality, and poverty. To address these difficulties would necessitate concerted and persistent efforts on numerous fronts, including education and skills development, social protection, economic reforms, and good governance. The NLC has a role to play in fostering the social cohesion that the South Africa requires during these difficult and unprecedented times through its secondary mandate of distributing funds for worthy good causes.

The unemployment rate remains consistently high, the official unemployment rate stands at 32.9%, an increase of 0.8 of a percentage point in the first quarter of 2024 (Q1: 2024) compared to the fourth quarter of 2023 (Q4: 2023) as cited by Stats SA:2023. This poses a significant barrier to economic progress and social stability, particularly among young people. Current trends point to the necessity for comprehensive job creation measures, such as targeted investments in high-employment sectors, skill development programmes, and support for small and medium sized businesses. The broader context of aggravating unemployment is the lack of economic growth experienced by the country in recent years. Notably, electricity-supply shortages have constrained South Africa's growth lately, the rolling scheduled power cuts (load shedding) started in 2007 and have intensified since 2022. This severe electricity shortfall has disrupted economic activity and increased operating costs for businesses, many of which rely on costly diesel generators. It has also affected other infrastructure such as water and sanitation, IT, and service delivery in the health and education sector. Although



new reforms and investments are being considered and implemented, load shedding is expected to continue for at least two more years (World Bank, 2023).

Socio-economic challenges are further exacerbated by high fuel and food prices, which disproportionately affects the poor. Inflation averaged 6.0% in 2023 but stood at 9.3% for those at the bottom 20% of the income distribution. Increasingly severe domestic constraints, alongside slowing global demand, led to Gross Domestic Product (GDP) growth falling to just 0.6% in 2023, from 1.9% in 2022. South Africa remains a dual economy with one of the highest and most persistent inequality rates in the world, with a consumption expenditure Gini coefficient of between 0.63 and 0.67 (World Bank, 2023).

Inequality remains among the highest in the world, and poverty was estimated at 62.7% in 2023, based on the upper-middle-income country poverty line, only slightly below its pandemic peak. These trends have prompted growing social demands for government support, which could put the sustainability of public finances at risk if they are to be met. However, for the lottery operator, the more people have disposable income, the more probable it is that they will spend money on lotteries, trying their luck at changing their fortunes. Households' access to clean water, electricity, sanitation, and refuse removal provides key information needed to measure the progress made regarding basic service delivery. Access to these services also affects households' health, the environment, and level of poverty in the country (Stats SA, 2023). Household consumption is the single largest source of economic activity in South Africa in terms of expenditure. As a result, household financial health and confidence in future prospects are crucial. Poverty lines are key tools for statistically reporting poverty levels and patterns, as well as planning, monitoring, and evaluating poverty reduction programmes and policies. The national poverty lines were constructed using the cost of basic needs approach which links welfare to the consumption of goods and services. The lines contain both food and non food components of household consumption expenditure.

- Food poverty line – R760 (in May 2023 prices) per person per month. This refers to the amount of money that an individual will need to afford the minimum required daily energy intake. This is also commonly referred to as the “extreme” poverty line;
- Lower-bound poverty line – R1 058 (in May 2023 prices) per person per month. (This refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line); and Upper-bound poverty line – R1 558 (in May 2023 prices) per person per month.

(This refers to the food poverty line plus the average amount derived from non-food items of households whose food expenditure is equal to the food poverty line). Proportionally, young people continue to face significant challenges in their lives.

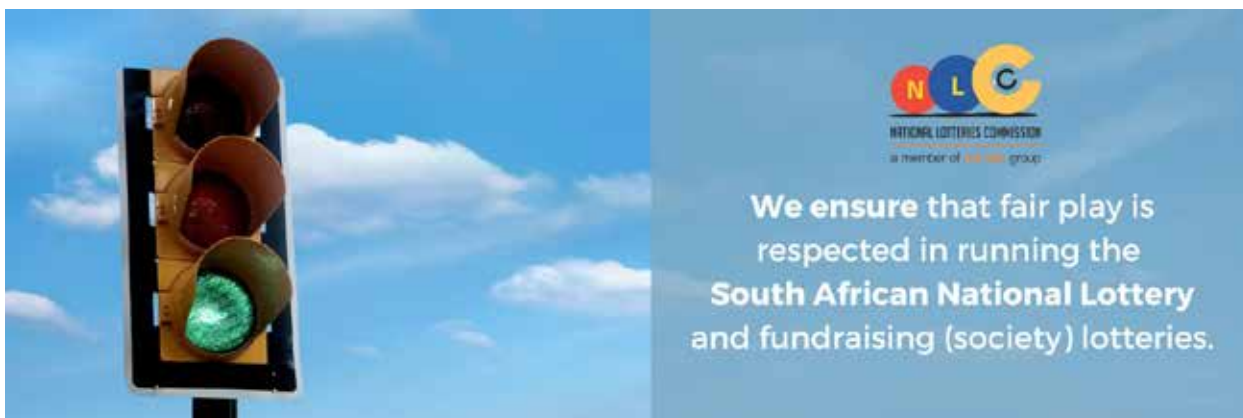
One of these challenges is the persistently high rate of young people who are not in employment, education or training (NEET), which has exceeded 30% for the past ten years, despite various private and public interventions aimed at addressing this situation (Southern Africa Labour and Development Research Unit, 2023). This translates to more than 3 million young people aged 15 to 24 who are NEET. Furthermore, the youth in South Africa continue to be disadvantaged in the labour market with an unemployment rate higher than the national average.

The significance of addressing this phenomenon cannot be overstated, as young people who are NEET are highly vulnerable in the labour market and are at risk of continued social exclusion, particularly when they have been NEET for a longer period. Indeed, existing research demonstrates that prolonged disconnection from the labour market and education or training opportunities significantly increases the risks of enduring income poverty and mental health issues (Branson et al., 2019). These adverse indicators of skills level are among other structural factors that drive the high youth unemployment rates in South Africa.

In the context of digitization, contemporary literature indicates that technology plays a crucial role in shaping the success and sustainability of modern organisations, frequently acting as the “secret ingredient” that propels them to a tipping point of greatness. Today's most valued organisations understand that leveraging technological capabilities is key to achieving exceptional performance and maintaining a competitive advantage in an increasingly digital age.

Technology is the winning approach that propels today's most successful businesses forward, drives innovation, and creates long-term value in a digitally interconnected world. Businesses that use technology as a strategic enabler and invest in digital transformation activities can seize new opportunities, overcome barriers, and thrive in the digital era. The NLC regulates a sector with considerable potential for innovation. As a regulator and advisor on policy issues affecting the National Lottery and other lotteries, it is prudent for the organisation to prioritise and boost research & development spending in this industry. The NLC's digital transformation journey began the previous fiscal year, and significant progress has been achieved in expanding the organisation's digital capabilities.





## 2.2. ORGANISATIONAL ENVIRONMENT

The lottery and gaming industry is dynamic and subject to ongoing changes driven by technological advancements, regulatory developments, and shifting consumer preferences. The lottery and gaming industry is undergoing significant digital transformation, as seen in the growth of online lotteries, mobile gaming apps, and internet-based gaming platforms. Players increasingly prefer the convenience of participating in lottery games and gaming from their computers and mobile devices.

Technological improvements have resulted in the conception of sophisticated electronic gaming machines such as video slots and bingo terminals. These machines frequently combine interactive features, multimedia elements, and digital payment methods, blurring the distinction between traditional gambling and video gaming. Regulators, such as the NLC, are confronted with the challenges of assuring the integrity of the Integration of Electronic Gaming Machines (EGMs), avoiding underage gaming, and managing the possible addiction dangers of these devices.

In the regulatory space, there is a growing emphasis on responsible gaming and players' protection. Regulatory bodies and operators are implementing measures to prevent addiction, such as self-exclusion programmes and mandatory limits on deposits and bets. To draw in a wider range of players, including younger ones, the industry is implementing novel gaming structures and experiences. In lottery and gaming products, skill-based games and gamification components are becoming more prevalent, creating an enormous problem for regulators to protect the players.

The adoption of mobile payment solutions is equally growing, making it easier for players to deposit and withdraw funds while enhancing security. Some lotteries and gaming operators are exploring the use of cryptocurrencies and

blockchain technology for transactions and transparency. It is widely reported that blockchain can enhance the security and integrity of lottery games and online gaming.

Regulators and operators are increasingly using data analytics to understand player behaviour and preferences. This data helps in offering personalised experiences, promotions, and game recommendations; and often aids in preventing compulsive gaming. In a technologically rapid environment, it is not always smooth sailing, as behind every opportunity lies challenges. Sports betting continues to expand globally, with an increasing focus on in-play and mobile betting.

E-sports betting is also growing as competitive gaming gains mainstream recognition, threatening the same space of lottery players. However regulatory frameworks are evolving in many regions, some countries are removing or loosening their gaming laws to capture tax revenue and better regulate the industry, whilst others are on course to impose stricter controls. The emergence of cryptocurrencies has facilitated the growth of cryptocurrency gaming platforms, allowing users to wager digital assets on various casino games and sports betting markets. Regulating cryptocurrency gaming presents challenges in terms of financial transparency, anti-money laundering (AML) compliance, and consumer protection in an inherently decentralised and pseudonymous environment. The NLC has moved swiftly in trying to curb some of the illicit activities of anti-money laundering by embarking on the exercise of developing the Know Your Customer (KYC) strategy for online lottery play during the year under review.

Lottery operators are collaborating across borders to offer larger and more attractive jackpots to players. Multi-jurisdictional lottery games, such as EuroMillions and Powerball, allow players to participate in draws with massive prize pools that transcend national boundaries. This globalisation of lottery jackpots has contributed to increased player interest and participation, driving revenue growth for

participating operators. Whilst some lotteries are forming international collaborations, allowing players from different countries to participate in shared jackpot draws, it is crucial to conduct thorough risk assessments to understand the potential challenges and benefits of international participation. Factors such as currency exchange, political stability, and legal compliance should be considered and pose a potential risk both for regulators and players.

To this end, many regulators and operators are adopting environmentally responsible practices and social initiatives to contribute positively to the communities they serve. These include green gaming practices and support for charitable causes. These trends are shaping the future of the lottery and gaming industry, offering new opportunities for regulators like the NLC, operators and an evolving landscape for players. In the current economic climate, opportunities can be found in the form of state subsidies, higher minimum wages, and the reintegration of some individuals into organisations that had scaled back during the peak of the global health crisis, leading to an increase of lottery and gaming participants.

Staying updated on these trends is crucial for businesses in the sector to remain competitive and compliant with changing regulations.

However, suffice to assert that extreme weather and poor air quality are two further risks posed by the ecological environment. The floods that recently ravaged numerous places, in the context of South Africa, were particularly a direct result of the extreme weather compounded by the global climate change. South Africa, like many other nations, recognises the significance of green jobs and the potential they hold for the nation's future. The pursuit of preserving the environment and alternative energy sources in South Africa aligns with the NLC's environmental protection goals and offers numerous social and economic benefits. Indications are that it is an evolving field with great potential to shape the future of the country, as it will reduce environmental impact, and provide sustainable employment opportunities.

According to the experts in the sector, the lottery industry is expanding through usage of computerised systems for lotteries and gaming accounts for a significant amount of its



current and potential future growth. Perhaps the most likely to bring about constructive disruptions in the way the lottery industry operates is the technological environment. With the use of big data analytics, lottery operators can now make more informed judgments thanks to these technological advancements, which can also boost the lottery industry and the player experience at various lottery platforms.

The regulatory framework governing the lottery sector continues to evolve, with ongoing efforts to enhance transparency, accountability, and compliance across the industry. The NLC remains committed to upholding regulatory standards and ensuring the integrity of lottery operations. Imperatively, a strong and respected legal system, along with effective legislative oversight, is indispensable for the NLC to fulfil its mission of funding good causes in society with integrity and accountability as it provides a solid foundation for good governance, regulatory compliance, and the protection of beneficiaries and stakeholders.

### 2.2.1. REGULATION OF ILLEGAL LOTTERIES

The evolution of technology has created substantial hurdles for gaming industry regulators and legislators, including the regulation of activities such as the National Lottery. Since gambling became legal in South Africa in 1996, technological innovations have altered the gaming environment, introduced new kinds of gaming and reshaping existing ones. These shifts have presented several challenges for policymakers and regulators such as the NLC. The proliferation of internet connectivity and mobile devices has resulted in the rapid expansion of online gaming platforms. These platforms provide a variety of casino games, sports betting, and lotteries, allowing people to access gaming services from anywhere. Online gaming regulation presents obstacles in terms of jurisdiction, enforcement, and responsible gaming practices.

The rapid rise of illegal lotteries in South Africa presents significant challenges for regulatory authorities, particularly in the context of online gaming, where international operators encroach on the South African market. The Regulatory Framework, as overseen by the National Gambling Board (NGB), primarily focuses on regulating illegal forms of gaming, including online gambling, while the NLC has jurisdiction over National Lottery-related gaming activities and other lotteries within South Africa's borders. However, the cross-border nature of online gaming complicates regulatory efforts, leading to substantial revenue losses for the government and exposing players to risks without adequate protection.

The persistent surge in illegal lotteries, including betting on the outcomes of lotteries, poses significant challenges for the NLC, exacerbated by delays in amending legislation and apparent breaches in the law. Despite efforts by the NLC to

address this issue, the growth of illegal lotteries presents a serious challenge that requires urgent attention. Despite various regulatory endeavours, unregulated online casinos, illicit sports betting activities, and unlicensed lotteries remain prevalent. Technological advancements, including anonymous online payment methods, and encrypted communication channels make it challenging for authorities to detect and combat illegal lotteries effectively.

One of the key contributing factors to the proliferation of illegal lotteries is the lack of momentum and capacity in the prosecution of illegal operators, particularly in the online space. Law enforcement agencies often prioritise other crimes over illegal lotteries, viewing it as a lower priority offense. This results in a lack of deterrence and enforcement actions against illicit operators, allowing them to continue operating with impunity. Furthermore, the existing Regulatory Framework, such as the 2004 National Gambling Act, prohibits South African operators from offering or participating in interactive gaming online, including casino games, poker, and bingo. However, loopholes and enforcement challenges have allowed illegal operators to circumvent these regulations, leading to the proliferation of unlicensed online gaming platforms.

The NLC previously commissioned research to establish the extent of illegal lotteries in the country and quantify its impact. The research enabled the NLC to create a compendium of these schemes, outlined their modus operandi, and determined the extent in which they contravene the Lotteries Act and its impact on the National Lottery. The research revealed that illegal lotteries remained the main threat to revenue maximisation for the National Lottery to socially uplift communities in need. It was estimated that R2,2 bn was generated annually from illegal lotteries, with a loss in contributions to good causes estimated at R640 million per annum.

These illegal lotteries deprive the government of significant tax revenue that could otherwise have been allocated to essential public services and infrastructure development. The illicit nature of these activities also distorts market competition and undermines the sustainability of legal gambling operators, leading to economic inefficiencies. Equally, the legal gaming establishments contribute to economic growth and job creation in various sectors, including hospitality, entertainment, and tourism. However, the presence of illegal lotteries undermines these contributions by diverting consumer spending away from legal operators and eroding their market share, resulting in job losses and reduced economic activity. Illegal lotteries pose a significant threat to the financial sustainability of the NLC. These illicit activities divert revenue away from the legitimate lottery operator, undermining the NLC's ability to fund essential social development initiatives and fulfil its mandate effectively.



### 2.2.2. AMENDMENT OF THE LOTTERIES ACT TO ADDRESS THE CHALLENGE OF ILLEGAL LOTTERIES

The NLC was established in terms of the Lotteries Act 57 of 1997. The Act was enacted to regulate and prohibit lotteries and sports pools; to establish a National Lotteries Board; consequentially to amend the Post Office Act, 1958, the Gambling Act, 1965, and the Gambling Act, 1982 (Ciskei), and to repeal the State Lotteries Act, 1984 (Ciskei), and the Lotteries Decree, 1989 (Transkei); and to provide for matters connected therewith. Act No. 32 of 2013: Lotteries Amendment Act, 2013 was gazetted on 14 April 2015 to amend the Lotteries Act 57 of 1997, so as to:

- amend certain definitions,
- provide for the establishment of a National Lotteries Commission,
- provide for the extension of the powers of the board,
- provide for the licensing of an organ of state to conduct the National Lottery,
- provide for a clear accountability process for the distributing agency,
- provide for the professionalisation of the distributing agency, and
- eliminate overlapping of functions between the Minister and the board.

Although the Lotteries Act was amended to allow for identifying and investigating illegal lotteries, an inspection of the active lotteries together with education and awareness on illegal lotteries, it appears that more still needs to be done. In essence, the NLC legislative mandate is to control, track and regulate all lottery operations in the country, to protect lottery operations against fraudulent schemes, to guard the prize money of winners, to enforce measures which will discourage underage gaming, prevent excessive play and ensure accountability by lottery operators.

The Lotteries Act was amended in 2013, to date sections of the Act and its Regulations have been identified that require amendment, which include the enhancement of enforcement powers to curb illegal lotteries.

Other jurisdictions have successfully passed legislation to prohibit the taking of bets on the outcome of the National Lottery, to ensure that its fundamental is preserved, that of generating revenue to fund worthy good causes that support communities.

### 2.2.3. THE IMPACT OF THE DTIC STRATEGIC OUTLOOK ON THE MANDATE AND OPERATIONS OF THE NLC

**The dtic** was formed in June 2019 through the amalgamation of the Department of Economic Development (EDD) and the Department of Trade and Industry (**the dtic**). **The dtic's** mission is to drive structural transformation toward a vibrant industrial sector and a globally competitive economy. It aims to create a business environment that is predictable, fair, and conducive to investment, trade, and enterprise development. Additionally, **the dtic** seeks to promote broader participation in the economy, fostering economic development. The department is committed to continuously enhancing its skills and capabilities to effectively fulfil its mandate and address the needs of South Africa's economic stakeholders.

The Department's strategic objectives are to:

- facilitate transformation of the economy to promote industrial development, investment, competitiveness, and employment creation;
- build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy, and economic development objectives;
- facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth;
- create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner; and
- promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

In line with **the dtic's** strategic outlook and its impact on the NLC operations, the institutional legislative mandate entails:

- To ensure that the National Lottery and sports pools are conducted with all due propriety and strictly in accordance with the Constitution, the Lotteries Act, all other applicable laws and the licence for the National Lottery, together with any agreement pertaining to that licence and that the interests of every participant in the National Lottery are adequately protected.
- Promoting public knowledge and awareness, developing and implementing educational and informational measures to instruct the public on the lotteries and provisions of the Lotteries Act, as amended, and educating the public by detailing the process, requirements and qualifications relating to the application for grants in terms of the Act.





- Manage staff, and its financial, administrative and clerical functions.
- Exercise any other function as delegated or directed by the Minister or the Board.

#### 2.2.4. ENTRANCE OF NEW GAMING MODES

The emergence of new gaming modes in both the gaming and lottery industries has indeed had a significant impact on the National Lottery's market share and the broader games of chance industry. These new gaming modes, including online casinos, virtual reality gaming, and e-sports betting, have captured the attention of consumers seeking diverse and immersive entertainment experiences. As a result, traditional lottery games have faced increased competition for players' time, attention, and disposable income.

The National Lottery is experiencing a decline in its market share and sales revenue, reflecting a broader trend of stagnation and contraction in the lottery sector. Studies have indicated that this decline can be attributed in part to the growing competition from alternative gaming options. Specifically, the National Lottery faces competition from bookmakers and betting operators that accept wagers on the outcomes of lottery draws, as well as competition from international lotteries and similar games that offer larger jackpot prizes and more attractive pay-outs. One of the key challenges facing the National Lottery is the presence of direct competitors who offer alternative gaming options that appeal to consumers seeking larger prizes and more varied gameplay experiences.

These competitors leverage their platforms and marketing strategies to attract players away from traditional lottery games, thereby exerting downward pressure on the National Lottery's market share and revenue. Until the issue of direct competition from operators offering alternative gaming options is adequately addressed by the NLC and the policymakers, the growth prospects of the National Lottery may remain constrained. The NLC will continue to carefully assess the competitive landscape, identify emerging trends, and develop strategies to adapt to changing consumer preferences and market dynamics. Through the National Lottery operator, this may involve exploring innovative game formats, enhancing the online and mobile lottery experience, and strengthening partnerships with retailers and other stakeholders to promote the National Lottery brand and attract new players.

#### 2.2.5 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

**The dtic** commissioned a regulatory impact assessment on selected provisions of the Lotteries Act, as amended. The NLC awaits further engagement on the progress thereof and as such, there are no legislative changes that affected the NLC operations for the year under review.

## 2.3 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

### NLC'S IMPACT STATEMENT A TRANSPARENT, TRUSTWORTHY AND DEVELOPMENTAL REGULATOR FOR MAXIMUM SOCIAL IMPACT

OUTCOME	OUTCOME INDICATOR	FIVE-YEAR TARGET	PROGRESS MADE IN THE 2023/24 FINANCIAL YEAR
<b>A professional and ethical organisation.</b>	Developed and implemented the organisational review and redesign strategy	Competent and skilled workforce aligned to technological advancements in the industry	During the year under review the analysis of the data collected during the organisational structure review process led to the interrogation of the AS IS divisional structures and business processes flows. The outcome of the review has prompted the need to redesign the new organisational structure, alignment of divisional functions and business processes. The NLC's operating model was also remapped to prepare for the future of the NLC, which is digitally underpinned, encompassing efficient and effective processes, and enhance consistent client and stakeholder satisfaction.
	Conducted the enterprise-wide Fraud Risk Assessment	Improved internal controls to ensure robust systems to curb leakages	The fraud risk assessment process is regarded as an integral part of preventing and responding to incidents of fraud and corruption. The fraud risk process entailed setting the context, identifying risks and their root causes, evaluating the risks, and developing mitigation strategies to further manage the identified fraud risks. The fraud risk assessment was completed using NLC Enterprise Risk Management Framework.  The plan has been developed to guide the establishment and maintaining control in preventing, detecting, investigating, and responding to incidents of fraud and corruption within the NLC environment.
	Developed, implemented and enforced the Consequence and Ethics Management Strategy	To recognise the NLC that is ethical, transparent, and credible	The fraud risk assessment process is regarded as an integral part of preventing and responding to incidents of fraud and corruption. The fraud risk process entailed setting the context, identifying risks and their root causes, evaluating the risks, and developing mitigation strategies to further manage the identified fraud risks. The fraud risk assessment was completed using NLC Enterprise Risk Management Framework.  The plan has been developed to guide the establishment and maintaining control in preventing, detecting, investigating, and responding to incidents of fraud and corruption within the NLC environment.
<b>Innovative and responsive systems and processes.</b>	Number of education and awareness engagements conducted nationally	NLC's mandate entrenched in the public domain	Education and awareness engagements refer to the promotion of the NLC's mandate as a regulator and funder through the various communication platforms available to the organisation.  For the year under review, the NLC conducted over 132 education and awareness sessions that covered a diverse range of content spanning both mandates of the NLC. These educational instruments / engagements were conducted through various forms: ranging from interactive workshops, brochures, posts on social media, awareness posters and print and electronic media.
	The grantee/applicant survey is conducted	Improve Service Delivery	The survey's objective was to ask our grantees and applicants (those who applied for grants but were unsuccessful) to assess NLC's services, systems, communication and support mechanisms so that we can improve our service offerings in understanding the importance of being a transparent, responsive and responsible funder. A survey of applicants and grantees was undertaken to determine the basis for improvement of service delivery for the NLC. This led to increased grantee capacitation post funding, on how to comply with the Grant Agreement, education and awareness on understanding funding requirements, new system development to improve efficiencies, and enhanced communication with grantees and applicants' engagement in all provinces, targeting remote areas of the country.

OUTCOME	OUTCOME INDICATOR	FIVE-YEAR TARGET	PROGRESS MADE IN THE 2023/24 FINANCIAL YEAR
<b>Innovative and responsive systems and processes. (continued)</b>	Digital transformation	Fully digitized environment that serves the needs of citizens	This was a follow-on target from the previous financial year, post the digital transformation strategy development, wherein implementation of Phase 1 commenced. The digital transformation journey has highlighted the importance of achieving operational efficiencies through proper systems and processes. The implementation plan is in progress and will ensure that systems are fit for purpose, in line with the NLC's new strategic drive, which aims to address the challenges of the past.
<b>Credible and sustainable lotteries and sports pools.</b>	Implement the National Lottery and Sports Pool monitoring matrix	The National Lottery and Sports Pools are conducted with all due propriety to reinforce its integrity and to maintain participant trust	One of the imperatives of the NLC is to ensure optimum compliance of the National Lottery and sports pools by the operator. This is executed by focusing on regulating and monitoring compliance and performance of the operator against the License Agreement. All areas of compliance required in the Act and the Licence Agreement were monitored for compliance, with increased focus on player protection, continued marketing of the National Lottery and sports pools, and protecting unclaimed prizes. This led to increased ticket sales and contributions to good causes of 0.7% of the budget for the year under review.
	Educate 1000 stakeholders on the harmful effects of gaming	Creating awareness and strengthened participant protection	The organisation endeavoured to promote Section 2(A)(b) of the Amended Lotteries Act to protect the interests of all participants. Further, the NLC aimed to ensure implementation of the prescripts in the participant protection strategy. The programme ensured that the public is aware of the role that the NLC plays in protecting players and preventing underage and excessive play. The programme was conducted in the form of workshops nationally and over 1 000 stakeholders were educated on the harmful effects of gaming.
	Know Your Customer (KYC) Strategy for online lottery play developed	Ensuring that the integrity of the National Lottery is maintained and that the net proceeds of the lottery/sports pool tickets are as large as possible to optimise the impact to good causes	The Know Your Customer (KYC) procedures are a critical function to assess customer risk and a legal requirement to comply with Anti-Money Laundering (AML) laws. Effective KYC involves knowing a customer's identity, their financial activities and the risk they pose. For the year under review, the NLC developed a KYC strategy to align to best practices for online play channels. The analysis of the available data was undertaken, and findings were presented with recommendations to be considered by the organisation. The KYC strategy was approved after year-end.
	Percentage increase in the number of compliant lottery schemes	Protecting the interests and preventing harm to participants	As part of our enforcement mandate, lottery schemes were identified through a process of monitoring the internet, scanning print and electronic media as well as reports by members of the public. Once identified as a lottery scheme, a legal analysis was drafted, with recommendations on lottery schemes that contravened the Lotteries Act. The NLC communicated the applicable enforcement sanctions to the lottery scheme operators, informing them of the contravention of the Lotteries Act and compliance requirements thereto. The scheme operators were expected to comply with demands of the enforcement sanction communicated, which sought to cease the illegal lottery schemes or take corrective action for future lottery schemes.  For the year under review, the NLC undertook to increase the number of compliant lottery schemes to ensure that the NLC fulfils its role in preventing harm to participants. The result was an increase of 87% in the number of compliant lottery schemes, which was 37% above the set target for the year.

OUTCOME	OUTCOME INDICATOR	FIVE-YEAR TARGET	PROGRESS MADE IN THE 2023/24 FINANCIAL YEAR
<b>A sustainable and impactful civil society sector.</b>	Number of strategic partnerships formalised for the research-based model	Credible & transparent research-based funding model	The research-based funding model (historically known as proactive funding) was envisaged to be implemented as per the Board approved framework. This component relates to the planned research-based model and comprise of the identification of the strategic partners for the rolling out of research-based funding. For the year under review, the organisation sought to appoint three implementing strategic partners.
	Impact Assessment Evaluation on Small Grants	Impactful and sustainable funding	This target represents a direct input into the funding categories that sought to derive impactful and sustainable funding by the organisation. The NLC has three sizes of grants within the funding model which are: small grants (up to R500 000); medium grants (R500 001 up to R5m) and large grants (greater than R5m). Trends analysis indicates that 90% of adjudications consist of small grants. There is a need to interrogate the impact that small grants make socially and economically. The impact assessment evaluation on small grants was conducted.
	3000 monitoring assessments completed	Ability to measure NLC's impact in line with pre-determined and research-based outcomes	One of the primary purposes of monitoring and evaluation within the NLC is to measure the impact of the NLC's funding. M&E is important for the NLC as it assists in assessing the difference made and demonstrates the NLC's effectiveness in impactful funding. These monitoring assessments and reports provide a wealth of data including that of job creation, skills development and the number of primary and secondary beneficiaries reached by project funding.  For the year under review, the NLC completed over 3000 project monitoring assessments using a physical project monitoring approach.
	Capacity Building of Civil Society Organisations	Job creation and sustainability	Sustainability of non-profit organisations is a concern for the NLC as the current demand for funding far outstrips the supply. Capacity building initiatives by the NLC aimed to enhance competencies of NPO leaders to improve their organisation's operational, programmatic, financial and governance performance. During the year under review, the NLC reviewed the capacity building model and piloted the reviewed model in two provinces, targeting a minimum of ten NPOs per province.



## 3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

### 3.1. PROGRAMME 1: ADMINISTRATION AND BUSINESS SUPPORT

<b>PURPOSE</b>	To ensure that the NLC remains a professional and ethical organisation with innovative and responsive systems and processes.
<b>SUB-PROGRAMMES</b>	<ul style="list-style-type: none"> <li>• Corporate Performance</li> <li>• Human Capital</li> <li>• Business Development &amp; Research</li> <li>• Marketing and Communications</li> <li>• ICT</li> <li>• Finance</li> <li>• Supply Chain Management</li> <li>• Legal</li> <li>• Secretariat</li> </ul>
<b>INSTITUTIONAL OUTCOMES</b>	<ul style="list-style-type: none"> <li>• A professional and ethical organisation</li> <li>• Innovative and responsive systems and processes</li> </ul>

#### 3.1.1. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

The combination of outputs in this programme positions the NLC to execute both mandates to ensure a safe and sustainable lottery industry for maximum economic and social impact. The NLC has made significant strides in ensuring it upholds the highest standards of professionalism and ethics. This strategic outcome is central to our undertaking of maintaining public trust and ensuring the fair and transparent distribution of lottery funds.

Our commitment to professionalism and ethics is rooted in robust governance structures and strict compliance with regulatory requirements. The NLC has established comprehensive policies and procedures to guide ethical behaviour and professional conduct across all levels of the organisation. During the year, we have rolled out extensive ethics workshops for all employees, emphasizing the importance of integrity, accountability, and transparency in all operations. We recognise that the journey towards maintaining the highest standards of professionalism and ethics is ongoing. Therefore, we are committed to continuous improvement through conducting regular reviews of our policies, procedures, and practices to ensure they remain

relevant and effective in promoting professionalism and ethical behaviour.

The NLC is dedicated to fostering innovation and responsiveness within its systems and processes. This strategic outcome is essential to enhance our operational efficiency, meet stakeholder expectations, and adapt to the dynamic landscape of the lottery and grant-making sectors. To ensure our systems are both innovative and responsive, we are significantly investing in technological advancements.

We have embarked on a comprehensive digital transformation journey, seeking to upgrade our technology infrastructure to support more efficient and secure operations. In the ever-changing world of business, new products and services, technological and social media trends, political, legal and economic shifts demand continuous investment in an organisation's main asset, its people. To be successful, the organisation must develop a leadership style, business process, and culture that can effectively handle the challenges and prospects that may arise. A management style that was adequate under one set of conditions may become progressively less effective under changing circumstances. Thus, organisational renewal prevents corporate entropy.

The NLC broadly refers to this process as their “Future Fit People Strategy”, which is a follow-on target from the previous financial year. The focus for the year in perspective was the development and implementation of the organisational review and redesign strategy. For the NLC, the development and implementation of the organisational review and redesign strategy involved a holistic and iterative process aimed at enhancing organisational effectiveness, agility, and resilience in response to evolving internal and external dynamics.

The NLC’s approach to fraud risk has been largely reactive. Given the enhancement of processes and the review of internal controls, it is imperative that fraud risk morphs into a proactive approach with the primary objective of efficiently and effectively identifying areas susceptible to fraud, prioritizing risks, investigating, and remediating those risks before they occur. In pursuit of the NLC proactively addressing the identified vulnerabilities, the enterprise-wide fraud risk assessment was conducted to give rise to a fraud detection and prevention plan that includes robust internal controls to limit NLC’s exposure to fraud. This was done in the hopes to give rise to a fraud detection and prevention plan that includes robust internal controls to limit NLC’s exposure to fraud.

The spate of corruption and maladministration has cast a shadow on the good work that the NLC undertakes and the lives that are positively impacted by the proceeds that are derived from the sale of lottery tickets. A key aspect of the ethics and consequence management framework is the identification and reduction of vulnerabilities that may lead to corruption, fraud, waste, abuse, and mismanagement of funds within the organisation. To achieve this, the NLC sought to implement measures such as lifestyle audits and integrity testing to proactively assess and monitor the behaviour and conduct of employees. Lifestyle audits entail investigating individuals’ financial activities and lifestyle patterns to find any anomalies or irregularities that may suggest unethical behaviour or probable involvement in fraudulent activities. Lifestyle audits allow the NLC to discover warning indications of misconduct and take immediate measures to protect the organisation’s reputation and integrity.

Integrity testing, on the other hand, involves assessing the honesty, integrity, and ethical standards of employees through simulated scenarios or tests designed to evaluate their responses to ethical dilemmas and temptations. Integrity testing allowed the NLC to identify areas of risk and this information was used to provide targeted interventions, such as training and counselling, to encourage ethical behaviour and avoid future wrongdoing.





In addition to lifestyle audits and integrity testing, the ethics and consequence management framework also includes measures such as whistle-blower protection, disciplinary procedures, and sanctions for individuals found to have engaged in misconduct. These measures serve to deter inappropriate behaviour, promote accountability, and uphold the organisation's commitment to transparency, integrity, and ethical governance.

It is equally imperative that the NLC continues to strengthen its educational engagements with various stakeholders on the primary mandate of regulating lotteries and sports pools, and the secondary mandate of grant funding. Consistent interaction (both direct and indirect) with our stakeholder's aids in our planning and related initiatives by not only tracking satisfaction levels among stakeholder groups but also providing direction in terms of areas for improvement.

Historical trends within the NLC have shown that using "education and awareness" engagement sessions with stakeholders resulted in effective information dissemination even at the grassroots level. The organisation embarked on a national drive to continue educating our stakeholders on the application process, the new vetting requirements, and refined grant funding processes, to name a few.

The NLC was also engaged in building capabilities to enable honest engagements with our stakeholders through conducting the grantee/applicant survey during the period under review. The grantee/applicant survey is designed to

solicit feedback from both current grantees and applicants who were unsuccessful in their grant applications.

The primary objective of the survey is to assess the NLC services, systems, communication channels, and support mechanisms from the perspective of its stakeholders. The grantee/applicant survey serves as a valuable tool for the NLC to gather actionable insights, identify areas for improvement, and strengthen its relationships with stakeholders. Listening to grantees' and applicants' views allows the NLC to constantly adjust and refine its service offerings to better meet the requirements of its beneficiaries and fulfil its mandate.

Closely aligned to the concept of organisational renewal and the future-fit people strategy is the NLC's digital transformation strategy. The recent pandemic has proved to be a tipping point in governments' digital transformation in that it has accelerated the pace. The NLC is no exception. The NLC's digital transformation strategy is a plan of action describing how the NLC will strategically reposition itself in the digital economy to allow for innovation, and the enhancement of the operating and business models to improve service delivery and access to the organisation.

In the broader modernisation project within the organisation, the envisioned transformation of NLC involves leveraging cutting-edge technologies such as artificial intelligence (AI), cybersecurity, and cloud computing to revolutionize service delivery and streamline back-office operations.



### 3.1.2. REVISED TARGETS UNTIL MID-TERM

PROGRAMME 1: ADMINISTRATION AND BUSINESS SUPPORT								
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	*Actual Achievement 2023/24 until date of re-tabling	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
<b>OUTCOME: A PROFESSIONAL AND ETHICAL ORGANISATION</b>								
<b>Proactively identify and reduce vulnerabilities that led to corruption, fraud, waste, abuse, and mismanagement</b>	1.3 Develop, implement and enforce the Consequence and Ethics Management Strategy	-	-	Conduct lifestyle audits and integrity testing, and enforce consequence management based on identified leads, indicators, and findings from the SIU reports	<b>Achieved</b> <ul style="list-style-type: none"> <li>Integrity tests have been completed.</li> <li>Lifestyle reviews were conducted for officials subjected to audit</li> <li>An ethics strategy was developed and appropriate consequence management was implemented based on numerous reports</li> </ul>			The 1 <sup>st</sup> Phase of lifestyle review assessment had to be initiated after the approval of the lifestyle audit policy.
<b>Education &amp; Awareness</b>	1.4 Number of education and awareness engagements conducted nationally	40 education and awareness engagements conducted nationally	80 education and awareness engagements conducted nationally	Conduct 132 education and awareness engagements nationally	<b>Achieved</b> 234 education and awareness engagements were conducted nationally	An additional 112 education and awareness engagements were conducted nationally	A higher number of engagements took place in Quarter 1 due to the call for applications which required additional sessions in all provinces to cover various districts	The entity deemed a need to escalate the indicator from the AOP Level to APP as per the AGSA 2022/23 findings.





## REVISED APP TARGETS AFTER MID-TERM

PROGRAMME 1: ADMINISTRATION AND BUSINESS SUPPORT							
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned target to Actual Achievement 2023/24	Reasons for deviation
<b>OUTCOME: A PROFESSIONAL AND ETHICAL ORGANISATION</b>							
<b>Optimal performance and effective adaptation of employees</b>	1.1 Develop and implement the organisational review and redesign strategy	People Strategy implemented by developing a culture transformational plan	Align the Structures, Systems, processes and policies as defined in the Future Fit People Strategy	Development and implementation of the organisational review and redesign strategy	<b>Not Achieved</b> The strategy was developed and the organisational review was done for Grant funding and Finance	The organisational review was not implemented	The implementation of the organisational review was not attained due to unintended planning constraints and insufficient resources.
<b>Proactively Addressing NLC's vulnerabilities</b>	1.2 The enterprise- wide Fraud Risk Assessment is conducted	-	-	Conduct the enterprise-wide Fraud Risk Assessment	<b>Not Achieved</b> The fraud risk assessment was conducted but not completed	The fraud risk assessment process and the fraud prevention plan were not concluded	The process was not concluded timeously due to capacity constraints.
<b>Proactively identify and reduce vulnerabilities that led to corruption, fraud, waste, abuse, and mismanagement</b>	1.3 Develop, implement and enforce the Consequence and Ethics Management Strategy	-	-	Conduct lifestyle audits and integrity testing, and enforce consequence management based on identified leads, indicators, and findings from the SIU reports	<b>Achieved</b> <ul style="list-style-type: none"> <li>Integrity tests have been completed</li> <li>Lifestyle reviews were conducted for officials subjected to audit</li> <li>An ethics strategy was developed and appropriate consequence management was implemented based on numerous reports</li> </ul>		
<b>Education &amp; Awareness</b>	1.4 Number of education and awareness engagements conducted nationally	40 education and awareness engagements conducted nationally	80 education and awareness engagements conducted nationally	Conduct 132 education and awareness engagements nationally	<b>Achieved.</b> 234 education and awareness engagements were conducted nationally	An additional 112 education and awareness engagements were conducted nationally	A higher number of engagements took place in Quarter 1 due to the call for applications which required additional sessions in all provinces to cover various districts.
<b>OUTCOME: INNOVATIVE AND RESPONSIVE SYSTEMS AND PROCESSES</b>							
<b>Building our capabilities to enable honest engagements with our stakeholders</b>	2.1 The grantee/ applicant survey is conducted	-	-	Conduct the grantee/applicant survey	<b>Achieved.</b> The grantee/applicant survey has been conducted		
<b>Driving digital transformation</b>	2.2 Phase 1 of the digital transformation strategy is implemented	-	The NLC Digital Transformation Strategy is formulated	Implement Phase 1 of the digital transformation strategy	<b>Not Achieved</b> Six (6) components of Phase 1 of the digital transformation strategy were implemented	Three (3) out of nine (9) components of Phase 1 were not implemented	Implementation of Phase 1 was not completed due to internal constraints.

### 3.2. PROGRAMME 2: REGULATORY COMPLIANCE

PURPOSE

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

SUB-PROGRAMMES

- Regulatory Compliance
- Lotteries Enforcement

INSTITUTIONAL OUTCOMES

Credible and sustainable lotteries and sports pools

#### 3.2.1. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

The outputs in this programme aim to uplift the regulatory function of the organisation. It further serves to reinforce the NLC’s existence to safeguard participants and the wider public by effectively regulating the lottery industry. The approach enables the NLC to respond to emerging risks and issues whilst constantly seeking ways to drive up standards. This is especially important due to the challenges and opportunities online gaming and smartphone technology is bringing to the sphere. Protecting children and the vulnerable from being harmed or exploited by gaming continues to be a priority as demonstrated through the

education of stakeholders on the harmful effects of gaming during the reporting period. The protection of the interests and prevention of harm to participants through effective regulation also saw the organisation determined to increase the number of compliant lottery schemes.

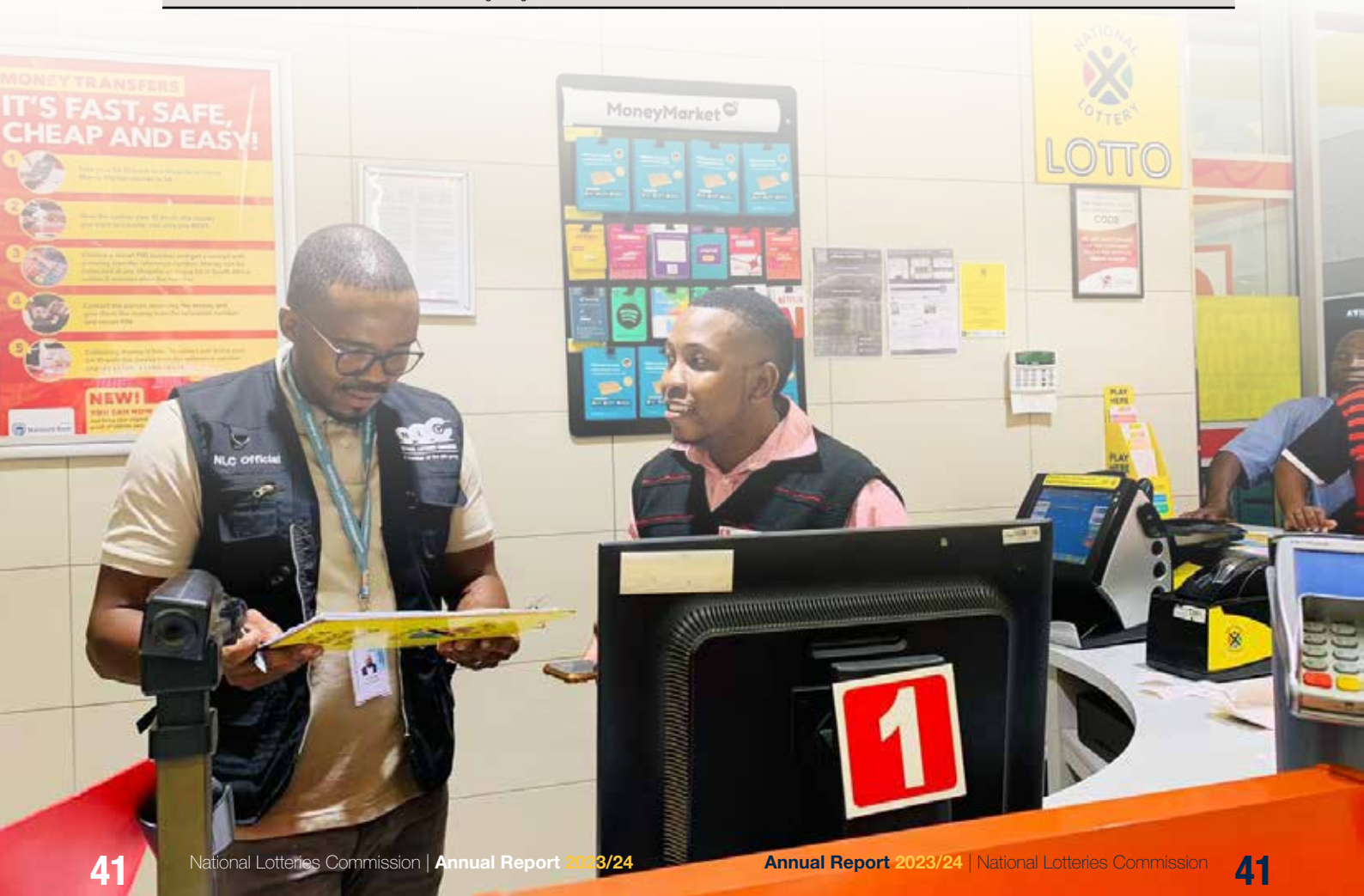
The monitoring of the National Lottery and Sports Pools Operator is executed through the monitoring matrices. This remains at the heart of the regulatory function and is directly derived from the licence agreement. In ensuring the integrity of the National Lottery and sports pools, the NLC embarked on the strategy development of the Know Your Customer (KYC) for online lottery play. The outputs in this programme are intended to ensure a safe and sustainable lottery industry for maximum economic and social impact.

#### 3.2.2. REVISED TARGETS UNTIL MID-TERM

PROGRAMME 2: REGULATORY COMPLIANCE								
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	*Actual Achievement 2023/24 until date of re-tabling	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
NO REVISION TO ANY OF THE INDICATORS IN PROGRAMME 2								

## REVISED APP TARGETS AFTER MID-TERM

PROGRAMME 2: REGULATORY COMPLIANCE							
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned target to Actual Achievement 2023/24	Reasons for deviation
OUTCOME: CREDIBLE AND SUSTAINABLE LOTTERIES AND SPORTS POOLS							
<b>Fair and safe national lottery and sports pools</b>	3.1 The National Lottery & Sports Pools monitoring matrix implemented	Compliance with license conditions monitored	Implementation of the National Lottery Monitoring Matrix	Implementation of the National Lottery and Sports Pools Monitoring Matrix	<b>Achieved</b> The National Lottery and Sports Pools monitoring matrices were implemented		
<b>Protecting the interests and preventing harm to participants through effective regulation</b>	3.2 Educate 1 000 stakeholders on the harmful effects of gaming	Evaluation of actions to reduce the risk of harm to children and those most susceptible to excessive gaming	-	Educate 1 000 stakeholders on the harmful effects of gaming	<b>Achieved</b> 1 241 stakeholders were educated on the harmful effects of gaming	241 additional stakeholders attended the sessions and were educated on the harmful effects of gaming	Overachievement is attributable to the fact that there were more attendees than anticipated.
	3.3 Percentage increase in the number of compliant lottery schemes	100% of all identified and reported lottery schemes investigated	Conduct investigations on 100% of all identified and reported lottery schemes	50% increase in the number of compliant lottery schemes	<b>Achieved</b> 87% increase in the number of compliant lottery schemes	37% increase in the number of compliant lottery schemes	The overachievement can be attributed to the fact that promoters/operators of identified lottery schemes were willing to comply with the provisions of the Lotteries Act
	3.4 KYC Strategy for online lottery play developed	Evaluation of actions to reduce the risk of harm to children and those most susceptible to excessive gaming	-	Develop the KYC strategy for online lottery play	<b>Not Achieved</b> The development of the KYC strategy for online lottery play was initiated	The development of the KYC strategy for online lottery play was not completed	The development of the KYC strategy was not completed timeously due to insufficient resources



### 3.3. PROGRAMME 3: GRANT MAKING

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

#### 3.3.1. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

The implementation of the research-based funding model, formerly known as proactive funding, represents a strategic initiative by the NLC to enhance the effectiveness and impact of its grant funding programmes. This component of the NLC's strategy focuses on establishing partnerships with strategic stakeholders to aid in the implementation and execution of research-based funding initiatives. In line with the board-approved framework, the NLC sought to appoint strategic partners for the implementation of the research-based funding model. It is premised on the identification of partners that will be subjected to sign robust partnership agreements with the NLC for implementation of the research-based projects.

Monitoring and evaluation remain critical in assessing the impact of our developmental interventions. Whilst it is not the only mechanism we deploy, the tools used are important to measure the outputs (products, capital goods, and services that result from a development intervention, such as number of people trained and the number of workshops conducted) and the outcomes (the likely or achieved short-

and medium-term effects or changes of an intervention's outputs, such as increased skills / new employment opportunities) and the impact (the long-term consequences of the programme, may be positive and negative effects, such as improved standard of living). Measuring our impact is also strongly correlated to the sub-categories that we fund as measured through the percentages allocated to priority areas.

Many NPO's face challenges which cannot be overcome overnight. To survive and flourish, civil society organisations must have the competence to represent themselves and others. Hence the training must be ongoing, and why building capacity through processes can be so effective. Training is fundamentally important, but training must be focused on more than just the basics. The NLC aimed to review the capacity building model and to capacitate NPO's nationally to ensure a robust and sustainable civil society sector exists in the country.

The outputs in this programme are intended to improve the way we fund. The combination of outputs in this programme will position the NLC to execute the funding mandate to ensure a safe and sustainable lottery industry for maximum economic and social impact.



### 3.2.2. REVISED TARGETS UNTIL MID-TERM

PROGRAMME 3: GRANT MAKING								
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	*Actual Achievement 2023/24 until date of re-tabling	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
OUTCOME: A SUSTAINABLE AND IMPACTFUL CIVIL SOCIETY SECTOR								
<b>Strategic partnerships to enhance the research- based funding model</b>	Number of strategic partnerships formalised and implemented for the Research-based modes	-	Strategic partnerships with 9 key stakeholders (provincial and national) are developed and implemented	Three (3) Strategic partnerships for the research-based model are formalised and implemented	<b>Not Achieved</b> Three appointment letters were issued to the strategic partners	There were no strategic partnerships formalised as the service level agreements (SLA's) were not signed	The advert had to be realigned to the research-based fund policy	Various challenges experienced in revising the research-based model and alignment to the Research Based Funding policy.
<b>Investing in the sustainability of funded organisations by transferring skills to beneficiaries</b>	Number of structured capacity building programmes implemented nationally	-	Implement four (4) capacity building programs nationally	Implement nine (9) structured capacity building programs nationally	<b>Achieved</b> Nine (9) structured capacity building programs were implemented	-	-	Service delivery was impacted as the model had to be reviewed and piloted prior the implementation of structured capacity building in all nine provinces.

### REVISED APP TARGETS AFTER MID-TERM

PROGRAMME 3: GRANT MAKING							
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned target to Actual Achievement 2023/24	Reasons for deviation
OUTCOME: A SUSTAINABLE AND IMPACTFUL CIVIL SOCIETY SECTOR							
<b>Strategic Partnerships to enhance the research- based funding model</b>	4.1 Number of strategic partnerships formalised and implemented for the research-based model	-	Strategic partnerships with 9 key stakeholders (provincial and national) are developed and implemented	Three (3) Strategic partnerships for the research-based model are formalised	<b>Not Achieved</b> Three (3) appointment letters were issued to the strategic partners	There were no strategic partnerships formalised as the SLA's were not signed	The advert had to be realigned to the research-based fund policy.
<b>Funding model aligned to the developmental needs of South Africa</b>	4.2 Impact assessment evaluation on small grants is conducted	-	-	Conduct an impact assessment evaluation on small grants	<b>Achieved</b> The impact assessment evaluation on small grants was conducted		
<b>Assurance that NLDTF funds are utilised for the intended purpose</b>	4.3 3000 Monitoring assessments completed	2500 monitoring reports	Complete 2000 Monitoring reports	Complete 3000 Monitoring assessments	<b>Achieved</b> A cumulative 3,045 monitoring assessments were completed	45 additional monitoring assessments were completed.	The overachievement is due to an increased number of site visits conducted to strengthen internal controls.
<b>Investing in the sustainability of NLC funded organisations by transferring skills to beneficiaries</b>	4.4 The capacity building programme is reviewed, and a reviewed model is piloted in 2 provinces	-	Implement four (4) capacity building programs nationally	Pilot the reviewed model of capacity building programs	<b>Achieved</b> The capacity building model was reviewed and piloted in two provinces.	Furthermore, nine (9) structured capacity building programs were implemented	Overachievement is due to contingency plans implemented to achieve the target while awaiting the approval of the mid-term review.

### 3.3.3. STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The development and implementation of the organisational review and redesign strategy is in progress as the “AS IS” processes are being remapped, optimised and the inputs are being consolidated to arrive at the holistic organisational structure. The organisational redesign strategy was developed and the organisational review was completed for grant making and finance, with business process mapping concluded for Human Capital Management (HCM). The organisational review for remaining areas and the redesigned organisational structure will be tabled for approval in the current financial year, with the implementation to follow. In terms of the enterprise-wide fraud risk assessment target, the assessments were concluded in the new financial year and the fraud detection and prevention plan has since been reconfigured and approved.

The implementation of Phase 1 of the digital transformation strategy is underway in terms of procuring the High Availability (HA) broadband, the HA storage and processing as well as the cyber security solution. The setup and implementation are aimed for mid-quarter two of the new financial year. The KYC strategy for online lottery play has been developed and the final strategy report was produced in April of the current FY 2024/25. The formalizing of the strategic partnerships target to enhance the research-based funding model has made headway as the process is envisaged to be finalised in the current FY 2024/25, appointment letters have already been transmitted and the commission is in the process of concluding the SLA's with the strategic partners.

The strategy and performance unit has further resolved to ensure that the frequency of monitoring targets, especially those with external dependencies, will be monitored regularly.

### LINKING PERFORMANCE WITH BUDGETS

Programme/activity/objective	2022/23			2023/24		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
<b>Programme 1: Administration and Business Support</b>	559,271	460,107	108,184	507,232	484,797	22,435
<b>Programme 2: Regulatory Compliance</b>	2,728	1,729	999	55,382	25,385	29,997
<b>Programme 3: Grant Funding</b>	1,278,516	870,019	257,461	1,590,890	870,230	720,660



## 4. REVENUE COLLECTION

Sources of revenue	2022/23			2023/24		
	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000
Share of ticket sales	1 613 456	1 663 399	(49 943)	1 814 699	1 827 949	(13 250)
Interest Received	75 016	124 205	(49 189)	187 661	223 215	(35 554)
Society & Other Lotteries	80	96	(16)	62	97	(35)
Revenue from Participants Trust	150 903	161 771	(10 868)	129 818	122 185	7 633
Sundry Income	4 000	5 096	(1 096)	2 000	7 557	(5 557)
License Signing Fees	2 500	2 778	(278)	2 833	2 833	-
RFP Lottery Fee - Application Fee	12 000	-	12 000	12 000	24 990	(12 990)
<b>Total</b>	<b>1 877 955</b>	<b>1 957 344</b>	<b>(99 390)</b>	<b>2 169 073</b>	<b>2 209 017</b>	<b>(6 043)</b>

## 5. CAPITAL INVESTMENT

Infrastructure Projects	2022/23			2023/24		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Provincial Office Accommodation	20 000	0	20 000	49 926	30 855	19 071



# PART C

# GOVERNANCE



# 1. BOARD PROFILES



**N BARNEY PITAYANA**  
**GCOB FK MASSAF**

Chairperson of the Board and  
Non-Executive Director

*Appointed 1 September 2022*

Nyameko Barney Pityana is the retired Principal and Vice Chancellor of the University of South Africa (Unisa). He left office in December 2010 having served nine years in that office. He has since served in honorary positions as the Deputy President of the Academy of Science of South Africa (ASSAf) (2017-2021), and as the General Secretary of the Network of African Academies of Science (NASAC) (2016-2021). Earlier, he served as the founding independent non-Executive Chairperson of Uthingo, the licensed lottery operator in South Africa, (1998-2005).

Prof. Pityana has been active in higher education policy and management in Africa, including South Africa. In this capacity he has published on higher education management, read papers at conferences, served in the Executive Committee of the International Council for Distance and eLearning (ICDE) for four years. He was elected the founding President of the African Council on Distance Education (ACDE) in 2002, in the Executive of the Association of Commonwealth Universities, and he was the keynote speaker at the World Conference on Higher Education convened by UNESCO in Paris in 2000. In South Africa he has served as Chair of Higher Education South Africa (HESA). On policy issues, Pityana has served on the CHE Task Team on an extended Curriculum, and as an independent Assessor on the Mangosuthu University of Technology, as Evaluator of Teaching and Learning in Higher Education of the Teaching and Learning Quality Unit, and, currently, Independent Assessor on the Vaal University of Technology.

Prof. Pityana is a lawyer and theologian and a notable human right academic and activist. An admitted Attorney, he was appointed Chairperson of the South African Human Rights Commission (1995-2001), and a member of the African Commission on Human and Peoples' Rights (1997-2003). In both capacities he was instrumental in the establishment of the National Institutions Coordinating Council that brought together national human rights institutions with the support of the Office of the UN High Commissioner for Human Rights. He has contributed to the United Nations human rights and development programmes as an expert and consultant over many years. He also served as Director of the Geneva-based World Council of Churches' Programme to Combat Racism for five years. He served as a member off the founding Board of the Global Reporting Initiative (1997-2002), the international standard setting body for sustainability, accountability and good corporate governance.

Pityana has degrees in Law from the University of South Africa, and Theology from King's College London and the University of Cape Town where he obtained a PhD in Religious Studies. He trained for the Anglican ministry in Oxford and served in parishes in the Church of England before moving to Geneva in 1988. He has published extensively in theology and human rights law, as well as in higher education management and leadership and Open Distance Learning. His current interests are in the exploration of Public Morality in Politics and in corporate governance.

In 2006 President Thabo Mbeki awarded him the Grand Counselor of the Baobab (GCOB) in that year's Presidential Honours List. He has honorary degrees and fellowships from several international institutions including the Commonwealth of Learning, King's College London and of STIAS; DD honoris causa from Trinity College, Hartford; LLD honoris causa from Athabasca University in Canada, University of Buenos Aires, and from Rhodes University Grahamstown. He is emeritus professor of law at the University of South Africa, and an Honorary Visiting Professor in Philosophy in the Allan Gray Centre for Ethical Leadership at Rhodes University Grahamstown. In 2021 he accepted an appointment as the Honorary professor in the Centre for Advanced Critical Studies in Higher Education Transformation at the Nelson Mandela University in Gqeberha. Until 2021 he was a member of the Council of the University of the Witwatersrand in Johannesburg and served in various committees of Council. He is a Member of the Academy of Science of South Africa (MASSAf).

Among others, he serves on the Board of the Thabo Mbeki Foundation, and as a Trustee of the Archbishop Tutu Intellectual Property Trust. In 2021 he was appointed Deputy Chairperson of the Refugee Appeals Authority of South Africa. In 2022 he was appointed non-executive Chairperson of the National Lotteries Commission. An ordained Anglican priest, in 2011 he was made a Provincial Canon of the Anglican Church of Southern Africa.



### **MS. P MVULANE**

Non-Executive Director

*Appointed 23 March 2022*

CA(SA), RA

Ms. Precious Mvulane is a Chartered Accountant (SAICA) and a Registered Auditor (IRBA). She has over 18 years' experience in different finance roles, i.e. auditor (internal and external) in the private and public sector. She has also been involved with governance structures for the past 11 years and sits on ten boards as an audit committee member, of which she chairs 5. One of these board is the IRBA (her own professional body) and IBASA. Over the past seven years, she has trained over 1 500 entrepreneurs and 200 non-profit organisational leaders. Her clients include Absa, Standard Bank, SAB Kickstart, National Gazelles – ATNS, the Hope Factory (SAICA ED programme), UPD, BP South Africa, Accenture and Clicks Group.



### **MR. L OCTOBER**

Non-Executive Director

*Appointed 1 May 2023*

Mr. Lionel October was appointed the Director-General (DG) of **the dtic** in South Africa from 2011 to 30 April 2021. He is one of the longest serving Director-Generals, received the Best Performing Director-General Award in 2015. During his tenure, **the dtic** received numerous Best Performing Department Awards. Prior to joining public service, Mr. October worked in the trade union movement for 10 years, serving as the General Secretary of the South African Clothing and Textile Workers Union (SACTWU), and also served as a senior commissioner at the Commission for Conciliation, Mediation and Arbitration (CCMA). Mr. October holds a MSc Degree in Economics (Development) from the University of London, as well as a Law Degree and BA Honours in Development Studies from the University of the Western Cape.



### **MR. T BONAKELE**

Non-Executive Director

*Appointed 1 May 2023*

Mr. Tembinkosi Bonakele is a seasoned professional in competition law and policy, as well as organisational development and strategy, based in Johannesburg. Following a notable tenure at the Competition Commission of South Africa serving 18 years, with the last nine years as Commissioner and Chief Executive Officer (CEO), he transitioned to consultancy work. His expertise extends to various sectors of the South African economy, particularly in product markets and competitiveness.

Mr. Bonakele holds qualifications in law and business administration, with an MBA to his credit. Under his leadership, the Competition Commission achieved significant milestones, becoming one of South Africa's top-performing public institutions and gaining global recognition as one of the leading competition agencies. His management expertise has been instrumental in these accomplishments, earning him several leadership awards, while the Commission itself earned numerous performance awards during his tenure.

With extensive experience in the public sector and a wealth of insights and data across industries, Mr. Bonakele offers invaluable expertise in public policy and competition law. His consultancy services provide strategic guidance to organisations seeking to direct complex regulatory landscapes and enhance their competitive edge.



**MS. I RAMAFOLA**

Non-Executive Director

*Appointed 1 May 2023*

Ms. Irene Ramafola is a qualified Chartered Accountant with over 15 years working experience and over ten years public sector experience. She started her career at PricewaterhouseCoopers (PwC), within the Financial Services division. She then moved on to a management role at the Auditor-General South Africa, overseeing statutory audits. She was subsequently head hunted at the Department of Economic Development for a Chief Financial Officer (CFO) role where she successfully managed a R1 billion budget, obtaining the department's first and subsequent clean audit awards. She is currently a CFO of **the dtic**, overseeing a budget of R10 billion.



**MS. B FERGUSON**

Non-Executive Director

*Appointed 23 March 2022*

Ms. Beryl Ferguson is a seasoned leader and entrepreneur with over 30 years' experience. Her leadership credentials are impeccable and without question, from Chairing the Council of the University of the Western Cape to serving and chairing both the Wentworth Foundation and the South African National Biodiversity Institute, amongst others.

She has been privileged to serve in academia through UWC; Provincial and National Governments; in various NGO/NPO; like the WHEAT Trust, Zip Zap Circus, and most recently MOT SA. She holds a Diploma in both Business Management and Business Economics further holds various certificates through both the IODSA and the Johannesburg School of Finance.

## COMPOSITION OF THE BOARD

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings attended
<b>Prof. NB Pityana</b>	Chairperson	01-09-2022	NA	Admitted Attorney (non-practising), B Proc. LLM (labour law), Hons BD, PHD Religious studies. CertTH (Oxon)	Human rights, Regulation, Corporate Governance, Regulatory Compliance, Academia	NA	NA	59
<b>Ms. P Mvulane</b>	Member	23-03-2022	NA	CA (SA)	Ms Mvulane is a Chartered Accountant (SAICA) and a Registered Auditor (IRBA). She has over 18 years' experience in different finance roles, i.e. auditor (internal and external) in the private and public sector. She has also been involved with governance structures for the past 11 years and sits on 10 boards as an audit committee member, of which she chairs 5. One of these board is the IRBA (her own professional body) and IBASA. Over the past seven years, she has trained over 1 500 entrepreneurs and 200 non-profit organisational leaders. Her clients include Absa, Standard Bank, SAB Kick-start, National Gazelles – ATNS, the Hope Factory (SAICA ED programme), UPD, BP South Africa, Accenture and Clicks Group	NA	NA	49
<b>Ms. I Ramafola</b>	Shareholder Representative / Audit and Risk Member	01-05-2023	NA	Chartered Accountant, BCom Honours (Accounting), Certificate in the Theory of Accounting, Bachelor of Commerce	Financial and Management Accounting, Regulatory Compliance, Internal and external Audit, Risk Management, Financial Reporting, Corporate Governance	Non-Executive Board Member: South African National Accreditation System	Chairperson of Audit Committee: Tshwane Automotive Special Economic Zone, Audit Committee Member: South African National Accreditation, Ad Hoc Incentive Review Committee of the dtic.	53
<b>Mr. T Bonakele</b>	Member	01-05-2023	NA	B Juris, LLB, MBA	Law, business, public affairs, regulation and economics	SEDA, SEFA, PETRO SA, SFF, Igas business partners, GOGOGOGO, NHFC,	University of Fort hare Council. WSU Council	46
<b>Mr. L October</b>	Member	01-05-2023	NA	B Juris (Law) and Honours MSc. Economics	Development Economics; Law, Public Policy, Corporate Governance Programme & Project Governance and Management, Strategy		Industrial Zones Programme Tshwane Automotive SEZ (TASEZ)	48
<b>Ms. B Ferguson</b>	Member	23-03-2022	NA	Dip Business Management; Dip Business Economics	HR; Overall Management; Transformation		SANBI - Deputy Chair PFECT - Chairperson MOT - Chairperson	56



Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings attended
Dr. L Lubisi	Member	24-03-2022	30-04-2023		Dr. Cassius Reginald Lubisi is an accomplished academic, educationist, public service manager and strategist, and brings to the Presidency many years of experience at a strategic level in the public service and academia. Previously, Dr. Lubisi was the Superintendent-General of the Department of Education in KwaZulu-Natal, where he was responsible for the overall strategic direction and management of the Department. Prior to joining the KwaZulu-Natal provincial government as head of department in 2005, Dr. Lubisi was Deputy Director-General for General Education and Training in the national Department of Education. He has also served as Special Adviser to Former Education Minister Kader Asmal. He was Chairperson of Umalusi, the Council for Quality Assurance in General and Further Education and Training, from June 2002 to May 2004. He worked for 10 years as a lecturer and senior lecturer at the School of Education in the Pietermaritzburg campus of the University of Natal. On secondment from the University, he became the project manager and chairperson of the ministerial project committee to develop the National Curriculum Statement for Grades 10 to 12 from 2002 to 2003. The Mpumalanga province-born Dr. Lubisi studied at the University of Natal and completed his Bachelor of Science, Bachelor of Education and Higher Diploma in Education degrees, with the Bachelor of Education being completed cum laude. Dr. Lubisi completed his doctoral degree with the University of Nottingham in the United Kingdom, having researched the topic "An investigation into mathematics teachers' perceptions and practices of classroom assessment in South African lower secondary schools". He has been involved in several projects, including the ministerial review of Curriculum 2005, Telematic Learning Systems, the South African Democracy Education Trust and the Nelson Mandela Foundation.			3
Mr. W Hofmeyr	Member	24-03-2022	30-04-2023		Mr. Willie Hofmeyr was a Deputy National Director of Public Prosecutions in South Africa. He was the Head of the Asset Forfeiture Unit (AFU) at the National Prosecuting Authority and in the past, he has been responsible for their Legal Affairs Division and their Special Investigating Unit. He is an expert on asset forfeiture and recovery, anti-corruption strategies and the working of the South African Constitution and Bill of Rights. Mr Hofmeyr is the longest-serving Deputy National Director of Public Prosecutions, having been appointed by President Thabo Mbeki in 2001. Mr Hofmeyr served for five years as a Member of Parliament in South Africa, supporting the government of President Nelson Mandela. During this time, he served as the Chairperson of the Constitutional Assembly committee that drafted the chapter on the Judiciary in the new Constitution, and he was a Parliamentary Counsellor to the Deputy President.			2
<b>INDEPENDENT MEMBERS</b>								
Dr. P Dala	Independent Audit Member	01-09-2022	NA	PhD (Information Technology), Masters (Information Technology), BSc Hons (Computer Science), Bachelor of Information Technology, Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Information Systems Security Professional (CISSP), Lead Auditor ISO 27001 (LA ISO 27001), Certified in the Governance of Enterprise Information Technology (CGEIT), Certified in Risk and Information Systems Control (CRISC), Certified Ethical Hacker (CEH) and Computer Hacking Forensic Investigator (CHFI).	ICT, Cyber Security Large Scale Digital Transformation, ICT Audit, Privacy, Corporate Governance, ICT Governance, Programme/ Project Governance and Management, Internal and External Audit, Risk Management, Forensics, Compliance, Strategy and Research.	Durban Marine Theme Park (uShaka)	Audit and Risk Committee ICT Steering Committee	NA

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings attended
Ms. L Tromp	Independent Audit and Risk Member	12-07-2023	NA	CA(SA), MBA, BTech Internal Auditing, CFE, CRM (Prof.), Certified Ethics Officer	External Audit, Internal Audit, Risk Management, Forensics, Compliance, Ethics, Governance and Strategy		Audit and Risk Committee	
Ms. C Louw	Independent Audit and Risk Member	12-07-2023	NA	LLB. Admitted Attorney of the High Court. Executive Development Programme. Municipal Finance Management. MBA. 21st Century Soft Skills certificate.	Strategy. Regulation. Corporate Governance. Risk Management Compliance Management.	National Arts Council. The Companies Tribunal. Manger Care Centre. University of Kwa-Zulu Natal	Audit and Risk Committee	NA
Dr. M Mojaki	Independent Human Capital Member	01-04-2020	NA	PhD - Leadership in Performance and Change. MA; Honours and BA in Industrial Psychology	Strategy Development and Facilitation, Individual, Team & Organisational Development. Development & Execution of Hr strategy, Organisational Development, Integrated Talent Management, Learning, Training & Development, Labour Relations & Salary Negotiations, HR Reward Services and Diversity & Sustainable Inclusion			NA

Capacity	Surname	Initials	Title	Employee of Govt or its entities Y/N	Date of appointment	Period served during the FY 2023/24		Number of Board Committee meetings attended
						Start date	End date	Board / RFP Meetings RFP (39)
Chairperson	Pityana	NB	Mr	N	01/09/2022	1/4/23	31/3/24	39
Member	Ramafola	I	Ms	Y	01/05/2023	1/4/23	31/3/24	37
Member	Mvulane	P	Ms	N	23/03/2022	1/4/23	31/3/24	32
Member	October	L	Mr	N	01/05/2023	1/4/23	31/3/24	33
Member	Bonakele	T	Mr	N	01/05/2023	1/4/23	31/3/24	32
Member	Ferguson	B	Ms	N	23/03/2022	1/4/23	31/3/24	37

\*The above RFP meetings (relating to the 4<sup>th</sup> Lottery License) include a 4-day workshop held from 4 to 6 July 2023.

\*Upon the procurement of the RFP bidding documents in August 2023, the NLC had a virtual data room whereby the applicants had a questions and answer (Q&A) session with the NLC Board on any matters pertaining to the bidding application in preparation for tendering in February 2024. These Q&A sessions were held twice a week which was one of the contributing factors to an increased number of meetings.

## 2. NLC CORPORATE GOVERNANCE FRAMEWORK

### 2.1. INTRODUCTION

The NLC's corporate governance framework embodies the Lotteries Act No. 57 of 1997 as amended, the Public Finance Management Act as a Schedule 3A, the Companies Act, and the principles contained in King IV, as well as the NLC policies which contains the best practice, processes and systems that enable the Commission to execute its governance responsibilities, whilst supporting accountability.

### 2.2. PORTFOLIO COMMITTEES

The NLC held sessions with the parliamentary portfolio committee in November 2023, the Board highlighted the organisational performance and highlighted areas of risk on the following:

- The status of investigations remains ongoing, the Board made a commitment to clean governance and putting corrective measures in place to remedy the acts of corruption in with which the organisation is faced with. This includes suspension of staff implicated in corruption, implementation of the SIU investigation, developing a Non-compliant Grantee Policy / register for grant applicants who are implicated in corruption.

## 3. EXECUTIVE AUTHORITY

The Minister of Trade and Industry, in his capacity as the Executive Authority of the NLC, exercises oversight in accordance with provisions of the PFMA. The NLC complied with all reporting requirements of the PFMA and Treasury Regulations Compliance Schedule through the submission of quarterly reports, management accounts, income and expenditure statements with projections, the AFS, budget of estimated revenue and expenditure, strategic and annual performance plans, a fraud prevention plan and a risk management plan within the stipulated periods as indicated under the PFMA and Treasury Regulations Compliance Schedule.

Parliament, through the Portfolio Committee on Trade and Industry (Portfolio Committee), exercises oversight of the service delivery performance and commitments made in terms of the NLC's strategy and APP. There were no engagements with the Portfolio Committee during the year under review. The NLC continued to respond to Parliamentary Questions.

The Board through the Chairperson on a regular basis hold the briefing sessions with the Minister in providing update on matters of governance and material issues which affects the NLC in exercising its mandate. Other matters included but not limited to the shortage of the Distribution Agencies which was remedied by the Minister on 31 May 2024 whereby the two additional DAs were appointed to assist in the adjudication of grants within the stipulated timeframes. Furthermore, the NLC Board has submitted a revised Shareholders Compact to **the dtic** for a further review, the NLC still awaits correspondence from **the dtic** in regard to finalise the signing of the document.

## 4. THE ACCOUNTING AUTHORITY / BOARD

### 4.1. INTRODUCTION

The Board of NLC is governed by the Board Charter, the charter was last reviewed in April 2024 which entails the Board's functions, powers, and responsibilities. The Board Charter is reviewed annually.

### 4.2. THE ROLE OF THE BOARD IS AS FOLLOWS:

Over and above the responsibility for setting the strategic direction of the NLC, finance and performance objectives, the Board has applied the principles of openness and transparency in fulfilling its statutory duties to:

#### DUTY

**ADVISE THE MINISTER ON ISSUING OF THE LICENCE TO CONDUCT THE NATIONAL LOTTERY.**

#### OUTCOMES

Fourth National Lottery Licence Request for Proposal: Strategy and proposed RFP Document for publishing submitted in line with Section 13(2) (a) of the Lotteries Act requirements.

#### DUTY

**ADVISE THE MINISTER ON THE EFFICACY OF LEGISLATION PERTAINING TO LOTTERIES AND ANCILLARY MATTERS.**

#### OUTCOMES

Advise Minister on of Trade, Industry and Competition on the Efficacy of Legislation: Legislative Review:

- On any matters relating to the National Lottery and other Lotteries or Any Other Matter on which the Minister requires the Advice of The Board:
  - Sale of National Lottery Tickets as an Essential Service.
  - Submission on approval for Multi-year Funding submitted in line with Lotteries Act requirements.
  - Re-configuration of NLC Distributing Agencies.

#### DUTY

**ENSURE THAT THE NATIONAL LOTTERY AND SPORTS POOLS ARE CONDUCTED WITH ALL DUE PROPRIETY.**

#### OUTCOMES

- Oversight of the National Lottery Participants Trust.
- Approval of related policies and strategies.
- Monitoring of implementation of policies.

#### DUTY

**ADMINISTER AND INVEST THE MONEY PAID TO THE NLDTF IN ACCORDANCE WITH THE LOTTERIES ACT.**

#### OUTCOMES

- Approval of Investment Policy.



#### DUTY

**ENSURE THAT NET PROCEEDS OF THE NATIONAL LOTTERY ARE AS LARGE AS POSSIBLE.**

#### OUTCOMES

- Approval of game design from the Operator. Monitoring financial dimensions of National Lottery Operations.
- Approval of Investment Policy.
- Approval of Revenue maximisation strategy.
- Education and Awareness on Society Lotteries and other lotteries.

#### DUTY

**PERFORM SUCH ADDITIONAL DUTIES IN RESPECT OF LOTTERIES AS THE MINISTER MAY ASSIGN TO THE BOARD.**

#### OUTCOMES

All Board duties performed in line with legislative prescripts. There were no additional duties assigned by the Minister.

#### DUTY

**ADMINISTER THE NLDTF AND HOLD IT IN TRUST.**

#### OUTCOMES

Approval and implementation of Regulations relating to funds for worthy causes and appropriate budget, as well as site monitoring and evaluation of NLDTF funded projects.

#### DUTY

**MONITOR, REGULATE AND POLICE LOTTERIES INCIDENTAL TO EXEMPT ENTERTAINMENT, PRIVATE LOTTERIES. AND SOCIETY LOTTERIES.**

#### OUTCOMES

Approval of related policies and strategies. Monitoring of illegal lotteries and curbing of the same. MOUs with relevant gambling authorities.

#### DUTY

**MAKE SUCH ARRANGEMENTS AS MAY BE SPECIFIED IN THE LICENCE FOR THE PROTECTION OF PRIZE MONIES AND SUMS FOR DISTRIBUTION.**

#### OUTCOMES

Oversight of the National Lottery Participants Trust.

#### DUTY

**ADVISE THE MINISTER ON ANY MATTER RELATING TO THE NATIONAL LOTTERY AND OTHER LOTTERIES OR ANY OTHER TOPIC ON WHICH THE MINISTER REQUIRES THE ADVICE OF THE BOARD.**

#### OUTCOMES

Advised Minister of Trade, Industry and Competition on the Efficacy of Legislation: Legislative Review:

- Advice to the Minister on any Matter Relating to the National Lottery and Other Lotteries or Any Other Matter on which the Minister requires the Advice of The Board: Sale of National Lottery Tickets as an Essential Service.
- Advice relating to the Fourth National Lottery.

**DUTY**

**ADVISE THE MINISTER  
ON PERCENTAGES  
OF MONEY TO BE  
ALLOCATED.**

**OUTCOMES**

- Legislative review recommendations submitted.
- Percentages of monies allocated maintained.

### 4.3. COMMITTEES

#### 4.3.1. HUMAN CAPITAL AND NOMINATIONS COMMITTEE (HCNC)

During the year under review the Human Capital and Nominations Committee underwent an extensive exercise in ensuring that the Human Capital Policies are reviewed and in line with the labour practice prescripts, stakeholder engagements were held by the Committee in this regard, this includes trade unions and staff. Furthermore, the Committee facilitated capacitation of the Executives to ensure the Organisation can deliver on its mandate. Under remunerations, for the year under review there were no incentives declared upon staff except for salary increases.

Committee	No. of meetings held	No. of meetings attended	Name of members
HCNC	10	10	Ms. Beryl Ferguson
		5	Dr. Mojaki Mosia
		8	Mr. Lionel October
		6	Mr. Tembinkosi Bonakele
		3	Dr. Cassius Lubisi
		2	Mr. Willie Hofmeyr
		2	Ms. Precious Mvulane

#### 4.3.2. SOCIAL AND ETHICS COMMITTEE (S&E)

Restoration of ethical culture has been identified as one of the NLCs main priorities in order to rebrand and prevent the injustices of the past from recurrence. The Board of the NLC in April 2023 adopted a resolution that the Social and Ethics Committee be a stand alone Committee to fulfil the provisions of Section 72(4) of the Companies Act and ensure oversight and monitoring of the NLC organisational culture and ethics management strategies implementation. The Committee reviewed the Code of Conduct, the Declaration of Interest Forms, monitoring the whistleblowing reporting, enterprise development and stakeholder engagement plan as part of its mandate to ensure responsible corporate citizenship, sustainable development and stakeholder relationships. The Organisational core values were reviewed, which include, but not limited to integrity and accountability.

Committee	No. of meetings held	No. of meetings attended	Name of members
S&E	4	4	Ms. Beryl Ferguson
		4	Dr. Mosia Mojaki
		3	Prof. Barney Pityana
		3	Mr. Lionel October

#### 4.3.3. BOARD DISTRIBUTION COMMITTEE (BD)

The Committee has an independent oversight role on all policy matters related to Grant Funding Operations, Business Development and Distributing Agencies, and considers the reports in the mentioned areas. The matter of concern for the year under review was the NLC not being able to meet the regulated target of adjudicating applications within 150 days. Recommendations were made to the Board to request the Minister to appoint additional Distributing Agencies, the matter is receiving attention from the Minister of **the dtic**. The Committee has further reviewed the Grant funding policy, and the Research Based funding policy to strengthen the internal controls in the execution of grants. Funding priority areas have been enhanced for the 2024/25 upcoming call to address social and economic challenges in the country.

Committee	No. of meetings held	No. of meetings attended	Name of members
BD	5	4	Mr. Lionel October
		5	Ms. Precious Mvulane
		5	Prof. Barney Pityana
		4	Mr. Tembinkosi Bonakele
		1	Dr. Cassius Lubisi
		1	Mr. Willie Hofmeyr

#### 4.3.4. BOARD REVIEW COMMITTEE

In terms of Section 26H of the Lotteries Amendment Act 2023, the Committee is responsible to, upon application by an aggrieved applicant, review a decision of the Distributing Agency regarding an application for a grant without delay. This review includes.

Ordering the Distributing Agency to re-evaluate the application taking into consideration matters raised by the Board. The Review Committee may order the Distributing Agency to re-evaluate applications and consider guidelines provided by the Review Committee in the following instances:

- Where applications have been administratively declined due to non-compliant mandatory documents;
- The decline was due to compliance requirements not being met;
- Where the Review Committee is of the view that the project requires the expertise of the respective Distributing Agency; and
- Where the application still has 60 days remaining of the prescribed review period.

The Review Committee can set aside the decision of the Distributing Agency and substitute it with and/or order allocation it deems appropriate which does not have to be tabled before the Distributing Agency.

Committee	No. of meetings held	No. of meetings attended	Name of members
BR	6	6	Prof. Barney Pityana
		4	Mr. Tembinkosi Bonakele
		5	Mr. Lionel October
		6	Ms. Precious Mvulane
		6	Ms. Irene Ramafola
		6	Ms. Beryl Ferguson

#### 4.3.5. BOARD LEGAL AND REGULATORY COMPLIANCE COMMITTEE

The Committee has an independent role with accountability to the Board on all policy matters related to the regulation of the National Lottery and Sports Pools, society and other lotteries, organisational compliance, and litigation of the NLC.

The Committee on a quarterly basis ensures that;

- the National Lottery and Sports Pools operations are conducted in accordance with the Act and the Licences;

- National Lottery and sports pools Operator maximises revenue generated from ticket sales to fund worthy good causes.
- There is enforcement action taken against illegal lotteries and the protection of National Lottery, sports pools, society and other lotteries players.
- Provide oversight of the overall NLC litigation matters and monitor issues of organisational compliance within the NLC.

For the period under review the Committee reviewed the regulatory policies, approved Ithuba business plan for FY 2023/24, as part of monitoring, the Board approved the following areas as recommended by the Committee on behalf of the Operator;

1. The Board has resolved to approve that R40 million be made available from the expired prize fund, to fund guaranteed jackpots for the 2023-24 financial year, to be applied as follows:
  - 1.1 Lotto, Lotto Plus 1 or Lotto Plus 2 will be funded for a single guaranteed jackpot starting at R20 million;
  - 1.2 PowerBall or PowerBall Plus will be funded for a single guaranteed jackpot starting at R45 million;
  - 1.3 SportStake or Daily Lotto will be funded for a single guaranteed jackpot starting at R300,000; and
  - 1.4 Ithuba shall be required to submit a request for funding individual jackpots, for consideration and approval by the NLC.

Committee	No. of meetings held	No. of meetings attended	Name of members
BLRC	4	4	Mr. Tembinkosi Bonakele
		4	Prof. Barney Pityana
		3	Ms. Precious Mvulane
		3	Ms. Beryl Ferguson

#### 4.3.6. FINANCE COMMITTEE

The Committee ensures that management develops and maintains procurement policies and processes that are fair, equitable, transparent, competitive, cost-effective and subject to legislation regulating procurement processes.

Furthermore, the Committee monitor that priority is given to the procurement of goods and services to relevant groups of people as outlined in the Supply Chain Management policy and the DOA (Delegation of Authority).

The Committee is further responsible for overseeing the formulation and updating of the organisation investment strategy, which shall be in line with the organisation's investment policy and make recommendations to the Board for the approval thereof.

Additionally, the Committee monitors tax matters, financial, business and commercial risks and recommendation of the Annual Financial Statements and budget to the Board for approval.

Committee	No. of meetings held	No. of meetings attended	Name of members
FC	4	4	Ms. Irene Ramafola
		4	Ms. Lynne Tromp
		4	Ms. Beryl Ferguson
		4	Mr. Tembinkosi Bonakele



#### 4.4. REMUNERATION OF BOARD MEMBERS

Board members are remunerated in line with the NLC approved remuneration policy for the Board of Directors, these include Board meeting attendance and preparation fees, RFP fees and travel expenses.

The below table depicts the amount paid to each director

Members	Remuneration R'000	Other allowances R'000	Total R'000
Prof. B. Pityana	1 139	50	1 189
Ms. P. Mvulane	745	36	781
***Mr. L. October	446	36	482
***Mr. T. Bonakele	540	28	568
**Ms. I. Ramafola	0		0
****Mr. W. Hofmeyr	72	4	76
****Dr. C. Lubisi	51	4	55
Ms. B. Ferguson	925	48	973
Dr. S. Mojaki*	125	20	145
*Ms. C. Louw	163	20	183
*Ms. L. Tromp	201	24	225
*Dr. P. Dala	355	32	387
<b>Total</b>	<b>4 764</b>	<b>302</b>	<b>5 066</b>

\* Ms. Louw, Ms. Tromp and Dr. P Dala are independent members of the Board Audit and Risk Committee

\* Dr. S Mojaki is an independent member of the Human Capital Committee

\*\* Ms. I. Ramafola is the Minister's representative appointed in April 2023

\*\*\* Members were appointed in April 2023

\*\*\*\* Members contract ended in April 2023



# 5. RISK MANAGEMENT

## 5.1. TONE FROM THE TOP

### tone at the top statement for board chairperson: professor n. barney pityana

- It is no secret that the National Lotteries Commission has had integrity and ethics challenges in the recent past. At a superficial, diagnostic level the cause was the collapse of good governance in the institution. The issue was the collapse of respect for the ethics and a disregard for the values pronounced in our Constitution: human dignity, the achievement of equality and the advancement of human rights and freedoms (s.1(a)).
- In other words, the people entrusted with the mandate of the organisation had lost touch with that mandate and were no longer guided by it. The new Board and executive leadership team of the NLC are committed to restoring integrity and good corporate governance to the NLC. This is not an easy task and requires commitment and collective effort from all.
- We have embarked on a process to ensure that our integrity controls and standards are on a par with international best practise. It is our view that to stand a chance of achieving our mandate, 25 years since the National Lottery was established, we need to restate our mission and to value the people to whom this task is entrusted: our staff, our partners and beneficiaries in the communities we serve.
- We will not hesitate to enforce our robust zero tolerance policy against employees or business partners who involve themselves in bribery, corruption self-interest or who collude to undermine the purpose for which the NLC was founded.
- Our mission is to ensure that funding is provided by the NLC to mobilize people and organisations to facilitate growth and development in our communities for a better South Africa for all.

The NLC is committed to a process of enterprise risk management that is aligned to the Public-Sector Risk Management Framework as well as best practices. It is acknowledged and accepted that the implementation of risk management within the NLC is a legislative requirement as per Section 51 of the PFMA. The risk management practices of the NLC goes beyond a call of compliance, as risk management is regarded as integral part of decision making and advancing the mandate.

### tone at the top statement by the commissioner: ms. jodi scholtz

- “Integrity” is one of our core values at the NLC. We are committed to operating lawfully, ethically and with integrity in every aspect of our business. We acknowledge that the NLC has previously been the victim of corrupt practices, but we are cleaning up the legacy of the past. This requires an unwavering commitment to ethics from our people, business partners and stakeholders to ensure that we remain firmly on our new path of accountability, transparency, and good governance. We are rebuilding our processes, policies, controls and procedures, and filling key roles with skilled ethical professionals.
- With the new management team and our robust enhanced compliance programme, built in accordance with the ISO37001 Standard, I have every confidence that we have all the right ingredients to eradicate corruption at the NLC.
- We expect all staff and suppliers to comply with anti-bribery and corruption laws and will not hesitate to take severe and appropriate action against staff and business partners who fail to do so.”

The Enterprise Risk Management Framework specifically addresses the structures, processes and standards implemented to manage risks on an enterprise-wide basis in a consistent manner. The standards further address the specific responsibilities and accountabilities for the Enterprise Risk Management process and the reporting of risks and incidences at various levels within the NLC. As the field of Enterprise Risk Management is dynamic, this framework document is expected to change from time to time.

The below risk management enabling documents are in place:

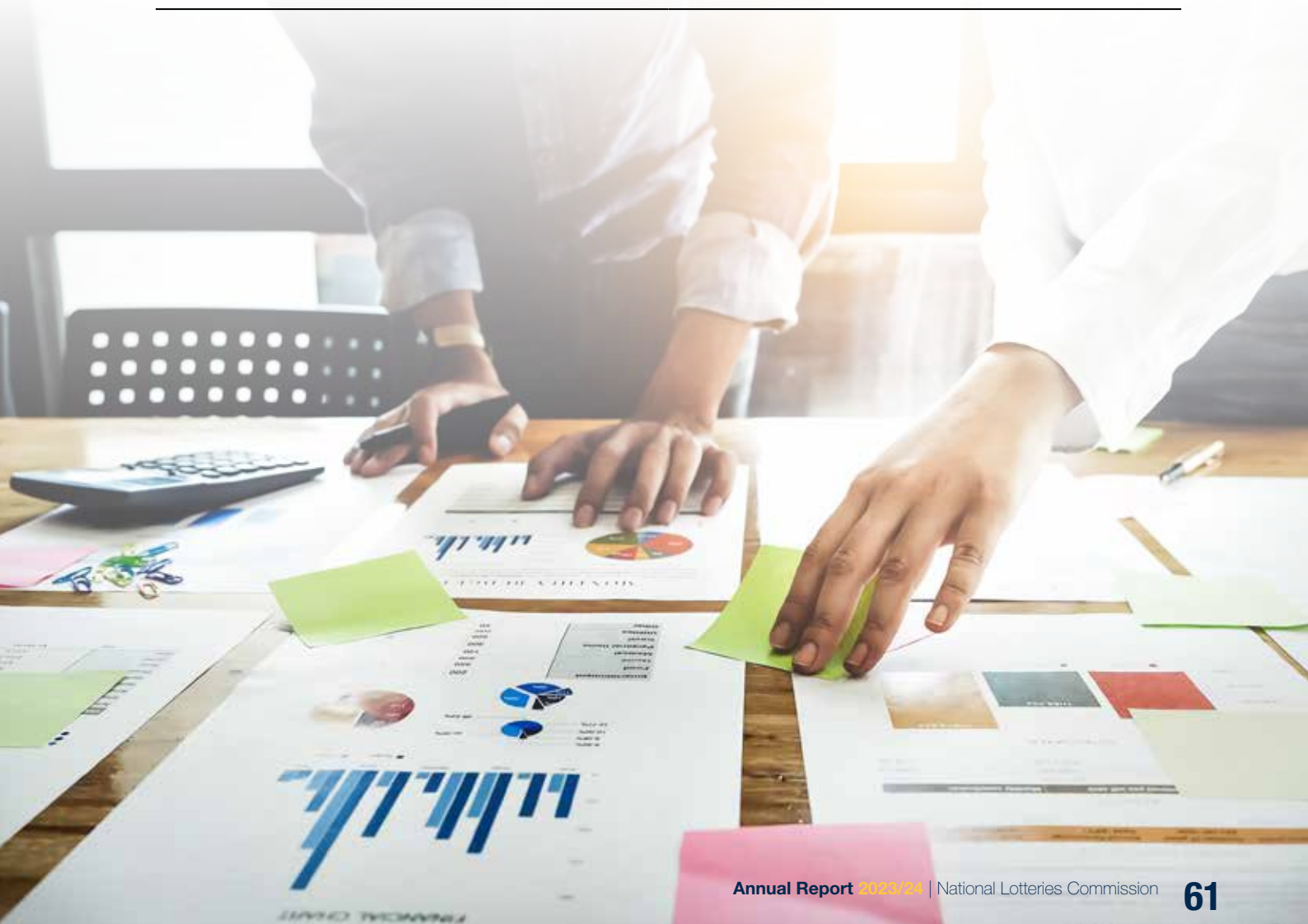
- Enterprise Risk Management Policy
- Enterprise Risk Management Framework

### risk appetite and tolerance framework organisational policies

The NLC established the Policy Review Committee which is tasked with the governance responsibilities over the policies and standard operating procedures of the organisation.

The policies and frameworks reviewed in the year under review are as follows:

1. Supply Chain Management Policy	14. Cybersecurity policy
2. Fleet management Policy	15. Maintenance and Support policy
3. Loss Control Policy	16. Software asset management policy
4. Lifestyle Audit Policy	17. Server security policy
5. Monitoring and Interception Policy	18. Firewall management policy
6. Participants Protection Policy	19. Information and cybersecurity policy
7. Grant Funding Policy	20. Physical security policy
8. Access control and user maintenance policy	21. Budget Policy
9. Backup Disaster and recovery policy	22. Asset Management Policy
10. Email Policy	23. Travel and Accommodation Policy
11. Change Management policy	24. Performance Management Policy
12. Information Classification and Handling policy	25. Interception and monitoring policy
13. Networking policy	26. Delegations of Authority
	27. Enterprise Risk Management Framework



Furthermore, the organisation developed the Fraud prevention plan which is envisaged for effective implementation in the new financial year.

The review of the strategic risk also led to the review of the development of the combined assurance plan framework which has been revised to the five lines of defence as follows:

1 <sup>st</sup> line of defence	2 <sup>nd</sup> line of defence	3 <sup>rd</sup> line of defence	4 <sup>th</sup> line of defence	5 <sup>th</sup> line of defence
Operational Divisions	EXCO Sub-committees, Task Groups, assurance functions, Risk and Compliance Management	Independent Assurance • Internal Audit	• Independent Assessors • Regulators • AGSA	The Board and Board Committees

The risk assessments were conducted for the year under review and the following risk registers are in place:

- Strategic Risk Register
- Project risk assessments (which included Modernisation, Reparation and fourth licence operator appointment projects)
- Operations Risk Registers
- Fraud Risk Registers; and
- Ethics Risk Registers

The above risk registers are analysed, monitored and reported to the NLC Governance Structures.

On quarterly basis the risk reports are presented to the Board Audit and Risk Committee.

The strategic risk assessment was conducted in the year under review, and the emerging risks included the grant funding risk which was aggravated by the inadequate capacity in Distribution Agencies vs. number of applications to be adjudicated. The system hacking and reputation were also identified as emerging risks, while litigation risks was aggravated by new litigation cases against the NLC and the capacity to manage these cases. The panel of legal services providers is envisaged for the new financial year and furthermore the litigation strategy has been developed in conjunction with state attorney and SIU for the high-profile legal case which involves the previous Board Chairperson vs the President Proclamation.

The NLC strategic Risk Profile is as follows:

#	Risk	Risk Causes	Residual Risk Rating	Risk Mitigations
1	<b>Regulatory Compliance Oversight</b>	1. Non-compliance by Lotteries and sport pools Operators. 2. Inadequate awareness of the requirements of the lotteries Act 3. Ineffective monitoring of the national lottery and sports pools operator 4. Ambiguity in the enabling legislation (Lotteries Act) and the gambling legislation. 5. Circumvention of the Lotteries Act and other relevant legislation by illegal operators	Medium	1. Review and enhance monitoring of all licensed and registered lotteries and sports pools; including procurement of monitoring systems and case management system to enhance regulatory work. 2. Periodic engagements with lottery and sports pools operators on compliance requirements Matters
2	<b>Regulatory Enforcement Powers</b>	1. Ambiguity in the enabling legislation (Lotteries Act) and the gambling legislation 2. Circumvention of the Lotteries Act and other relevant legislation by illegal operators 3. Overlapping regulatory mandate between the NLC and Gambling Boards (Provincial licensing authorities)	High	1. Review of Lotteries Act to enhance enforcement powers. 2. Revamped fourth operating license conditions. 3. Declaratory court order to declare Bookmakers who take bets on the outcomes of the national lottery.



#	Risk	Risk Causes	Residual Risk Rating	Risk Mitigations
3	<b>Fourth Operators License (Appointment and Transition)</b>	<ol style="list-style-type: none"> <li>1. Legal challenges to the RFP process by stakeholders arising out of perceptions of the RFP process</li> <li>2. Inadequate transition plan</li> <li>3. Fourth operator incapable of commencing operations due to financial and technical challenges</li> <li>4. Extensive reliance on lottery technology partners and financing partners or financial institutions to secure the required funding</li> </ol>	<b>Critical</b>	<ol style="list-style-type: none"> <li>1. Establish and monitor timelines, triggers and escalation points for the Board and the Minister.</li> <li>2. Appoint a panel of legal and audit firms to advise the Board on the RFP process.</li> <li>3. Independent capability audit/assessment of Applicants operator and technology partners.</li> <li>4. Financial Based Scenario Planning.</li> <li>5. Development of Litigation Strategy.</li> <li>6. Review and Appointment by the Minister.</li> </ol>
4	<b>Grant Funding and Funded Projects Implementation</b>	<p><b>Prefunding:</b></p> <ol style="list-style-type: none"> <li>1. Capacity Constraints (Distribution Agency)</li> <li>2. Inadequate Integration of APIs</li> <li>3. Delayed Implementation of the Modernisation 4.0</li> </ol> <p><b>Post funding:</b></p> <ol style="list-style-type: none"> <li>1. Unauthorised utilisation of funds</li> <li>2. Non execution or completion of funded projects</li> </ol>	<b>Critical</b>	<ol style="list-style-type: none"> <li>1. Appoint a panel of law and audit firms to advise the Board appointment strategy</li> </ol>
5	<b>Fraud and unethical conduct</b>	<ol style="list-style-type: none"> <li>1. Inadequate organisational ethical and compliance culture</li> <li>2. Nonadherence with policies and procedures</li> <li>3. Misrepresentation and or fronting by applicants - submission of fraudulent documents</li> <li>4. Breach of controls internal controls</li> </ol>	<b>Medium</b>	<ol style="list-style-type: none"> <li>1. Develop and Implement Anti-bribery fraud and corruption programme.</li> <li>2. Implementation of Fraud Preventions Plan.</li> <li>3. Conducting ethics risk assessment and reviewing of the recommendation on the efficiency of the Ethics function.</li> <li>4. Implementation of the Lifestyle audit.</li> <li>5. Initiate cultural transformation.</li> <li>6. Implementation of the partnership with SA Fraud Prevention services.</li> <li>7. Embedding the ISO37001 standard into new system development.</li> <li>8. Implementation of recommendations from the Fraud Risk Assessment.</li> <li>9. Initiate recovery of funds.</li> </ol>
6	<b>Cybersecurity</b>	<ol style="list-style-type: none"> <li>1. Inadequate Data back-up and DRP</li> <li>2. Inadequate security over ICT systems</li> </ol>	<b>High</b>	<ol style="list-style-type: none"> <li>1. Implement ICT Cybersecurity Plan.</li> <li>2. Review and implementation of ICT Disaster Recovery Plan (including establishment of DR site).</li> <li>3. Conduct ICT security awareness.</li> <li>4. Conduct cybersecurity risk assessment.</li> </ol>
7	<b>ICT Strategy and Modernisation</b>	<ol style="list-style-type: none"> <li>1. Inadequate implementation of ICT Strategy</li> <li>2. Inadequate Governance and compliance with ICT standards and best practices</li> <li>3. Inadequate software and licenses review and management</li> <li>4. Inadequate capacity to implement technology fit for purpose technology</li> <li>5. Inadequate project management in the implementation ICT of solutions</li> <li>6. Inadequate ICT Infrastructure</li> </ol>	<b>High</b>	<ol style="list-style-type: none"> <li>1. Implementation of Modernisation 4.0.</li> <li>2. Review of ICT Policies.</li> <li>3. Implementation of ICT Strategy.</li> <li>4. Review and Capacitate ICT Structure.</li> <li>5. Conduct third party contracts review.</li> <li>6. Reviews by the ICT Steering Committee.</li> </ol>

#	Risk	Risk Causes	Residual Risk Rating	Risk Mitigations
8	<b>Organisational Compliance</b>	<ol style="list-style-type: none"> <li>1. The recent establishment of Compliance function</li> <li>2. Breach of Contracts</li> <li>3. Capacity to manage the current Compliance function</li> <li>4. Lack of Compliance Management Frameworks approved</li> <li>5. Inadequate Regulatory Universe</li> </ol>	<b>High</b>	<ol style="list-style-type: none"> <li>1. Capacitate the division to render legal advisory services to the Commission.</li> <li>2. Organisational Compliance Policy to be approved.</li> <li>3. Compliance Management Policy to be approved.</li> <li>4. Compliance Charter to be approved.</li> <li>5. NLC Regulatory Universe to be approved.</li> <li>6. Develop the Compliance Risk Management Plan (CRMP) for at least five high-risk rated legislation.</li> </ol>
9	<b>Legal &amp; Litigation</b>	<ol style="list-style-type: none"> <li>1. Internal capacity to manage Corporate Legal Service</li> <li>2. Breach of Contracts</li> <li>3. Lack of case management system</li> <li>4. Lack of NLC panel of attorneys</li> </ol>	<b>Critical</b>	<ol style="list-style-type: none"> <li>1. Capacitate Division to render legal advisory services to the Commission.</li> <li>2. Development of Contract Management system.</li> <li>3. Effective Management of litigation for and against NLC.</li> <li>4. Development of the Case Management system.</li> <li>5. Appointment and effective Legal Panel Management.</li> </ol>
10	<b>Human Capital and Performance</b>	<ol style="list-style-type: none"> <li>1. Inadequate implementation and compliance with the performance management policy and practices</li> <li>2. Inadequate organisation review and alignment to the operating model</li> <li>3. Inadequate skills attractions and retention plan</li> <li>4. Lack of succession plan</li> <li>5. Inadequate compliance with Labour Laws/ Prescripts</li> <li>6. Inadequate work skills plan and implementation thereof</li> </ol>	<b>Critical</b>	<ol style="list-style-type: none"> <li>1. Review of HR Policies.</li> <li>2. Commissioners and EXCO staff engagements.</li> <li>3. Develop a new learning and development plan through consolidation of divisional skills audit outcomes.</li> <li>4. Implementation of Performance Management Policy and ensure 100% compliance with the performance management cycle.</li> <li>5. Implement targeted Change Management initiatives.</li> <li>6. Implementation organisation-wide redesign.</li> </ol>
11	<b>Reputation</b>	<ol style="list-style-type: none"> <li>1. Inadequate capacity in media and public relations</li> <li>2. lack of proactive stakeholder engagement strategy/plan</li> <li>3. Inadequate controls in records and management information</li> <li>4. Inadequate Communication and Brand Management capacity</li> <li>5. Non-adherence to communication protocols and branding manual.</li> <li>6. Leaking of confidential information</li> </ol>	<b>Critical</b>	<ol style="list-style-type: none"> <li>1. Development and implementation of communications policy.</li> <li>2. Development and implementation of Integrated Stakeholder engagement plan</li> <li>3. Implementation of brand revitalisation programme and Communication and Media Plan.</li> <li>4. Build Media Engagement Capacity.</li> </ol>

## 6. INTERNAL CONTROL UNIT

The Board, as the designated Accounting Authority under the PFMA, is tasked with ensuring sound financial management, compliance with legislative requirements, and the maintenance of effective internal controls. It provides this through several measures, some of which are detailed under governance section.

Management has the responsibility to design, implement and continually review internal controls to provide assurance on the effectiveness, efficiency of operations, and reliability of financial reporting, safeguarding, and maintaining accountability for the assets of the organisation. These controls are monitored throughout the NLC by management and employees, with the necessary delegation of duties. The internal audit performs independent reviews on the effectiveness of these controls as part of its annual internal audit plan and the audit reports are presented to the Audit and Risk Committee. Therefore, internal controls are integral with all key governance processes. This report highlights how the Board has discharged this task of an effective internal control system, which expect the Board to provide reasonable assurance that:

- Assets are safeguarded;
- Financial and other information is reliable;
- Laws, directions, and policies are being complied with; and
- Errors and fraud are prevented;

The foundation for the NLC's internal control system, lies on the board attitude and actions towards organisation's values, governance structure, and leadership's commitment to integrity and accountability. this critical governance and oversight role during the current period under review is highlighted below:

### GOVERNANCE AND OVERSIGHT

The approach to clean up the NLC to strengthen governance and streamline oversight, the Board expanded its subcommittees to include a Social and Ethics Committee and a Finance Committee, alongside the enhancement of the existing role of Audit and Risk Committee i.e BARC.

### SOCIAL AND ETHICS COMMITTEE

Given the NLC's mandate, which has a direct impact on communities, there is a strong focus on zero tolerance for unethical conduct, social responsibility, and alignment with the Sustainable Development Goals (SDGs) and the new NLC code of ethics to carry the mandate of the Board. The specific roles and responsibilities of the Social and Ethics Committee are outlined in its Terms of Reference.

### FINANCE COMMITTEE

Given the scale of funds managed by the NLC, a dedicated Finance Committee enhance oversight of financial planning, budgeting and SCM (procurement, contract management and facilities management). This committee provide in-depth reviews on financial sustainability and oversee compliance with financial regulations, ensuring alignment with Treasury guidelines such include reviewing and monitoring finance policies and procedures. It further ensures that financial resources are allocated and align with strategic objectives.

### AUDIT AND RISK COMMITTEE (BARC)

The Audit and Risk Committee, established in terms of Section 77 of the PFMA (Act No 1 of 1999, as amended) and National Treasury's Regulation 27 discharges its responsibilities in terms of the Audit and Risk Committee Charter, which sets out its committee composition, roles and responsibilities.

Three independent Audit Committee members were appointed to ensure that the majority of the members are independent in line with good governance practices. This also eliminates a self-review threat.

### INSTIL A CULTURE OF ACCOUNTABILITY

The board worked on improving accountability mechanisms, by attending all Portfolio Committees with the Executive Authority. The Board regularly engaged with the Executive Authority on the NLC matters through the Chairperson and the Minister's representative. This was done over and above the regular quarterly reporting.

During the period, NLC received parliamentary questions which were all responded to through **the dtic**. The board has implemented all SIU recommendations including attending to actions of Materiality irregularities issued by AGSA, as highlighted by Auditor General Report.

## REVIEW OF POLICIES

The policy processes were designed to be thorough, inclusive, and aligned with both internal operational needs and external compliance requirements. The key components of the approach included:

- Stakeholder Consultation with relevant divisions, including trade unions to ensure policies reflect current practices and align with statutory requirements. This included soliciting inputs from the subcommittees.
- Benchmarking by comparing existing policies against best practices and standards, laws and regulations relevant to the policy to ensure identified gaps and areas for improvement are addressed.
- Alignment with Strategic Goals to ensure policies align with the NLC's strategic priorities, particularly in funding allocations, compliance, and resource management.
- Review cycle was considered based on high-risk areas, including procurement, financial management, and compliance, were prioritized to mitigate potential exposure to governance lapses.

This comprehensive review and approval of policies seeks to strengthen the governance framework and aligning operational processes with the organisation strategic goals, such exercise included key policies like delegation of authority, where issues of segregation and authorized limits were reviewed to address some of fraud related risks.

Whilst majority of work has been completed, the remaining 29% of policies will be reviewed in the upcoming financial year. It is envisaged that in upcoming financial years, there is full digitalization of policies, with a centralized digital repository for all policies to enhance accessibility and ensure

version control. Whilst general review of policies is three years, regular updates and monitoring will be implemented an annual review process for high-risk areas and a bi-annual review for some policies to maintain relevance and alignment with emerging trends and strategic outcomes.

## MONITORING ACTIVITIES

Monitoring is an ongoing process to assess the effectiveness of the internal controls over time and ensure that they are functioning as intended and to improve accountability. Monitoring was conducted through continuous assessments or quarterly reporting evaluations.

During this monitoring key issues noted were as follows;

- Audit Tracker Actions: There was a persistent issue with the implementation of audit tracker actions, particularly within the Information Communication Technology Division. This was primarily due to factors such as competence gaps, performance issues, and high vacancy rates. Although some measures were taken to address these challenges, they were often ineffective. As a result, several items were issued with management accepting associated risks.
- Employee Morale: The Board observed that low employee morale was impacting the progress of certain interventions and overall organisational stability.

The internal audit and risk function reports quarterly were reviewed where both internal audit and external audit actions plans were monitored. The assurance opinion on overall Internal Control Environment by internal audit was partially adequate and partially effective. This indicates that while some controls are functioning well, significant weaknesses remain that could hinder effective risk management and operational efficiency. The board accepted that this is continuous improvement and had reprioritize revised organisational structure, consequence management, competence, and performance management to drive the control improvements for FY 2024/25.



# 7. INTERNAL AUDIT AND AUDIT COMMITTEE

## 7.1 INTERNAL AUDIT

The Internal Audit Division forms a cornerstone of the NLC's corporate governance framework, providing independent and objective assurance and consulting services aimed at enhancing organisational operations. By adopting a systematic and disciplined approach, the division evaluates and strengthens internal controls, risk management, and governance processes to support the Commission's objectives effectively.

The division implemented its Annual Risk-Based Audit Plan for FY 2023/24 as part of a three-year rolling plan, following consultations with management and approval by the BARC. By the end of the financial year, 87% of planned audits were successfully completed, slightly below the target of 90%. These audits covered critical high risk areas, including Information Technology, Governance, Risk Management and Internal Controls.

All work adhered to the approved Internal Audit Methodology and complied with the International Standards for the Professional Practice of Internal Audit issued by the Institute of Internal Auditors (IIA).

### AUDITS CONDUCTED

- Audit of Predetermined Objectives (AoPO) Q1–Q4
- SMART Criteria Assessment of the Proposed 2024/25 APP Targets and Output Indicators
- Human Capital Management
- Quality Review of 2022/23 Consolidated AFS before Submission to External Auditors
- Payment Processes
- Grants Financial Management
- Supply Chain Management (Consultants, Contract Management, Demand, and Acquisition Management)
- Facilities Management
- Grant Funding Operations and Distributing Agency Adjudication
- Regulatory Compliance and Enforcement
- Monitoring and Evaluation
- Organisational Compliance
- Risk Management

- Follow-up Audits (General Assurance)
- IT Governance
- Project Assurance/Post Implementation (GIS)
- Change Management
- Security Configuration Standards (Database)
- ICT Security Policy and Vulnerability Assessment
- Cybersecurity Review (Follow-up)
- Modernisation Project Governance Review

The division identified internal control weaknesses in ICT Governance, Grant Funding, Monitoring & Evaluation, and SCM processes. Overall, the internal control environment was deemed partially adequate and partially effective in mitigating risks and ensuring the accuracy and reliability of financial and operational information. Management has committed to implementing the recommended improvements.

The Forensic Investigation Unit conducted 83 investigations into allegations of fraud and corruption. Key recommendations included initiating criminal cases, recovering misappropriated funds, disciplinary action and strengthening internal controls.

Additionally, 43 cases were referred to the South African Police Services (SAPS) for further investigation. The unit collaborated with key stakeholders, including the Hawks, the National Prosecuting Authority, and the Special Investigating Unit (SIU).

### STRATEGIC DEVELOPMENTS

In line with BARC priorities, the division focused on restructuring and capacitating the internal audit and forensic investigation functions, solidifying its role as a trusted advisor to management and the board. Notable achievements include:

- Approval and implementation of a revised divisional structure (71% of positions filled by 31 March 2024);
- Adoption of the 2024/2026 Three-Year Rolling Internal Audit Plan and Divisional Strategy;
- Approval of the Internal Audit Charter and Methodology;
- Development of the Forensic Investigation Methodology;

- Membership agreement with the South African Fraud Prevention Services;
- Appointment of the Forensic Investigation Panel of Service Providers;
- Securing forensic search tools to enhance investigation capacity;
- Expanding the data analytics programme through ACL Robotics Tool;
- Approval of the Lifestyle Audit Policy; and
- Launch of the Vuvuzela Fraud Hotline.

The Internal Audit and Forensic Investigation function remain pivotal to ensuring accountability, transparency, and continuous improvement at the NLC. All Internal audit reports are also shared with the AGSA in alignment with Combined Assurance Principles. Through its strategic initiatives, the division continues to reinforce the organisation's governance and risk management capabilities while supporting ethical and efficient operations.

## 7.2 AUDIT COMMITTEE

Statutory mandate of the Audit Committee; Public Finance Management Act no 1 of 1999 (PFMA):

In terms of Section 51 (1) a (i) & (ii), an accounting authority for a public entity, must ensure that that public entity has and maintains:

- Effective, efficient and transparent systems of financial and risk management and internal control.
- A system of internal audit under the control and direction of an audit committee complying with

and operating in accordance with regulations and instructions prescribed in terms of Section 76 and Section 77.

The Committee mandate is specified within Treasury Regulations 27.1.1 to 27.1.13.

Treasury Regulations Section 27.1.8 states that the Audit Committee must, amongst others, review the following:

- the effectiveness of the internal control systems;
- the effectiveness of the internal audit function;
- the risk areas of the institution's operations to be covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of the 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;
- the institution's compliance with legal and regulatory provisions;
- the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- where relevant, the independence and objectivity of the auditors.

Section 5 of the Lotteries Act and Section 94 of the Companies Act empowers the Board to establish an Audit Committee.

Key activities of the Audit Committee for FY 2023/24 were as follows:

Task	Frequency	Status	Action
Review Audit Committee charter and recommend to the Board for approval	Annually	Complied	
Approve Audit Committee Annual Work Plan	Annually	Complied	
Review the performance of the Committee and its members and report back to the Board	Annually	To be done in Q1	
Recommend for Approval of Audited Annual Financial statements (1st and 2nd draft)	Bi-Annually	of FY 2024/25	Recommend for approval
Recommend for Approval of Annual Budgets	Bi-Annually	Complied	Recommend for approval
Recommend for Approval of Annual Report (1st and 2nd draft)	Annually	Complied	Recommend for approval
Review the actual revenue and expenditure of the quarter	Quarterly	Complied	

Task	Frequency	Status	Action
Review of delegation of authority matrix	Annually	Complied	
Review Annual Performance Plan	Annually	Complied	
Approval of policies (Finance, SCM, ICT, Internal Audit) Majority of policies were approved on 26 March 2024. The next cycle is March 2027 or as and when required. Risk and compliance Policies are due for review in the first quarter of FY 2024/25	As and when required or every 3 years	Complied	Internal Audit and Forensic Investigation Methodologies were approved.
Review and approve the Internal Audit charter and plan	Annually	Complied	Internal Audit plan was approved in April 2024. Internal Audit charter for 2023/2024 was approved. Changes to the Internal Audit Charter will be tabled at Q1 BARC meeting for approval.
Monitor and evaluate the performance of the Internal Audit function	Quarterly	Complied	Internal Audit report to BARC on quarterly basis regarding pro-gress made against Internal Audit plan, Ministerial Priorities, Divisional AOP, etc.
Review risk management strategy	Annually	Complied	
Assessment of Risk Registers	Quarterly	Complied	
Review combined assurance model, progress, and risk reports	Quarterly	Complied	
Review of ICT governance and monitor the implementation of the ICT strategy	Quarterly		Lack of ICT Strategy is an audit finding.
Review Compliance Risk Register	Quarterly	Complied	
Recommend for approval the AGSA engagement letter and audit strategy	Annually	Complied	
Review and approve the annual External Audit plan	Annually	Complied	
Assess the quality, effectiveness, and performance of the external audit process	Annually	Complied	
Review Auditors' Report	Annually	Complied	
Investigation Reports	Quarterly	Complied	

The table below discloses relevant information on the Board Audit & Risk Committee members:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
<b>Ms. Precious Mvulane (Chairperson)</b>	CA (SA)	Non-Executive Director	NA	23 March 2022	NA	14
<b>Ms. Irene Ramafola</b>	CA (SA)	Non-Executive Director	NA	1 May 2023	NA	14
<b>Ms. Lynne Tromp</b>	CA(SA), MBA, BTech Internal Auditing, CFE, CRM (Prof.), Certified Ethics Officer	External Member	NA	12 July 2023	NA	11
<b>Ms. Charlene Louw</b>	LLB. Admitted Attorney of the High Court. Executive Development Programme. Municipal Finance Management. MBA. 21st Century Soft Skills certificate.	External member	NA	12 July 2023	NA	11
<b>Dr.Prittish Dala</b>	PhD (Information Technology), Masters (Information Technology), BSc Hons (Computer Science), Bachelor of Information Technology, Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Information Systems Security Professional (CISSP), Lead Auditor ISO 27001 (LA ISO 27001), Certified in the Governance of Enterprise Information Technology (CGEIT), Certified in Risk and Information Systems Control (CRISC), Certified Ethical Hacker (CEH) and Computer Hacking Forensic Investigator (CHFI).	External Member	NA	1 September 2022	NA	14
<b>Mr. Willie Hofmeyr</b>		Non-Executive Director	NA	24 March 2022	30 April 2023	2



## 8. COMPLIANCE WITH LAWS AND REGULATIONS

Section 10(1)(l) of the Lotteries Act, Act No. 57 of 1997, as amended (the Act) enjoins the Board of the National Lotteries Commission (the NLC) with a function to “ensure that the Commission performs its functions efficiently and effectively in compliance with this Act and any other applicable laws”.

Section 51(1)(h) of the Public Finance Management Act, Act No.1 of 1999, as amended (PFMA) also states that “An accounting authority for a public entity— must comply, and ensure compliance by the public entity, with the provisions of this Act and any other legislation applicable to the public entity”.

Principle 13 of King IV Report on Corporate Governance for South Africa 2016, 2016 (King IV Report) states that “The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen”

The above-cited regulatory prescripts are a reflection that compliance is the responsibility of the Board and that the Board must set the tone from the top regarding compliance issues.

The NLC is committed to observing all compliance obligations which includes compliance with all legal, regulatory, ethical and internal policy obligations.

The Board operates within a clearly defined governance framework. It retains effective control and provides for delegation of authority with clearly defined mandates and authorities.

The Board recognises the role that compliance with applicable regulatory requirements plays in the governance and sustainability of the Commission and undertakes to subscribe to fundamental principles to ensure compliance with relevant and applicable legislation.

In discharging its duties of ensuring that the Commission complies with legislation, the Board has committed that the Commission shall conduct its business in accordance with applicable regulatory requirements and ensure that appropriate policies and frameworks are committed to, promoting a culture of compliance within the NLC.

The Board Audit and Risk Committee (BARC) is charged with a duty to ensure organisational compliance is maintained at an acceptable level and ensure that all instances of non-compliance are adequately followed up and resolved with sound and practical business recommendations.

Organisational compliance monitoring was conducted, whereby Divisional liaisons where the Act is applicable provided controls and processes with which the NLC ensures compliance with the requirements of relevant and applicable Acts, as contained in the Regulatory Universe.

These controls and procedures were assessed for correctness and validity through corroboration of supporting documents such as reports, policies, matrices, etc., and through enquiry with the relevant Divisional Heads.

Continuous monitoring of organisational compliance takes place every quarter and as determined by the organisational compliance and governance unit to ensure that the NLC maintains acceptable levels of compliance with these critical pieces of legislation.

Having realised some deficiencies in the organisational compliance function, the Commission has done the following:

- Conducted a compliance risk assessment to identify areas of high risk and prioritised compliance efforts;
- Reviewed existing policies and procedures to assess their effectiveness and identify gaps;
- Evaluated the compliance function's structure to determine if the function is adequately resourced and structured;
- Established compliance framework that outlines the organisation's compliance philosophy, policies, and procedures;
- Clearly defined and outlined roles and responsibilities of the compliance function, management and employees; and
- Identified, assessed, and mitigated some compliance risks.

To ensure that compliance to be embedded in the Commission, the NLC has developed a process to regularly review and improve the compliance function as well as to foster a culture that promotes compliance and encourages employees to report compliance concerns.

Organisational processes and operations are continuously being reviewed to ensure compliance with applicable legislation in the areas of grant funding, lotteries compliance and enforcement, human resources management, financial management, as well as information and communication technology entity, which is the Lotteries Act, as amended, and endeavours to ensure complete compliance to the PFMA. Other relevant and applicable laws and regulations were complied with during the year under review.

## RELEVANT COURT MATTERS

In the year under review, the below court cases underway do not have a direct impact on the mandate of the NLC.

- Lottostar (Pty) Ltd & Others // Ithuba Holdings (Pty) Ltd & Others – Part A of the Application petitioned to the Supreme Court of Appeal by the Operator and Review Part B matter ongoing pursuant to Section 10(2) and (3) of the Lotteries Act. Various Labour Court cases involving the NLC and its employees, including disputes over internal hearings and employment contracts.
- Special Tribunal cases because of the SIU corruption investigations and referrals against NLC officials, former Board Members and Members and Directors of NPOs and NPCs respectively.
- High Court cases where some NLC employees have taken the NLC to court in a bid to stop disciplinary proceedings against them after being linked to a broader investigation into corruption and maladministration at the NLC, as well as misuse of funds meant for good causes.



## 9. FRAUD AND UNETHICAL CONDUCT

The organisation holds a zero-tolerance policy toward any acts of fraud, corruption, and related misconduct. The Board has reviewed and approved the code of conduct policy as well as the lifestyle audit policy with an intention to promote ethical culture and compliance. NLC supports openness and transparency through a set of organisational values, a clearly communicated whistleblowing policy and channels thereof, and protecting the rights of whistleblowers in terms of legislation. An ethics assessment was conducted to ensure revised ethics implementation plan is in place for the incoming year 2024/25 in order to increase reporting and transparency. In strengthening controls against misconduct, the organisation has further reviewed the conflict of declaration of interest forms to ensure staff and Directors disclose any potential or perceived conflict they may impact their objectivity in the exercise of duties.

### 9.1. KING IV CODE™ DISCLOSURES FOR THE YEAR ENDED 31 MARCH 2024

The NLC is committed to alignment with the corporate governance principles contained in the King IV Report on Corporate Governance for South Africa (2016) (King IV Report) and the achievement of the 17 Principles contained in the King IV Code of Corporate Governance and Report. The NLC and the Board of Directors are focused and committed in achieving the associated good governance outcomes.

The NLC continuously reviews its corporate governance practices to assess the status of compliance and degree of alignment to each of the 17 Principles. NLC's application of each of the principles towards the achievement of the governance outcomes is summarised in the disclosure compliance table below.

The Board takes ultimate responsibility for good governance in the NLC and has delegated some of its responsibilities to various structures within the NLC. These include the:

- Audit and Risk Committee;
- Finance Committee;
- the Human Capital, and Nominations Committee;
- Social and Ethics Committee;
- the Regulatory Compliance and Legal Committee;
- the Board Distribution Agency Committee;
- the Board Review Committee; and
- members of the Management team.

All Delegations of Powers are in writing and are reviewed and approved by the Board on an annual basis. All delegations of authority are in terms of the National Lotteries Act, the PFMA, Treasury Regulations and best practices. All Board Committees function in terms of a comprehensive written terms of reference or charters. The Board and Board Committees operate in terms of Annual Work Plans.

Principle	Compliance Status
<b>Principle 1: The Board should lead ethically and effectively.</b>	The NLC Board's conduct is governed by the Public Finance Management Act, the Lotteries Act, the Board Terms of Reference, the NLC Code of Conduct policy. This is over and above the fact that the Board subscribes to the principles advocated in among others, the King Report on Corporate Governance for South Africa, 2016.
<b>Principle 2: The Board should govern NLC's ethics in a way that supports the establishment of an ethical culture.</b>	<p>The NLC Board passed a resolution in April 2023 for a formulation of the social and ethics committee in terms of Section 72 of the Companies Act, this was to ensure the Board exercises full oversight over the implementation or promotion of ethical culture within the organisation. The Board established the Social and Ethics Committee in July 2023 and terms of reference including the annual workplan was developed and adopted by the Board.</p> <p>Furthermore, the Board reviewed and approved the Code of Conduct for staff and members of the Board to comply with the ethical standards stipulated in the Code. The Social and Ethics Committee, further reviewed the overall organisational ethics assessment and approved the implementation plan for the new year FY 2024/25 to ensure that ethical standards are adhered to in all aspects of the business, thus achieving a sustainable, ethical corporate culture. Lastly, ESG Framework was developed and approved by the Board in March 2023.</p>

Principle	Compliance Status
<b>Principle 3: The Board should ensure that NLC is and is seen to be a responsible corporate citizen.</b>	<p>The NLC is a responsible corporate citizen based on its mandate relates to grant funding to civil societies for good causes, core sectors are Charities, Sport and Arts and Culture as well as the proactive funding. NLC continues to improve control mechanisms to ensure that the grants reach those who are most deserving.</p> <p>The Board Distribution Committee continues to oversee status of applications for grants and research-based funding projects. This committee is comprised of the Distributing Agencies who are entrusted to conduct the adjudications as per the Lotteries Act.</p>
<b>Principle 4: The Board should appreciate that NLC's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</b>	<p>The NLC Board developed and adopted a corporate plan for FY 2023/24 further held a strategic session in June and September 2023 to develop a 5-year strategy with an aim to set the organisational targets, appreciate organisational risks and opportunities and sustainability in alignment with the mandate.</p>
<b>Principle 5: The Board should ensure that the reports issued by NLC enable its stakeholders to make informed assessments of NLC's performance and its short-, medium-, and long-term prospects.</b>	<p>Reporting is governed by the PFMA and National Treasury Regulations. All external reports are first reviewed by the Executive Team and Committees of the Board for accuracy, usefulness, timeliness and completeness before they are tabled before the Board for approval and for release to the Shareholder (<b>the dtic</b>) and other third parties.</p>
<b>Principle 6: The Board should serve as the focal point and custodian of corporate governance in NLC.</b>	<p>The NLC Board is the custodian of corporate governance and is ultimately responsible for corporate governance. Board actions are governed by the Board Terms of Reference, National Treasury Guidelines &amp; Practice Notes and Corporate Governance best practices, including the King IV Report on Corporate Governance for South Africa.</p>
<b>Principle 7: The Board should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.</b>	<p>The Minister of <b>the dtic</b> appointed a new Board in April 2023 and the composition of the new Board satisfies the diversity balance in terms of gender, race, and skills in alignment with the recommendation of King IV Report.</p>
<b>Principle 8: The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of duties.</b>	<p>The business of the NLC is managed by the direction of the Board, which has the authority to exercise all the powers and perform any of the functions of the NLC, except to the extent that Lotteries Act provides otherwise. The Board acknowledges its authority and responsibility to control, manage and direct its own affairs.</p> <p>The Board further delegates some of its powers, duties and functions to the Commissioner of the NLC, Board Committees, and holders of certain specific positions or bodies.</p> <p>The Board has approved delegations of power, which comprehensively set out the powers it has delegated to Board Committees and other structures and functionaries.</p>
<b>Principle 9: The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</b>	<p>In terms of the Annual Work Plans, the Board and Board Committees are evaluated on their performance on an annual basis. The Performance Evaluation ensures that the Board and Board Committees identifies areas that requires improvement, and that there is effectiveness in how their duties are discharged.</p> <p>NB: it should be noted that the new Board assumed its functions in April 2023 and therefore, the evaluation will take place in the first quarter of FY 2024/25</p>
<b>Principle 10: The Board should ensure that the appointment of, and delegation to, Management contribute to role clarity and the effective exercise of authority and responsibilities.</b>	<p>The Board has reviewed and approved Delegation of Authority Policy to enable appropriate delegation of authority and responsibility to the executive team and function. The Board delegates authority to the executive team to manage the day-to-day business and affairs of the business but maintains overall responsibility for governance leadership of the NLC.</p>



Principle	Compliance Status
<b>Principle 11: The Board should govern risk in a way that supports NLC in setting and achieving its strategic objectives.</b>	Risk oversight is a primary Board responsibility, and the Board develops and continuously improves practices to establish a well-defined and effective risk management oversight function. The Board through Audit & Risk Committee plays a critical role in influencing Management's processes and procedure for monitoring risks and clearly defines which risks the full Board should regularly discuss, and risks that are generally be delegated to a Board Committees. Management maintains a register of all enterprise-wide risks, which are mapped for the oversight of the Board and Board committees, particularly the Audit and Risk Committee.
<b>Principle 12: The Board should govern technology and information in a way that supports NLC setting and achieving its strategic objectives.</b>	Information and Technology Governance is an integral part of the overall governance structures of the NLC, and directors take an active role in information and technology strategy and governance through the Audit and Risk Committee.
<b>Principle 13: The Board should govern compliance with applicable laws and adopt, non-binding rules, codes and standards in a way that supports NLC being ethical and a good corporate citizen.</b>	The NLC Board and Committees sufficiently familiarise themselves with the content of applicable laws and regulations, this includes regular training to keep abreast of regulatory changes. The Legal and Regulatory Compliance Committee Assist the Board and the business in ensuring that the NLC complies with all the relevant laws and regulations, by monitoring and issuing compliance reports.
<b>Principle 14: The Board should ensure that NLC remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long-term.</b>	The NLC is currently in a process of reviewing the Remuneration Policy for all staff members, a consultative process was conducted with Staff and the Unions, furthermore the policy was recommended by Policy Review Committee and Executive Board to the Board for approval. The Board is assessing the policy to ensure the remuneration objectives are met. The expected approval date is July 2024.
<b>Principle 15: The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of NLC's external reports.</b>	The Board Audit and Risk has adopted a Combined Assurance Model for Internal Audit which assists in assessing the integrity of information supplied by the divisions in terms of integrated reporting. This includes but not limited to monitoring and evaluation reports of the organisation, annual report, financial statements, as well as grant funding.
<b>Principle 16: In the execution of its governance role and responsibilities, the Board should adopt a stakeholder inclusive approach.</b>	The Board has reviewed and approved a Communication Policy which governs all its interactions with stakeholders, internally and externally. A consolidated stakeholder engagement plan was under review.
<b>Principle 17: The Board should ensure that responsible investment is practiced by the NLC to promote good governance and the creation of value by the companies in which it invests.</b>	The NLC has an approved Investment Policy in place, the Policy outlines the process and considerations to be taken when Investing the NLC Funds.

On a quarterly basis the Board Committees receives reports from Management regarding the matters set out in the Committee Charters and Committee Annual Work plans. Board Committees make recommendation to Management and the Board on matters that fall within the ambit of their authority as they may consider appropriate. On a quarterly basis the Board Committees report to the Board on their activities and on how they have discharged their responsibilities.

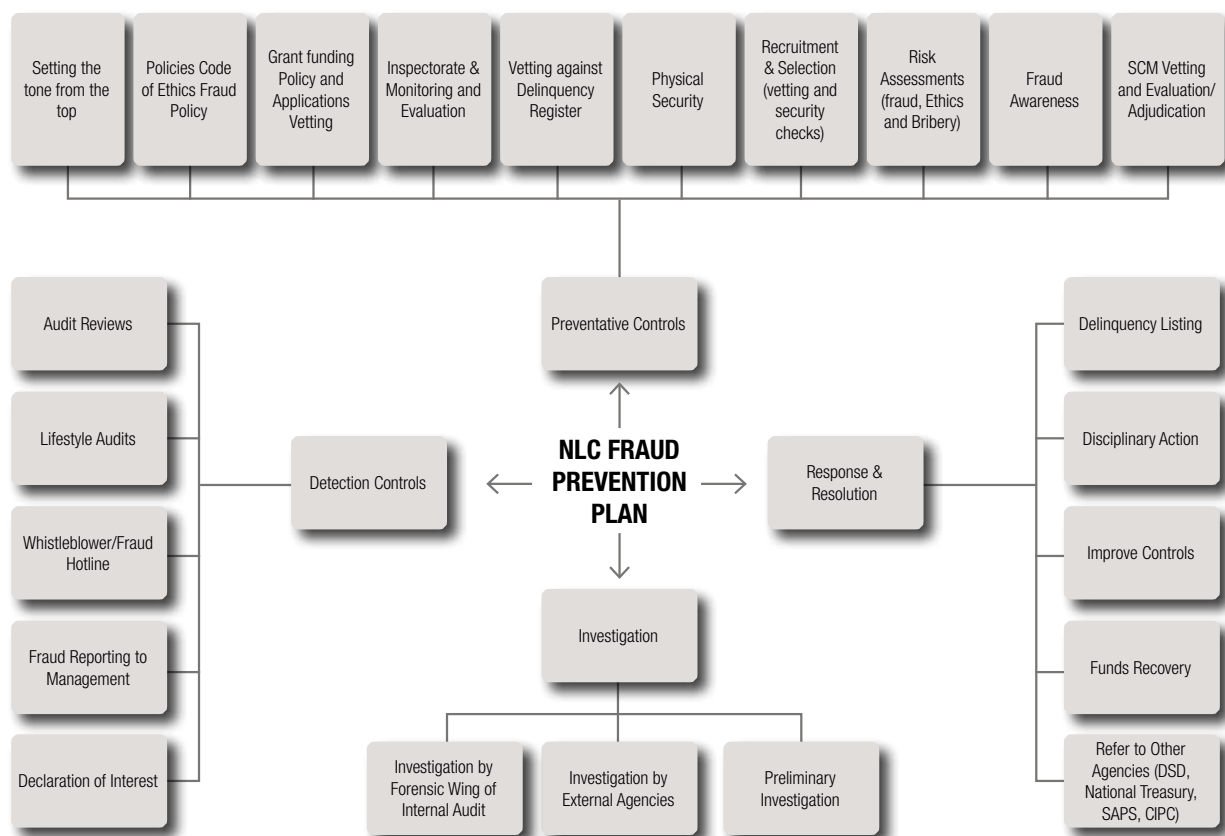
Board Committees also make recommendations to the Board on matters that are reserved for the Board and on any other issues as it may consider appropriate. The Board exercises oversight over the functions and activities of all Board Committees and Management in terms of its own Work Plan.

# 10. FRAUD AND CORRUPTION PLAN

## 10.1. FRAUD PREVENTION PLAN

The National Lottery Commission is subjected to compliance with provisions of the Public Finance Management Act, particularly Section 51 which requires the NLC to have and implement an effective, efficient and transparent system of financial and risk management and internal control, furthermore National Treasury requires for the NLC to a risk management strategy (including a fraud prevention plan) to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks. This plan has been developed to guide establishment and maintains of controls in preventing, detecting, investigating and responding to incidents of fraud and corruption within NLC. The NLC has developed Fraud Implementation Plan with specific objectives and milestones to prevent, detect, respond, investigate, and report incidents of fraud and corruption.

Below are the components of the NLC Fraud Prevention Plan.



## 10.2. WHISTLEBLOWING

The NLC has Whistleblowing Policy and the NLC employees use the following channels to report suspected incidents of fraud and corruption:

- a dedicated Free Call number which is 0800 2121 29
- one unique e-mail address which is nlcsa@tip-offs.com
- a tip-offs anonymous website which is nlcsa.tip-offs.com

Report to Management or Forensic wing of Internal Audit Department.

The reports are prepared, and they include only objectively presented information that is in direct relation to the scope of any investigation undertaken for the verification of the alleged facts. All reports provided to the NLC are designed in a way that elimination of any element that could identify the employee making a disclosure. This means that the employee will remain anonymous if they have chosen to use this option.

# 11. MINIMISING CONFLICT OF INTEREST

The NLC is committed to doing ethical business. NLC employees are expected to perform their duties conscientiously, honestly and in the best interests of the NLC. NLC employees shall, always, conduct themselves in a manner that enhances the reputation of the NLC and avoid putting themselves in any position that could lead to perceived or actual conflicts of interest, circumstance, or duty.

## 11.1. ANNUAL DECLARATIONS OF INTEREST

The first quarter of the financial year is regarded as declaration of interest season, all employees and members of the NLC Governance structures shall declare their business and financial interests, such interest shall be validated against the CIPC and other organisations. The declared interest shall be evaluated to establish any conflict with the employee or member duties.

## 11.2. GIFTS DECLARATIONS

Gifts from suppliers, grantees and other NLC stakeholders are managed in line with the principles articulated in the NLC Code of Ethics. Employees complete the declaration forms which are reviewed and approved by Line Managers ahead of submitting to the Enterprise Risk Management Department where a gift register is maintained and reported to EXCO and the Board quarterly.

## 11.3. PERMISSION FOR DOING WORK OUTSIDE THE NLC.

Before an employee undertake or accept remunerative and/or non-remunerative work outside the NLC, a permission to do work outside the NLC must be completed and considered for approval if the below requirements are met:

- NLC resources will not be used to execute the outside work;
- Confidential information of the NLC will not be used to advance outside work;
- Performance of the employee requesting permission must not be compromised by outside work;
- Employees contracted hours to the NLC should not be compromised by the outside work; and
- The outside organisation must not be in competition and conflict with the NLC.

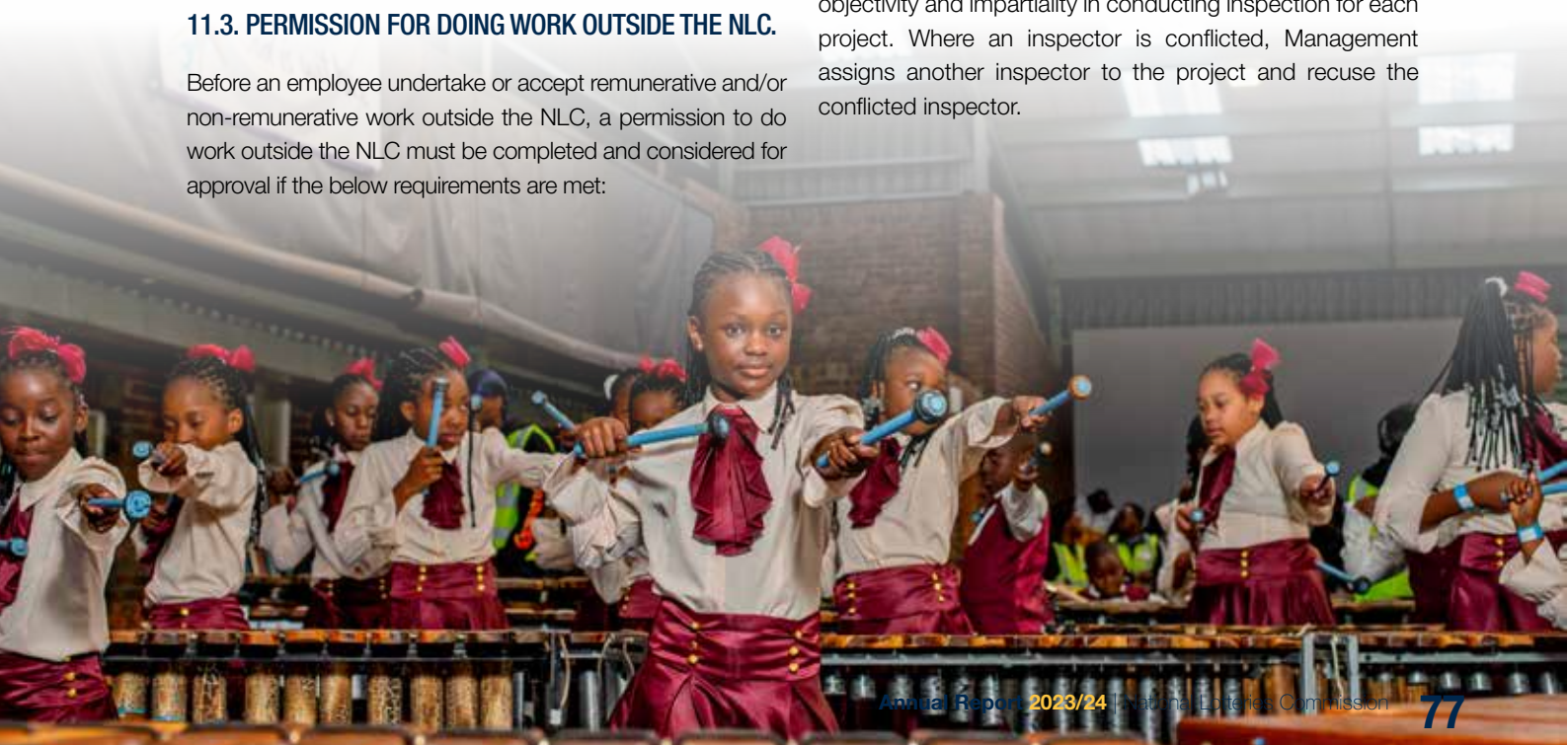
Permission is granted for twelve (12) months and employee must reapply to continue ahead of expiry date. The NLC reserves the right to revoke the permission should any of the above conditions be breached.

## 11.4. GRANTEES CONFLICT OF INTERESTS

Grantees complete declarations of interest and articulate in their applications how they ensure good governance and manage conflicts of interest. Such declarations shall be evaluated to establish conflict exposure with stakeholders including their professional service providers to prevent the risk of money-laundering.

## 11.5. INSPECTORATE CONFLICT OF INTERESTS

Inspectors conducting pre-funding site visits complete declaration of interest forms affirming their independence, objectivity and impartiality in conducting inspection for each project. Where an inspector is conflicted, Management assigns another inspector to the project and recuse the conflicted inspector.



## 12. CODE OF CONDUCT

This policy aims to support a consistent and fair approach to ethics and conduct management within the NLC to guide employees and other stakeholders which includes but not limited to service providers/ third parties/ partners/ associates/ grantees in achieving and maintaining agreed standards of conduct, performance and behaviour.

Further aims to manage the Conflict of interest in terms of 2F, 2Gi and ii, 3A, 3B, 3C of the Lotteries Act. The policy is read in conjunction with the NLC disciplinary policy. Any misconduct shall be corrected in line with the NLC Disciplinary policy. Several matters have been brought forward against those who have been charged with violating these provisions of the Act.

The NLC personnel have an express duty under the Code to:

- i. Conform to the highest standards of honesty, integrity, and impartiality when discharging their duties and responsibilities.
- ii. Ensure that all their actions are consistent with the main business of the NLC.
- iii. Act in an honest and ethical manner; and not engage in any conduct that may in any way denigrate or harm the public image of the NLC.
- iv. Each and every NLC personnel has the obligation to not only abide by the Code, but also to report violations of the Code when they become aware of them.

## 13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The NLC places the utmost importance on its employees and the public by providing a working environment that is conducive to employees' health and safety. To provide and maintain as far as reasonable and practical a work environment that is safe and without risk to the health of employees, the NLC ensures compliance with the provisions of the Occupational Health and Safety (OHS) Act, approved OHS policy and plans.

An OHS Committee was appointed in line with the Act to make recommendations to the employer regarding matters affecting the health and safety of employees, to create and nurture a culture of safety.

Safety awareness workshops based on the OHS Act, NLC OHS policy and standard operating procedures were conducted for staff and emergency evacuation drills

were conducted at NLC owned offices with the aim of educating employees about the legal requirements and the potential hazards they may face in the workplace. By providing information and resources, employees can better understand the risks associated with their specific job tasks and the measures they can take to stay safe.

Risk assessments were conducted at all NLC offices using the Hazard Identification, Risk Assessment (HIRA) approach with a primary focus on improving health and safety. By identifying hazards and assessing risks, NLC takes a proactive approach to implement necessary controls and measures to minimize the likelihood of accidents, injuries, and illnesses. By prioritising the safety of personnel, visitors, consultants and contractors, NLC demonstrates that it is committed to being a responsible corporate citizen.



## 14. COMPANY / BOARD SECRETARY

The Company Secretary possess the necessary skills, competence and experience to adequately support the Board in fulfilling its functions. The purpose of the Company Secretariat portfolio is to provide support to the Board of the NLC to ensure that the Board discharges its duties in line with applicable laws, rules, regulations, codes, standards, and best practice. The Company Secretariat division also aims to advance awareness, understanding and embed the practice of good corporate governance within the NLC and thereby achieving the objective of positively impacting and improving corporate governance within the NLC and its stakeholders. The Company Secretariat is the custodian of Corporate Governance in the NLC that ensures that the Board and the Commission fulfil their statutory obligations as well as adopted best practices, in the best interest of the organisation.

As part of fulfilment of the governance objectives as designated by Section 88 of the Companies Act, the Company Secretariat worked tirelessly in ensuring compliance controls are in place within the organisation. The unit through Policy Review Committee chaired by the Company Secretariat is currently in the process of reviewing all organisational policies in line with the applicable laws and regulations. Furthermore, in terms of good governance prescripts the unit reviewed the Delegations of Authority,

the Code of Conduct for the organisation and the Board Committee terms of reference. The Secretariat has reviewed and recommended the shareholders compact to the Executive Authority.

The Unit has provided extensive secretariat support to the RFP 4th license since July 2023. The unit continues to ensure the proper recording keeping of all board committee minutes and resolutions thereof. On the organisational compliance, the unit identified critical legislations for review on a quarterly basis, reference can be made to Section 8 above on page 59. The Company secretariat unit further undertook an Ethics Risk Assessment for the year 2023/24 as well as Ethics workshop that was conducted with Board and Management. From conflict-of-interest perspective, there were no material disclosures brought to the attention of the Secretariat nor Ethics Committee for the year under review, matters of conflict of interests are monitored on an annual basis and in every board / committee meeting,

The Company Secretariat accounts to the Board and provides advisory on any matters of governance. As part of awareness of areas of non-compliance, the unit continues to monitor the Board's governance scorecard on a quarterly basis as highlighted in Section 9.1 of this report, this exercise helps the Board to be aware of any material risks on its oversight roles and responsibilities.

## 15. SOCIAL RESPONSIBILITY

The NLCs core objectives speak to the promotion of social upliftment. Social responsibility is therefore an inherent part of the NLC's daily activities/mandate. Furthermore, it also plays a role in support of being catalysts for social upliftment.





# 16. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

## AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee has complied with its responsibilities arising from sections Section 51 (1) (a) (ii), 76 (4) (d) and 77 of the PFMA and Treasury Regulation 27.1 as well as Section 5 of the Lotteries Act and Section 94 of the Companies Act.

Furthermore, the Audit and Risk Committee has adopted a formal term of reference as its Charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

## AUDIT AND RISK COMMITTEE MEMBERS

The NLC has a duly constituted Audit and Risk Committee, comprising of three independent external members and two members of Board who are instrumental in providing independent and objective advice to the Board. The tabled below discloses relevant information on the Audit and Risk Committee members and their attendance:

Name	Qualifications	Internal or External	Date Appointed	Date Resigned	No. of Meetings Attended
<b>Ms. Precious Mvulane (Chairperson)</b>	CA (SA), B. Com, B. Com (Honours), Advanced Audit Certificate IWFS Senior Leadership Programme – People Management and Certificate of Executive Development Programme	Board Member - Non-Executive Director	23 March 2022	NA	14
<b>Ms. Irene Ramafola</b>	CA (SA) B. Com, B. Com (Honours)	Board Member - Non-Executive Director	1 May 2023	NA	14
<b>Ms. Lynne Tromp</b>	CA(SA), MBA, BTech Internal Auditing, CFE, CRM (Prof.), Certified Ethics Officer	Independent External Member	12 July 2023	NA	11
<b>Ms. Charlene Louw</b>	LLB. Admitted Attorney of the High Court. Executive Development Programme. Municipal Finance Management. MBA. 21 <sup>st</sup> Century Soft Skills certificate.	Independent External Member	12 July 2023	NA	11
<b>Dr. Pritish Dala</b>	PhD. (Information Technology), Masters (Information Technology), BSc Hons (Computer Science), Bachelor of Information Technology, Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Information Systems Security Professional (CISSP), Lead Auditor ISO 27001 (LA ISO 27001), Certified in the Governance of Enterprise Information Technology (CGEIT), Certified in Risk and Information Systems Control (CRISC), Certified Ethical Hacker (CEH) and Computer Hacking Forensic Investigator (CHFI).	Independent External Member	1 September 2022	NA	14

## EFFECTIVENESS OF INTERNAL CONTROL

An assessment of the findings identified by Internal Audit as well as the audit and management reports presented to the Audit and Risk Committee by the AGSA, reveals that the internal control, risk management and governance processes require significant improvement. Accordingly, the Audit and Risk Committee can report that the system of internal controls for the period under review was generally partially adequate and ineffective. As a result, the Audit and Risk Committee has identified the following key areas of concern that should be addressed:

- Asset management;
- Forensic investigation backlog;
- Combined assurance;
- Compliance monitoring;
- Consequence management;
- Grant funding and the associated monitoring processes;
- ICT and cyber security;
- Irregular expenditure;
- Lack of consequence management;
- Materiality irregularities;
- Override of controls;
- Outdated policies and standard operating procedures;
- Procurement and contract management as well as excessive deviations;
- Performance agreements and evaluations;
- Project governance and management;
- Quality of the annual financial statements and performance information on predetermined objectives (material misstatements and material findings respectively);
- Rate of implementation of audit action plans emanating from Internal Audit (14% resolution rate) and AGSA findings (78% resolution rate) as well as risk mitigation measures and the recommendations emanating from the Audit and Risk Committee;

The Audit and Risk Committee recommended a particular focus on consequence management, filling of key positions including effective performance management to drive a culture of accountability, continued awareness around the role of independent assurance providers (internal audit, external audit as well as the audit and risk committee and the Board) in terms of oversight to improve the overall governance at the NLC, improvement in the resolution of internal and external audit findings as well as implementation of the risk mitigation action plans to respectively enhance the NLC control environment and risk management processes.

The Audit and Risk Committee is satisfied that Internal Audit provided assurance in terms of control, risk management and governance processes as per the approved risk-based audit plan.

## IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The NLC has reported quarterly to the Accounting Authority, Executive Authority and National Treasury as is required by the PFMA. The Audit and Risk Committee had some reservations with the content and quality of quarterly reports prepared by Management and provided Management with recommendations to improve the quality of quarterly financial and non-financial information reporting (performance information, information communication technology, risk management, human resource management, legal and compliance). As such, by quarter 4 of the 2023/24 financial year, the Audit and Risk Committee noted significant improvement in the quarterly reporting as the new executive team led by the Commissioner began to settle in the NLC environment.

## EVALUATION OF FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Committee has reviewed:

- The unaudited annual financial statements, with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management. During the review the Audit and Risk Committee raised specific concerns relating to the grant management, lack of progress in addressing previous audit findings and irregular expenditure and its potential impact on the quality of the unaudited annual financial statements;
- Changes in accounting policies and practices where applicable;
- Compliance with legal and regulatory provisions;
- The basis for the going concern assumption, including any financial sustainability risks and issues;
- The unaudited annual performance information on predetermined objectives with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- The AGSA audit and management reports, with due consideration of the disputed audit findings that were resolved as well as the responses provided by Management to the audit findings; and

*"The Audit and Risk Committee concurs and accepts the conclusions of the AGSA 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 AGSA."*

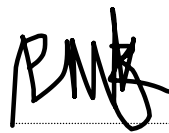
- The audited annual financial statements as well as the annual performance information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the AGSA audit and reported to the Accounting Authority.

### AUDITOR'S REPORT

The Audit and Risk Committee concurs and accepts the conclusions of the AGSA 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 AGSA.

The Audit and Risk Committee notes with concern the qualified audit opinion and recommends that the NLC must ensure that an adequate audit action plan addressing the root causes associated with both internal and external audit findings is developed and monitored to ensure effective implementation, underpinned by a culture of accountability,

in order to achieve an improved audit outcome for the 2024/25 financial year. Furthermore, the Audit and Risk Committee acknowledges that the new Management team led by the Commissioner has inherited an institution that requires a complete overhaul and therefore commends their commitment and efforts to turnaround the NLC, by improving the overall control, governance, and risk management processes to effectively deliver the NLC's mandate for our country.



**Ms. Precious Mvulane**

Chairperson of the Audit and Risk Committee  
National Lotteries Commission

Date: 29 November 2024

## 17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	<b>Yes</b>	NLC licence requirements require that the holder of the licence maintain a Level 3 or better B-BBEE certification level. Annually the licence holder is required to confirm, through a certification process, that the certification level has been met.
Developing and implementing a preferential procurement policy?	<b>Yes</b>	The NLC Preferential Procurement Policy is included in the SCM policy of the NLC.
Determining qualification criteria for the sale of state-owned enterprises?	<b>N/A</b>	NLC does not engage in the sale of state-owned enterprises
Developing criteria for entering partnerships with the private sector?	<b>N/A</b>	NLC does not have public private partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	<b>N/A</b>	NLC does not award grants in support of B-BBEE.



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It is through donors like Lotto's contribution that we are able to give the gift of sight. The bureau of Prevention of Blindness was performing cataract operations. The aim of the project is to lessen avoidable blindness.

**- Nomahlubi Hadebe**  
South African National Council for the Blind

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# PART D

# HUMAN RESOURCE MANAGEMENT

# 1. INTRODUCTION

During the 2023/24 financial year, HCM continued with its drive to implement its forward-looking Future-Fit People Strategy (FFPS). A strategy that was warmly embraced by the new leadership. It is based on the NLC's recognition that the workplace and the way we work is in a constant state of change and these changes call for realignment of functions, flatter organisational redesigns, new ways of thinking, behaving, working, leading, and managing. It is anchored on four strategic objectives or journeys, namely, Culture Journey, Digital Journey, Leadership Journey, and People Journey. HCM's achievements were largely influenced by these journeys or strategic objectives.

One of the HCM's noble achievements concerning the People Journey was the achievement of employment equity targets and equitable representation in all occupational categories and levels. HCM also surpassed the government's target for people living with disabilities by 1%. This notable achievement has intensified the NLC's drive to continue with its practice of attracting from designated groups as an attempt to diversify its talent pool and talent pipeline.

As an effort of ensuring that our organisation is appropriately poised as a Future-Fit, digitally enabled, and smartly modernised entity, the NLC embarked on an organisational redesign and repositioning project. This project is based on NLC's approved organisational redesign strategy, modernisation programme, new digital business processes, emerging technologies and is being implemented in a staggered fashion and HCM has to date assisted 6 divisions in redesigning their divisional structures. This achievement is aligned with the digital journey of the FFPS.

In a bid to implement the Culture journey and to empower the NLC leaders and employees to withstand the winds of change stemming from a variety of internal and external sources, HCM successfully implemented organisational Culture and Change initiatives characterised by organisational diagnostic assessments and sessions.

It is important to note that NLC's talent development, retention and attraction interventions have allowed NLC to have the right people in the key seats at the right time by hiring both internally and externally for higher and lower-level positions. This blended developmental approach has

boosted the morale of employees within the organisation and encouraged more employees to continue taking advantage of our internal bursary scheme.

Most of the employees who seamlessly transitioned to entry, junior, professional, and senior roles either through acting or permanent positions were beneficiaries of NLC's learner, graduate, management, and executive development interventions implemented over time, especially during the 2023/24 financial year. The learner and graduate development programme enabled NLC to place 48 graduates and 12 student interns (60) in the head office and nine provincial offices.

To ensure that NLC's Leadership Journey and talent bench strength is bolstered, an organisation-wide skills audit process was conducted. This process led to a comprehensive skills development plan which served as the solid basis for Future-Fit upskilling and reskilling interventions. Some of these interventions were skewed towards mental health due to the organisational changes that were introduced during the financial year under review.

## 1.1. EMPLOYEE WELLNESS, RESILIENCE AND ENGAGEMENT SESSIONS

The Employee Wellness programme, dubbed Zithande, is designed to enhance the overall well-being of our employees by focusing on their physical, mental, and emotional health. The NLC Employee Wellness programme aims to create a healthier, more productive workplace and foster a supportive environment. During the period under review, the overall engagement rate, which includes the uptake of all Employee Wellness services, amounted to 48.1%. The most prevalent issues included anxiety and stress, coupled with mental health concerns linked to bereavement and chronic conditions.

To address mental health challenges, the NLC rolled out First Aid for Mental Health sessions for NLC leaders and managers as a proactive intervention to mitigate risk associated with mental health challenges. This initiative is designed to bolster up the resilience levels of managers and leaders in mental health issues in the workplace.

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### 2.1 PERSONNEL RELATED EXPENDITURE

#### 2.1.1. PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (%)	No. of employees	Average personnel cost per employee (R'000)
Top Management	14 296	5%	6	2 383
Senior Management	59 190	22%	33	1 794
Professional Qualified	66 412	24%	50	1 328
Skilled	66 125	24%	82	806
Semi-skilled	63 257	23%	146	433
Unskilled	5 782	2%	19	304
<b>TOTAL</b>	<b>275 062</b>	<b>100%</b>	<b>336</b>	<b>7 011</b>

#### 2.1.2. TRAINING COSTS

Level	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee (R'000)
Top Management	16 512	120	0.03%	4	34 489
Senior Management	56 974	200	0.09%	10	30 075
Professional Qualified	66 412	480	0.14%	22	27 000
Skilled	66 125	425	0.13%	18	21 350
Semi-skilled	63 257	277	0.17%	21	7 500
Unskilled	5 782	188	0.05	19	3 550
<b>TOTAL</b>	<b>275 062</b>	<b>1 690</b>	<b>0.61%</b>	<b>94</b>	

### 2.1.3. EMPLOYMENT AND VACANCIES

Programme/activity/objective	2023/2024 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Office of the Commissioner	5	5	5	0	0%
Office of the Chief Operating Officer	27	30	27	3	10%
Regulatory Compliance	21	24	21	3	12.5%
ICT	13	18	13	5	27%
Finance	38	47	38	9	19%
Internal Audit & Advisory	14	20	14	6	30%
Secretariat's Office	6	7	6	1	14%
Enterprise Risk Management	3	5	3	2	40%
Human Capital Management	11	11	11	0	0%
Legal Services	3	7	3	4	57%
Provincial Office (All nine)	121	133	121	12	9%
Distributing Agency	2	15	2	13	87%

Programme/activity/objective	2023/2024 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Top Management	6	7	6	1	14%
Senior Management	32	47	32	15	32%
Professional Qualified	40	49	40	9	18%
Skilled	80	97	80	17	18%
Semi-skilled	89	98	89	9	9%
Unskilled	17	17	17	0	0%
<b>TOTAL</b>	<b>264</b>	<b>315</b>	<b>264</b>	<b>51</b>	<b>16%</b>

The NLC has 15 vacant positions at Senior Management level, 13 of which are Distributing Agency Members. The NLC will make use of its internal succession and development plan in filling the vacant positions.

The successful implementation of the NLC's succession plan and internship programme, has allowed NLC to appoint fewer people from outside the organisation to fill both higher and lower-level positions. Our internship programme ensures that our interns are trained and empowered with the necessary skills, competencies, and experience that prepares them for permanent roles. The NLC has made appointments at Senior Management and Professional levels from internal employees as part out our succession and development plan.





#### 2.1.4. EMPLOYMENT CHANGES

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	5	1	0	6
Senior Management	31	6	5	32
Professional Qualified	40	1	1	40
Skilled	79	4	3	80
Semi-skilled	93	4	8	89
Unskilled	17	0	0	17
<b>TOTAL</b>	<b>265</b>	<b>16</b>	<b>17</b>	<b>264</b>

#### REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	22	6.5%
Dismissal	2	1%
Retirement	0	0%
Ill health	1	0.3%
Expiry of contract	27	10%
Other	0	0%
<b>Total</b>	<b>52</b>	<b>15%</b>

#### ATTRITION BY REASON

The reasons for staff leaving vary:

- Resignation comprises of staff members leaving the organisation for better opportunities and the five staff members resigned due to pending disciplinary process.
- Interns leave for gainful employment to the external market.
- The expiry of employment contracts comprises especially of internship and fixed-term contracts.

The largest cause of attrition remains the expiry of employment contracts. It was unfortunate that one of our staff members left due to ill health and two members for misconduct.



### 2.1.5. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

As part of measures to redress the disadvantages in employment experienced by designated groups and ensure the equitable representation in all occupation categories and levels within the NLC, has achieved most of its employment equity targets. However, improvement will be made by increasing the percentage of African female senior managers. The NLC has exceeded the target for people living with disabilities within the organisation, with a 3% of our staff complement consisting of people living with disabilities. The NLC will continue to appoint from the designated groups to encourage diversity within the organisation and address underrepresentation in certain occupational categories.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	0	0	0	0	0
Senior Management	14	0	1	0	1	0	1	0
Professional Qualified	19	0	1	0	0	0	0	0
Skilled	33	0	2	0	1	0	1	0
Semi-skilled	31	0	0	0	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>102</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>

Levels	MALE (FIXED TERM CONTRACT)							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	3	0
Professional Qualified	4	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-skilled	20	0	1	0	0	0	2	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>26</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	3	1	0	1	0	0	0
Senior Management	11	18	2	2	1	1	1	1
Professional Qualified	19	22	1	0	1	0	1	0
Skilled	41	0	1	0	0	0	1	0
Semi-skilled	49	0	7	0	0	0	2	0
Unskilled	14	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>136</b>	<b>43</b>	<b>11</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>1</b>

Levels	FEMALE (FIXED TERM CONTRACT)							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	1	0
Professional Qualified	0	0	0	0	0	0	0	0
Skilled	1	0	0	0	0	0	0	0
Semi-skilled	39	0	0	0	0	0	1	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	42	0	0	0	0	0	2	0

Levels	DISABLED STAFF (INCLUSIVE OF FIXED TERM EMPLOYEES)			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	1	0	0
Senior Management	0	0	1	2
Professional Qualified	2	0	1	0
Skilled	2	0	0	0
Semi-skilled	2	0	1	0
Unskilled	0	0	0	0
<b>TOTAL</b>	6	1	3	2

### 2.1.6. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Consequence management has been embedded in the NLC's policies and procedures and the NLC has been instituting disciplinary procedures informed by forensic, internal audit and SIU recommendation reports

During the reporting period from 1 April 2023 to 31 March 2024, the NLC instituted all disciplinary actions as recommended in the forensic, internal audit and SIU reports received.

Where employees are implicated in alleged fraud or corruptions, employees are immediately placed on precautionary suspension.

Where officials resigned, the NLC retains its rights to proceed with civil and criminal sanctions where this is feasible.

The NLC's Disciplinary Policy states that discipline is a corrective measure and not a punitive one. Correction and rehabilitation are therefore critical focus areas of any disciplinary procedure with the aim of deterring the employee from committing further offences through progressive discipline.

For the period, the NLC issued ten corrective counselling letters and four warning letters. Three (3) individuals were placed on precautionary suspension and ten employees resigned (including one employee who received corrective counselling and one who received a disciplinary letter).

The three individuals on precautionary suspension, embarked on further legal action during the period under review. Two urgent applications at the high court were dismissed and costs had not yet been determined at the end of the reporting period. A third matter was in part dismissed and the other matter was not yet set down for a hearing. One matter was pending at High Court and one matter is set for the SIU Tribunal.



#### DISCIPLINARY ACTIONS 1 APRIL 2023 -31 MARCH 2024

Disciplinary Action	Number
Corrective Counselling	10
Verbal Warning	00
Written Warning	04
Final Written Warning	04
Dismissal	02
Precautionary Suspensions	03
<b>Total</b>	<b>23</b>

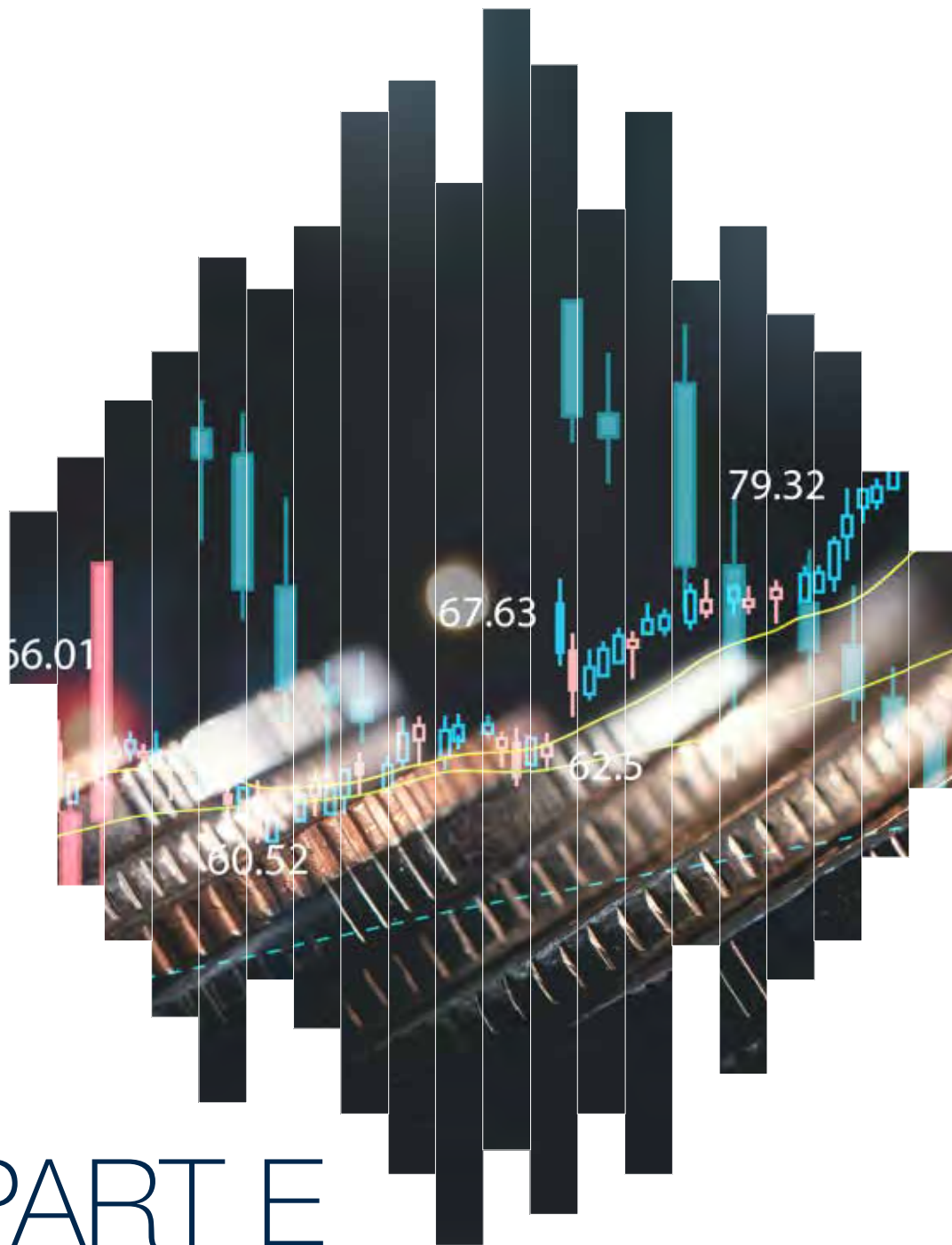


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Without the continued support of the NLC, Canoeing South Africa would be unable to provide the fantastic opportunities to our athletes, as it has done over the past year. This has been a clear manifestation of how sport can change lives.

- **Colin Simpkins**  
CanoeSA

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# PART E

# PFMA COMPLIANCE

# REPORT



# 1. IRREGULAR EXPENDITURE

## A) RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2023/24 R'000	2022/23 R'000
Opening balance	566 768	339 896
Prior Period Errors	-	131 541
As Restated	566 768	471 437
Add: Irregular expenditure confirmed	44 852	95 331
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>611 620</b>	<b>566 768</b>

The NLC is still in the process of assessing, determining and investigating irregular expenditures from prior years. The NLC has applied the impracticability judgement as allowed in section 4.20 of the National Treasury instruction note 3 of 2022/23 - Compliance reporting framework to irregular expenditure for periods prior to the 1st of April 2020.

## RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

DESCRIPTION	2023/24 R'000	2022/23 R'000
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure related to the 2022/23 financial year and identified in the 2023/24 financial year	-	919
Irregular expenditure for the current year	44 852	94 412
<b>Total</b>	<b>44 852</b>	<b>95 331</b>

During the year ended on 31 March 2024, an amount of R131 million was identified as irregular expenditure incurred in years prior to 31 March 2023. The irregular expenditure was discovered during the 2023/24 financial year when revisiting the population.

## B) DETAILS OF IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2023/24 R'000	2022/23 R'000
Irregular expenditure under assessment	41 901	-
Irregular expenditure under determination	284 599	50 813
Irregular expenditure under investigation	84 949	-
<b>Total</b>	<b>369 548</b>	<b>50 813</b>

The NLC is processing prior irregular expenditure and the irregular expenditure is in various stages as per the Compliance Reporting Framework. The NLC is working to ensure that all irregular expenditure reported is processed and closed.

## C) DETAILS OF IRREGULAR EXPENDITURE CONDONED

DISCIPLINARY STEPS TAKEN	2023/24 R'000	2022/23 R'000
Numerous officials implicated. These officials have either been placed on precautionary suspension; have subsequently resigned or corrective action is still to be actioned.	44 852	94 412
<b>Total</b>	<b>44 852</b>	<b>94 412</b>

## D) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

### DISCIPLINARY STEPS TAKEN

The NLC has taken a significant actions on the irregular expenditure concluding disciplinary measures against implicated officials.

The actions range from counselling to issuance of final writtent warnings as wells a disciplinary hearings. The NLC is continuing with instituting the necessary consequence management. Below is some of the actions undertaken by NLC:

TENDER	MISCONDUCT	SANCTION	ACTION TAKEN
Legal Panel	<b>BSC</b> Formulating and recommending subjective functionality criteria	Counseling for all who were not in SCM at the time, which official would get a warning	All non-SCM officials counseled to remedy their fault and advised that a repeat will result in more serious disciplinary action. One (1) SCM official issued written warnings.
	<b>BEC</b> Failed to identify that evaluation criteria was not in accordance with the provisions of regulations 5(2) and 5(3) of the Preferential Procurement Regulations, 2017.	Counseling	All BEC officials have been counseled to remedy their fault and advised that a repeat will result in more serious disciplinary action
	<b>BAC</b> Failed to identify that evaluation criteria was not in accordance with the provisions of regulations 5(2) and 5(3) of the Preferential Procurement Regulations, 2017.  The BAC also failed to ensure that the scoring was fair, consistent and correctly applied as the evaluation criteria was not objective.	Written Warnings	No audit letters. Did receive warnings. No appeals. Closed.
Comprehensive Wellness Programme	<b>BSC</b> Formulating and recommending subjective functionality criteria	Counseling for all who were not in SCM at the time, which official would get a warning	Counseling for all. Issued with a warning to SCM official
	<b>BEC</b> Overlooking subjective bid evaluation criteria	Counseling for all who were not in SCM at the time, which official would get a warning	Letter issued.
	<b>BAC</b>	Written Warnings	Resigned.
	<b>CONTRACT EXTENSION</b> Extension of existing contract without BAC approval	Written Warnings	Letter issued.

TENDER	MISCONDUCT	SANCTION	ACTION TAKEN
<b>Metrofile</b>	<b>CONTRACT</b> Failure to submit request for extension of contract to the BAC for the period 1 January 2021 to 31 March 2021	Written Warnings	Employees no longer work for NLC
<b>Appointment Diligent Software for Electronic Board Packs</b>	<b>CONTRACT</b> Failure to submit request for extension of contract to the BAC to consider and rule on the said request for the extension	Written Warning	Employees no longer work for NLC
<b>Appointment of Service Provider to review Annual Financial Statements</b>	<b>CONTRACT</b> Failure to invite suppliers to submit quotations for required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
<b>Appointment of Fundudzi Media for Media Services (R1,2m)</b>	<b>CONTRACT</b> Failure to invite suppliers to submit quotations for required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
	Failure to obtain prior written approval from National Treasury to deviate from normal procurement processes in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
<b>Submission of Approval to Appoint Fundudzi Media (Adverts Advertorials)</b>	<b>CONTRACT</b> Failure to obtain written approval from National Treasury in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
<b>Submission for Approval to Appoint Fundudzi Media (Higher Education)</b>	<b>CONTRACT</b> Failure to invite suppliers to submit quotations in respect of the required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
	Failure to obtain written approval from National Treasury in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
<b>Submission for Approval Phase 2: Response to COVID</b>	<b>CONTRACT</b> Failure to invite suppliers to submit quotations in respect of the required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
	Failure to obtain written approval from Treasury in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
<b>Submission for Approval Phase 3: Response to COVID</b>	<b>CONTRACT</b> Failure to invite suppliers to submit quotations in respect of the required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
	Failure to obtain written approval from National Treasury in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC

TENDER	MISCONDUCT	SANCTION	ACTION TAKEN
Submission for Approval: Print Media GBV & Heritage	<b>CONTRACT</b> Failure to invite suppliers to submit quotations in respect of the required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
	Failure to obtain written approval from National Treasury to deviate from normal procurement processes, in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
Submission for Approval: brand positioning campaign on print media regulatory compliance and funding for impact (October – November)	<b>CONTRACT</b> Failure to follow an open bid process, and not confine the bid process to three written quotations	Final Written Warning / Dismissal	Employees no longer work for NLC
Submission for Approval: Print Media NLC Processes	<b>CONTRACT</b> Failure to invite suppliers to submit quotations in respect of the required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
	Failure to obtain written approval from National Treasury in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
Submission for Approval: Publishing of NLC Processes	<b>CONTRACT</b> Failure to invite suppliers to submit quotations in respect of the required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
	Failure to obtain written approval from National Treasury to deviate from normal procurement processes in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
Submission for Approval: Print Media Campaign: April 2021	<b>CONTRACT</b> Failure to invite suppliers to submit quotations in respect of the required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
	Failure to obtain written approval from National Treasury to deviate from normal procurement processes in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
Submission for Approval: 20 Years Celebration of NLC Sapphire Media 360	<b>CONTRACT</b> Failed to obtain written approval from National Treasury to deviate from normal procurement processes in line with paragraph 8.5 of Instruction Note 3 of 2016/17.	Final Written Warning / Dismissal	Employees no longer work for NLC
Submission for Approval: Print Media Scam Alert (Fundudzi, Tiso, Media 24	<b>CONTRACT</b> NLC failed to obtain written approval from National Treasury to deviate from normal procurement processes in line with paragraph 8.5 of Instruction Note 3 of 2016/17.	Final Written Warning	Employees no longer work for NLC

TENDER	MISCONDUCT	SANCTION	ACTION TAKEN
<b>Submission for Approval: Annual Print Media Campaign (Fundudzi)</b>	<b>CONTRACT</b> Failure to follow an open bid process in the appointment of Fundudzi Media for the Regulatory Compliance and Funding for Impact Campaign.	Final Written Warning	Employees no longer work for NLC
<b>Submission for Approval: Deviation from Normal Procurement Processes (Ind Media, Arena Holdings, Media 24)</b>	<b>CONTRACT</b> Failure to obtain written approval from National Treasury to deviate from normal procurement processes in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning / Dismissal	Employees no longer work for NLC
<b>Submission for Deviation from Normal Competitive Bidding: Media Roadshow Mail and Guardian</b>	<b>CONTRACT</b> NLA failed to obtain written approval from National Treasury to deviate from normal procurement processes in line with paragraph 8.5 of the National Treasury Instruction Note 3 of 2016/17.	Final Written Warning	Employees no longer work for NLC
<b>Submission for deviations from normal procurement processes: ethics office second quarter organisation wide ethics interventions education and awareness broadcast</b>	<b>CONTRACT</b> Failure to invite suppliers to submit quotations in respect of the required services in line with paragraph 8.4 of the National Treasury Instruction note 3 of 2016/17  Failure to obtain written approval from National Treasury to deviate from normal procurement processes in line with paragraph 8.5 of the National Treasury Instruction note 3 of 2016/17	Final Written Warning  Final Written Warning	Employees no longer work for NLC  Employees no longer work for NLC
<b>Submission for deviations from normal procurement processes: ethics office second quarter organisation wide ethics interventions education and awareness broadcast MSG GRoup (2nd quarter)</b>	<b>CONTRACT</b> The rationale to appoint MSG Group on a deviation/ sole supplier as reflected on the submission does not meet the criteria set out in Paragraph 8 of the Instruction Note 3 of 2016/17;	Final Written Warning	Employees no longer work for NLC
<b>Appointment of NEOTEL for MPLS Service</b>	<b>CONTRACT</b> Extension of existing contract without BAC approval	Written Warning	Employees no longer work for NLC
<b>Rental of Managed Print Services</b>	<b>CONTRACT</b> Extension of existing contract without BAC approval	Written Warning	Employees no longer work for NLC



TENDER	MISCONDUCT	SANCTION	ACTION TAKEN
<b>Appointment of service provider for travel, accommodation and conferencing as it relates to the fourth license RFP process (Ndila Transfers)</b>	<b>CONTRACT</b> No valid reasons advanced for the deviation. The appointment of Ndila Transfers was irregular and in contravention of SCM Policy and Instruction Note 3 of 2016/17 paragraph 8.4	Final Written Warning / Dismissal	Matter is at disciplinary hearing
<b>Appointment of a Service Provider to Produce Knowledge Hub</b>	<b>CONTRACT</b> The appointment of Neo Solutions was irregular in that competitive bidding process was not followed as per Instruction Note 3 of 2016/17. No 3 quotations obtained.	Final Written Warning / Dismissal	Employees no longer work for NLC
<b>Appointment of Service Provider for iCT Assessment (Neo Solutions)</b>	<b>CONTRACT</b> Urgency deviation misused. Paragraph 8.2 of the National Treasury Instruction Note 3 of 2016/17 provides that an emergency procurement may occur when there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment which calls an agency to action and there is insufficient time to invite competitive bids. Work took 5 months	Final Written Warning / Dismissal	Employees no longer work for NLC

## 2. FRUITLESS AND WASTEFUL EXPENDITURE

### A) RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2023/24 R'000	2022/23 R'000
Opening balance	20 661	18 924
Prior Period Errors		-
As Restated	20 661	18 924
Add: Fruitless and Wasteful expenditure confirmed	73	1 737
Less: Fruitless and Wasteful expenditure not condoned and removed	-	-
Less: Fruitless and Wasteful expenditure recoverable	(11)	-
Less: Fruitless and Wasteful expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>20 723</b>	<b>20 661</b>

### RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

DESCRIPTION	2023/24 R'000	2022/23 R'000
Fruitless and Wasteful expenditure that was under assessment in 2022/2023	-	-
Fruitless and Wasteful expenditure that relates to 2022/23 and identified in 2023/24	-	1 737
Fruitless and wasteful expenditure for the current year	73	-
<b>Total</b>	<b>73</b>	<b>1 737</b>

## B) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2023/24 R'000	2022/23 R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	61	1 737
Fruitless and wasteful expenditure under investigation	-	-
<b>Total</b>	<b>61</b>	<b>1 737</b>

## C) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

DESCRIPTION	2023/24 R'000	2022/23 R'000
Fruitless and wasteful expenditure recoverable	11	-
<b>Total</b>	<b>11</b>	<b>-</b>

# 3. SUPPLY CHAIN REPORTING

No	Project Description	Name of Supplier	Contract Number	Reason for the procurement by other means	Value of contact
1	Oracle hardware licence renewal	Oracle Corporation	N/A	Sole Supplier	1 507 626,70
2	Emergency standby generator refuelling	Malogwa Holding	N/A	Emergency procurement	9 627,25
3	DSTV subscription	DSTV Media Sales	N/A	Sole Supplier	48 960,00
4	Fusion Applications Licence renewal	Oracle Corporation	N/A	Sole Supplier	3 468 229,50
5	Microsoft Licence renewal	Microsoft Ireland Operation LTD	N/A	Sole Supplier	3 692 561,00
6	Supply & install Zycoo PBX service	Goldtel Industries	N/A	Emergency procurement	45 080,00
7	License renewal for ARCGIS system	Esri South Africa	N/A	Sole Supplier	1 376 144,49
8	On-site assistance & installation of system	Goldtel Industries	N/A	Emergency procurement	4 140,00
9	Risk assessment during RFP process	Bulletproof Solutions	N/A	Single sourcing - availability of qualifying service providers	437 222,16
10	Emergency standby generator refuelling	NWL Africa Holdings	N/A	Emergency procurement	10 851,30
11	Top up-Exchange rate on the payment date was up	Bulletproof Solutions	N/A	Single sourcing - availability of qualifying service providers	19 327,44
12	Annual subscription renewal fee	MWEB Internet Solutions Digital	N/A	Single Sourcing - Website hosting service	130,00
13	Plumbing services	FD Plumbing & Services	N/A	Single Sourcing - Conditions of lease	12 176,20
14	Emergency electrical repairs	Waterfields Holdings	N/A	Emergency procurement	35 351,00
15	Plumbing services	FD Plumbing & Services	N/A	Single Sourcing - Conditions of lease	17 875,83
16	Plumbing services	FD Plumbing & Services	N/A	Single Sourcing - Conditions of lease	13 824,84

No	Project Description	Name of Supplier	Contract Number	Reason for the procurement by other means	Value of contact
17	Providing evidence in a disciplinary enquiry	Sekela Xabiso	N/A	Single Sourcing - continued services	218 500,00
18	Plumbing services	FD Plumbing & Services	N/A	Single Sourcing - Conditions of lease	1 901,64
19	Subscription licence renewal	Payday System Software	N/A	Sole Supplier	4 003,15
20	Repairs on leaking toilets	FD Plumbing & Services	N/A	Single Sourcing - Conditions of lease	2 308,33
21	Supply, Installation and Commissioning of 1.5 KW Centrifugal Water Pump and Automation Flow Controller for NLC North West Office in Mahikeng	Monkuke Business Enterprises	N/A	Urgent basis - Minimum of 3 quotes not obtained	6 500,00
22	Procurement by other means for internal audit services for the auditable areas per the annual internal audit plan for 2023/24	Various Service Providers	N/A	Limited bidding with shortened bidding period	1 964 000,00
23	Insurance Brokerage services and management of the insurance portfolio for the 19 remaining months	Sankofa Insurance Broker	N/A	Single Sourcing - continued services	1 878 242,95
24	Security services for the Mpumalanga Provincial Office for the 7 remaining months	HM Security and Armed Response	N/A	Single Sourcing - continued services	200 000,00
25	Security services for the Kwa Zulu - Natal Provincial Office for the 5 remaining months	Siyejabula Security	N/A	Single Sourcing - continued services	267 216,42
26	Handyman services for the Northern Cape Provincial Office for the 6 remaining months	Women on Edge	N/A	Single Sourcing - continued services	100 000,00
27	Appointment of a suitable service provider to off-site document storage	AGS Records Management	N/A	Limited bidding with shortened bidding period	Rates based
28	"Appointment of a suitable service provider to make available for ICT services for the National Lotteries Commission"	Datasite	N/A	Limited bidding and shortened bidding period	1 168 830,00
29	Utilisation of a premises for specialised evaluation process	SABS	N/A	Limited bidding and shortened bidding period	17 552 100,00
30	Appointment of a specialised search firm for the appointment of an evaluation committee	Baard and partners	N/A	Limited bidding and shortened bidding period	1 950 967,74
31	Appointment of a suitable service provider for vetting/verification/screening services	Experian	N/A	Limited bidding and shortened bidding period	Rates based appointment
32	"Appointment of a suitable service provider to provide a multi-disciplinary professional consultancy service for the space optimisation of office premises"	Imkhita	N/A	Limited bidding and shortened bidding period	17 515 380,73
33	Appointment of a service provider for the printing, design and layout of documents for the National Lotteries Commission	Nolo Communications	N/A	Limited bidding and shortened bidding period	64 820,00
34	Appointment of a suitable service provider to supply a security system including installation and commissioning such a a system as well as secure transport of documentation	Bidvest Protea Coin	N/A	Limited bidding and shortened bidding period	13 900 467,92
35	Office lease Extension: Limpopo	Era Estate Agency	N/A	Single Sourcing - continued services	828 927,60
36	Office lease Extension: Western Cape	Raymond GENSIN Investments	N/A	Single Sourcing - continued services	2 261 116,32
37	Appointment of IDI Technology Solutions (Pty) Ltd as a sole source supplier	IDI Technology Solutions (Pty) Ltd	N/A	Sole Supplier	41 687,50
38	Rendering of services relating to ongoing legal matters	Diale Mogashoa	N/A	Single Sourcing - continued services	6 000 000,00
39	Rendering of services relating to ongoing legal matters	Malatji and Co	N/A	Single Sourcing - continued services	15 000 000,00

No	Project Description	Name of Supplier	Contract Number	Reason for the procurement by other means	Value of contact
40	Rendering of services relating to ongoing legal matters	Maphosa Attorneys	N/A	Single Sourcing - continued services	5 000 000,00
41	Rendering of services relating to ongoing legal matters and matters arising from referrals from SIU	Cheadle Thompson Hayes	N/A	Single Sourcing - continued services	Rates based appointment
42	Dynamic AFS preparation software	Ducharme Consulting	N/A	Sole Supplier	322 000,00
43	ACL Data Analytics Tool Licence Renewal for 3 years	Surtech (Pty) Ltd		Sole Supplier	603 794,85
44	Legal Matter related to labour relations	Gildenhuis Malatjie	N/A	Single Sourcing - continued services	350 000,00

## CONTRACT VARIATIONS AND EXPANSIONS

Accounting authorities must ensure that all variations or expansions above the thresholds prescribed in terms of the instruction on Enhancing Compliance, Transparency and Accountability in Supply Chain Management are reported in the annual report of an institution in the format prescribed.

No	Project Description	Name of Supplier	Contract Number	Reason for extension	Original contract value	Value of contract extension
1	Continuation of the current multi-disciplinary professional consultancy service for the space optimisation of office premises, project design. Detailed specifications, sourcing and appointment of relevant service providers for National Lotteries Commission	Imkhita Project Management	RFP/2023 - 095	Limited bidding process - Continuation with the current service provider to mitigate risks relating to the security, CCTV, Footage, Access Control and Data System	27 671 085,00	5 836 880,73
2	Search and Recruitment	Baard and Partners	N/A	Final Fee above the estimate provided at contract inception	1 313 887,08	637 080,66
3	Continuation of rendering legal services relating to an ongoing employee relations matter	Gildenhuis Malatji Inc	RFQ/2023 - 300	Direct Single Sourcing for continuation of services for ongoing legal matter	91 310,00	350 000,00
4	12 Months Contract Extension - Interim Company Secretary	Career Prospects	N/A	Company secretary required for a further period of 6 months by NLC	206 379,00	206 379,00
5	1 Month security services extension	Ensemble Security Services	RFP/2019-21	Appointment of the new security company in progress	2 065 045,34	61 284,19
6	To provide security services to the NLC's Free State Office	Zinhle Security & Cleaning Service (Pty) Ltd	NLC:RFQ/ 2023-013	Expansion for time as procurement not yet completed and services still required	805 120,75	120 750,00
7	Ethics risk assessment	Waraco	RFP/ 2023-075	Additional scope of work related to project required	334 500,00	23 345,00

No	Project Description	Name of Supplier	Contract Number	Reason for extension	Original contract value	Value of contract extension
8	Email solution	Vox Telecommunications	NLC/2018-16	Expansion for time as procurement not yet completed and services still required	2 688 648,94	474 467,46
9	Organisational culture renewal	Century Business Academy	RFQ/ 2023-215	Additional scope of work related to project as well as project not yet complete therefore additional time required to complete	465 750,00	69 862,50
10	Change Management	Manto Group Training Company	RFP/2023-076	Additional scope of work related to project as well as project not yet complete therefore additional time required to complete	907 580,00	136 137,00
11	Organisational Review and Redesign Strategy	Africa International Advisors	RFQ/2023-223	Additional scope of work related to project as well as project not yet complete therefore additional time required to complete	669 995,00	100 499,25
12	Job Evaluation and Grading	Daltim Consultancy	RFQ/2023-091	Additional scope of work related to project as well as project not yet complete therefore additional time required to complete	445 500,00	66 825,00

## 4. LATE AND/ OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value R 000
Valid invoices received	4 823	254 327
Invoices paid within 30 days or agreed period	4 430	242 784
Invoices paid after 30 days or agreed period	184	9 252
Invoices still within 30 days or agreed period (unpaid and without dispute)	207	2 280
Invoices older than 30 days or agreed period (unpaid and without dispute)	2	10





# PART F

# FINANCIAL

# INFORMATION

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# ACCOUNTING AUTHORITY REPORT

The National Lotteries Commission Accounting Authority presents its fifteenth annual report, which is supplementary to the audited separate and consolidated annual financial statements of the National Lotteries Commission (NLC), National Lottery Distribution Trust Fund (NLDTF) and National Lotteries Participants Trust (NLPT) for the year ended 31 March 2024.

## 1. NATURE OF OPERATIONS

The NLC is a regulator of the National Lottery and sports pools as well as other lotteries, including society lotteries to raise funds. Ithuba RF (Pty) Ltd is a private company that currently operates the National Lottery and sports pools under a licence from the government which commenced on 1 June 2015. The Operator pays a percentage of the revenue from national lottery ticket sales to the NLDTF in terms of the Licence Agreement. These proceeds are destined for good causes as stipulated in the Lotteries Act No 57 of 1997 (Lotteries Act), as amended and allocated to eligible and deserving applicants by Distributing Agencies appointed by the Minister of Trade, Industry and Competition (**the dtic**). Furthermore, the NLC may, upon request by the Minister, Board or on its own initiative in consultation with the Board, conduct research on worthy good causes that may be funded without lodging an application as prescribed in terms of the Lotteries Act.

The NLC Board administers the NLDTF and NLDTF transfers the necessary running costs to the NLC. The NLC withdraws the necessary funds required from the NLDTF, based on the overall annual budget approved by the Minister of **the dtic**.

The National Lotteries Participants Trust (NLPT) was founded by Ithuba Holdings RF (Pty) Ltd in terms of the Licence Agreement between **the dtic**, NLC and the Lottery Operator. The main objective of the NLPT is to hold monies in the Trust on behalf of Ithuba for prize winners and monies for advanced plays. Independent Trustees are charged with the responsibility to ensure that monies held in the Trust are safeguarded in terms of the Trust Deed.

## 2. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

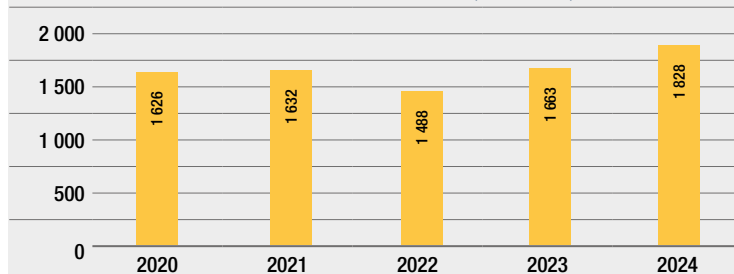
To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the annual report is consistent with the consolidated annual financial statements audited by the Auditor General of South Africa. The consolidated annual financial statements are 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 separate and consolidated annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice applicable.
- The accounting authority is responsible for the preparation of the separate and consolidated annual financial statements and for the judgements made in the financial statements. The accounting authority is responsible for establishing and implementing a system of internal control that is designed to provide reasonable assurance to the integrity and reliability of the performance information, the human capital information and the separate and consolidated annual financial statements. The Auditor General of South Africa is engaged to express an independent opinion on the consolidated annual financial statements. In our opinion, the consolidated and separate annual financial statements fairly reflect the financial affairs of the NLC, NLDTF and NLPT for the year ended 31 March 2024.

### 3. OPERATING AND FINANCIAL REVIEW

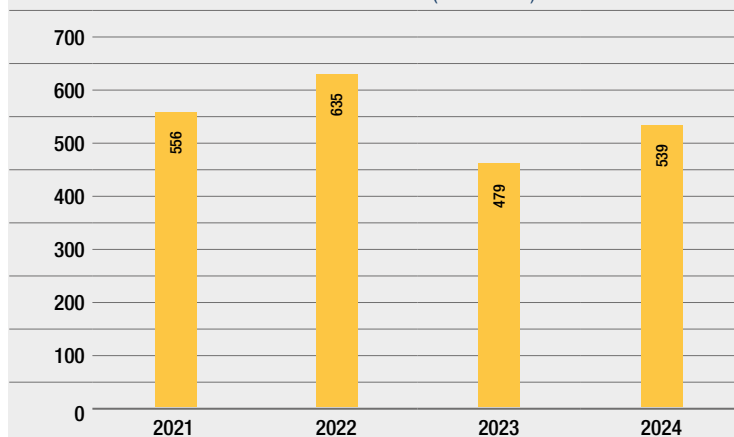
#### SALIENT COMPARATIVE INFORMATION

SHARE OF TICKET SALES GROUP (R'MILLION)



Revenue from share of ticket sales increased by 10% to R1.8 billion when compared to prior year. This is primarily attributable to the increase in the percentage contribution by Ithuba to the NLDTF. This flows from the extension of the 3rd lottery license.

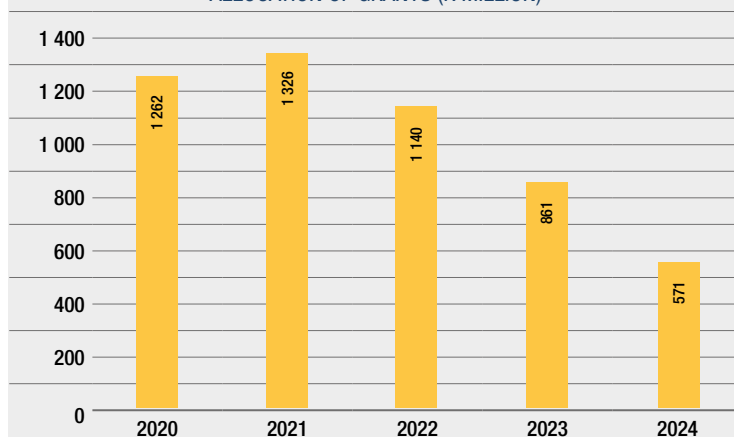
NLC OPERATING COSTS (R'MILLION)



Operational costs have increased by 8% to R539 million when compared to the previous financial year, primarily due to the following reasons:

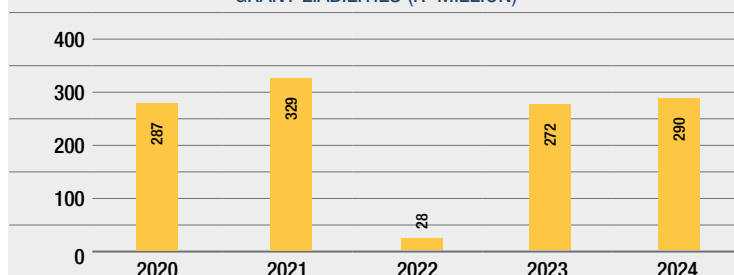
- costs related to the evaluation of the 4th lottery license
- increase in traveling costs as a result of the introduction of the inspectorate function, and
- increase in recruitment costs due to the placement of Executives and other staff through recruitment agencies.

ALLOCATION OF GRANTS (R'MILLION)

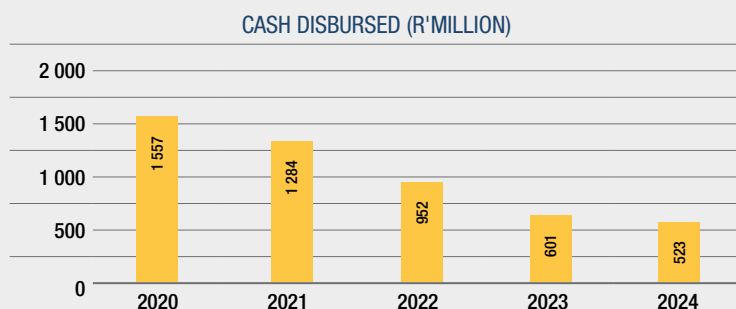


The 34% reduction in the gross allocation of grants when compared to prior year was due to the enhancement of internal controls within the grant funding processes as well as a limited number of Distributing Agency Members.

GRANT LIABILITIES (R' MILLION)

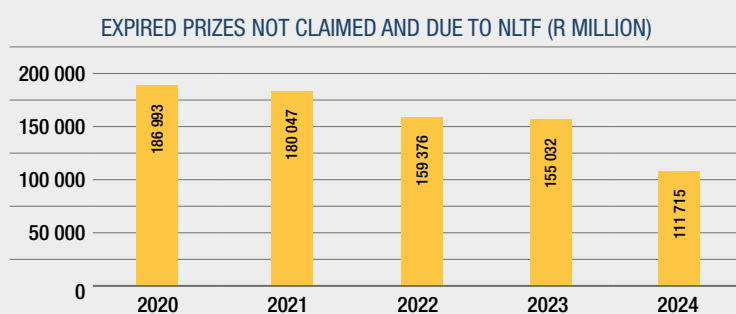


The grant liabilities are reflective of the change in accounting policy that was implemented in the current financial year. Grant liabilities increased by 7% when compared to prior year due to open liabilities at year end. The lower amount reported in 2022 is attributed to a prior period error in the accounting policy for grant allocations. For further details, refer to Note 26.

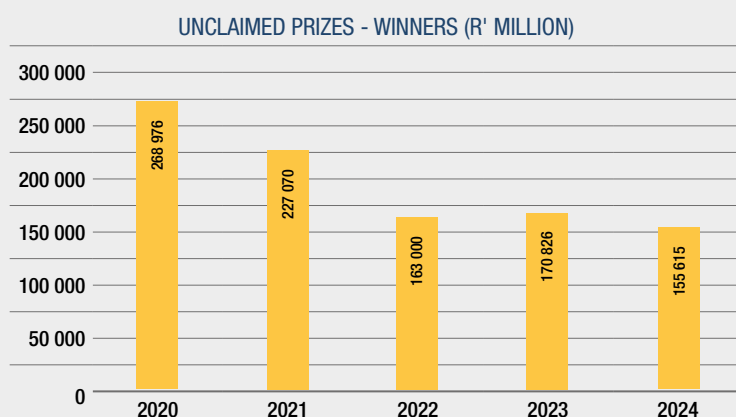


Cash disbursed decreased when compared to prior year due to the additional controls implemented in grant funding processes.

These controls resulted in additional procedures to be performed prior to a grant being paid to a beneficiary. All outstanding payments at year end are included in the grant liabilities balance in note 22.



The decrease in expired prizes not claimed is due to an increase in online plays in the past few years. Playing online enables winnings to be deposited directly into playing channel without having to follow a manual validation process. Further to this Ithuba has increased the validation limit through their offices, to R250 000, which has resulted in less prizes expiring.



The declining trend in unclaimed prizes is attributable to the increase in online plays pay-outs as well as increased threshold for online prize winnings to R250 000. In the past, the winners claimed the prizes at Ithuba's offices which resulted in delayed claims.

#### 4. MATERIALITY FRAMEWORK IN TERMS OF TREASURY REGULATION 28.1.5

For purposes of 'material' (sections 50(1), 55(2) and 66(1) of the Public Finance Management Act) and 'significant' (section 54 (2) of the Public Finance Management Act), the Accounting Authority developed and agreed on a framework of acceptable levels of materiality and significance. Overall materiality for the year under review for consolidated annual financial statements is 0.5% of the budgeted expenditure and for financial statements for NLC, NLDTF and NLPT is 1% of budgeted operational expenditure, 0.5% of budgeted grant allocations and 1% of total assets respectively.

#### 5. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 124 to 180 for the NLC, pages 215 to 246 for the NLDTF were approved by the Accounting Authority on 31 May 2024 and are signed on their behalf.

On behalf of the Board of the National Lotteries Commission.

**N Barney Pityana** GCOB FKC MASSAf  
Chairperson of the Board



# GENERAL INFORMATION

<b>NLC Group and NLC Company</b>	Department of Trade, Industry and Competition
<b>Financial Statements relate to</b>	NLC Group and NLC Company
<b>Domicile, Legal Form and Jurisdiction</b>	The National Lotteries Commission (NLC) was established in terms of the Lotteries Amendment Act (No 32 of 2013) to regulate the National Lottery as well as other lotteries, including society lotteries to raise funds and promotional competitions.
<b>Nature of Business and Principal Activities</b>	The National Lotteries Commission is the only National Regulator for lotteries and sports pools. The NLC regulates the National Lottery Operator, Society lotteries, Private Lotteries and Lotteries Incidental to exempt entertainment. The NLC ensures that the interest of all participants in lotteries are protected and ensure that all lotteries are conducted with due propriety. The NLC police any other lottery type schemes. The NLC monitors and regulates the running of various lottery competitions, including those organised by non-profit organisations to raise funds and by companies to promote their goods and services.
<b>Board Members</b>	<b>Non-executive Board Members</b> <ul style="list-style-type: none"> <li>• Prof. N.B. Pityana - Chairperson</li> <li>• Mr. L. October</li> <li>• Mr. T. Bonakele</li> <li>• Ms. P. Mvulane</li> <li>• Ms. I. Ramafola</li> <li>• Ms. B. Ferguson</li> </ul>
<b>Commissioner</b>	Ms. Jodi Scholtz
<b>Chief Financial Officer (CFO)</b>	Ms. Tina Maharaj
<b>Registered office</b>	333 Grosvenor Street, Hatfield,PRETORIA,0083
<b>Business address</b>	333 Grosvenor Street, Hatfield,PRETORIA,0083
<b>Postal address</b>	Private Bag X101, Brooklyn Square, South Africa, Pretoria, 0075
<b>Bankers</b>	<ul style="list-style-type: none"> <li>• Nedbank Limited</li> <li>• First National Bank Limited</li> </ul>
<b>Auditors</b>	Auditor-General of South Africa

# AUDITOR-GENERAL'S REPORT

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL LOTTERIES COMMISSION

### REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

#### QUALIFIED OPINION

1. I have audited the consolidated and separate financial statements of the National Lotteries Commission and its subsidiaries (the group) set out on pages 125 to 181, which comprise the consolidated and separate statement of financial position as at 31 March 2024, consolidated and separate statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the National Lotteries Commission group as at 31 March 2024, and the group's financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).
3. In my opinion, the separate financial statements present fairly, in all material respects, the financial position of the National Lotteries Commission as at 31 March 2024 and its separate financial performance and separate cash flows for the year then ended, in accordance with the Standards of GRAP and the requirements of the PFMA.

#### BASIS FOR QUALIFIED OPINION

##### ALLOCATION OF GRANTS

4. Allocation of grants in the consolidated financial statements was not recognised as required by GRAP 1, *Presentation of Financial Statements*. Grant allocation expenses were recorded for grants allocated to beneficiaries, despite the conditions outlined in the grant agreements not being met in the financial statements of the National Lottery Distribution Trust Fund. Consequently, the allocation of grants and grant liabilities was overstated by R25 219 681, while contingent liabilities were understated by the same amount in the consolidated financial statements. This also had an impact on the surplus for the period and accumulated surplus.
5. Furthermore, in the prior year, the allocation of grants in the consolidated financial statements was similarly not recognised as required by GRAP 1, *Presentation of Financial Statements*. Grant allocation expenses were recorded for grants allocated to beneficiaries even though the grant agreements had not yet been signed. I was unable to determine the full extent of the overstatement of the allocation of grants and grant liabilities, as well as the understatement of contingent liabilities in the consolidated financial statements, as it was impractical to do so. This also had an impact on the prior year surplus and accumulated surplus.

#### CONTEXT FOR OPINION

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
7. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **EMPHASIS OF MATTERS**

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### ***UNDERSPENDING OF THE BUDGET***

10. As disclosed in the statement of comparison of budget and actual amounts, the public entity materially underspent the budget by R957 219 000 on allocation of grants.

## **RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

11. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations or has no realistic alternative but to do so.

## **RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

13. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
14. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of our auditor's report.

## **REPORT ON THE ANNUAL PERFORMANCE REPORT**

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to regulatory compliance and grant making presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- The National Lottery & Sports Pools monitoring matrix implemented
  - Educate 1 000 stakeholders on the harmful effects of gaming
  - Percentage increase in the number of compliant lottery schemes
  - Know Your Customer (KYC) strategy for online lottery play developed
  - Number of strategic partnerships formalised and implemented for the research-based model

- Number of structured capacity building programs implemented nationally
  - Impact assessment evaluation on small grants is conducted
  - 3 000 monitoring assessments completed
  - The capacity building programme is reviewed, and a reviewed model is piloted in 2 provinces
  - Number of structured capacity building programs implemented nationally.
17. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
20. The material findings on the reported performance information for the selected material indicators are as follows:

## **MISSING INDICATOR**

21. In terms of the regulations relating to allocation of money in National Lottery Distribution Trust Fund, the public entity is responsible for assessing applications for grants and finalise its adjudication within 150 calendar days from the date of receipt of the applications. However, an indicator to measure performance on this responsibility was omitted from the approved planning documents. The accounting authority indicated that the reason for the omission was that during the planning stage there was evidence that the indicator would face numerous challenges due to the extensive control measures that the organisation is currently implementing and it was very clear that the indicator will not add value nor be achieved but could not provide evidence to support the reason. Consequently, the achievement of this legislative mandate was not planned or accounted for, which is likely to result in it not being delivered and undermines transparency and accountability for delivery on mandate.

## **OTHER MATTER**

22. I draw attention to the matter below.

## **ACHIEVEMENT OF PLANNED TARGETS**

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements. This information should be considered in the context of the material findings on the reported performance information.

24. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of are included in the annual performance report on pages 34 to 41.

### REGULATORY COMPLIANCE

Targets achieved: 75%

Budget spent: 64%

Key indicator not achieved	Planned target	Reported achievement
3.4 Know Your Customer (KYC) strategy for online lottery play developed	Develop the Know Your Customer (KYC) strategy for online lottery play	The development of the Know Your Customer (KYC) strategy for online lottery pay was initiated

### GRANT MAKING

Targets achieved: 67%

Budget spent: 64%

Key indicator not achieved	Planned target	Reported achievement
4.1 Number of strategic partnerships formalised and implemented for the research-based model	Three (3) strategic partnerships for the research-based model are formalised	Three appointment letters were issued to the strategic partners

### MATERIAL MISSTATEMENTS

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for grant making. Management did not correct all of the misstatements, and I reported material findings in this regard.

### REPORT ON COMPLIANCE WITH LEGISLATION

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.

Material misstatements of non-current assets identified by the auditors in the submitted financial statements were corrected, but the uncorrected misstatements resulted in the financial statements receiving a qualified opinion.



## CONSEQUENCE MANAGEMENT

31. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

## ASSET MANAGEMENT

32. National Lotteries Commission did not determine if any other state institution involved in education and/or training required computer equipment before disposal of such equipment, as required by treasury regulation 16A.7.7.

## EXPENDITURE MANAGEMENT

33. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 29 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM regulations and procurement prescripts.

## PROCUREMENT AND CONTRACT MANAGEMENT

34. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Service to be in order as required by Treasury Regulation 16A9.1 (d).
35. Some of the goods and services of a transaction value above R1 000 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1, paragraph 3.3.1 of NTI 02 of 2021/22. Similar non-compliance was also reported in the prior year.
36. Some of the quotations were awarded to bidders based on preference points that were not allocated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation 2022.
37. Some of the quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulation 2022.

## OTHER INFORMATION IN THE ANNUAL REPORT

38. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
39. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
40. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
41. The other information I obtained prior to the date of this auditor's report are extracts of general information, governance, human resource management chairperson's foreword, commissioner's overview and PFMA compliance report, and the minister's foreword and audit committee report are expected to be made available to us after 5 December 2024.
42. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
43. When I do receive and read the minister's foreword and audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

44. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
45. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
46. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information as material misstatements were identified on the annual financial statements and annual performance report.
47. Management did not review and monitor compliance with applicable legislation as material instances of non-compliance were identified in compliance testing and annual report.
48. Leadership did not exercise their oversight responsibilities regarding financial and performance reporting and compliance and related internal controls that resulted in the modification of the auditor's opinion.
49. Management did not implement adequate controls and adequate review processes over daily and monthly processing of transactions as material misstatements were identified in the annual financial statements which resulted in a modified opinion.

## MATERIAL IRREGULARITIES

50. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

### MATERIAL IRREGULARITIES IDENTIFIED DURING THE AUDIT

51. The material irregularities identified are as follows:

#### *PAYMENTS WERE MADE FOR THE CONSTRUCTION OF EDUMBE OLD AGE HOME THAT WAS NEVER COMPLETED*

52. A grant agreement for the construction of the eDumbe Old Age Home was signed by the beneficiary and National Lottery Distribution Trust Fund (NLDTF) on 15 September 2017 and 27 September 2017, respectively after the NLC approved the grant allocation of R23 million. Of the approved amount, R20 million was for the construction of the old-age home and R3 million was to be paid in three tranches of R1 million per year for three years. An additional amount of R3 828 441 was also approved for the completion of the project. The total amount of R3 828 441 was made up of R3 578 441, which was approved on 19 February 2019, and an amount of R250 000, which was approved on 12 March 2020. Payments of R26 828 441 were made to the beneficiary through tranches 1 to 6, which took place from 5 October 2017 to 18 March 2020. However, the contractor abandoned the project site prior to achieving practical completion. Furthermore, the project showed issues of substandard workmanship, including structural cracks, which were not identified and rectified due to a lack of oversight, and instances of vandalism.
53. The funds that were spent were not used effectively, efficiently, or economically, as the National Lotteries Commission approved a non-profit organisation (NPO) that failed to achieve the intended outcome of establishing an old-age home. Several actions contributed to the ineffective, inefficient, and uneconomical use of financial resources. These include the approval of the proactive grant without following proper due diligence and conducting feasibility studies, as well as the determination and release of tranche payments that did not align with the project's stages. A portion of the approved funds were for items that could only be installed and purchased once the construction was finalised, yet all the funds were transferred prior to the completion of the project.
54. The project was left incomplete and without security to prevent vandalism and theft on site. After a site visit conducted by the NLDTF on 25 January 2023 there was indications that the project may not be sustainable even if completed due to the distance from the community.

55. During a site visit conducted by the AGSA on 15 May 2023 it was established that the project had not yet achieved practical completion and that there were no activities on site. The contractor has de-established and left the site.
56. There were no established processes to manage construction activities from inception to completion, which are essential for ensuring a successful project outcome. Continuous payments were made to the NPO by NLDTF without verification that these payments corresponded to actual work completed. Furthermore, the NLDTF lacked adequate processes to evaluate the feasibility of proposed projects prior to fund approval. The entity also failed to monitor all funded projects regularly, ensuring that payments were aligned with progress and services rendered. The resources of the NLDTF were not utilised economically as required by section 57(b) of the PFMA.
57. The non-compliance is likely to result in a material financial loss for the National Lottery Distribution Trust Fund, as funds were paid for the construction of an old-age home that was never completed. However, some of the funds can still be recovered from the grantee.
58. The accounting authority was notified of the material irregularity on 15 December 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The response was received on 23 February 2024 agreeing to the material irregularity. A follow-up on progress made in addressing the material irregularity (MI) was done on 07 June 2024 and a response were received on 13 June 2024.
59. Based on the written response from the accounting authority and supporting evidence in response to the notification of the material irregularity and subsequent follow-up on progress, the following actions were taken to address the MI:
  - The accounting authority indicated that Special Investigating Unit (SIU) already concluded their investigation on the beneficiary and were in the process of referrals to the National Prosecuting Authority (NPA) for criminal and civil charges. Some officials identified in the SIU report were suspended and disciplinary proceedings were in progress.
  - The accounting authority had made a determination that approximately R11 million paid to the beneficiary was not used for intended purpose and as such SIU was considering instituting civil proceedings and a quantity surveyor was appointed to conduct value for money on the old-age home in KZN.
  - A decision to place a moratorium on pro-active funding was taken by the appointed board of the NLC in April 2022.
  - The response from the accounting authority also indicated that the NLC was working on overhauling its internal controls, such as revising policies, grant agreements and standard operating procedures (SOP) to strengthen the control environment and prevent further material irregularities from reoccurring. This includes:
    - The grant-funding policy was updated and approved in December 2023 to incorporate pre-adjudication site inspection to ensure that funded organisations do have the necessary capacity and systems in place to execute projects, clearly articulate tranche payment procedures.
    - The grant agreement was updated in December 2023 and provisions built in to mitigate risks in the event of delegating duties and responsibilities of a grantee to a third party. The SOP was also updated in December 2023 to also include principles for infrastructure projects – sustainability, environmental, green energy, grey water recycling, maintenance plans, bylaws, standards, etc.
    - All funded projects, including pro-active / research-based projects are subjected to proactive monitoring.
    - Stringent approval processes were introduced:
      - The Moratorium placed on pro-active funding is still in place; and
      - The new research-based funding (proactive funding) policy has been in approved in October 2023 but undergoing further review. The policy incorporates measures to ensure that:
        - ♦ allocated organisations undergo vetting and capacity testing before being considered to implement projects;
        - ♦ provides for a strategic partnership approach to identify credible implementers of projects following research and SCM processes; and
        - ♦ provides for feasibility studies before infrastructure projects allocations made.
  - The NLC concluded phase 1 for 295 staff on integrity testing. A service provider has been appointed for phase 2: interns and new staff on voluntary basis. Less than 15% of staff opted not to participate in the testing during the first phase.

- An anti-bribery, corruption and fraud prevention framework is being developed. A term of reference in line with ISO 37001 and Anti-Fraud Best Practices was issued. The request for quotations closed in October 2023 and was reissued. A service provider was appointed in December 2023.
- The SIU is assisting the NLC to recover the funds. The SIU appointed a quantity surveyor to conduct value for money pertaining to the work performed by the contractor pertaining to the old-age home.
- Four employees implicated in the report are no longer part of the NLC. These include the former chief risk officer, former chief operations officer, former commissioner and a former board member as summarised below:
  - Chief risk officer – The disciplinary hearing was set down before an independent chairperson for 26 and 29 September, and 23 – 27 October 2023. In September 2023 the employee resigned from the NLC prior to a disciplinary hearing. Should he seek employment in the public service, any new employer would be required to run a disciplinary committee based on the SIU referral. On 12 December 2023, the SIU obtained an attachment order in respect of the employee's provident fund benefits.
  - Chief operations officer – The employee resigned on 27 August 2022 before the disciplinary hearing.
  - Commissioner – The employee resigned on 15 August 2022 before the disciplinary hearing.
  - Board chairperson – No longer part of the board of NLC. The new board was appointed on 1 April 2023.

60. The accounting authority is in the process of reviewing the researched based policy that deals with research funding. The recovery of the loss will be finalised through the SIU.

61. I will follow up on the implementation of the planned actions during my next audit.

#### ***A PAYMENT MADE FOR THE PROVISION OF PROFESSIONAL SERVICES FOR THE COMPLETION OF EDUMBE OLD AGE HOME CONSTRUCTION THAT WAS NEVER COMPLETED***

62. The NLDTF appointed a service provider for the completion of the eDumbe Old Age Home. The construction of the eDumbe Old- Age Home was stopped in 2019. In February 2020 a service provider was appointed to provide professional services. The service provider was appointed to monitor, manage and provide assistance to the contractor already appointed for the construction of the old-age home. The amount was approved and paid to the service provider on 2 July 2021. NLDTF conducted a site visit on 23 January 2023 and indicated that even if completed there are indications of the project not being sustainable due to the distance from the community. A project verification conducted on 15 May 2023 by the AGSA confirmed that the project has not yet reached practical completion. The contractor had de-established and left the site.

63. NLDTF made a payment amounting to R13 042 000 to the service provider for the completion of the project. However, service provider never fulfilled their responsibilities to ensure that the project is completed. The entity made a payment to the service provider without confirming that the payment made was for actual work performed. In addition, NLDTF did not ensure that all the funded projects were monitored regularly, and payments made were aligned to progress and services rendered. Therefore, the resources of the NLDTF were not utilised economically, as required by section 57(b) of the PFMA.

64. The non-compliance is likely to result in a material financial loss for the National Lottery Distribution Trust Fund, as the funds were paid to monitor, manage and provide assistance for the completion of the construction of the eDumbe Old- Age Home that was never completed. However, the amount can still be recovered from the service provider.

65. The accounting authority was notified of the material irregularity on 15 December 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting authority responded on 23 February 2024. A follow-up on progress made in addressing the material irregularity (MI) was done on 7 June 2024 and a response was received on 13 June 2024. Based on the written response from the accounting authority including the supporting evidence in response to the notification of the material irregularity and subsequent follow-up on the progress, the following actions were taken to address the MI:

- The following steps have been taken to prevent a re-occurrence of the material irregularity:
  - Grant funding policy was updated and approved in December 2023 to incorporate pre-adjudication site inspection to ensure that funded organisations do have the necessary capacity and systems in place to execute projects, clearly articulate tranche payment procedures.

- The grant agreement was updated in December 2023 and provisions built in to mitigate risks in the event of delegating duties and responsibilities of a grantee to a third party. The SOP was also updated in December 2023 to also include principles for infrastructure projects – sustainability, environmental, green energy, grey water recycling, maintenance plans, bylaws, standards, etc.
- All funded projects, including pro-active / research-based projects are subjected to proactive monitoring.
- Stringent approval processes were introduced:
  - The moratorium placed on pro-active funding is still in place; and
  - The new research-based funding (proactive funding) policy has been approved in October 2023 but is undergoing further review. The policy incorporates measures to ensure that:
    - ♦ allocated organisations undergo vetting and capacity testing before being considered to implement projects;
    - ♦ provides for a strategic partnership approach to identify credible implementers of projects following research and SCM processes; and
    - ♦ provides for feasibility studies before infrastructure projects allocations made.
- The NLC concluded phase 1 for 295 staff on integrity testing. A service provider has been appointed for phase 2: interns and new staff on voluntary basis. Less than 15% of staff opted not to participate in the testing during the first phase.
- An anti-bribery, corruption and a fraud prevention framework is being developed. A term of reference in line with ISO 37001 and Anti-Fraud Best Practices was issued. The request for quotations closed in October 2023 and was reissued. A service provider was appointed in December 2023.
- The NLC forensic investigated the service provider in May 2024, and the report will determine the facts, recommendations for actions if required. The investigation was commissioned by the commissioner, supported the chief audit executive to be conducted by internal audit and to investigate the allegations of:
  - The circumstances surrounding the payment and to identify the officials responsible; and
  - The appointment of the service provider to oversee, monitor and manage the contractor appointed to construct the old-age home
- A letter of demand was issued on 23 February 2023 to recover the full amount from the service provider and a summons served on 25 April 2024 for the full amount paid to the service provider.

66. The accounting authority indicated that the forensic report would determine the facts and recommendations for actions required. Disciplinary actions will be implemented against the officials found responsible. The recovery of the funds will also be pursued until finalised.

67. I will follow up on the implementation of the planned actions during my next audit.

## **STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES**

### ***PAYMENTS WERE MADE FOR THE CONSTRUCTION OF THE MOTHEO SPORT COMPLEX THAT WAS NEVER DELIVERED***

68. On 14 April 2021 the director for grant funding projects submitted a proposal on proactive funding for construction of the Motheo sports complex in Gauteng for approval by the acting chief financial officer. On 13 May 2021 the NLDTF Quality Assurance Committee approved R9 million to be paid in three tranches. On 31 May 2021 the grant agreement was signed by both parties. On 9 June 2021 the first tranche payment of R3 000 000 was paid and on 7 February 2022 a second tranche payment of R3 000 000 was paid.

69. The approving committee did not implement adequate processes in identifying the NPO and approving grant allocation for this project. The entity was not careful in the use of financial resources to avoid unnecessary waste; they appointed an NPO without adequately confirming its capacity to carry out the project. The approval of the grant allocation was done without the necessary due diligence, and feasibility studies. The viability of the project, once the funding has been approved was not assessed. The second tranche payment was made without satisfactory progress on the first tranche, which is in contradiction of the NLC own policy and the grant agreement.



70. These actions resulted in the resources of the NLDTF not being utilised effectively, efficiently and economically as required by section 57(b) of the PFMA and is likely to result in a material financial loss for the NLDTF as the amount can still be recovered from the grantee.
71. The NLDTF disclosed fruitless and wasteful expenditure amounting to R6 000 000 for the comparative in note 22 of the 2022-23 financial statements pertaining to this matter.
72. The accounting authority was notified of the material irregularity (MI) on 25 July 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The response was received on 21 August 2023. Follow-ups on progress made in addressing the material irregularity (MI) on 31 January 2024 and on 7 June 2024, and responses were received on 6 February 2024 and on 13 June 2024 respectively.
73. The accounting authority communicated and presented evidence that the following progress has been made on the MI:
- In December 2023 the updated grant-funding policy was approved. The policy incorporates pre-adjudication site inspection to ensure that funded organisations do have the necessary capacity and systems in place to execute projects. The policy also clearly articulate tranche payment procedures.
  - In December 2023 the grant agreement was updated and provisions built in to mitigate risks in the event of delegating duties and responsibilities of a grantee to a third party. The standard operating procedures were updated in December 2023 to also include principles for infrastructure projects such as sustainability, environmental, green energy, grey water recycling, maintenance plans, bylaws, standards, etc.
  - A moratorium on pro-active funding was instigated. Approved research-based funding policy includes all allocated, organisations undergo vetting and capacity testing before considered for implementation and emphasises strong strategic partnership approach. Feasibility studies as part of projects before allocation included in policy. The policy also emphasises a strong strategic partnership approach. These actions were completed in December 2023.
  - The NLC concluded phase 1 for 295 staff on integrity testing. A service provider has been appointed for phase 2: interns and new staff on voluntary basis. Less than 15% of staff opted not to participate in the testing during the first phase.
  - Anti-bribery, corruption and fraud prevention framework is being developed. A term of reference in line with ISO 37001 and Anti-Fraud Best Practices was issued. A request for quotations closed in October 2023 and was reissued. A service provider was appointed in December 2023.
  - Two criminal cases against beneficiary of the project have been filed with in terms of section 34 of Prevention and Combating of Corrupt Activities Act (PRECCA). An additional case opened in August 2023 and cases were also logged with the DPCI.
  - The SIU is in the process of investigating the NPO and other linked projects where this beneficiary was involved.
  - One official is on suspension for gross negligence. NLC reserves its right to charge the ex-officials criminally should the results of SIU investigations further implicate them. In October 2023 a report was finalised identifying those responsible. The four officials that were identified as being involved in this matter was placed on precautionary suspension. The following three official resigned during the financial year prior to their disciplinary hearings:
    - Chief risk officer resigned in September 2023
    - Senior manager: SCM resigned in December 2023 with effect from January 2024
    - The head: stakeholder management resigned in August 2023.
  - For the one remaining official (company secretary), NLC officials have raised additional matters which merit additional charges. A further preliminary hearing was scheduled for February 2024 to set dates for the disciplinary hearing; however, the employee has served the NLC and the AGSA with notice of motion and has further implemented CCMA proceedings.
  - The NLDTF has issued two demand letters to recover the amount and has appointed lawyers to recover the funds in December 2023. As this matter is included in a proclamation to be investigated by the SIU, they will now be responsible for the recovery of the funds.
74. The further actions to be taken include the finalisation of the consequence management and the recovery of the likely financial loss with the assistance of the SIU.
75. I will follow up on the implementation of the planned actions during my next audit.

## OTHER REPORTS

76. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
77. On 6 November 2020 Proclamation No. R32 of 2020 (Proclamation) was signed by the President. Pursuant to the proclamation, the SIU conducted a search and seizure at National Lotteries Commission premises on 8 December 2020, during which many of the auditee's copies of items and information, including various files concerning funding, were seized. This was in light of an investigation being conducted on the National Lottery Distribution Trust Fund, which covers the period 1 January 2014 to 6 November 2020.
78. Two investigations are currently in progress which are being performed by the SIU and the Directorate for Priority Crime Investigation (DPCI) (also known as the Hawks) relating to grant-funding allegations levelled against beneficiaries, management and former board members.

*Auditor-General*

Pretoria

05 December 2024



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

#### *PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM*

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

#### *FINANCIAL STATEMENTS*

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

#### *COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE*

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulations 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Sections 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraphs 4.8; 4.9
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraphs 4.1; 4.2(b); 7.2;
National Treasury SCM Instruction No. 2 of 2021/22	Paragraphs 3.2.1; 3.2.4; 3.3.1
Practice Note 5 of 2009/10	Paragraph 3.3
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulations 4.4; 5.4
Preferential Procurement Regulations, 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.8; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	GROUP		COMPANY	
		2024	2023 RESTATED	2024	2023 RESTATED
		R'000	R'000	R'000	R'000
<b>REVENUE</b>					
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>					
Transfers from NLDTF	1.	-	-	508,524	474,815
Fund Revenue	2.	1,950,134	1,825,170	-	-
Licence Fees	3.	2,833	2,778	2,833	2,778
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>					
Other Revenue	4.	32,644	5,190	26,877	978
Interest Income	5.	223,215	124,206	1,233	688
<b>Total Revenue</b>		<b>2,208,826</b>	<b>1,957,344</b>	<b>539,467</b>	<b>479,259</b>
<b>EXPENDITURE</b>					
Allocation of Grants	6.	540,905	844,718	-	-
Transfers to National treasury	7.	300,000	-	-	-
Employee Related Costs	8.	275,062	277,307	275,062	277,307
Goods and Services	9.	208,793	189,452	206,474	185,601
Administration Expenses	10.	4,017	3,775	-	-
Bad Debts and Impairment Losses	11.	773	477	773	208
Depreciation, Amortisation and Impairment	12.	57,147	15,657	57,147	15,657
Loss on Disposal of Property, plant, and equipment	13.	11	487	11	487
<b>Total Expenditure</b>		<b>1,386,707</b>	<b>1,331,873</b>	<b>539,467</b>	<b>479,259</b>
<b>OPERATING SURPLUS FOR THE YEAR</b>		<b>822,119</b>	<b>625,471</b>	<b>-</b>	<b>-</b>
<b>SURPLUS FOR THE YEAR</b>		<b>822,119</b>	<b>625,471</b>	<b>-</b>	<b>-</b>



# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	GROUP		COMPANY	
		2024	2023 RESTATED	2024	2023 RESTATED
		R'000	R'000	R'000	R'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant, and equipment	14	107,091	133,709	107,091	133,709
Intangible Assets	15	93,531	85,054	93,531	85,054
		13,560	48,655	13,560	48,655
<b>CURRENT ASSETS</b>					
Trade and Other Receivables from Exchange Transactions	16	3,823,696	3,000,222	18,476	16,455
Trade and Other Receivables from Non-exchange Transactions	17	24,060	20,109	1,522	1,149
Prepayments and Deposits	19	51,981	30,013	-	-
Cash and Cash Equivalents	20	7,641	6,334	7,558	6,255
		3,740,013	2,943,766	9,396	9,050
<b>Total Assets</b>		<b>3,930,787</b>	<b>3,133,931</b>	<b>125,568</b>	<b>150,164</b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Deferred Income		472	3,306	472	3,306
<b>CURRENT LIABILITIES</b>		<b>518,514</b>	<b>540,944</b>	<b>125,095</b>	<b>146,858</b>
Deferred Income	21	2,833	2,833	2,833	2,833
Grant Liabilities	22	289,659	272,030	-	-
Provisions	25	8,349	27,461	8,349	27,461
Trade and Other Payables from Exchange Transactions	23	30,790	25,812	30,293	25,420
Trade and Other Payables from Non-exchange Transactions	24	186,882	212,808	83,620	91,144
<b>Total Liabilities</b>		<b>518,987</b>	<b>544,250</b>	<b>125,568</b>	<b>150,164</b>
<b>NET ASSETS</b>		<b>3,411,801</b>	<b>2,589,682</b>	<b>-</b>	<b>-</b>
Accumulated Surplus		3,411,801	2,589,682	-	-
<b>Total Net Assets and Liabilities</b>		<b>3,930,787</b>	<b>3,133,932</b>	<b>125,568</b>	<b>150,164</b>

# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

<b>GROUP</b>	<b>Accumulated Surplus / (Deficit) R'000</b>
<b>2022</b>	
Balance at 1 April 2022	1,931,933
Correction of Error (Note 26)	32,276
<b>Restated Balance at 1 April 2022</b>	<b>1,964,209</b>
<b>2023</b>	
<b>Restated Surplus for the year</b>	<b>625,473</b>
Surplus for the year reported in 2022/2023	561,165
Correction of Error (Note 26)	64,308
<b>Restated Balance as at 31 March 2023</b>	<b>2,589,682</b>
<b>2024</b>	
<b>Restated Balance at 31 March 2023</b>	<b>2,589,682</b>
Surplus for the year reported	822,119
<b>Balance at 31 March 2024</b>	<b>3,411,801</b>

<b>COMPANY</b>	<b>Accumulated Surplus / (Deficit) R'000</b>
<b>Balance as at 31 March 2022</b>	-
Surplus for the year	-
<b>Balance at 31 March 2023</b>	-
Surplus for the year	-
<b>Balance at 31 March 2024</b>	-

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	GROUP		COMPANY	
		2024	2023 RESTATED	2024	2023 RESTATED
		R'000	R'000	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>RECEIPTS</b>					
Transfers and Subsidies		-	-	501,000	465,000
*Cash received from Ithuba Holdings (RF) (Pty) Ltd and other parties		2,245,780	2,145,380	-	-
*Interest Received		227,095	121,531	1,221	637
Cash Received from Beneficiaries and Other Parties		35,330	10,072	26,562	7,798
		<b>2,508,205</b>	<b>2,276,983</b>	<b>528,783</b>	<b>473,434</b>
<b>PAYMENTS</b>					
Employee Related Costs		(294,216)	(279,541)	(294,220)	(279,541)
Cash Paid to Beneficiaries and Other Parties		(1,183,478)	(1,026,619)	-	-
Goods and Services		(203,722)	(190,681)	(203,677)	(190,681)
		<b>(1,681,417)</b>	<b>(1,496,842)</b>	<b>(497,897)</b>	<b>(470,223)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	28	<b>826,788</b>	<b>780,141</b>	<b>30,886</b>	<b>3,212</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Property, plant, and equipment	14	(30,855)	(1,351)	(30,855)	(1,351)
Purchase of Intangible Assets	15	-	-	-	-
Proceeds on Disposal of Property, plant, and equipment		315	51	315	51
		<b>(30,540)</b>	<b>(1,300)</b>	<b>(30,540)</b>	<b>(1,300)</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(30,540)</b>	<b>(1,300)</b>	<b>(30,540)</b>	<b>(1,300)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>796,248</b>	<b>778,841</b>	<b>346</b>	<b>1,912</b>
Cash and Cash Equivalents at Beginning of Period	20	2,943,766	2,164,925	9,050	7,138
Cash and Cash Equivalents at End of Period	20	3,740,013	2,943,766	9,396	9,050

\* An amount of R111.7 million was reclassified from interest received to cash received from Ithuba and other parties.

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2024

GROUP	Approved Budget on Accrual Basis R'000	Adjustments R'000	Final Budget on Accrual Basis R'000	Actual Amounts on comparable basis R'000	Variance R'000	NOTE
<b>FINANCIAL PERFORMANCE</b>						
<b>REVENUE AND INCOME</b>						
Share of ticket sales	1,815,499	(800)	1,814,699	1,827,949	13,250	1
Interest income	109,499	78,162	187,661	223,215	35,554	2
Licence Fees	2,833	-	2,833	2,833	0	
Societies and Other Lotteries	62	-	62	97	35	
<b>REVENUE FROM PARTICIPANTS NLPT</b>						
Unclaimed and expired prize money	140,000	(20,000)	120,000	111,715	(8,285)	3
Interest from the NLPT	1,538	8,280	9,818	10,470	652	
Other operating income	2,000	-	2,000	7,557	5,557	5
Income related to the RFP process for the 4th Lottery License	12,000		12,000	24,990	12,990	4
<b>Total Revenue</b>	<b>2,083,430</b>	<b>65,643</b>	<b>2,149,073</b>	<b>2,208,826</b>	<b>59,753</b>	
<b>EXPENDITURE</b>						
Employee Related Costs	(329,083)	8,965	(320,118)	(275,062)	45,056	6
Goods and Services	(330,724)	30,070	(300,654)	(208,793)	91,861	8
Transfers to National treasury	-			(300,000)	(300,000)	10
Administration Expenses	(4,058)	0	(4,058)	(4,017)	41	
Bad Debts and Impairment Losses	-	-	-	(773)	(773)	
Depreciation and Amortisation and impairment	(6,492)	-	(6,492)	(57,147)	(50,655)	9
Loss on Disposal of Property, plant, and equipment	-	-	-	(11)	(11)	6
<b>Total Expenditure</b>	<b>(670,357)</b>	<b>39,035</b>	<b>(631,322)</b>	<b>(845,803)</b>	<b>(214,481)</b>	
<b>Operating Surplus for the Year</b>	<b>1,413,073</b>	<b>104,678</b>	<b>1,517,751</b>	<b>1,363,024</b>	<b>(154,727)</b>	
Net Allocation of Grants	(1,381,749)	(126,678)	(1,508,427)	(540,905)	967,522	7
Allocation of Grants	(1,401,749)	(126,678)	(1,528,427)	(571,208)	957,219	
Revocations	20,000	-	20,000	30,303	10,303	
<b>Surplus for the Year</b>	<b>31,324</b>	<b>(22,000)</b>	<b>9,324</b>	<b>822,119</b>	<b>812,795</b>	
<b>Capital Expenditure</b>	<b>(69,858)</b>	<b>19,932</b>	<b>(49,926)</b>	<b>(30,855)</b>	<b>19,071</b>	11

## FINANCIAL PERFORMANCE: EXPLANATION OF VARIANCES BETWEEN APPROVED BUDGET AND ACTUAL

Reasons for variances between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

	R'000
<b>Share of ticket sales</b>	13,250
The increase in the share of ticket sales when compared to budget, resulted from higher as well as rolling and guaranteed jackpots during the year. This, coupled with vigorous marketing campaigns from Ithuba, drove sales. The introduction of additional online channels of play also increased participation. The daily lotto was also introduced to portfolios offered by Nedbank, Capitec and Tyme Bank.	
<b>Interest income</b>	35,554
The favourable performance is primarily driven by the higher REPO rate and an increase in the bank balance.	
<b>Unclaimed and expired prize money</b>	-8,285
More winners are now claiming their prizes with the introduction of more digital platforms. The payout to claim without going to Ithuba's offices have also been increased in the online platforms to R250 000. This move has resulted in less prizes expiring.	
<b>RFP Lotteries</b>	12,990
There were more bidders that participated in the 4th lottery licence RFP process than anticipated, the budget was based on the participation of the 3rd lottery licence.	
<b>Other operating income</b>	5,557
The positive variance is mainly attributable to the estimation of unutilised project funds claimed back from beneficiaries and recovery of a doubtful debt from previous year.	
<b>Employee costs</b>	45,056
Higher vacancy rate and delays in recruitment accounted for less employee cost than expected. Ex-gratia payment budgeted for did not materialise.	
<b>Allocations of grants</b>	967,522
The under allocation of grants was due to additional controls introduced during the financial year coupled with a limited number of adjudication committee members.	
<b>Goods and services</b>	91,861
Capacity constraints had a negative impact on the implementation of some projects.	
<b>Depreciation, amortisation and impairment</b>	-50,655
Increased amortisation due to amortisation of Fusion Enterprise system	
<b>Transfers to National treasury</b>	-300,000
The variance arose due to a request for retention of surplus from the National Treasury relating to the 2021/22 financial year.	
<b>Capital Acquisitions</b>	19,071
There was a delay in the procurement of computers with the procurement being closed just before year end. The appointment of a service provider to implement a new system for the NLC only concluded towards the end of the financial year and no expenditure was incurred.	



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

COMPANY	Approved Budget on Accrual Basis R'000	Adjustments R'000	Final Budget on Accrual Basis R'000	Actual Amounts on comparable basis R'000	Variance R'000	NOTE
<b>FINANCIAL PERFORMANCE</b>						
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>						
Transfers from NLDTF	647,991	(39,525)	608,466	508,524	(99,942)	1
Licence	2,833	-	2,833	2,833	0	
Income related to the RFP process for the 4th Lottery License	12,000	-	12,000	24,990	12,990	2
			-			
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>						
Other operating income	500	-	500	1,790	1,290	
Interest income	396	-	1,180	1,233	53	
Societies & other Lotteries	62	-	62	97	35	
<b>Total Revenue</b>	<b>663,782</b>	<b>(39,525)</b>	<b>625,041</b>	<b>539,467</b>	<b>(85,574)</b>	
<b>EXPENDITURE</b>						
Employee related costs	(329,083)	-	(320,118)	(275,062)	45,056	3
Goods and services	(328,207)	-	(298,431)	(206,474)	91,957	4
Bad Debts and Impairment Losses	-	-	-	(773)	(773)	
Depreciation, amortisation and impairment	(6,492)	-	(6,492)	(57,147)	(50,655)	5
Loss on disposal of assets	-	-	-	(11)	(11)	
<b>Total Expenditure</b>	<b>(663,782)</b>	<b>-</b>	<b>(625,041)</b>	<b>(539,467)</b>	<b>85,574</b>	
<b>Operating Surplus for the Year</b>	<b>(0)</b>	<b>(39,525)</b>	<b>-</b>	<b>0</b>	<b>0</b>	
<b>Capital Expenditure</b>	<b>(69,858)</b>	<b>19,932</b>	<b>(49,926)</b>	<b>(30,855)</b>	<b>19,071</b>	6

## FINANCIAL PERFORMANCE: EXPLANATION OF VARIANCES BETWEEN APPROVED BUDGET AND ACTUAL

Reasons for variances between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

	R'000
<b>Transfers from NLDTF</b>	-99,942
The underspending in goods and services and employee costs has resulted in less transfers to NLC. Transfers to NLC only happen when the funds are required to pay for NLC expenses	
<b>RFP Lottery Fees - Application Fees</b>	12,990
There were more bidders that participated in the 4th lottery licence RFP process than anticipated, the budget was based on the participation of the 3rd lottery licence.	
<b>Employees costs</b>	45,056
Higher vacancy rate and delays in recruitment accounted for less employee cost than expected. Ex-gratia payment budgeted for did not materialise.	
<b>Goods and Services</b>	91,957
Capacity constraints had a negative impact on the implementation of some projects.	
<b>Depreciation, amortisation and impairments</b>	-50,655
The variance is mainly attributable to the prior period error processed on intangible assets which resulted in the EFP system being amortised.	
<b>Capital acquisitions</b>	19,071
There was a delay in the procurement of computers with the procurement being closed just before year end. The appointment of a service provider to implement a new system for the NLC only concluded towards the end of the financial year and no expenditure was incurred.	

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## FOR THE YEAR ENDED 31 MARCH 2024

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the years presented.

### 1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) as well as the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA). They have been prepared in accordance with the going concern principle using the historical cost basis except where otherwise stated in the accounting policies below.

The preparation of annual financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined in point 19 of the summary of significant accounting policies.

New standards, amendments and interpretations approved and not yet effective

Standard of GRAP / Nature of Impending Changes / Expected Impact	Effective Date	Planned Date for Application by Entity
<b>GRAP 1 Presentation of Financial Statements</b>		
No impact in current year. It will affect how the information is aggregated in the financial statements, applying the concept of materiality. The requirements will be applied prospectively.	2025/04/01	31/3/2026
<b>GRAP 2 Cash flow statements</b>		
No impact in current year. It will affect how information relevant to users as stipulated in para 51 will be disclosed. The requirements will be applied prospectively.	2025/04/01	31/3/2026
<b>GRAP 3 Accounting policies, Changes in Accounting estimates and err</b>		
No impact in current year. It will affect how the NLC deals with accounting estimates. The requirements will be applied prospectively.	2025/04/01	31/3/2026
<b>GRAP 13 Leases</b>		
It will have no impact on the financial statements of NLC, since the amendment relates to the lessor (finance lease) and currently NLC is the lessee of operating leases.	2025/04/01	31/3/2026
<b>GRAP 17 Property, plant, and equipment (PPE)</b>		
No impact in the 2024 financial year, this will affect the disclosure of information relating to compensation from third parties for items of PPE that were impaired, lost or given up that is included in surplus or deficit if not disclosed separately in the statement of financial performance. NLC will apply this amendment retrospectively in accordance with GRAP 3, but only to items of property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.	2025/04/01	31/3/2026
<b>GRAP 19 Provisions, Contingent liabilities and contingent assets</b>		
No impact in the current year, there will be no impact for NLC as the change only relates to the removal of the requirement to disclose external valuations used to measure provisions. The NLC does not use external valuations to measure provisions.	2025/04/01	31/3/2026

Standard of GRAP / Nature of Impending Changes / Expected Impact	Effective Date	Planned Date for Application by Entity
<b>GRAP 20 Related party disclosure</b> N/A - only a change to the wording of the definition of "Significant influence"	2025/04/01	31/3/2026
<b>GRAP 23 Revenue from non-exchange transactions (taxes and transfers)</b> No impact on NLC as the change only relates to the removal of the line talking to disaggregation by class for the amount of liabilities recognised in respect of transferred assets subject to conditions.	2025/04/01	31/3/2026
<b>GRAP 24 Presentation of Budget information in financial statements</b> No impact in the current year. The amendment to the standard includes a requirement for the entity to be held publicly accountable for the entity to be required to apply the standard. Entities are held publicly accountable for their budgets when there is an expectation of public oversight by the relevant authority who approves their budgets being, Parliament, the legislature, and municipal councils. The NLC makes its budget publicly available through its own actions by publishing on the website. The budget is approved by the NLC Board and the Minister and there is no approval by Parliament and legislature. The NLC is accountable to its Board for its budget and in this instance, oversight is exercised by the Board and not by Parliament or the legislature. Therefore, the NLC is not publicly accountable for its budget and is not required to apply this standard.	2025/04/01	N/A
<b>GRAP 27 Agriculture</b> N/A as NLC is not in the Agriculture industry.	2025/04/01	N/A
<b>GRAP 31 Intangible assets</b> No impact in the current year. there will be no impact to the NLC as the changes relate to exclusion of this standard to assets accounted using GRAP 32 which is not applicable to the NLC.	2025/04/01	31/3/2026
<b>GRAP 104 Financial Instruments</b> NNo Impact in current year, however expected impact in the next financial year. The changes to GRAP 104 affect the following: <ul style="list-style-type: none"> <li>• Classification of financial assets</li> <li>• Amortised cost of financial assets</li> <li>• Impairment of financial assets (Expected credit losses will be disclosed)</li> <li>• Disclosures</li> </ul>	2025/04/01	31/3/2026
<b>GRAP 105 Transfer of Functions Between Entities Under Common Control</b> NLC will apply this standard in the event of a transfer of functions. The proposed amendments/ GRAP pronouncement has not yet been disclosed to the public.	To be determined	
<b>GRAP 106 Transfer of Functions Between Entities Not Under Common Control</b> Not applicable to NLC.	To be determined	
<b>GRAP 107 Mergers</b> N/A to NLC since the acquirer (NLC) can be identified.	To be determined	
<b>IGRAP 20 Accounting for adjustments to revenue</b> No impact on NLC	2025/01/04	31/3/2026
<b>Directive 12 The selection of an appropriate reporting framework by public</b> No impact on NLC	2025/01/04	31/3/2026

The NLC did not early adopt any of the above-mentioned standards in the in current financial year.

## FUNCTIONAL AND PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand.

All amounts are stated in Rand thousands (R'000), unless indicated otherwise.

## SIGNIFICANT CHANGES IN ACCOUNTING POLICIES IMPLEMENTED DURING THE YEAR

The accounting policies are consistent with those reported in the previous year, except for the recognition of grant allocation expenses and the related grant liabilities. In previous years, the grant allocation expenses were allocated based on the following assumptions and policies:

### *PREVIOUS ACCOUNTING POLICY ON GRANT ALLOCATION EXPENSES AND PROVISIONS FOR GRANT ALLOCATION:*

Allocations were accounted for when applications for assistance from individual organisations were considered and grants were unconditionally awarded by the respective Distributing Agencies. Pro-active funding allocations were accounted for when funding was considered in terms of section 2A(4) of the Lotteries Act and grants were unconditionally awarded by the Assurance committee. Disclosures were made for those organisations which were funded by the NLDTF in which Distributing Agencies may have a significant interest in.

Based on the previous accounting policy, the amount recognised as a provision was the best estimate of the expenditure required to settle the present obligation at the reporting date. The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time. It will often be impossible or prohibitively expensive to settle or transfer an obligation at the reporting date. However, the estimate of the amount that an entity would rationally pay to settle or transfer the obligation gives the best estimate of the expenditure required to settle the present obligation at the reporting date. An impairment was recognised when an organisation breached the provisions of Regulation 6 and Clause 10 of the grant agreement and the NLC had not communicated the breach to the beneficiary.

This policy was applied by NLDTF until the financial year ended 31 March 2023.

### *REVISED ACCOUNTING POLICY ON GRANT ALLOCATIONS EXPENSES AND PROVISIONS FOR GRANT ALLOCATIONS:*

Management have reviewed the accounting policy related to grant allocations expenses and provision for grant allocations to achieve better presentation in the Annual Financial Statements.

## GRANT ALLOCATION EXPENSES

Distributing Agencies may allocate the grants in a single tranche or in multiple tranches.

Grant allocation expenses for the first tranche payments are accounted for in the statement of financial performance upon the conclusion of a valid grant agreement between two parties, with the conditions as outlined in the agreement for the transfer of the funds having been met by the beneficiary to the satisfaction of the NLC. Where the grant has multiple tranches, the tranches subsequent to the first tranche shall not be accounted in the statement of financial performance until the conclusion of a valid progress report and compliance checklist approved by the delegated NLC officials.

After approval of a grant application by the Distributing Agencies, grant applicants are required to submit their grant agreements and comply with all grant conditions. Grant agreements may indicate that such grants may be disbursed in one or multiple tranches.



## GRANT LIABILITIES

The grants are classified as financial liabilities in line with the requirements of GRAP 104 (Financial Instruments). The NLC shall recognise a corresponding liability for the portion of a grant allocations related to the first tranche upon the conclusion of a valid grant agreement that comply with conditions outlined in the agreement for the transfer of the funds.

## CONTINGENT LIABILITIES

Grant allocations are accounted as contingent liabilities when applications for grants from individual organisations are considered and grants are unconditionally awarded by the respective Distributing Agencies. The policy applies for both application based and researched based grants.

## MULTI-TRANCHE/STAGES GRANT ALLOCATIONS

Where a grant has multiple tranches payable over multiple stages and continuation of the award is conditional upon the outcome of formal reviews by the NLC, the later stages of the award is treated as a contingent liability. The contingent liability will be derecognised when the outcome of the on-site review and progress report indicates that the NLC continues with the grant awarded and then recognise the financial liabilities as grant liabilities.

## 2. CONSOLIDATION

The separate and consolidated financial statements include the assets, liabilities and results of the operations of the controlling company and its controlled entities. The controlling entity is NLC. The NLC and its controlled entities all prepare the annual financial statements using SA GRAP. Intercompany transactions are eliminated on consolidation.

The following factors were considered in consolidating the NLDTF and the NLPT:

- S10(c) of the Lotteries Act: Functions of board: The board shall manage and administer the fund and hold it in trust.
- S22: Administration of the Fund:
  - (1) The fund shall be administered by the board.
  - (2) The fund shall be held in trust by the board for distribution of any sum paid into the fund as is allocated for expenditure referred to in section 26(3)(b), (c), (d) and (e) after the distribution agency has considered an application for a grant or following a recommendation of funding of worthy causes from the Commission after research conducted in terms of the Act.
- S26(1), (2) and 34: So much of the sum that is paid to the fund, as the Minister after consultation with the board deems appropriate, shall be allocated to the board in respect of the board's expenses.

### 2.1 CONTROLLED ENTITIES

The NLDTF is a Fund which was established in terms of section 21 of the Lotteries Act No 57 of 1997, as amended. It was established to administer the distribution of funds to the respective sectors, namely Charities, Sports and Recreation, Arts, Miscellaneous and Culture and National Heritage. The National Lotteries Participants Trust (NLPT) is founded by the Ithuba Holding (RF) (Pty) Ltd (National Lottery Operator) in terms of the Trust Deed. The main objective of the trust is to hold all monies in trust received from Ithuba Holding by the Trust for the benefit of the winners, participants who have made an advance payment for future draws. The NLC has consolidated the NLPT since the 2018/19 financial year. The NLC is the regulator and NLPT is a regulated entity as it regulates the Operator, Ithuba.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated. Controlled entities' accounting policies are consistent with the policies adopted by NLC.

### 3. REVENUE RECOGNITION

Revenue is the gross inflow of economic benefits or service potential during the reporting year when these inflows result in an increase in net assets. Revenue is recognized when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

The NLC and its controlled entities distinguishes between two forms of revenue namely revenue from exchange transactions and revenue from non-exchange transactions.

#### 3.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is defined as revenue in which NLC receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity or party in exchange.

##### 3.1.1 INVESTMENT INCOME AND INTEREST INCOME

Investment income comprises interest received from cash and cash equivalents. Interest is accounted for on an accrual basis using the effective interest rate method.

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

##### 3.1.2 SURPLUS ON DISPOSAL OF ASSETS

Surplus on disposal of assets is a positive difference between the proceeds from the disposal and the carrying amount.

##### 3.1.3 OTHER INCOME

Other income comprises of sundry income provision for doubtful debts.

#### 3.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions is defined as revenue in which NLC receives value from another entity or party without directly giving approximately equal value in exchange or gives value to another entity or party without directly receiving approximately equal value in exchange.

##### 3.2.1 SHARE OF TICKET SALES

Revenue from share of national lottery and sports pools ticket sales is accounted for on the accrual basis and is measured as a percentage of ticket sales from the operator as stipulated and agreed in the in the Licence to Operate the National Lottery and the Sports Pools Licence.

##### 3.2.2 EXPIRED AND UNCLAIMED PRIZES

Expired and unclaimed prizes relate to prizes in constituent lotteries (not being an Instant Lottery) for which remain unclaimed for a period of 365 days following the draw in which the prize was won as stipulated in the Licence Agreement. Such monies are accounted for on an accrual basis. Payments of the funds by Ithuba Holdings (RF)(Pty) Ltd are through the intermediation of the National Lotteries Participants Trust (NLPT).

### 3.2.3 INTEREST FROM THE NATIONAL LOTTERIES PARTICIPANTS TRUST

Any interest that remains in the National Lotteries Participants Trust after deduction of the National Lotteries Participants Trust costs are due to the NLDTF as stipulated in the Trust Deed of the NLPT. These monies are accounted for on an accrual basis. Payments of the funds by Ithuba Holdings (RF)(Pty) Ltd are through the intermediation of the National Lotteries Participants Trust. Interest earned on the bank accounts of the NLPT is accounted in the NLPT to the extent that it is utilised to defray the NLPT expenses.

### 3.2.4 TRANSFER FROM NLDTF

Transfers from the NLDTF are initially measured at fair value on date of transfer. Transfers from the NLDTF are measured at the amount of the increase in net assets recognised by the NLC.

The NLC withdraws the amounts as and when required, based on an approved budget by the Minister of Trade and Industry. Income is generally recognised as operating costs are defrayed, the end result being the surrendering of surpluses to (or recovering of any deficit from) the NLDTF, thus not accounting for any accumulated surplus.

### 3.2.5 LICENCE FEES

Revenue from licence fees are paid at the inception of the licence by the National Lottery Operator in order to operate the National lottery licence. The consideration received is measured at the fair value and amortised over the licence term in the Statement of Financial Performance.

### 3.2.6 REVOCATIONS

Revocations are affected by the NLC under the following circumstances:

- Breach of Grant Agreement;
- Voluntary cancellation of the Grant Agreement by the beneficiary due to various reasons;
- Cancellation due to identification and/or determination of irregularities from the beneficiary organisation;
- Any other reasons that the Minister considers enough to warrant cancellation as set out in Section 31 of the Act; or
- A revocation that is approved in the same year that the allocation was granted is off-set against the grant allocation.

A revocation is recognised as income when a grant is revoked and is recognised at the amount of the revocation.

## 4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are tangible items that are expected to be used for more than one reporting year. Property, plant, and equipment are stated at historical cost less depreciation and impairment.

The cost of an item of property, plant, and equipment is the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to NLC and the cost of the item

can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Property and equipment are depreciated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture and fittings	10 to 26 years
Office equipment	3 to 17 years
Computer equipment	3 to 16 years
Network Infrastructure	Shorter of the estimated life or year of the lease, 7 years for servers
Leasehold improvements	Shorter of estimated life or year of lease
Buildings	50 years

Management reviews review useful lives and residual values of property, plant, and equipment at the end of each financial period.

The assets' residual values and useful lives have been reviewed and adjustments disclosed in note no 27 changes in accounting estimate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount. These are recorded in surplus or deficit.

## 5. INTANGIBLE ASSETS

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by NLC are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs, that are capitalised as part of the software product, include the software development employee costs and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised using the straight-line method over a period of 3 years.

There was a prior period error relating to intangible assets in the current year, refer to note 26. There was a change in estimate in the useful life of intangible assets, refer to note 27.

## 6. LEASES

### 6.1 OPERATING LEASES

NLC classifies leases as operating leases where the lessor effectively retains the risks and benefits of ownership. Operating lease payments are recognised in surplus or deficit on a straight-line basis over the year of the lease.

## 7. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The municipal entity determines the classification of its financial instruments at initial recognition.

A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument.

### 7.1 CLASSIFICATION OF FINANCIAL INSTRUMENTS

#### FINANCIAL ASSETS

NLDTF classifies its financial assets in the following categories:

- financial assets at amortised cost
- financial assets at fair value

Financial assets carried at amortised cost, are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. These assets are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

NLDTF will derecognize a financial assets when:

- (a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- (b) NLDTF transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) NLDTF despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

### 7.2 FINANCIAL ASSETS AT AMORTISED COST CONSISTS OF:

- trade and other receivables from exchange transaction;
- trade and other receivables from non-exchange transaction;

### 7.3 FINANCIAL ASSETS AT FAIR VALUE

Financial instruments at fair value comprise financial assets that are:

Cash and cash equivalents consists of.

- cash in hand/petty cash
- Investments : deposits held at call and money market securities
- balances with banks



Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. It comprises cash in hand and deposits held at call with respective banks. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are classified as financial assets at fair value and are carried at cost which due to their short-term nature approximates fair value.

Financial Assets at fair value will be initially recognised is at fair value. A gain or loss arising from a change in the fair value of a financial asset measured at fair value shall be recognised in surplus or deficit.

## FINANCIAL LIABILITIES

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of financial liabilities and the classification determining how they are measured exist:

Financial liabilities measured at amortised cost

The NLDTF has the following types of financial liabilities as reflected on the face of the balance sheet and in the notes thereto:

TYPE OF FINANCIAL LIABILITY	CLASSIFICATION IN TERMS OF GRAP 104
Grant liabilities	Financial liability at amortised cost
Other accounts payables/creditors from exchange transactions	Financial liability at amortised cost

Grants liabilities are grants allocated to the beneficiaries that meet the terms and conditions of the Grant Agreement are classified at amortised cost.

Any other accounts payables from exchange transactions consists of suppliers, mainly consultants, quantity surveyors and engineers.

A financial liability is recognised, when the NLC becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instruments not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instruments are added or deducted from the fair value, as appropriate on initial recognition.

Financial liabilities consist of payables and grant liabilities. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Grant allocations are expensed in the Statement of financial performance in the period in which they are incurred except where stated otherwise.

A gain or a loss is recognised in surplus or deficit when the financial liability is derecognised or through the amortisation process.

NLDTF derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

- cash in hand
- deposits held at call and short notice
- balances with banks

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. It comprises cash in hand and deposits held at call with respective banks. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are classified as financial assets at fair value and are carried at cost which due to their short-term nature approximates fair value.

## 8. IMPAIRMENT OF ASSETS

### 8.1 FINANCIAL ASSETS CARRIED AT AMORTISED COST

NLC assesses at each reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

- Objective evidence includes one or more of the following events:
- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as default or delinquency in payments;
- Becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in NLC, including:
  - Adverse changes in the payment status of issuers or debtors of NLC; and
  - National or local economic conditions that correlates with defaults on the assets of NLC.

NLC first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If NLC determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

### 8.2 IMPAIRMENT OF OTHER NON-FINANCIAL ASSETS

Assets, including intangible assets, that are subject to amortisation, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such indicators include continued losses, changes in technology, market, economic, legal and operating environments.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable amount is measured using the higher of the fair value less costs to sell and the value-in-use. Value-in-use is the present value of the asset's remaining service potential. An impairment charge is recognised as a loss in surplus or deficit immediately.

Cash-generating assets are assets managed with the objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets. NLC and its controlled do not hold cash generating assets and therefore all assets are classified as non-cash-generating assets.

Financial liabilities consist of payables and grant liabilities. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Grant allocations are expensed in the Statement of financial performance in the period in which they are incurred except where stated otherwise.

A gain or a loss is recognised in surplus or deficit when the financial liability is derecognised or through the amortisation process.

NLC derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise:

- cash in hand
- deposits held at call and short notice
- balances with banks

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. It comprises cash in hand and deposits held at call with respective banks. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are classified as financial assets at fair value and are carried at cost which due to their short-term nature approximates fair value.

## **9. CONTINGENT ASSETS**

Contingent assets are possible assets that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is not recognised in the annual financial statement, however it is disclosed where an inflow of economic benefits or service potential is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

## **10. FINANCIAL RISK MANAGEMENT**

The Company and Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Board manages these risks through a Board Audit and Risk Committee. The Board manages these risks through quarterly reporting of risk management.

### **10.1 MARKET RISK**

The Company and Group's activities as a regulator do not expose it to a significant amount of market risk. The Board has an approved investment policy in place. The pillars of the policy include capital preservation, liquidity and maximisation of returns.

### **10.2 CREDIT RISK**

Credit risk arises from the following:

- Cash and cash equivalents and deposits with banks and financial institutions.
- Receivables from exchange and non-exchange transactions and committed transactions.

To mitigate the credit risk exposure, the entity:

- Banks and invests in the financial institutions approved by the Minister of Finance.
- Invest the surplus funds in financial institutions that have a credit rating equivalent to or higher than sovereign (country) rating.
- Complies with the relevant regulations and practice notes issued by National Treasury.
- The Company and Group also follows regulations issued by National Treasury to manage its exposure to credit risk.

### 10.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet the daily demands of the operations.

Management monitors daily balances of cash and cash equivalents as well as investment accounts to ensure that enough funds are available to meet the needs of the operation.

## 11. EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

### 11.1 POST-EMPLOYMENT BENEFITS

The Provident Fund to which employees belong is a defined contribution fund, which provides retirement, death and disability benefits. The contributions are charged to the Statement of Financial Performance in the year to which they relate.

### 11.2 PROVISION FOR LEAVE PAY

The NLC accrues in full the employees' rights to annual leave entitlement in respect of past service. The undiscounted amount is expensed over the year the services are rendered. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date. The NLC remains liable to pay out an amount equal to the leave balance at current rate of remuneration. Payment of the leave is dependent on when employees resign. The NLC has an approved leave policy.

### 11.3 PROVISION FOR BONUS PLAN

The NLC recognises a provision and an expense for bonuses in staff costs, based on a formula where there is a contractual obligation or where there is a past practice that has created a constructive obligation. Bonuses are paid based on the outcome of annual performance assessments and only paid once approval of the Board is obtained. The timing of the approval of the bonus varies from year to year. The NLC has an approved performance management policy.

## 12. TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

## 13. PROVISIONS

Provisions are recognised when, as a result of past events, the Company has a present legal or constructive obligation of uncertain timing or amount, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.

## 14. CONTINGENT LIABILITIES

Company and Group discloses a contingent liability when:

- It has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- It has a present obligation that arises from past events but not recognised because:
  - It is not probable that an outflow of resources will be required to settle an obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognised in the annual financial statements, however it is disclosed unless the probability of an outflow of economic benefits is remote. Contingent liabilities comprise grants allocated by the Distributing Agencies to beneficiaries on a conditional basis and the stipulated conditions have not been met as at 31 March 2024.

## 15. ALLOCATION OF GRANTS

### 15.1 ALLOCATION OF GRANTS

#### INITIAL RECOGNITION

Grant allocations are accounted as contingent liabilities when applications for assistance from individual organisations are considered and grants are unconditionally awarded by the respective Distributing Agencies. The policy applies for both application based and researched based grants.

Grant allocations expenses for the first tranche are accounted in the statement of financial performance upon the conclusion of a valid grant agreement signed between both parties with the conditions as outlined in the agreement for the transfer of the funds having been met by the beneficiary. Where the grant has multiple tranches, the tranches subsequent to the first tranche



shall not be accounted in the statement of financial performance upon the conclusion of a valid progress report and compliance checklist approved by the delegated NLC officials.

### **SUBSEQUENT MEASUREMENT**

The grant allocated may be revoked in the same year that the grant is allocated or in future periods. Revocations are off-set against the grant allocation expense when a grant is revoked and is recognised at the amount of the revocation.

Revocations are effected by the NLC under the following circumstances:

- Breach of Grant Agreement
- Voluntary cancellation of the Grant Agreement by the beneficiary due to various reasons;
- Cancellation due to identification and/or determination of irregularities from the beneficiary organisation; or
- Any other reasons that the Minister of **the dtic** considers enough to warrant cancellation as set out in Section 31 of the Act.

## **16. CONTRACTUAL COMMITMENTS**

A commitment is a contractual arrangement that binds the entity to incur future expenditure based on items that are still to be received. Disclosure of commitments entered into before year end are relevant for the following standards of GRAP:

- GRAP 1 on Presentation of Financial Statements (disclosure of unrecognised contractual commitments);
- GRAP 13 on Leases (disclosure of the future minimum lease payments);
- GRAP 17 on Property, Plant & Equipment (disclosure of contractual commitments for Property, Plant & Equipment); and
- GRAP 31 on Intangible Assets (disclosure of the contractual commitments for the acquisition of intangible assets).

## **17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

Assumptions and estimates form an integral part of financial reporting and have an impact on the amounts reported. Assumptions are based on historical experience and expectations of future outcomes and anticipated changes in the environment.

Assumptions are further regularly reviewed in the light of emerging events and adjusted where required.

### **17.1 GRANT LIABILITIES**

Grant allocations are accounted as contingent liabilities when applications for assistance from individual organisations are considered and grants are unconditionally awarded by the respective Distributing Agencies. The policy applies for both application based and researched based (formerly known as proactive funding) grants.

Grant allocations expenses for the first tranche are accounted in the statement of financial performance upon the conclusion of a valid grant agreement with the conditions as outlined in the agreement for the transfer of the funds having been met by the beneficiary to the satisfaction of the NLC. Where the grant has multiple tranches, the tranches subsequent to the first tranche shall not be accounted in the statement of financial performance upon the conclusion of a valid progress report and compliance checklist approved by the delegated NLC officials.

The grants are classified as financial liabilities in line with the requirements of GRAP 104 (Financial Instruments). The NLC shall recognise a grant liability in the statement of financial position for the portion of a grant allocations related to the first tranche upon the conclusion of a valid grant agreement that comply with conditions outlined in the agreement for the transfer of the funds. The portion of a liability related to subsequent tranches are classified as contingent liabilities until the terms and conditions of the grant agreement have been met, that is, a valid progress report and a compliance checklist has been authorised by delegated NLC officials.

Disclosures are made for those organisations which were funded by the NLDTF in which Distributing Agencies may have significant interest in. Disclosures made relate to the payments, allocations in the current year and outstanding amounts outstanding at year end.

## 17.2 DEPRECIATION

Depreciation is recognised through surplus or deficit on a straight-line basis over the estimated useful life, or the lease term if shorter, of each asset or component of an item of property, plant, and equipment. Land is not depreciated and major repairs and overhauls are depreciated over the remaining useful life of the related asset or to the date of the next major repair or overhaul, if shorter. Depreciation commences when the asset is available for use.

## 17.3 PROVISION FOR DOUBTFUL DEBTS

A provision for doubtful debt is raised in instances where there are indications that the debt may not be recoverable from the debtor. The assessment of recoverability is done on a individual debtor basis.

## 17.4 CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the financial statements, but are disclosed in the notes to the annual financial statements unless the probability of occurrence is remote.

## 17.5 BENEFICIARIES WRITTEN OFF

Beneficiaries written off are those beneficiaries where all avenues for recovery have been completely exhausted and the outstanding debts are considered not recoverable.

## 17.6 CONTINGENT ASSETS

Contingent assets are not recognised in the annual financial statements, but are disclosed in the notes to the financial statements unless the probability of occurrence is remote.

## 18. RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

As a minimum, the following are regarded as related parties of the reporting entity:

- (a) A person or a close member of that person's family related to the reporting entity if that person:
  - (i) Has control or joint control over the NLC;
  - (ii) Has significant influence over the NLC or
  - (iii) Is a member of the management of the NLDTF or NLC.

Related party transactions are transfers of resources, services or obligations between the NLC and a related party, regardless of whether a price is charged.

## 19. IRREGULAR EXPENDITURE

Irregular Expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including:

- The PFMA;
- The Treasury Regulations;
- A National Treasury Instruction, issued in terms of section 76 of the PFMA; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act
- Any legislation providing for procurement procedures.

Irregular expenditure is recognised and disclosed in the financial statements, in accordance with the compliance reporting requirements of National Treasury Instruction 4 of 2022/2023 PFMA Compliance and reporting framework

When confirmed, irregular expenditure must be recorded in the notes to the annual financial statements. The amount to be recorded in the notes must be equal to the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof. Where such impracticability exists, the reasons therefore must be provided in the notes. Irregular expenditure must be removed from the notes when it is either:

- (a) Condoned by the National Treasury or the relevant authority;
- (b) It is transferred to receivables for recovery; or
- (c) It is not condoned and is irrecoverable.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and must be de-recognised when the receivable is settled or subsequently written off as irrecoverable.

Any irregular expenditure is charged against income in the year in which it is incurred.

Irregular expenditure is removed from the register when the relevant authority has condoned the irregular expenditure. The accounting officer or authority may remove irregular expenditure that was not condoned by the relevant authority.

## 20. FRUITLESS AND WASTEFUL EXPENDITURE

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Once the determination has been completed in line with the published framework investigation and it is concluded that person is liable for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Any fruitless and wasteful expenditure will be removed from the register once the loss has been recovered. Any unrecoverable losses may be written off by the accounting officer or accounting authority.

## 21. BUDGET INFORMATION

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the financial year from 2023/04/01 to 2024/03/31. The budget for the economic entity includes all the entities approved budgets under its control. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting year has been included in the statement of comparison of budget and actual amounts.

## 22. EVENTS AFTER THE REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The NLC discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

## 23. CHANGE IN ACCOUNTING ESTIMATES

Change in accounting estimate will be recognised prospectively in terms of GRAP 3 and the nature and amount of the change in an accounting estimate shall be disclosed in the notes to the financial statements.

## 24. PRIOR PERIOD ERROR

Any prior period error shall be corrected by retrospective restatement in terms of GRAP 3 and the nature of the prior period error, the amount of correction for each financial statement line item affected and the amount of the correction at the beginning of the earliest prior period shall be presented in the note for prior period error of the financial statements.

## 25. TAXATION

No provision has been made for taxation. The NLC and NLDTF are exempt from Income Tax in terms of Section 10(1)(cA) of the Income Tax Act, 1962.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
	R'000	R'000	R'000	R'000
<b>1. TRANSFERS FROM NLDTF</b>				
Transfer of approved NLC budget as per section 34 of the Lotteries Act	-	-	508,524	474,815
	-	-	<b>508,524</b>	<b>474,815</b>

The prior year amount has been restated, refer to note 26

## 2. FUND REVENUE

Share of Ticket Sales	1,827,949	1,663,399	-	-
Expired and Unclaimed Prizes	111,715	155,032	-	-
Interest from the National Lotteries Participants Trust	10,470	6,738	-	-
	<b>1,950,134</b>	<b>1,825,170</b>	-	-

Fund Revenue was restated in 2023 from R1 849 369 (thousand) to R1 825 170 (thousand) due to reclassification of Revocations of R24 199 (thousand) to Allocations of grants expense, refer to note 6

## 3. LICENCE FEES

Recognition of Lottery Licence Fees	2,833	2,778	2,833	2,778
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## 4. OTHER INCOME

Registration Fees	97	96	97	96
Sundry Income	7,337	4,664	1,790	705
Movement in the Provision for doubtful debt	220	430	-	178
Income related to the RFP process for the 4th Lottery License	24,990		24,990	
<b>Total Other Income</b>	<b>32,644</b>	<b>5,190</b>	<b>26,877</b>	<b>978</b>

The prior year amount for Other Revenue has been restated to include movement in doubtful debts, the amount was incorrectly classified as other expenses. refer to note 11

Sundry income is inclusive of funds that the NLC is recovering from beneficiaries who have breached the conditions of the grant agreement, the amount has changed from previous year, refer to note 26.

RFP Lottery Fee - Document relates to the revenue collected from the bidders that participated in the 4th Lottery licence bidding process.

## 5. INTEREST INCOME

Call and current accounts	216,920	118,663	1,233	688
National Lotteries Participants Trust current accounts	6,296	5,542	-	-
	<b>223,215</b>	<b>124,206</b>	<b>1,233</b>	<b>688</b>

	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
	R'000	R'000	R'000	R'000
<b>6. ALLOCATION OF GRANTS</b>				
Current Year Allocations	571,208	860,950	-	-
Less: Current year revocations	(3,972)	(11,542)	-	-
Less: Previous year revocations	(26,332)	(4,690)	-	-
	<b>540,905</b>	<b>844,718</b>	<b>-</b>	<b>-</b>

The prior year amount for Allocation of Grants has been adjusted to correct classification of revocations from previous years, these were previously classified as fund revenue in note 2, further to this the prior year amounts have been restated due to prior period error on the accounting policy, refer to note 26.

## 7. TRANSFERS TO NATIONAL TREASURY

Return of Surplus	300,000	-	-	-
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The amount relates to amounts paid to the National Treasury in terms of instruction note no 12 of 2020/21, retention of surpluses by constitutional institutions and public entities listed in schedules 3A and 3C.

## 8. EMPLOYEE RELATED COSTS

Salaries, wages and allowances	236,727	225,883	236,727	225,883
Medical Aid Fund Contribution	17,323	16,105	17,323	16,105
Defined Provident Fund Contributions	27,302	26,022	27,302	26,022
Social Security Levies (Unemployment Insurance Fund, Skills Development Lev	3,044	2,981	3,044	2,981
Risk Benefit	9,000	7,421	9,000	7,421
Provision for Bonus	68	-	68	-
Provision for Leave Pay	2,444	1,691	2,444	1,691
Provision for Ex-Gratia	(20,847)	(2,795)	(20,847)	(2,795)
	<b>275,062</b>	<b>277,307</b>	<b>275,062</b>	<b>277,307</b>

Employee costs have been restated, refer to note 26.



	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
9. GOODS AND SERVICES	R'000	R'000	R'000	R'000
Advertising and Publicity	4,844	5,981	4,844	5,981
*Audit Fees	11,635	10,470	10,579	9,492
Bank Charges	205	177	83	81
*Board Member and Board Committees Fees	5,066	4,823	5,066	4,823
*Computer Expenses	18,058	18,256	18,058	18,256
*Conferences and Meetings	5,784	2,044	5,784	2,044
*Consulting Fees	24,659	15,950	24,659	15,950
Courier and Delivery Costs	254	276	254	276
Distributing Agency Emoluments	1,278	1,870	1,278	1,870
Enterprise and Supplier Development	709	1,209	709	1,209
*Insurance	889	736	693	546
Investigations	19,939	27,795	19,939	27,795
*Legal Fees	35,252	34,602	35,252	34,602
Outsourcing	4,828	3,592	4,828	3,592
Printing and Stationary	1,531	1,451	1,531	1,451
Professional Fees	-	2,048	-	-
Refreshments and Catering	1,143	942	1,139	939
Rental - Motor Vehicles	3,031	3,033	3,031	3,033
Rental - Office Buildings	21,657	19,832	21,657	19,832
*Rental - Office Equipment	3,466	2,063	3,466	2,063
Repairs and Maintenance	787	1,830	787	1,830
Research	-	-	-	-
Security	7,733	6,940	7,733	6,940
Small Assets Written-off	-	-	-	-
Staff Recruitment	5,591	642	5,591	642
Staff Training	1,690	1,186	1,622	1,186
Staff Welfare	688	743	688	743
Subscriptions	445	132	445	132
Sundry Expenses:	3,640	3,042	3,640	3,042
Vehicle Expenses	1,965	1,956	1,965	1,956
*Telephone Charges	1,867	3,250	1,867	3,250
*Travel and Accommodation	13,697	7,101	13,697	7,101
Trustee Fees	871	537	-	-
Water and Electricity	5,588	4,943	5,588	4,943
	<b>208,793</b>	<b>189,452</b>	<b>206,474</b>	<b>185,601</b>

The amount for motor vehicle expenses was included in sundry expenses in the prior year Included in the amount of sundry expenses is the following items

General expenses R 1.173 million (2023 R1.078 million Removals R17 thousand (R29 thousand)

Workman's' compensation R0 (2023 R683 thousand) Cleaning services R949 thousand (R1.249 million)

\*Audit fees, sundry expenses, computer expenses, conferences, Board Member and Board Committees Fees, insurance, legal fees, rental office equipment, consulting fees, Telephone Charges and travel and accommodation have been restated. Refer to note 26.

	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
	R'000	R'000	R'000	R'000
<b>10. ADMINISTRATION EXPENSES</b>				
Trust Administration Fees	4,017	3,775	-	-

### 11. BAD DEBTS

Debtors written off	773	477	773	208
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The prior year amount has been restated due to prior period error in the accounting policy, refer to note 26. The classification for movement in doubtful debt was reclassified to other income as reflected in note 4

### 12. DEPRECIATION, AMORTISATION AND IMPAIRMENT

#### 12.1 DEPRECIATION

Network Infrastructure	898	999	898	999
Buildings	1,125	567	1,125	567
Computer Equipment	2,503	1,749	2,503	1,749
Furniture and Fittings	1,207	1,229	1,207	1,229
Leasehold Improvements	1,957	-	1,957	-
Office Equipment	1,499	1,575	1,499	1,575
	<b>9,189</b>	<b>6,118</b>	<b>9,189</b>	<b>6,118</b>

#### 12.2 IMPAIRMENT

Property, plant, and equipment	12,863	397	12,863	397
Intangible assets	23,999	-	23,999	-
	<b>36,862</b>	<b>397</b>	<b>36,862</b>	<b>397</b>

#### 12.3 AMORTISATION

ERP System (Fusion)	11,096	9,142	11,096	9,142
	<b>11,096</b>	<b>9,142</b>	<b>11,096</b>	<b>9,142</b>
	<b>57,147</b>	<b>15,657</b>	<b>57,147</b>	<b>15,657</b>

Prior year amounts were restated, refer to note 26

### 13. LOSS OF DISPOSAL OF PROPERTY, PLANT, AND EQUIPMENT

Loss of disposal of Property, Plan and Equipment	11	487	11	487
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## 14. PROPERTY, PLANT, AND EQUIPMENT

### GROUP AND COMPANY: 31 MARCH 2024

#### RECONCILIATION OF CARRYING VALUE

Description	Buildings R'000	Network Infrastructure R'000	Computer Equipment R'000	Furniture and Fittings R'000	Leasehold Assets R'000	Motor Vehicles R'000	Office Equipment R'000	Total R'000
<b>Carrying values at 01 April 2023</b>	<b>69,384</b>	<b>2,871</b>	<b>4,659</b>	<b>3,036</b>	<b>-</b>	<b>-</b>	<b>5,103</b>	<b>85,054</b>
Cost	71,308	13,711	14,870	14,987	8,276	-	16,678	139,830
Accumulated Depreciation and Impairment Losses	(1,924)	(10,840)	(10,210)	(11,951)	(8,276)	-	(11,575)	(54,776)
Additions	3,201	4,445	2,071	1,743	18,399	-	996	30,855
Depreciation:	(1,125)	(898)	(2,503)	(1,207)	(1,957)	-	(1,499)	(9,190)
Carrying value of Disposals:	-	-	(304)	(9)	-	-	(13)	(326)
- Cost	-	(90)	(3,360)	(371)	-	-	(414)	(4,235)
- Accumulated Depreciation	-	90	3,056	362	-	-	401	3,909
Impairment Losses	(12,863)	-	-	-	-	-	-	(12,863)
<b>Carrying values at 31 March 2024</b>	<b>58,597</b>	<b>6,418</b>	<b>3,923</b>	<b>3,563</b>	<b>16,442</b>	<b>-</b>	<b>4,588</b>	<b>93,531</b>
Cost	74,509	18,066	13,580	16,359	26,675	-	17,261	166,450
Accumulated Depreciation and Impairment	(15,912)	(11,648)	(9,658)	(12,796)	(10,233)	-	(12,673)	(72,919)

### GROUP AND COMPANY: 31 MARCH 2023

#### RECONCILIATION OF CARRYING VALUE

Description	Buildings R'000	Network Infrastructure R'000	Computer Equipment R'000	Furniture and Fittings R'000	Leasehold Assets R'000	Motor Vehicles R'000	Office Equipment R'000	Total R'000
<b>Restated Carrying values at 01 April 2022</b>	<b>69,951</b>	<b>3,870</b>	<b>5,252</b>	<b>4,457</b>	<b>-</b>	<b>-</b>	<b>7,226</b>	<b>90,755</b>
Cost	71,308	13,711	14,724	15,435	8,276	-	19,129	142,584
Accumulated Depreciation and Impairment Losses	(1,357)	(9,841)	(9,472)	(10,979)	(8,276)	-	(11,903)	(51,828)
Additions	-	-	1,312	27	-	-	12	1,351
Depreciation:	(567)	(999)	(1,748)	(1,228)	-	-	(1,575)	(6,116)
Carrying value of Disposals:	-	-	(126)	(112)	-	-	(300)	(538)
- Cost	-	-	(1,166)	(476)	-	-	(2,463)	(4,105)
- Accumulated Depreciation	-	-	1,040	364	-	-	2,163	3,567
Impairment Losses	-	-	(31)	(108)	-	-	(259)	(398)
<b>Restated Carrying values at 31 March 2023</b>	<b>69,384</b>	<b>2,871</b>	<b>4,659</b>	<b>3,036</b>	<b>-</b>	<b>-</b>	<b>5,103</b>	<b>85,054</b>
Cost	71,308	13,711	14,870	14,987	8,276	-	16,678	139,830
Accumulated Depreciation and Impairment	(1,924)	(10,840)	(10,210)	(11,951)	(8,276)	-	(11,575)	(54,776)

The prior amounts have been restated, refer to note 26.

## 14. PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
	R'000	R'000	R'000	R'000

### 14.1 IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT

The amount disclosed for impairment losses on Property, plant, and equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:

Buildings	12,863	-	12,863	-
Computer Equipment	-	31	-	31
Furniture & Fittings	-	108	-	108
Office Equipment	-	259	-	259
<b>Total Impairment of Property, plant, and equipment</b>	<b>12,863</b>	<b>398</b>	<b>12,863</b>	<b>398</b>

## 15. INTANGIBLE ASSETS

### GROUP AND COMPANY: 31 MARCH 2024

#### RECONCILIATION OF CARRYING VALUE

	Grant Management System R'000	Enterprise System R'000	Total R'000
<b>Carrying values at 01 April 2023</b>	<b>-</b>	<b>48,655</b>	<b>48,655</b>
Cost	-	110,057	110,057
- Completed Assets	-	110,057	110,057
Accumulated Amortisation and Impairment Losses:	-	(61,402)	(61,402)
Acquisitions:	-	-	-
- At Cost	-	-	-
Amortisation:	-	(11,096)	(11,096)
Carrying value of Disposals:	-	-	-
- Accumulated Amortisation	-	-	-
- Cost	-	-	-
Impairment Losses	-	(23,999)	(23,999)
<b>Carrying values at 31 March 2024</b>	<b>-</b>	<b>13,560</b>	<b>13,560</b>
Cost	-	110,057	110,057
Accumulated Amortisation and Impairment	-	(96,497)	(96,497)

### GROUP AND COMPANY: 31 MARCH 2023

#### RECONCILIATION OF CARRYING VALUE

	Grant Management System R'000	Enterprise System R'000	Total R'000
<b>Carrying values at 01 April 2022</b>	<b>-</b>	<b>57,581</b>	<b>57,581</b>
Cost	6,963	109,842	116,805
Accumulated Amortisation:	(6,963)	(52,261)	(59,224)
Additions	-	-	-
Amortisation:	-	(9,142)	(9,142)
Carrying value of Disposals:	-	-	-
- Cost	(6,963)	-	(6,963)
- Accumulated Amortisation	6,963	-	6,963
<b>Carrying values at 31 March 2023</b>	<b>-</b>	<b>48,655</b>	<b>48,655</b>
Cost	-	110,057	110,057
Accumulated Amortisation and Impairment	-	(61,402)	(61,402)

The prior year amount for Intangible Assets has been adjusted. Refer to Note 26 on prior period error for details of the restatement.

## 15. INTANGIBLE ASSETS (CONTINUED)

### 15.1 SIGNIFICANT INTANGIBLE ASSETS

The NLC utilises an enterprise system that is used for Supply Chain Management, Grant Funding and Human Capital Management

## 16. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
	R'000	R'000	R'000	R'000
<b>Accrued Income</b>	<b>22,628</b>	<b>16,038</b>	<b>90</b>	<b>78</b>
Interest Receivable on Current and Call Accounts	22,628	16,038	90	78
<b>Claims from Beneficiaries</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>-</b>
Gross Amount Claimed	19	3,239	-	-
Provision for Doubtful Claim Recovery from Beneficiaries	(19)	(239)	-	-
Other Receivables	1,432	1,071	1,432	1,071
Staff Receivables - Payroll	106	45	106	45
Study Loans and Advances	36	51	36	51
Sundry Debtors:	1,290	975	1,290	975
Gross Sundry Debtors	1,290	975	1,290	975
Provision for Doubtful Sundry Debtors	-	-	-	-
<b>Total</b>	<b>24,060</b>	<b>20,109</b>	<b>1,522</b>	<b>1,149</b>
<b>Current</b>	<b>24,060</b>	<b>20,109</b>	<b>1,522</b>	<b>1,149</b>

Claims from Beneficiaries have been restated, refer to note 26.

## 17. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Advance Sales due from Ithuba Holdings (Pty) Ltd	2,257	4,939	-	-
Ithuba Holdings (Pty) Ltd - Share of Ticket Sales	44,982	25,075	-	-
National Lottery Commission	-	-	-	-
Unclaimed Funds - Ithuba Holdings (RF)(Pty)Ltd	4,742	-	-	-
<b>Total</b>	<b>51,981</b>	<b>30,013</b>	<b>-</b>	<b>-</b>
<b>Current</b>	<b>51,981</b>	<b>30,013</b>	<b>-</b>	<b>-</b>

## 18. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R'000	Provision for Impairment R'000	Net Balances R'000
Total Statutory Receivables from non-exchange Transactions	-	-	-

There was no statutory receivables.

	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
	R'000	R'000	R'000	R'000
<b>19. PREPAYMENTS AND DEPOSITS</b>				
Deposits	6,261	6,162	6,261	6,162
Prepayments	1,380	172	1,297	93
	<b>7,641</b>	<b>6,334</b>	<b>7,558</b>	<b>6,255</b>

Deposits include amounts paid on inception of operating lease contracts entered into by the NLC for the leasing of property (refer to note 30.2 for details of operating lease commitments)

Prepayments primarily include rental paid in advance. Prior prepayments have been restated, refer to note 26

## 20. CASH AND CASH EQUIVALENTS

Cash at bank – call account	2,036,460	2,036,320	3,238	3,098
Cash at bank – current account	1,703,523	907,389	6,127	5,895
Cash-on-Hand	31	57	31	57
<b>Total Bank, Cash and Cash Equivalents</b>	<b>3,740,013</b>	<b>2,943,766</b>	<b>9,396</b>	<b>9,050</b>

The currents are not pledged. The call account for the Company is pledged for a security deposit for Eskom Holdings SOC Ltd

## 21. DEFERRED INCOME

Opening Balance	6,139	2,917	6,139	2,917
Amount charged to Statement of Financial Performance	(2,833)	(2,778)	(2,833)	(2,778)
Additions from licence extension	0	6,000	0	6,000
<b>Closing Balance</b>	<b>3,306</b>	<b>6,139</b>	<b>3,306</b>	<b>6,139</b>

## LICENCE FEES

Current	2,833	2,833	2,833	2,833
Non-current	472	3,306	472	3,306
<b>Total Deferred Income</b>	<b>3,306</b>	<b>6,139</b>	<b>3,306</b>	<b>6,139</b>

## 22. GRANT LIABILITIES

Opening balance	272,030	28,382	-	-
Additional allocations made during the year	540,905	844,718	-	-
Payments made during the year	(523,275)	(601,070)	-	-
Revocations from previous years (refer to note 6)	-	-	-	-
Revocations from current year (refer to note 6)	-	-	-	-
<b>Closing Balance</b>	<b>289,659</b>	<b>272,030</b>	<b>-</b>	<b>-</b>
Current	289,659	272,030		
Non-Current	-	-		
<b>Total</b>	<b>289,659</b>	<b>272,030</b>		

Payments refers not only to payments against current year allocations but also to payments relating to commitments from previous years. The prior year amounts have been restated, refer to note 26



### 23. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
	R'000	R'000	R'000	R'000
Accruals	11,690	15,628	11,192	15,236
Other Creditors	3,001	-	3,001	-
Payroll Creditors	-	-	-	-
*Straight-lining of Operating Lease Payments	4,113	2,836	4,113	2,836
Supplier payables	11,986	7,348	11,986	7,348
<b>Total</b>	<b>30,790</b>	<b>25,812</b>	<b>30,293</b>	<b>25,420</b>
Current	<b>30,790</b>	<b>25,812</b>	<b>30,293</b>	<b>25,420</b>
Non-Current	-	-	-	-

The prior year amount for Payables from Exchange Transactions has been adjusted. Refer to Note 26.

\* refer to note 30.2 for operating lease commitments.

### 24. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Advance Sales due to Ithuba Holdings (RF) (Pty) Ltd	-	-	-	-
Advance Sales due to Players - Ithuba Holdings (RF) (Pty)Ltd	31,267	30,555	-	-
*National Lottery Distribution Trust Fund	-	-	83,620	91,144
Unclaimed Funds - Ithuba Holdings (RF) (Pty) Ltd	-	11,428	-	-
Unclaimed Prizes - Ithuba Holdings (RF) (Pty) Ltd	155,615	170,826	-	-
<b>Total Trade and Other Payables from Non-exchange Transactions</b>	<b>186,882</b>	<b>212,808</b>	<b>83,620</b>	<b>91,144</b>

\* The amount for the prior year has been restated, refer to note 26 prior period error

### 25. PROVISIONS

#### STAFF LEAVE PAY

Opening Balance	6,594	6,730	6,594	6,730
Additional Provisions Raised	7,476	6,594	7,476	6,594
Used during the Period	(658)	(1,333)	(658)	(1,333)
Unused Amounts Reversed	(5,936)	(5,397)	(5,936)	(5,397)
<b>Closing balance</b>	<b>7,476</b>	<b>6,594</b>	<b>7,476</b>	<b>6,594</b>

The leave balance is calculated based on the leave days carried over at year end.

#### GENERAL

Opening Balance	20,867	23,642	20,867	23,642
Additional Provisions Raised	873	20,867	873	20,867
Used during the Period	(20)	-	(20)	-
Unused Amounts Reversed	(20,847)	(23,642)	(20,847)	(23,642)
<b>Closing balance</b>	<b>873</b>	<b>20,867</b>	<b>873</b>	<b>20,867</b>

#### TOTAL PROVISIONS

The general provision relates to ex gratia payments for NLC employees	8,349	27,461	8,349	27,461
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Ex-Gratia is paid at the discretion of the Board, no provision has been made for Ex-Gratia payment in the current year.

## 26. PRIOR PERIOD ERROR

### 26.1 PRIOR PERIOD ERROR - GROUP

During the current financial year errors were identified relating to the prior years. The nature of the errors are as follows:

During the current financial year management embarked on a process to review the intangible asset register to determine whether all items met the definition and recognition criteria as set forth in GRAP 31: Intangible Assets. Per the outcome of the review process, a number of items which were classified as intangible items were found not to meet the recognition criteria. These resulted in a prior period error which is corrected retrospectively as follows:

This has resulted in the following restatement of figures

- Accumulated amortisation and amortisation increasing by R49.2 million in the 2022 financial year.
- Goods and services increasing by R11.670 million in the 2022 financial year and intangible assets cost reducing by the same amount.
- Accumulated amortisation and amortisation increasing by R8.9 million in the 2023 financial year."

During the current financial year management identified an error in the write off of accumulated depreciation on disposed assets, in the prior year. accumulated depreciation written off was more by R91 555. This error has been corrected as follows:

- Decrease in profit or loss on disposal of assets
- Increase in accumulated depreciation

"During the financial year management identified unrecorded liabilities which related to expenditure incurred in the prior year but paid in the current year. The effect is as follows:

Goods and services increased by R2.830 million in 2022 financial year. Goods and services increased by R1.182 million in 2023 financial year.

Trade and other payables from exchange transactions increased by R1.434 million whilst prepayments increased by R.093 million"

During the financial year management received an invoice amounting to R163 thousand for a recovery of employee costs from **the dtic**.

During the current financial year management revised the assumption made to split the acquisition of the building between land and buildings. The costs were split 80/20 between buildings and land. Management concluded that this was not correct as the land can never be separated from the building and therefore the full amount should have been depreciated. This error was adjusted in the 2021/22 financial year to correct the opening balance of the comparative.

2021/22 adjustment is R 88 691.34

2022/23 adjustment is R 34 532.32

During the year, NLDTF made adjustments on the accounts receivable account wherein contingent assets were erroneously recorded as receivables. This was corrected in the current financial year.

Over the previous financial years, the NLC incorrectly accounted for Grants in the application of GRAP 19. Management have reviewed the population and have processed the following entries to correct the financial statements using the requirements of GRAP 104

The financial statements have been retrospectively restated.

## 26. PRIOR PERIOD ERROR (CONTINUED)

	2022/23	2021/22
	R'000	R'000
<b>THE IMPACT OF THE ERRORS ARE AS FOLLOWS:</b>		
(Increase)/Decrease in goods and services	(1,182)	(14,353)
(Increase)/Decrease in profit or loss on disposal of assets	92	-
Increase/(Decrease) in Sundry Income	(15,842)	-
(Increase)/Decrease in employee costs	(163)	-
(Increase)/Decrease in depreciation, amortisation and impairment	(9,029)	(49,354)
— (Increase)/Decrease in Allocations of Grants	146,162	108,966
— (Increase)/Decrease in Impairments	-13,004	-12,983
— Increase/(Decrease) in Revocations	-42,724	-
<b>Increase/ (Decrease) in Statement of Financial Performance</b>	<b>64,309</b>	<b>32,276</b>
(Increase)/Decrease in Trade and other payables from exchange transactions	(1,434)	(2,897)
Increase/(Decrease) in Trade and other receivables from exchange transaction	(15,842)	-
(Increase)/Decrease in Intangible assets	(8,998)	(60,721)
Increase/(Decrease) in Prepayments and deposits	93	-
(Increase)/Decrease in Property Plant and Equipment	56	(89)
— (Increase)/Decrease in grant liabilities	90,434	95,983
<b>Increase/(Decrease) in Net Assets</b>	<b>64,309</b>	<b>32,276</b>

### 26.2 PRIOR PERIOD ERROR - COMPANY

During the current financial year errors were identified relating to the prior years. The nature of the errors are as follows:

During the current financial year management embarked on a process to review the intangible asset register to determine whether all items met the definition and recognition criteria as set forth in GRAP 31: Intangible Assets. Per the outcome of the review process, a number of items which were classified as intangible items were found not to meet the recognition criteria. These resulted in a prior period error which is corrected retrospectively as follows:

This has resulted in the following restatement of figures

- Accumulated amortisation and amortisation increasing by R49.2 million in the 2022 financial year.
- Goods and services increasing by R11.670 million in the 2022 financial year and intangible assets cost reducing by the same amount.
- Accumulated amortisation and amortisation increasing by R8.9 million in the 2023 financial year."

During the current financial year management identified an error in the write off of accumulated depreciation on disposed assets, in the prior year. accumulated depreciation written off was more by R91 555. This error has been corrected as follows:

Decrease in profit or loss on disposal of assets Increase in accumulated depreciation

During the financial year management received an invoice amounting to R163 thousand for a recovery of employee costs from **the dtic**.

"During the financial year management identified unrecorded liabilities which related to expenditure incurred in the prior year but paid in the current year. The effect is as follows:

Goods and services increased by R2.830 million in 2022 financial year. Goods and services increased by R1.182 million in 2023 financial year.

Trade and other payables from exchange transactions increased by R1.434 million whilst prepayments increased by R.093 million"

## 26. PRIOR PERIOD ERROR (CONTINUED)

During the current financial year management revised the assumption made to split the acquisition of the building between land and buildings. The costs were split 80/20 between buildings and land. Management concluded that this was not correct as the land can never be separated from the building and therefore the full amount should have been depreciated. This error was adjusted in the 2021/22 financial year to correct the opening balance of the comparative.

2021/22 adjustment is R 88 691.34

2022/23 adjustment is R 34 532.32

	2022/23 R'000	2021/22 R'000
<b>THE IMPACT OF THE ERRORS ARE AS FOLLOWS:</b>		
(Increase)/Decrease in goods and services	(1,182)	(14,353)
(Increase)/Decrease in profit or loss on disposal of assets	92	-
Increase/(Decrease) Transfers from NLDTF	10,283	63,707
(Increase)/Decrease in employee costs	(163)	-
(Increase)/Decrease in depreciation, amortisation and impairment	(9,029)	(49,354)
Increase/ (Decrease) in Statement of Financial Performance	-	-
(Increase)/Decrease in Trade and other payables fro	(1,434)	(2,897)
(Increase)/Decrease in Intangible assets	(8,997)	(60,721)
Increase/(Decrease) in Prepayments and deposits	93	-
(Increase)/Decrease in Property Plant and Equipment	56	(89)
(Increase)/Decrease in Trade and other payables from non-exchange	10,282	63,707
Increase/(Decrease) in Net Assets	-	-

### 26.3 CHANGE IN CLASSIFICATION

During the 2022/23 financial year an amount totalling to R111.7 million was erroneously disclosed under interest received in the cash flow statement instead of cash received from Ithuba and other parties.

During the 2022/23 financial year revocations relating to prior year grant allocations were disclosed under fund revenue. This has been corrected and revocations are now disclosed under allocation of grants in note 6. The amount for these revocations has also changed due to prior period error in the accounting policy, refer to 26.1

Movement in doubtful debts was of 178 thousand and was classified as other expenses in the previous year, this amount has been reclassified to other income.

	Note	Statement of Cash Flows for the Year ended 31 March 2023 R'000	Statement of Financial Performance for the Year ended 31 March 2023 R'000
<b>THE IMPACT OF THE CHANGE IS AS FOLLOWS:</b>			
Increase in cash received from Ithuba Holdings (RF) (Pty) Ltd and other		111,705	
Decrease Interest income		(111,705)	
Decrease in fund revenue	2		(4,690)
Decrease in Allocation of grants	6		4,690
Increase in other expenses	11		(178)
Increase in other income	4		178
Increase in Consulting Fees	9		(287)
Decrease in research and development			287
<b>Net effect</b>		<b>-</b>	<b>-</b>

## 27. CHANGE IN ESTIMATE

The NLC has reassessed the useful lives of property, plant, and equipment which resulted in the remaining useful life of buildings to be revised from 95 to 50 years. The effect of the change in accounting estimate has resulted in an increase in depreciation amounting to R391 284 for the current and future periods.

The NLC has reassessed the useful lives intangible assets from an average of 6 years, remaining, to 3 years. This follows the decision to replace and impair the current ERP system. The effect of the change in accounting estimate and impairment has resulted in an increase in amortisation amounting to R 1 899 006 for the current period and a reduction amounting to R5 344 438 for future periods.

	GROUP		COMPANY	
	2024	2023 RESTATED	2024	2023 RESTATED
	R'000	R'000	R'000	R'000
Surplus for the Year	822,119	625,471	-	-

## 28. CASH GENERATED BY OPERATIONS

### ADJUSTMENT FOR NON-CASH TRANSACTIONS INCLUDED IN SURPLUS:

Depreciation, Amortisation and Impairment	57,147	15,657	57,147	15,657
Deferred income	(2,833)	(2,778)	(2,833)	(2,778)
Operating lease payments smoothing	1,277	2,587	1,277	2,587
Loss on sale of assets	11	487	11	487
Provision for bad debts	(220)	(430)	-	(178)
Impairment of Provision	-	-	-	-
<b>Surplus/(deficit) after adjustment for non-cash items</b>	<b>877,500</b>	<b>640,994</b>	<b>55,601</b>	<b>15,775</b>

### WORKING CAPITAL CHANGES

( Increase)/Decrease in Trade and other Receivables	(27,006)	(9,430)	(1,676)	(227)
Increase/ (Decrease) in Trade and other payables	(22,225)	(97,826)	(3,929)	(15,092)
Increase/ (Decrease) in Provisions	(19,112)	(2,911)	(19,111)	(2,911)
Increase /(Decrease)in Grant Liabilities	17,630	243,648	-	-
Deferred income - License fees	(0)	5,666	(0)	5,666
<b>Cash generated by Operations</b>	<b>826,787</b>	<b>780,141</b>	<b>30,886</b>	<b>3,212</b>

## 29. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	GROUP		COMPANY	
	Year Ended 31 March 2024	Year Ended 31 March 2023	Year Ended 31 March 2024	Year Ended 31 March 2023
	R'000	R'000	R'000	R'000
Irregular expenditure	44,852	94,412	44,852	92,364
Fruitless and wasteful expenditure	73	1,737	73	-
<b>Closing balance</b>	<b>44,925</b>	<b>96,149</b>	<b>44,925</b>	<b>92,364</b>

### (1) AMOUNTS OF MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

There have been no losses incurred due to criminal conduct

## 29. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

(2) DISCIPLINARY STEPS TAKEN AS A RESULT OF INCIDENT DESCRIPTION	GROUP		COMPANY	
	Year Ended 31 March 2024	Year Ended 31 March 2023	Year Ended 31 March 2024	Year Ended 31 March 2023
	R'000	R'000	R'000	R'000
Irregular Expenditure	44,852	94,412	44,852	92,364

Numerous officials implicated. These officials have either been placed on precautionary suspension; have subsequently resigned or corrective action is still to be actioned.

### FRUITLESS AND WASTEFUL EXPENDITURE

Eleven instances where recovery has been initiated	11	0	11	0
One instance where determination has not been done	62	1,737	62	0
	<b>73</b>	<b>1,737</b>	<b>73</b>	<b>0</b>

Non- compliance with SCM legislation and prescripts

30. COMMITMENTS FOR EXPENDITURE	GROUP		COMPANY	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	R'000	R'000	R'000	R'000

### 30.1 CAPITAL COMMITMENTS

Purchase Order Commitments	50,027	8,539	50,027	8,539
<b>Total Capital Commitments</b>	<b>50,027</b>	<b>8,539</b>	<b>50,027</b>	<b>8,539</b>

### 30.2 OPERATING LEASE COMMITMENTS

Operating lease commitments arise from the lease of building and motor vehicles. The NLC leases buildings for its head office as well as some of its provincial offices. Motor Vehicles are leased for business purposes.

Buildings - The leases have a remaining useful life which ranged from less than one year to four years. The rental on the leased buildings escalates by inflation annually.

Motor Vehicles - The leases have a remaining useful life which ranged from less than one year to four years.

The future minimum lease commitments are as follows:

#### BUILDINGS

Due within one year	22,525	16,427	22,525	16,427
Due within two to five years	45,310	50,986	45,310	50,986
	<b>67,835</b>	<b>67,413</b>	<b>67,835</b>	<b>67,413</b>

#### MOTOR VEHICLE

Due within one year	567	2,921	567	2,921
Due within two to five years	-	730	-	730
	<b>567</b>	<b>3,651</b>	<b>567</b>	<b>3,651</b>
<b>Total Operating Lease Commitments</b>	<b>68,402</b>	<b>71,064</b>	<b>68,402</b>	<b>71,064</b>

### 30.3 OPERATING COMMITMENTS

Purchase Order Commitments	11,037	3,714	11,037	3,714
Contract Commitments	43,461	10,652	43,461	10,652
	<b>54,498</b>	<b>14,366</b>	<b>54,498</b>	<b>14,366</b>



### 31. MANAGEMENT OF FINANCIAL RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and investment return. Market risk that could impact on future cash flows and the value of a financial instrument arises from:

Interest rate risk: The impact of changes in market interest rates.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk is the risk that the Company and Group will encounter difficulty in meeting obligations associated with financial liabilities due to insufficient cash being available to meet commitments as and when they become due.

Financial risks are managed by the Company and Group as follows:

Review by the internal auditors of compliance with policies and exposure limits on a continual basis and regularly reporting to the Board Audit and Risk Committee; Monitoring forecast and accrual cash flows and matching the maturity profiles of financial assets and liabilities.

To assist in the analysis of the financial risks that the Company and Group is exposed to, the statement of financial position has been divided into the following categories: Financial assets and liabilities; Non-financial assets and liabilities.

		GROUP			COMPANY		
	Notes	Total R'000	Assets and Liabilities R'000	Non-financial assets and liabilities R'000	Total R'000	Financial assets and liabilities R'000	Assets and liabilities R'000
<b>AS AT 31 MARCH 2024</b>							
<b>FINANCIAL INSTRUMENTS AT AMORTISED COST:</b>							
<b>Unlisted:</b>							
Trade and other receivables from exchange transactions	16	24,060	24,060	-	1,522	1,522	-
Trade and other receivables from non-exchange transactions	17	51,981	51,981	-	-	-	-
<b>Financial instruments at fair value:</b>							
Cash and cash equivalents	20	3,740,013	3,740,013	-	9,396	9,396	-
<b>Non-Financial Assets</b>							
Other assets	14&15	107,091	-	107,091	107,091	-	107,091
Deposits and Prepayments	19	7,641	-	7,641	7,558	-	7,558
<b>Total Assets</b>		<b>3,930,787</b>	<b>3,816,054</b>	<b>114,732</b>	<b>125,568</b>	<b>10,918</b>	<b>114,649</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>							
Grant Liabilities	22	289,659	289,659	-	-	-	-
Trade and other payables from exchange transactions	23	30,790	26,677	4,113	30,293	26,180	4,113
Trade and other payables from non-exchange transactions	24	186,882	186,882	-	83,620	83,620	-
<b>Non-Financial Liability</b>							
Deferred income - Licence fees	21	3,306	-	3,306	3,306	-	3,306
Provisions	25	8,349	-	8,349	8,349	-	8,349
<b>Total liabilities</b>		<b>518,987</b>	<b>503,219</b>	<b>15,768</b>	<b>125,568</b>	<b>109,800</b>	<b>15,768</b>

## 31. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

		GROUP			COMPANY		
AS AT 31 MARCH 2023 RESTATE	Notes	Total R'000	Assets and Liabilities R'000	Non-financial assets and liabilities R'000	Total R'000	Financial assets and liabilities R'000	Assets and liabilities R'000
<b>FINANCIAL INSTRUMENTS AT AMORTISED COST:</b>							
<b>Unlisted:</b>							
Trade and other receivables from exchange transactions	16	20,109	20,109	-	1,149	1,149	-
Trade and other receivables from non-exchange transactions	17	30,013	30,013	-	-	-	-
<b>Financial instruments at fair value:</b>							
Cash and cash equivalents	20	2 943 766	2,943,766	-	9,050	9,050	-
<b>Non-Financial Assets</b>							
Other assets	14&15	133,709	-	133,709	133,709	-	133,709
Deposits and Prepayments	19	6,334	-	6,334	6,255	-	6,255
<b>Total Assets</b>		<b>3 133 931</b>	<b>2,993,888</b>	<b>140,043</b>	<b>150,164</b>	<b>10,200</b>	<b>139,964</b>

### FINANCIAL LIABILITIES AT AMORTISED COST:

Grant Liabilities	22	272,030	272,030	-	-	-	-
Trade and other payables from exchange transactions	23	25,812	22,976	2,836	25,420	22,584	2,836
Trade and other payables from non-exchange transactions	24	212,808	212,808	-	91,144	91,144	-
<b>Non-Financial Liability</b>							
Deferred income - Licence fees	21	6,139	-	6,139	6,139	-	6,139
Provisions	25	27,461	-	27,461	27,461	-	27,461
<b>Total liabilities</b>		<b>544,250</b>	<b>507,814</b>	<b>36,436</b>	<b>150,164</b>	<b>113,728</b>	<b>36,436</b>

### 31.1 FINANCIAL ASSETS AND LIABILITIES

The Company and Group is exposed to financial risk through the following financial assets and liabilities:

		GROUP		COMPANY	
		31 March 2024 R'000	31 March 2023 R'000	31 March 2024 R'000	31 March 2023 R'000
<b>FINANCIAL INSTRUMENTS AT AMORTISED COST:</b>					
<b>Unlisted:</b>					
Trade and other receivables from exchange transactions	16	24,060	20,109	1,522	1,149
Trade and other receivables from non-exchange transactions	17	51,981	30,013	-	-
<b>Financial instruments at fair value:</b>					
Cash and cash equivalents	20	3,740,013	2,943,766	9,396	9,050
<b>Total financial assets</b>		<b>3,816,054</b>	<b>2,993,888</b>	<b>10,918</b>	<b>10,200</b>
<b>Financial Liabilities at amortised cost:</b>					
Grant Liabilities	22	289,659	272,030	0	0
Trade and other payables from exchange transactions	23	23,676	22,976	23,179	22,584
Trade and other payables from non-exchange transactions	24	186,882	212,808	83,620	91,144
<b>Total financial liabilities</b>		<b>500,218</b>	<b>507,814</b>	<b>106,799</b>	<b>113,728</b>

## 31. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

### 31.1.1 MARKET RISK

Sensitivity to changes in interest rates and market indices relevant to financial assets or financial liabilities due to the risk that future cash flows will fluctuate. The table below details the specific interest rate risk that the Company and Group is exposed to:

		GROUP		
		Carrying amount R'000	Floating R'000	Non-interest bearing R'000
<b>AS AT 31 MARCH 2024</b>				
<b>Financial instruments at amortised cost:</b>	<b>Notes</b>			
<b>Unlisted:</b>				
Trade and other receivables from exchange transactions	16	24,060		24,060
Trade and other receivables from non- exchange transactions	17	51,981		51,981
<b>Financial instruments at fair value:</b>		0		
Cash and cash equivalents	20	3,740,013	3,739,982	31
		<b>3,816,054</b>	<b>3,739,982</b>	<b>76,072</b>
<b>Financial Liabilities at amortised cost:</b>				
Grant Liabilities	22	289,659	-	289,659
Trade and other payables from exchange transactions	23	23,676	-	23,676
Trade and other payables from non-exchange transactions	24	186,882	-	186,882
		<b>500,218</b>	<b>-</b>	<b>500,218</b>
<b>AS AT 31 MARCH 2023 RESTATED</b>				
<b>Financial instruments at amortised cost:</b>				
<b>Unlisted:</b>				
Trade and other receivables from exchange transactions	16	20,109	-	20,109
Trade and other receivables from non- exchange transactions	17	30,013	-	30,013
<b>Financial instruments at fair value:</b>				
Cash and cash equivalents	20	2,943,766	2,943,709	57
		<b>2,993,888</b>	<b>2,943,709</b>	<b>50,179</b>
<b>Financial Liabilities at amortised cost:</b>				
Grant Liabilities	22	272,030	-	272,030
Trade and other payables from exchange transactions	23	22,976	-	22,976
Trade and other payables from non-exchange transactions	24	212,808	-	212,808
		<b>507,814</b>	<b>-</b>	<b>507,814</b>

## 31. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

AS AT 31 MARCH 2024		COMPANY		
		Carrying amount R'000	Floating R'000	Non-interest bearing R'000
<b>Financial instruments at amortised cost:</b>				
<b>Unlisted:</b>				
Trade and other receivables from exchange transactions	16	1,522	-	1,522
Trade and other receivables from non- exchange transactions	17	-	-	-
<b>Financial instruments at fair value:</b>				
Cash and cash equivalents	20	9,396	9,365	31
		<b>10,918</b>	<b>9,365</b>	<b>1,553</b>
<b>Financial Liabilities at amortised cost:</b>				
Grant Liabilities	22	-	-	-
Trade and other payables from exchange transactions	23	23,179	-	23,179
Trade and other payables from non-exchange transactions	24	83,620	-	83,620
		<b>106,799</b>	<b>-</b>	<b>106,799</b>
AS AT 31 MARCH 2023 RESTATED				
<b>Financial instruments at amortised cost:</b>				
<b>Unlisted:</b>				
Trade and other receivables from exchange transactions	16	1,149	-	1,149
Trade and other receivables from non- exchange transactions	17	-	-	-
<b>Financial instruments at fair value:</b>				
Cash and cash equivalents	20	9,050	8,993	57
		<b>10,200</b>	<b>8,993</b>	<b>1,207</b>
<b>Financial Liabilities at amortised cost:</b>				
Trade and other payables from exchange transactions	23	22,584	-	22,584
Trade and other payables from non-exchange transactions	24	91,144	-	91,144
		<b>113,728</b>	<b>-</b>	<b>113,728</b>

### 31.1.2 CREDIT RISK

Key areas where the Company and Group was exposed to credit risk:

#### CASH AND CASH EQUIVALENTS

In March 2024, Standard & Poor Global revised the outlook on long-term rating on South Africa to stable from positive on weakening economic growth amid severe electricity cuts. fi-nancial institutions in South African financial institutions are not rated above the foreign currency sovereign ratings, given the direct and indirect impact that sovereign distress would have on domestic banks' operations. The ratings for the financial institutions were then revised to align to the sovereign rating. The rating awarded was BB- which indicates a slightly higher credit risk.

As at 31 March 2024		GROUP	
		Total R'000	BB- R'000
<b>Financial instruments at amortised cost:</b>			
<b>Financial instruments at fair value:</b>			
Cash and cash equivalents	20	3,740,013	3,740,013
		<b>3,740,013</b>	<b>3,740,013</b>

### 31. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

		GROUP	
As at 31 March 2023		Total	BB-
Financial instruments at amortised cost:		R'000	R'000
Financial instruments at fair value:			
Cash and cash equivalents	20	2,943,766	2,943,766
		<b>2,943,766</b>	<b>2,943,766</b>

		COMPANY	
As at 31 March 2024		Total	BB-
Financial instruments at amortised cost:		R'000	R'000
Financial instruments at fair value:			
Cash and cash equivalents	20	9,396	9,396
		<b>9,396</b>	<b>9,396</b>

As at 31 March 2023			
Financial instruments at amortised cost:			
Financial instruments at fair value:			
Cash and cash equivalents	20	9,050	9,050
		<b>9,050</b>	<b>9,050</b>

	GROUP		COMPANY	
	Year Ended 31 March 2024	Year Ended 31 March 2023	Year Ended 31 March 2024	Year Ended 31 March 2023
	R'000	R'000	R'000	R'000
CREDIT RISK RELATING TO RECEIVABLES				
Ithuba Holdings (RF) (Pty) Ltd	51,981	30,013	-	-
Beneficiaries	19	3,239	-	-
Other receivables from exchange transactions	23,954	17,064	1,416	1,104
	<b>75,954</b>	<b>50,316</b>	<b>1,416</b>	<b>1,104</b>

THE AGEING OF THE COMPONENTS OF TRADE AND OTHER RECEIVABLES WAS:	Group Gross	Group Impairment	Group Gross	Group Impairment
	Year Ended 31 March 2024	Year Ended 31 March 2023	Year Ended 31 March 2024	Year Ended 31 March 2023
	R'000	R'000	R'000	R'000
Within a year <sup>^</sup>	75,954	(19)	50,316	(669)
Later than one year	-	-	-	430
<b>Total</b>	<b>75,954</b>	<b>(19)</b>	<b>50,316</b>	<b>(239)</b>

<sup>^</sup>A greater portion of the debtors not impaired are going to be recovered within one month after year end

	Company Gross	Company Impairment	Company Gross	Company Impairment
	Year Ended 31 March 2024	Year Ended 31 March 2023	Year Ended 31 March 2024	Year Ended 31 March 2023
	R'000	R'000	R'000	R'000
Within a year	1,513	-	1,138	-
Later than one year	-	-	-	-
<b>Total</b>	<b>1,513</b>	<b>-</b>	<b>1,138</b>	<b>-</b>

### 31. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

THE MOVEMENT IN THE PROVISION FOR IMPAIRMENT DURING THE YEAR WAS AS FOLLOWS:	GROUP		COMPANY	
	Year Ended 31 March 2024	Year Ended 31 March 2023	Year Ended 31 March 2024	Year Ended 31 March 2023
	R'000	R'000	R'000	R'000
Balance at the beginning of the year	239	669	0	(178)
Movement in provision	(220)	(430)	0	178
<b>Balance at the end of the year</b>	<b>(19)</b>	<b>239</b>	<b>0</b>	<b>0</b>

#### 31.1.3 LIQUIDITY RISK

The table below analyses the Company and Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date.

AS AT 31 MARCH 2024	GROUP		COMPANY	
	Total	Within a year	Total	Within a year
	R'000	R'000	R'000	R'000
Grant Liabilities 22	289,659	289,659	0	0
Trade and other payables from exchange transactions 23	26,677	26,677	26,180	26,180
Trade and other payables from non-exchange transactions 24	186,882	186,882	83,620	83,620
<b>Total</b>	<b>503,219</b>	<b>503,219</b>	<b>109,800</b>	<b>109,800</b>

#### AS AT 31 MARCH 2023 RESTATED

Grant Liabilities 22	272,030	272,030	-	-
Trade and other payables from exchange transactions 23	22,976	22,976	22,584	22,584
Trade and other payables from non-exchange transactions 24	298,430	298,430	164,669	164,669
<b>Total</b>	<b>593,436</b>	<b>593,436</b>	<b>187,253</b>	<b>187,253</b>



### 32. RELATED PARTIES - EXECUTIVE MANagements EMOLUMENTS GROUP AND COMPANY

Executives	Role	Basic Salary R'000	Provident Fund and Risk Benefit Contributions R'000	Travel Allowance R'000	Cell phone Allowance R'000	Acting Allowances R'000	Other Allowances R'000	Total 2024 R'000	Total 2023 R'000
Mrs T Mampane	Commissioner	-	-	-	-	-	-	0	1,571
Ms. J Scholtz	Commissioner	2,250	348	-	48	-	115	2,761	427
Mr LV October	Acting Commissioner	-	-	-	-	-	-	0	887
Mr P Letwaba	Chief Operations Officer	-	-	-	-	-	-	0	1,534
Mr S Dlamini	Acting Chief Operations Officer	-	-	-	-	-	-	0	1,966
Ms X Ntuli	Chief Financial Officer	-	-	-	-	-	-	0	1,024
Mr V Jones	Chief Audit Executive	1,876	290	-	30	-	20	2,216	0
Mr M Mogolane	Chief Risk Officer	127	20	-	3	-	4	154	0
Ms T Maharaj	Chief Financial Officer	2,513	383	-	44	-	96	3,036	0
Ms. A Maharaj- Domun	Acting Chief Operations Officer	1,474	243	96	30	73	120	2,036	2,069
Mr M Ramusi	Chief Information Officer	2,591	584	120	48	-	270	3,613	3,365
Ms T Nkuna	Executive: Regulatory Compliance	2,226	368	156	48	-	23	2,821	2,749
Mr L Boihang	Executive Manager: Legal	192	33	-	4	-	12	241	0
Mr T Ramagoma	Executive Manager: Legal	-	-	-	-	-	-	0	1,645
Ms X Njapha	Interim Company Secretary	1,854	183	-	20	-	20	2,077	0
Adv. M Nene	Company Secretary	2,251	348	-	-	-	114	2,713	2,543
<b>Total</b>		<b>17,354</b>	<b>2,800</b>	<b>372</b>	<b>275</b>	<b>73</b>	<b>794</b>	<b>21,668</b>	<b>19,780</b>

### 33. RELATED PARTIES - BOARD OF TRUSTEES EMOLUMENTS - GROUP

MEMBERS	Members' Fees R'000	Travel Costs R'000	Total 2024 R'000	Total 2023 R'000
Dr MT Rameez's	-	-	-	108
Mr A Mahlalatye	166	-	166	135
Adv. LT Nevondwe	471	20	491	294
Adv. E Mabuza	-	-	-	-
Ms C Abdul	208	6	214	-
Ms. T Nkuna	-	-	-	-
<b>Total</b>	<b>845</b>	<b>26</b>	<b>871</b>	<b>537</b>

Adv. E Mabuza is a representative of Ithuba Holdings RF (Pty) Ltd] (as an Operator) and is not remunerated  
Ms. T Nkuna was appointed as the NLC Representative from 21 February 2023. Ms. Nkuna is not remunerated. \*\*\*\*\*  
Dr. MT Matshoba-Ramuedzisi resigned on 30 November 2022,  
Ms C Abdul was appointed as the third independent trustee on 01 September 2023.

### 34. RELATES PARTIES - BOARD AND SUB COMMITTEE MEMBERS EMOLUMENTS

Executives	Board meeting fees R'000	Travel costs R'000	Cell phone allowance R'000	RFP Meetings R'000	Total 2024 R'000	Balances Outstanding R'000	Total 2023 R'000
Prof B Pityana	906	9	50	224	1,189	37	875
Ms B Ferguson	706	6	48	213	973	149	1,109
Ms. P Mvulane	564	7	36	174	781	85	984
Mr L October***	265	0	36	181	482	38	0
Mr T Bonakele***	331	7	28	203	568	71	0
Mr W Hofmeyr****	72	0	4	0	76		627
Dr. C Lubisi*****	51	0	4	0	55		1,006
Dr P Dala*	355	0	32	0	387	37	142
Ms L Tromp*	201	0	24	0	225		0
Ms Louw*	163	0	20	0	183		0
Dr S Mojaki**	125	0	20	0	145	23	81
Ms I Ramafola*****					0		0
<b>Total</b>	<b>3,741</b>	<b>28</b>	<b>302</b>	<b>995</b>	<b>5,066</b>	<b>440</b>	<b>4,823</b>

\*Ms Louw, Ms Tromp and Dr P Dala are independent members of the Board audit and risk committee for the NLC and the controlled entities

\*\*Dr S Mojaki is an independent member of the Human Capital Committee

\*\*\*Members were appointed in April 2023

\*\*\*\* Members contract ended in April 2023

\*\*\*\*\*Ms I Ramafola is the Ministers representative appointed in April 2023

### 35. RELATED PARTIES - DISTRIBUTING AGENCY FEES - SPORTS AND RECREATION GROUP AND COMPANY

MEMBERS	Members' Fees R'000	Travel Costs R'000	Professional Fees R'000	Total 2024 R'000	Balances Outstanding R'000	Total 2023 R'000
*Dr JH Adams	60	-	-	60		463
Mr RR Mali	539	-	-	539		539
**Ms M Letoaba	528			528	38	-
*Mr ME Ncula	113	-	-	113		868
<b>Total</b>	<b>1,241</b>	<b>-</b>	<b>-</b>	<b>1,241</b>	<b>38</b>	<b>1,870</b>

\* The term of the members ended 30 April 2023

\*\*Ms M Letoaba was appointed as on a contract basis effective 01 August 2023, before then she was a full time employee of the NLC

### 36. COMPARISON OF APPROVED BUDGET AND FINAL BUDGET - GROUP

The budget and the accounting bases are the same; both are on the accrual basis. The annual financial statements and the budget are prepared using a classification on the nature of expenses in the statement of financial performance. . The approved budget covers the period from 1 April 2023 to 31 March 2024.

DESCRIPTION	Approved Budget R'000	Final Budget R'000	Adjustments R'000	Reason for Adjustments
Share of ticket sales	1,815,499	1,814,699	(800)	Budget adjusted based on revised projections from operator.
Unclaimed and expired prize money	140,000	120,000	(20,000)	Budget was adjusted due to less prizes expiring during the year than anticipated. More winners are now claiming their prizes with the introduction of additional digital platforms. The payout to claims without physical verification at lthuba's offices have also increased on the online platforms, to R250 000. This has resulted in less prizes expiring.
Interest from the Participants Trust	1,538	9,818	8,280	Budget was adjusted due to favourable interest received on the bank balances as a result of favorable interest rates.
Investments and interest received	109,499	187,661	78,162	Budget was adjusted due to favourable interest received on the bank balances as a result of favorable interest rates.
Licence fees	2,833	2,833	-	No adjustments to budget
Sundry income	2,000	2,000	-	No adjustments to budget
Societies and Other Lotteries	62	62	-	No adjustments to budget
Income related to the RFP process for the 4th	12,000	12,000	-	No adjustments to budget
Employee costs	(329,083)	(320,118)	8,965	There was a reduction due to the positions that could not be filled during the year
Allocation of grants	(1,381,749)	(1,508,427)	(126,678)	The grant allocations budget is based on the remainder of the revenue budget after taking into account operational expenditure. The expenditure was reduced during the mid-term review which consequently resulted to an increase in grant allocations budget.
Goods and services	(330,724)	(300,654)	30,070	The NLC has reduced the use of consultants during the 2023/24 financial and the budget was revised down during the mid- term review to take into account reduction in expected legal fees, outsourced service and consulting fees.
Depreciation and amortisation	(6,492)	(6,492)	-	No adjustments to budget
Administration Expenses	(4,058)	(4,058)	0	No adjustments to budget
Capital acquisitions	69,858	49,926	(19,932)	The reduction in the budget was due to the hold that has been put in place in the procurement of property while NLC is developing the a property strategy.

### 37. COMPARISON OF APPROVED BUDGET AND FINAL BUDGET - COMPANY

DESCRIPTION	Approved Budget R'000	Final Budget R'000	Adjustments R'000	Reason for Adjustments
Transfers and subsidies received	647,991	608,466	(39,525)	The transfers from NLDTF reduced following the reduction in the budget for goods and services and employee costs.
Income related to the RFP process for the 4th Lottery License	12,000	12,000	-	No adjustments to budget
License fees	2,833	2,833	-	No adjustments to budget
Other Operating Income	500	500	-	No adjustments to budget
Interest Income	396	1,180	784	Budget was adjusted due to favourable interest received on the bank balances as a result of favourable interest rates.
Society Lotteries	62	62	-	No adjustments to budget
Employee costs	(329,083)	(320,118)	8,965	There was a reduction due to the positions that could not be filled during the year
Goods and services	(328,207)	(298,431)	29,776	The NLC has reduced the use of consultants during the 2023/24 financial and the budget was revised down during the mid- term review to take into account reduction in expected legal fees, outsourced service and consulting fees.
Depreciation and amortisation	(6,492)	(6,492)	-	No adjustments to budget
Capital acquisitions	(69,858)	(49,926)	19,932	The reduction in the budget was due to the hold that has been put in place in the procurement of property while NLC is developing the a property strategy.

### 38. COMPARISON OF FINAL BUDGET AND ACTUAL AMOUNTS - GROUP

DESCRIPTION	Approved Budget on Accrual Basis R'000	Actual Amounts on comparable basis R'000	Variance R'000	Reason for Variances
Share of ticket sales	1,814,699	1,827,949	13,250	The increase in the share of ticket sales when compared to budget, resulted from higher as well as rolling and guaranteed jackpots during the year. This, coupled with vigorous marketing campaigns from Ithuba, drove sales. The introduction of additional online channels of play also increased participation. The daily lotto was also introduced to portfolios offered by Nedbank, Capitec and Tyme Bank.
Unclaimed and expired prize money	120,000	111,715	(8,285)	The negative variance is mainly attributable to the unclaimed prizes being less than anticipated due to more winners claiming their prizes.
Interest from the Participants Trust	9,818	10,470	652	Budget was adjusted due to favourable interest received on the bank balances as a result of favourable interest rates.
Interest Earned	187,661	223,215	35,554	The favourable performance is primarily driven by the higher REPO rate and an increase in the bank balance.
Licence fees	2,833	2,833	-	No variance

### 38. COMPARISON OF FINAL BUDGET AND ACTUAL AMOUNTS - GROUP (CONTINUED)

DESCRIPTION	Approved Budget on Accrual Basis R'000	Actual Amounts on comparable basis R'000	Variance R'000	Reason for Variances
Sundry income	2,000	7,557	5,557	The positive variance is mainly attributable to the estimation of unutilised project funds claimed back from beneficiaries and recovery of a doubtful debt from previous year.
Societies and Other Lotteries	62	97	35	
Income related to the RFP process for the 4th Lottery License	12,000	24,990	12,990	There were more bidders that participated in the 4 <sup>th</sup> lottery licence RFP process than anticipated, the budget was based on the participation of the 3rd lottery licence.
Employee costs	(320,118)	(275,062)	45,056	Higher vacancy rate and delays in recruitment accounted for less employee cost than expected. Ex-gratia payment budgeted for did not materialise.
Allocation of grants	(1,508,427)	(540,905)	967,522	The under allocation of grants was due to additional controls introduced during the financial year coupled with a limited number of adjudication committee members.
Goods and services	(300,654)	(208,793)	91,861	Capacity constraints had a negative impact on the implementation of some projects.
Depreciation and amortisation	(6,492)	(57,147)	(50,655)	Increased amortisation due to amortisation of Fusion Enterprise system
Administration Expenses	(4,058)	(4,017)	41	
Capital acquisitions	(49,926)	30,855	80,781	There was a delay in the procurement of computers with the procurement being closed just before year end. The appointment of a service provider to implement a new system for the NLC only concluded towards the end of the financial year and no expenditure was incurred.

### 39. COMPARISON OF FINAL BUDGET AND ACTUAL AMOUNTS - COMPANY

DESCRIPTION	Final Budget R'000	Actual Amounts on comparable basis R'000	Variance R'000	Reason for Adjustments
Transfers and subsidies received	608,466	508,524	(99,942)	The underspending in goods and services and employee costs has resulted in less transfers to NLC. Transfers to NLC only happen when the funds are required to pay for NLC expenses
Income related to the RFP process for the 4th Lottery License	12,000	24,990	12,990	There were more bidders that participated in the 4 <sup>th</sup> lottery licence RFP process than anticipated, the budget was based on the participation of the 3rd lottery licence.
License fees	2,833	2,833	-	No adjustments to budget
Other Operating Income	500	1,790	1,290	
Interest Income	1,180	1,233	53	Variance is immaterial.
Society Lotteries	62	97	35	Variance is immaterial.

### 39. COMPARISON OF FINAL BUDGET AND ACTUAL AMOUNTS - COMPANY (CONTINUED)

DESCRIPTION	Final Budget R'000	Actual Amounts on comparable basis R'000	Variance R'000	Reason for Adjustments
Employee costs	(320,118)	(275,062)	45,056	Higher vacancy rate and delays in recruitment accounted for less employee cost than expected. Ex-gratia payment budgeted for did not materialise.
Goods and services	(298,431)	(206,474)	91,957	Capacity constraints had a negative impact on the implementation of some projects.
Depreciation and amortisation	(6,492)	(57,147)	(50,655)	Increased amortisation due to amortisation of Fusion Enterprise system
Capital acquisitions	(49,926)	30,855	80,781	There was a delay in the procurement of computers with the procurement being closed just before year end. The appointment of a service provider to implement a new system for the NLC only concluded towards the end of the financial year and no expenditure was incurred.

### 40. RELATED PARTY TRANSACTIONS

The NLC is a regulator of the National Lottery, other lotteries and sports pools. Ithuba Holdings (RF) (Pty) Ltd is a private company that currently operates the National Lottery under licence from the Government. The Operator pays a share of ticket sales to the NLDTF in terms of the licence agreement. These proceeds are destined for good causes as specified in the Lotteries Act. The NLC administers the NLDTF and accounts for all running costs. The NLC withdraws the necessary funds required from the NLDTF, based on an overall annual budget approved by the Minister of Trade and Industry and Competition. The National Lotteries Participants Trust (NLPT) was established by the Lottery Operator [herein Ithuba Holdings RF (Pty) Ltd] in terms of the licence agreement between **the dtic**, NLC and the Lottery Operator. The main objective of the NLPT is to hold monies in the Trust on behalf of Ithuba for prize winners and monies for advance plays.

#### 40.1 TRANSACTIONS WITH RELATED PARTIES

##### 40.1.1 CONTROLLING ENTITY

The NLC reports to the Department of Trade and Industry and Competition which is a controlling entity. The following transactions took place between **the dtic** and the NLC:

THE NATIONAL DEPARTMENT OF TRADE AND INDUSTRY AND COMPETITION	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Payments made by <b>the dtic</b> on behalf of NLC for use of the Forensic Panel	1,619	1,232	1,619	1,232
Reimbursement of salary for employee on secondment	992	163	992	163
Debtors written off	(773)		(773)	-
Trade and Other Receivables from Non-exchange Transactions (Opening)	936	773	936	773
Trade and Other Receivables from Non-exchange Transactions (Closing)	(168)	(936)	(168)	(936)
<b>Cash Paid to the dtic</b>	<b>987</b>	<b>-</b>	<b>987</b>	<b>0</b>



## 40. RELATED PARTY TRANSACTIONS (CONTINUED)

### 40.1.2 ENTITIES UNDER COMMON CONTROL - WHERE THERE ARE TRANSACTIONS

#### SOUTH AFRICAN BUREAU OF STANDARDS

During the year, NLC concluded a 41-month lease with the SABS. The commitments relating to this lease included in note 30 is R16.4 million.

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Expense relating to and utilities	1,917	-	1,917	-
Trade and Other Payables from exchange Transactions (Opening)	-	-	-	-
Trade and Other Payables from exchange Transactions (Closing)	-	-	-	-
<b>Cash Paid to the SABS</b>	<b>1,917</b>	<b>-</b>	<b>1,917</b>	<b>-</b>

### 40.1.3 ENTITIES UNDER COMMON CONTROL - NO TRANSACTIONS

The following entities are entities under the common control of the Department of Trade Industry and Competition. No transactions took place between the NLC and these entities except for where indicated otherwise:

Companies and Intellectual Property Commission	-	-
Companies Tribunal	-	-
Competition Tribunal	-	-
National Empowerment Fund	-	-
Export Credit Insurance Corporation of South Africa	-	-
SOC Limited	-	-
National Credit Regulator	-	-
National Gambling Board	-	-
South African National Accreditation System	-	-
National Consumer Tribunal	-	-
National Consumer Commission	-	-
National Metrology Institute of South Africa	-	-
National Regulator for Compulsory Specifications	-	-
International Trade Administration Commission	-	-
Competition Commission	-	-
B-BBEE Commission	-	-
Industrial Development Corporation	-	-
Take-over Regulations Panel	-	-

## 40.2 TRANSACTIONS BETWEEN THE NLDTF AND OTHER PARTIES

### 40.2.1 NATIONAL LOTTERIES COMMISSION (NLC)

The NLC is a controlling entity of the NLDTF. The NLDTF is administered by the NLC as stipulated in section 21 of the Lotteries Act (as amended).

Transfers to NLDTF	-	-	(508,524)	(474,815)
Trade and Other Payables from Non-exchange Transactions (Opening)	-	-	91,144	100,959
Trade and Other Payables from Non-exchange Transactions (Closing)	-	-	(83,620)	(91,144)
			<b>(501,000)</b>	<b>(465,000)</b>

## 40. RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
<b>40.2.2 ITHUBA HOLDINGS (PTY) LTD</b>				
Proceeds from Ithuba (Pty) Ltd	1,827,949	1,663,399	-	-
Trade and Other Receivables from Non-exchange Transactions (Opening)	25,075	19,064	-	-
Trade and Other Receivables from Non-exchange Transactions (Closing)	(44,982)	(25,075)	-	-
Unclaimed Prizes and Advanced Days for Ithuba (Opening)	207,870	292,722	-	-
Unclaimed Prizes and Advanced Days for Ithuba (Closing)	(179,884)	(207,870)	-	-
	<b>1,836,027</b>	<b>1,742,241</b>	<b>-</b>	<b>-</b>

### 40.2.3 NATIONAL LOTTERIES PARTICIPANTS TRUST (NLPT)

Revenue from NLPT	122,185	161,771	-	-
Trade and Other Receivables from Non-exchange Transactions (Op)	48,067	15,508	-	-
Trade and Other Receivables from Non-exchange Transactions (Cl)	(29,437)	(48,067)	-	-
<b>Cash proceeds from NLPT</b>	<b>140,815</b>	<b>129,212</b>	<b>-</b>	<b>-</b>

### 40.2.4 DISTRIBUTING AGENCIES

It is the duty of the Distributing Agency Members to adjudicate applications for funding within their respective sectors. Members who have a conflict that may impact the ability to adjudicate impartially do not adjudicate on the projects, as they recuse themselves whilst these projects are being adjudicated. Listed below are balances and transactions with those organisations which were funded by the NLDTF and in which Distributing Agencies have significant interest. The transactions were in the ordinary course of business and at arm's length.

Dr Adams: President of Boland Athletics*	-	2,200
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\*Dr Adams term ended in May 2023. During 2023 financial year, a grant was allocated to Athletics South Africa (ASA). Boland Athletics is an Athletics Federation affiliated to ASA.

## 41. CONTINGENT LIABILITIES

### GROUP AND COMPANY

#### 41.1 COURT PROCEEDINGS

##### (I) COURT AWARD

Costs were awarded against the NLC in a case 05 ZZET Enterprises & Another and the NLC is currently awaiting taxed bill.

##### (II) CONTESTING BREACH OF CONTRACT

The NLC is accused of breach of a contract by a supplier and the supplier is claiming their contract value of R8.539 million, the matter is set to go on arbitration.

##### (III) RETENTION OF SURPLUS

The NLC is currently engaging with the National Treasury on the retention of surpluses by the NLC given Section 25(2) of the National Lotteries Act and Section 53(3) of the PFMA. The NLC has surpluses of R3.305 billion (calculation as guided by the National Treasury Instruction Note) at the end of 2023/24 financial year, which the NLC will request to retain as guided by the legislation.

## 41. CONTINGENT LIABILITIES (CONTINUED)

### (IV) PORTION OF THE GRANTS ALLOCATED

There are additional conditions placed on the payment of the total grant amount, that is, instances where the grant agreements are not returned by the beneficiaries, countersigned by the NLC and the submission of a compliant progress report from the beneficiaries. The NLC disclose the aggregate of these grants as contingent liabilities.

	GROUP	
	2024 R'000	2023 R'000
Opening Balance	210,217	102,315
Additional contingent liabilities on grants made during the year	270,686	208,289
Transferred to Grant liabilities during the year	(124,224)	(80,908)
Revocations	(9,873)	(19,479)
<b>Closing balance</b>	<b>346,806</b>	<b>210,217</b>

## 42. CONTINGENT ASSETS

### 42.1 COURT PROCEEDINGS

#### GROUP

#### (I) SUSPICIOUS TRANSACTIONS

The NLDTF bankers identified suspicious transactions on certain NLC beneficiaries bank accounts during the 2022/23 financial year and those accounts were subsequently placed on hold. These transactions are currently being investigated by the SIU. The total value relating to the accounts placed on hold by the bank was approximately R22 million.

#### (II) INVESTIGATED PROJECTS

During the 2021/22 financial year, the NLDTF paid R4,228 million to two beneficiaries. These transactions were identified as fraudulent and are to be recovered. The recoverable amount and time of settlement cannot be reliably estimated at year-end. The SAPS and the Asset Forfeiture Unit were instructed to institute a debt recovery process on the funds paid to these two beneficiaries. One of the beneficiaries is disputing the claim stating that it has not committed fraud and is unable to complete the project due to outstanding tranches. The matter is ongoing.

A beneficiary in Gauteng, was paid R103 000 during the year ended 31 March 2022 and it was found out that the beneficiary did not implement the project as agreed. The SAPS and Asset Forfeiture Unit were instructed to institute a debt recovery process to recover the funds. The case is ongoing at date of this report.

During 2022/23, NLDTF cancelled an infrastructure project to build extra classrooms at a primary school in Limpopo. The total of R2.8 million was paid to the school in 2021/22. The project could not take off due to delays in implementation of the project caused by lack of cooperation by the District Office of the Limpopo Department of Basic Education. Debt recovery process revealed that a portion of a grant was spent on Civil and Structural Engineers. The debt recovery process is yet to be finalised.

During 2022/23 financial year, the NLDTF instituted a claim of R13 million against an implementing agent for implementation of an infrastructure project in KwaZulu-Natal. The funds have not been utilised as per the grant agreement. The implementing agent is disputing a portion of the amount that should be recovered by NLDTF. The matter is being dealt with legally. The timing of the repayment of the funds to NLDTF and the outcome of the case are unknown at the time of this report.

## 42. CONTINGENT ASSETS (CONTINUED)

The SIU is in the process of recovering the funds disbursed to a beneficiary to build a Sport complex in Soweto. The project had not been implemented. The total amount paid to the beneficiary was R6 million and the recoverable amount is yet to be determined. This project has been reported as a material irregularity.

The NLC is investigating several projects, which were not finalised at the time of this report. The NLDTF had assessed the investigations and legal reports presented at year end and there was uncertainty on the amounts and the timing of the economic benefits flowing to the NLDTF. Appropriate disclosures will be made when it is highly probable that an inflow of resources embodying economic benefits will flow to the NLDTF.

### (III) PRESERVATION ORDERS BY THE ASSET FORFEITURE UNIT

The SIU has submitted 3 applications for preservation orders.

#### 1ST APPLICATION

The evidence uncovered that the cash purchases of 9 fixed properties, 1 vehicle and 2 restaurant franchises can be linked to grants allocated by the NLC and which has nothing to do with the purpose of the grant. A total of R22 404 000 of NLC grants were used for payments of the fixed properties. These properties were registered in the names of trusts or entities of which members of the NLC or the NPO's and/or their direct family members have a direct interest in. All the properties are currently preserved in terms of a court order granted on 4 November 2022. The details are as follows:

Assets	Cost of asset R'000
1. Unit 2, SS Violet, Scheme Number 369/2014, JR, Pretoria	1,080
2. Unit 1 and Unit 2, SS Celtisdal 612, Scheme Number 772/2016, Pretoria	2,694
3. Erf 5267 Midstream Estate Extension 67, JR, Pretoria	1,000
4. Erf 1037 Pecanwood Extension 11, JQ, Pretoria	3,600
5. Portion 448 of Farm 375 Rietfontein, JR, Pretoria	11,000
6. Portion 2 of Erf 1384 Bryanston, IR, Pretoria	5,000
7. Portion 29 (a portion of 24) of the farm Boschkop No 369	2,200
8. Erf 524 Bryanston	3,000
9. Erf 1194, Peach Tree, Ext 2 township	830
10. Ocean Basket franchises located at Carnival City and Mall at Carnival	531

The SIU also preserved a Rolls Royce which was bought in 2016 with R4 574 185.13 stolen NLC funds. However, this vehicle was sold onto an innocent third party within a couple of months after it was bought, and the vehicle was returned to the lawful owner. Terry Pheto's house was sold for R3.9 million and the proceeds are held by the curator bonis pending the forfeiture application. One Ocean basket restaurant has been sold by agreement and the other Ocean basket restaurant was already liquidated and there is no value in it.

#### 2ND APPLICATION

The evidence uncovered that the cash purchases of 5 fixed properties to the value of R20 million can be linked to grants allocated by the NLC and which has nothing to do with the purpose of the grants. The properties are as follows:

11. 85 Carlswald road, Midrand	7,500
12. Erf 1963 Simon's Town, Cape Town	4,087
13. 398 portion 3 Montengoelu, Rustenburg	6,800
14. Plot no 29 Van der Hoff Road, Uitzicht, Pretoria	3,300
15. 981 Rietvlei View Country Estate, Pretoria	1,500

All the properties are currently preserved in terms of a court order granted on 21 December 2022. The only one party not opposing the application. All pleadings in the matter are closed and the matter is being prepared for enrolment on the opposed roll.

## 42. CONTINGENT ASSETS (CONTINUED)

### 3RD APPLICATION

The evidence uncovered that the cash purchases of 4 fixed properties and 2 vehicles to the value of R8 million can be linked to grants allocated by the NLC which had nothing to do with the purpose of the grants. The assets in this matter are as follows:

Assets	Cost of asset R'000
16. Portion 2 of Erf 144, 74171/2005, Limpopo	1,005
17. Erf 1576,168 President Steyn Street Louis Trichardt	750
18. Portion 25 Farm Brakspruit	780
19. Erf 2580 Louis Trichardt Extension 11, JQ, Pretoria	900
20. BMW G30 520d Series Sedan with registration number	995
21. BMW 7 Series Sedan M760 Li xDrive with registration number	2,811

### COMPANY

#### (I) RECOVERY OF COST:

The NLC was awarded costs in ALFA AND OMEGA YOUTH OUTREACH/NLC AND ANOTHER and is awaiting for taxing of invoices for the final settlement value.

The NLC was awarded costs in GLOBACON (PTY) LTD/NLC relating to eviction and supplementary application and is awaiting for taxing of invoices for the final settlement value.

The NLC was awarded costs in Mastured Seed Foundation / National Lotteries Commission:Case Number: 9956/2022 and is awaiting for taxing of invoices for the final settlement value.

The NLC was awarded costs in Mastured Seed / NLC and Others Case Number: 4882/2022 and is awaiting for taxing of invoices for the final settlement value.

The NLC was awarded costs in Nene v National Lotteries Commission (0224114-2024) and is a awaiting for taxing of invoices for the final settlement value.

#### (III) REFUND DISPUTE:

The NLC has lodged a request for a refund with SARS for vat paid on Microsoft payments. It was identified that the invoices from Microsoft were inclusive of VAT and the NLC should not have paid the additional VAT. SARS is busy with their audit and the outcome of the request can only be confirmed once SARS has completed their audit.

## 43. TAXATION

### GROUP

The NLC and NLDTF are exempt from Income Tax in terms of Section 10(1)(cA) of the Income Tax Act, 1962.

The NLPT is a registered tax payer in terms of Section 67 of the Income Tax Act no. 58 of 1962 as amended. The Trust's tax reference number is 2332466172. There is no tax payable by the trust.

### COMPANY AND GROUP

The NLC is exempt from income tax in terms of Section 10(1)(cA) of the Income Tax Act, 1962

#### 44. EVENTS AFTER THE REPORTING DATE

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No events having financial implications requiring disclosure occurred subsequent to 31 March 2024.

#### 45. COMPARATIVE FIGURES

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The comparative figures were restated as a result of the effect of Prior Period Errors

#### 46. GOING CONCERN ASSESSMENT

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Management considered the following matters relating to the Going Concern:

In assessing the going concern assumption for the group management considered the following key financial ratios:

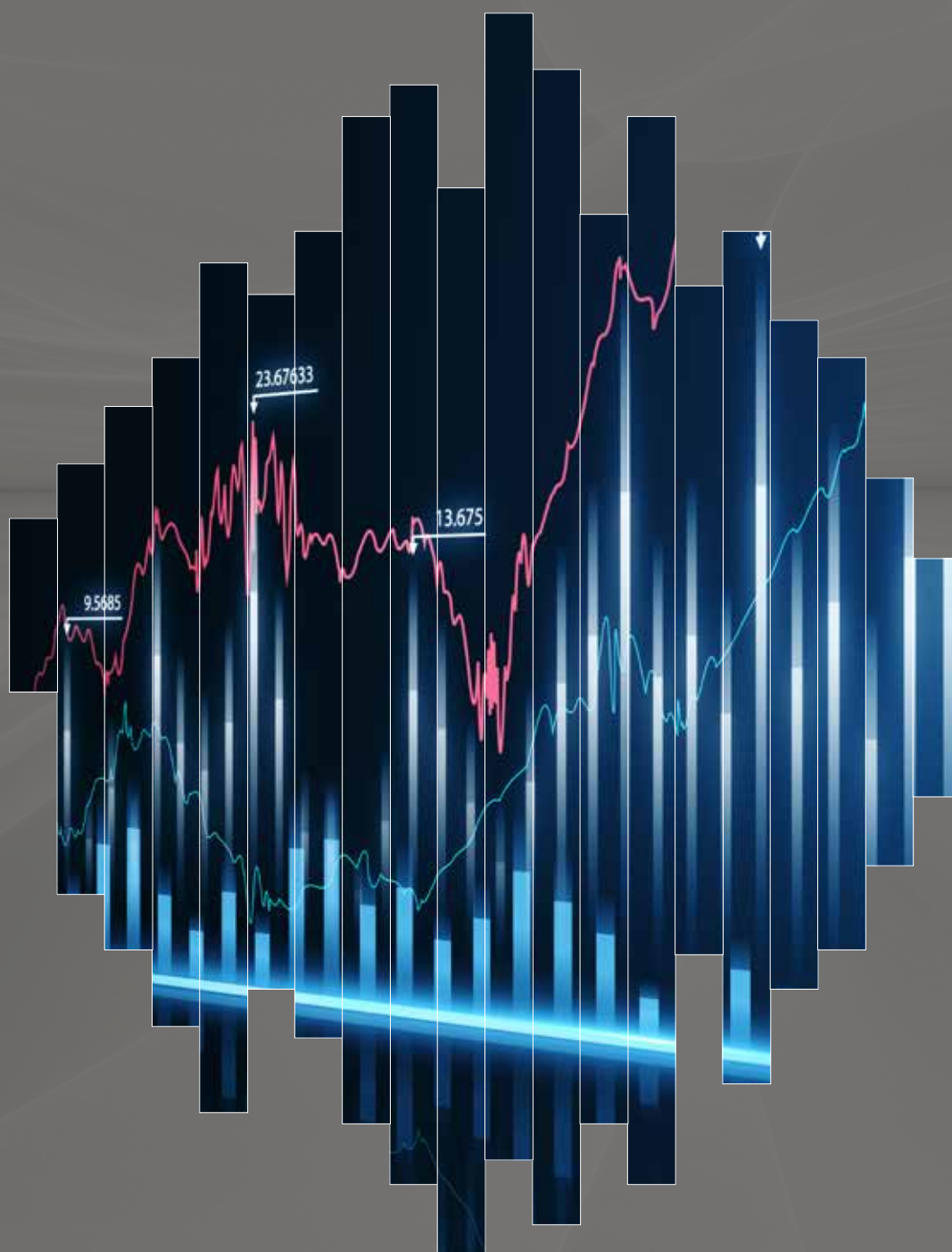
- Liquidity ratio – 7.4:1 (2023 – 5.5:1)
- Solvency Ratio – 7.6:1 (2023 – 5.8:1)
- Opex to Revenue - 63% (2023 - 68%)

All ratios indicate an improved financial performance when compared to prior year. The net asset position of the group has increased due to an increase in the cash balance.

Cash flow projections for the next 12 months indicate that management will be able to settle obligations as they become due. There are no other indicators or significant events or conditions that may cast doubt on the going concern assumption.

It is on that basis that the financial statements of the group and the company have been prepared on a going concern basis





ANNUAL FINANCIAL STATEMENTS OF THE  
**NATIONAL LOTTERIES PARTICIPANTS TRUST**  
FOR THE YEAR ENDED 31 MARCH 2024

# TRUSTEES' REPORT

The trustees have pleasure in submitting their report on the annual financial statements of the National Lotteries Participants Trust (NLPT) for the year ended 31 March 2024.

## 1. NATURE OF THE TRUST

The trust was incorporated by Ithuba Holdings (RF) (Pty) Ltd on 29 May 2015 and will terminate in terms of Clause 7 of the Replacement Trust Deed. The trust is constituted for the benefit of the beneficiaries subject to the terms and conditions of the trust deed to hold and safeguard all monies received for the benefit of the beneficiaries. The beneficiaries are the winners, the licensee Ithuba Holdings (RF) (Pty) Ltd, National Lottery Players and the National Lottery Distribution Trust Fund.

## 2. STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

To the best of our knowledge, we confirm the following:

- The annual financial statements are complete, accurate and free from any omissions.
- The report has been prepared in accordance with the guidelines on the report as issued by National Treasury.
- The annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice applicable to the National Lotteries Participants Trust.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in the annual financial statements. The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance to the integrity and reliability of the annual financial statements.
- The trustees are responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance to the integrity and reliability of the annual financial statements.
- The AG (SA) is engaged to express an independent opinion on the annual financial statements. In our opinion, the annual financial statements fairly reflect the financial affairs of the National Lotteries Participants Trust for the financial year ended 31 March 2024.

## 3. MATERIALITY FRAMEWORK IN TERMS OF TREASURY REGULATION 28.1.5

For purposes of 'material' (sections 50(1), 55(2) and 66(1) of the Public Finance Management Act) and 'significant' (section 54(2) of the Public Finance Management Act), the Accounting Authority developed and agreed on a framework of acceptable levels of materiality and significance.

## 4. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 187 to 204 for the National Lotteries Participants Trust were approved by the Board of Trustees and signed on their behalf by:



**Lufuno Tokyo Nevondwe**

Chairperson of the Board: NLPT

# PRACTITIONER'S COMPILATION

We have compiled the annual financial statements of the National Lotteries Participants Trust, under the administration of Nedgroup Trust (Pty) Ltd as set out on pages 187 to 204, based on information provided by the trustees and administrators. These annual financial statements comprise of the Statement of Financial Position of the National Lotteries Participants Trust as at 31 March 2024, the related Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flows and Statement of Comparison of Budget Information with actual amounts for the year then ended as well as the notes to the annual financial statements.

We are the compilers of the annual financial statements and the internal controls are monitored throughout the financial year by the trustees, the Regulator, the Licensee and the administrators to ensure the trust maintains the highest ethical standards and that the trust's business is conducted in a manner that in all reasonable circumstances is above reproach.



**Bilal Essop**

Nedgroup Trust (Pty) Ltd

Date: 25 July 2024

# REPORT OF THE AUDITOR-GENERAL

## REPORT OF THE AUDITOR-GENERAL TO THE TRUSTEES OF THE NATIONAL LOTTERIES PARTICIPANTS TRUST REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

1. I have audited the financial statements of the National Lotteries Participants Trust set out on pages 187 to 204, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and statement of cash flows and statement of comparison of budget information with actual information for the year then ended 31 March 2024, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Lotteries Participants Trust as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP).

### BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the National Lotteries Participants Trust in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

### RESPONSIBILITIES OF THE TRUSTEES FOR THE FINANCIAL STATEMENTS

6. The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the trustees are responsible for assessing the National Lotteries Participant Trust's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the National Lotteries Participants Trust or to cease operations or has no realistic alternative but to do so.

### RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE NATIONAL LOTTERIES PARTICIPANTS TRUST FINANCIAL STATEMENTS

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

10. The trust is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the Public Finance Management Act 1 of 1999 (PFMA) and such reporting is also not required in terms of the entity's specific legislation.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

11. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the trust's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
12. We did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## OTHER INFORMATION IN THE ANNUAL REPORT

13. The trustees are responsible for the other information included in the annual report, which includes the trustees' report. The other information referred to does not include the financial statements, the auditor's report presented in the annual performance report that have been specifically reported on in this auditor's report.
14. My opinion on the financial statements, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
15. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
16. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

17. I considered internal control relevant to my audit of the financial statements, however, my objective was not to express any form of assurance on it.
18. I did not identify any significant deficiencies in internal control.

Auditor General

Pretoria

31 July 2024



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit

### AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

#### *PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM*

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements of National Lotteries Participants Trust.

#### *FINANCIAL STATEMENTS*

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Lotteries Participants Trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the National Lotteries Participants Trust to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause National Lotteries Participants Trust to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### *COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE*

I communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the trustees with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	TRUST 31 March 2024 R'000	TRUST 31 March 2023 R'000
<b>REVENUE</b>			
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Interest received	5	6 296	5 543
<b>EXPENDITURE</b>			
Goods and services	6	6 296	5 543
Administration expenses	7	( 2 279)	( 1 768)
		( 4 017)	( 3 775)
<b>Surplus for the year</b>		-	-

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	NOTE	TRUST 31 March 2024 R'000	TRUST 31 March 2023 R'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade and other receivables - from exchange transactions	1.1	1 265	1 348
Trade and other receivables - from non-exchange transactions	1.2	6 999	4 939
Prepayments	2	83	79
Cash and cash equivalents	3	208 470	254 903
<b>Total Assets</b>		<b>216 817</b>	<b>261 269</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables - from exchange transactions	4.1	500	392
Trade and other payables - from non-exchange transactions	4.2	216 316	260 876
<b>Total Liabilities</b>		<b>216 816</b>	<b>261 268</b>
<b>NET ASSETS</b>			
Initial Donation: Ithuba Holdings (RF) (Pty) Ltd		1	1
<b>Total Net Assets and Liabilities</b>		<b>216 817</b>	<b>261 269</b>

# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

	Accumulated Surplus R'000
<b>Balance as at 31 March 2022</b>	<b>1</b>
Surplus for the year ended 31 March 2023	-
<b>Balance as at 31 March 2023</b>	<b>1</b>
Surplus for the year ended 31 March 2024	-
<b>Balance as at 31 March 2024</b>	<b>1</b>

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	TRUST 31 March 2024 R'000	TRUST 31 March 2023 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>CASH RECEIPTS</b>			
Cash received from Ithuba Holdings (RF) (Pty) Ltd		437 738	487 992
Interest received		16 848	11 749
		<b>454 586</b>	<b>499 741</b>
<b>CASH PAYMENTS</b>			
Cash paid to NLDTF, Ithuba Holdings (RF) (Pty) Ltd and other parties		( 501 019)	( 552 677)
		<b>( 501 019)</b>	<b>( 552 677)</b>
<b>Net cash generated/(utilised) from operating activities</b>	8.1	<b>( 46 433)</b>	<b>( 52 936)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>( 46 433)</b>	<b>( 52 936)</b>
Cash and cash equivalents at the beginning of the year	3	254 903	307 839
Cash and cash equivalents at the end of the year	3	208 470	254 903

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2024

	Approved Budget R'000	Adjustments R'000	Final Budget R'000	Actual Amounts on Comparable Basis R'000	Difference: Final Budget and Actual R'000
<b>REVENUE AND INCOME</b>					
Interest Received	6 245	258	6 503	6 296	( 207)
<b>Total revenue and income</b>	<b>6 245</b>	<b>258</b>	<b>6 503</b>	<b>6 296</b>	<b>( 207)</b>
<b>EXPENSES</b>					
Goods and services	( 2 187)	( 258)	( 2 445)	( 2 279)	166
Administrative expenses	( 4 058)	-	( 4 058)	( 4 017)	41
<b>Total expenditure</b>	<b>( 6 245)</b>	<b>( 258)</b>	<b>( 6 503)</b>	<b>( 6 296)</b>	<b>207</b>
Surplus/(Deficit) for the year	-	-	-	-	-

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## FOR THE YEAR ENDED 31 MARCH 2024

The principal accounting policies applied in the preparation of these separate annual financial statements are set out below. These policies have been consistently applied to all the years presented.

### 1. BASIS OF PREPARATION

The separate annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (SA GRAP)". They have been prepared in accordance with the going concern principle using the historical cost basis except where otherwise stated in the accounting policies below.

The preparation of annual financial statements in conformity with SA GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying National Lotteries Participants Trust's accounting policies.

All monetary information and figures presented in these annual financial statements are stated in thousands of Rand (R' 000), unless otherwise indicated.

### NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED AND NOT YET EFFECTIVE

STANDARD	SCOPE AND POTENTIAL IMPACT	EFFECTIVE DATE
GRAP 1: Presentation of financial statements (amended 2022)	None	Effective date 01 April 2025
GRAP 2: Cash flow statements	None	Effective date 01 April 2025
GRAP 3: Accounting policies, Changes in Accounting estimates and errors	None	Effective date 01 April 2025
GRAP 13: Leases	None	Effective date 01 April 2025
GRAP 17: Property, Plant and Equipment	None	Effective date 01 April 2025
GRAP 19: Provisions, Contingent liabilities and contingent assets	None	Effective date 01 April 2025
GRAP 20: Related party disclosure	None	Effective date 01 April 2023
GRAP 23: Revenue from non-exchange transactions (taxes and transfers)	None	Effective date 01 April 2025
GRAP 24: Presentation of Budget information in financial statements	None	Effective date 01 April 2025
GRAP 25: Employee Benefits	None	Effective date 01 April 2023
GRAP 27: Agriculture	None	Effective date 01 April 2025
GRAP 31: Intangible assets	None	Effective date 01 April 2025
GRAP 104: Financial instruments	None	Effective date 01 April 2025
GRAP 105: Transfer of Functions Between Entities Under Common Control	None	To be determined
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	None	To be determined
GRAP 107: Mergers	None	To be determined
IGRAP 7: Limit on define benefit asset, minimum funding requirements and their interaction	None	Effective date 01 April 2023
IGRAP 20: Accounting for adjustments to revenue	None	Effective date 01 April 2025
Directive 12: The selection of an appropriate reporting framework by public entities	None	Effective date 01 April 2025



NLPT did not apply any of the standards above. It is not expected that the above standards, amendments and interpretations will have any material impact on the NLPT's annual financial statements on initial application where applicable.

Changes to GRAP 104 affect the following:

- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

## 2. REVENUE RECOGNITION

Revenue is the gross inflow of economic benefits or service potential during the reporting period when these inflows result in an increase in net assets.

Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

The NLPT distinguishes between two forms of revenue namely, revenue from exchange transactions and revenue from non-exchange transactions.

### 2.1. INTEREST RECEIVED

Investment income comprises interest received from assets held at amortised cost and cash and cash equivalents. Interest is accounted for on an accrual basis using the effective interest rate method. Interest received is realised to the extent of expenses incurred.

## 3. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Irregular expenditure is recognised and disclosed in the financial statements, in accordance with the compliance reporting requirements of National Treasury Instruction 4 of 2022/2023 PFMA Compliance and reporting framework.

## 4. FINANCIAL ASSETS

NLPT classifies its financial assets in the following categories:

- financial assets at amortised cost
- financial assets at fair value

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

## 4.1. FINANCIAL ASSETS AT AMORTISED COST

Financial assets carried at amortised cost, are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. These assets are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Financial assets at amortised cost consist of:

- Trade and other receivables from exchange transactions
- Trade and other receivables from non-exchange transactions

### 4.1.1. FINANCIAL ASSETS AT AMORTISED COST

NLPT will derecognise a financial asset when:

- (a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- (b) NLPT transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (c) NLPT despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

## 4.2. FINANCIAL LIABILITIES

Financial liabilities at amortised cost

### 4.2.1. FINANCIAL LIABILITIES AT AMORTISED COST

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities at amortised cost consists of:

- Trade and other payables from exchange transactions
- Trade and other payables from non- exchange transactions

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balances with:

- Nedbank Private Wealth (Pty) Ltd - Advance and Online Play
- Nedbank Private Wealth (Pty) Ltd - Expired account
- Nedbank Private Wealth (Pty) Ltd - Interest account
- Nedbank Private Wealth (Pty) Ltd - Prize Money account

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. It comprises cash on hand and deposits held at call with respective banks. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are classified as financial assets at fair value and are carried at cost which due to their short-term nature approximates fair value.

## 6. FINANCIAL RISK MANAGEMENT

The National Lotteries Participants Trust's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Board of trustees manages these risks through quarterly reporting at Finance Committee, Board Audit and Risk Committee and Trustee meetings.

### 6.1. MARKET RISK

The National Lotteries Participants Trust's activities do not expose it to a significant amount of market risk. Therefore no formal policies have been developed to guard against market risk.

### 6.2. CREDIT RISK

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions.

### 6.3. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet the daily demands of the operations. Management monitors daily balances of cash and cash equivalents as well as investment accounts to ensure that enough funds are available to meet the needs of the operation.

## 7. TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for services that have been utilized in the ordinary course of business from suppliers as well as obligations due to the beneficiaries (participants) and the NLDTF and the licensee (Ithuba Holdings (RF) (Pty) Ltd) and Lottery Winners. Accounts payable are classified as current liabilities as they are due and payable within one year or less from the reporting date. No non-current liabilities exist at reporting date. Trade payables are initially recognised at fair value.

- National Lotteries Participants Trust: Expired Funds and Net Interest Income due to the National Lotteries Participants Trust
- Advance Sales due to Winners and due to Ithuba Holdings (RF)(Pty) Ltd: Advanced sales
- Unclaimed funds - Funds due to winners
- Unclaimed funds - Ithuba Holdings (RF) (Pty) Ltd: Funds due to Licensee

## 8. TRADE AND OTHER RECEIVABLES

Trade receivables are in respect of interest accrued to the Trust and/or funds due to it from the Licensee (Ithuba Holdings (RF) (Pty) Ltd) in respect of unclaimed funds. Accounts receivable are classified as current assets as they are due and receivable within one year or less from reporting date. No non-current assets exist at reporting date. Trade receivables are initially recorded at fair value.

- National Lotteries Participants Trust: Expired Funds and Net Interest Income due to the National Lotteries Participants Trust
- Advance Sales due to Winners and due to Ithuba Holdings (RF)(Pty) Ltd: Advanced sales
- Unclaimed funds - Funds due to winners
- Unclaimed funds - Ithuba Holdings (RF) (Pty) Ltd: Funds due to Licensee

## 9. RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

As a minimum, the following are regarded as related parties of the Trust:

- Winners
- The National Lotteries Distribution Trust Fund (NLDTF)
- The National Lotteries Commission (NLC)

Related party transactions are transfers of resources or obligations between the National Lotteries Participants Trust and a related party, regardless of whether a price is charged.

## 10. BUDGET INFORMATION

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the financial year from 2023/04/01 to 2024/03/31. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the statement of comparison of budget and actual amounts.

## 11. TAXATION

The NLPT is a registered taxpayer in terms of Section 67 of the Income Tax Act no. 58 of 1962 as amended. The Trust's tax reference number is 2332466172. There is no tax payable by the trust.

## 12. CONTINGENT LIABILITY

NLPT discloses a contingent liability when:

- It has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- It has a present obligation that arises from past events but not recognised because:
  - It is not probable that an outflow of resources will be required to settle an obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 1 TRADE AND OTHER RECEIVABLES

Year ended 31 March 2024	Year ended 31 March 2023
R'000	R'000

### 1.1 TRADE AND OTHER RECEIVABLES - FROM EXCHANGE TRANSACTIONS

Interest Accrued	1 265	1 348
<b>Other Receivables</b>		
Taxation	-	-
	<b>1 265</b>	<b>1 348</b>

### 1.2 TRADE AND OTHER RECEIVABLES - FROM NON-EXCHANGE TRANSACTIONS

Advanced sales due from Ithuba Holdings (RF) (Pty) Ltd	2 257	4 939
Unclaimed Funds - Ithuba Holdings (RF) (Pty) Ltd	4 742	-
	<b>6 999</b>	<b>4 939</b>

## 2. PREPAYMENTS

Insurance – Directors and Public Officers Indemnity Insurance	83	79
	<b>83</b>	<b>79</b>

## 3. CASH AND CASH EQUIVALENTS

Nedbank Private Wealth (Pty) Ltd - Advance and Online Play account	29 010	27 081
Nedbank Private Wealth (Pty) Ltd - Expired account	23 142	36 305
Nedbank Private Wealth (Pty) Ltd - Interest account	1 645	3 355
Nedbank Private Wealth (Pty) Ltd - Prize Money account	154 673	188 162
	<b>208 470</b>	<b>254 903</b>

None of the accounts is pledged as security.

## 4. TRADE AND OTHER PAYABLES

### 4.1. TRADE AND OTHER PAYABLES - FROM EXCHANGE TRANSACTIONS

Administration fees	410	392
Trustee fees	90	-
	<b>500</b>	<b>392</b>

### 4.2. TRADE AND OTHER PAYABLES - FROM NON-EXCHANGE TRANSACTIONS

Advanced sales due to Ithuba Holdings (RF) (Pty) Ltd - Players	31 267	30 555
Transfers to NLDTF	29 437	48 067
Unclaimed Funds - Ithuba Holdings (RF) (Pty) Ltd	-	11 428
Unclaimed and Unexpired Prizes Monies - Winners	155 612	170 826
	<b>216 316</b>	<b>260 876</b>

	Year ended 31 March 2024 R'000	Year ended 31 March 2023 R'000
<b>5. INTEREST INCOME</b>		
Current accounts	6 296	5 543
	<b>6 296</b>	<b>5 543</b>

## 6. GOODS AND SERVICES

Audit fees	1 057	978
Bank charges	82	60
Catering expenses	5	3
Professional indemnity fees	195	190
Training expenses	69	-
Trustee fees	871	537
	<b>2 279</b>	<b>1 768</b>

## 7. ADMINISTRATION EXPENSES

Administration fees	4 017	3 775
	<b>4 017</b>	<b>3 775</b>

## 8. CASH FLOW INFORMATION

### 8.1. CASH GENERATED BY/(UTILISED FROM) OPERATIONS

Surplus/(Deficit) as per the Statement of Financial Performance	-	-
	<b>-</b>	<b>-</b>

### WORKING CAPITAL CHANGES

(Increase)/Decrease in Trade and other receivables	( 1 981)	238
Increase/(Decrease) in Trade and other payables	( 44 452)	( 53 173)
<b>Net cash utilised from operating activities</b>	<b>( 46 433)</b>	<b>( 52 935)</b>

## 9. MANAGEMENT OF FINANCIAL RISK

The National Lotteries Participants Trust's trustees monitors and manages the financial risks relating to the Trust through quarterly reports.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and investment return. Market risk that could impact on future cash flows and hence the value of a financial instrument arises from:

Interest rate risk: The impact of changes in market interest rates.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk is the risk that NLPT will encounter difficulty in meeting obligations associated with financial liabilities due to insufficient cash being available to meet commitments as and when they become due.

To assist in the analysis of the financial risks that National Lotteries Participant Trust is exposed to, the statement of financial position has been divided into the following categories:

- Financial assets and liabilities;
- Non-financial assets and liabilities.



## 9. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

AS AT 31 MARCH 2024	Note(s)	Total R'000	Financial Assets and Liabilities R'000	Non- Financial Assets and Liabilities R'000
<b>FINANCIAL ASSETS AT AMORTISED COST:</b>				
Unlisted:				
• Trade and other receivables from exchange transactions	1.1	1 265	1 265	-
• Trade and other receivables from non-exchange transactions	1.2	6 999	6 999	-
Non-Financial Asset				
Prepayments	2	83	-	83
Financial assets at fair value:				
• Cash and cash equivalents	3	208 470	208 470	-
<b>Total Assets</b>		<b>216 817</b>	<b>216 734</b>	<b>83</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>				
Trade and other payables - from exchange transactions	4.1	500	500	-
Trade and other payables - from non-exchange transactions	4.2	216 316	216 316	-
<b>Total liabilities</b>		<b>216 816</b>	<b>216 816</b>	<b>-</b>

### AS AT 31 MARCH 2023

<b>FINANCIAL ASSETS AT AMORTISED COST:</b>				
Unlisted:				
• Trade and other receivables from exchange transactions	1.1	1 348	1 348	-
• Trade and other receivables from non-exchange transactions	1.2	4 939	4 939	-
Non-Financial Asset				
Prepayments	2	79	-	79
Financial assets at fair value:				
• Cash and cash equivalents	3	254 903	254 903	-
<b>Total Assets</b>		<b>261 269</b>	<b>261 190</b>	<b>79</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>				
Trade and other payables - from exchange transactions	4.1	392	392	-
Trade and other payables - from non-exchange transactions	4.2	260 876	260 876	-
<b>Total liabilities</b>		<b>261 268</b>	<b>261 268</b>	<b>-</b>

### 9.1. FINANCIAL ASSETS AND LIABILITIES

The NLPT is exposed to financial risk through the following financial assets and liabilities:

	Year ended 31 March 2024 R'000	Year ended 31 March 2023 R'000

## 9. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

		Year ended 31 March 2024	Year ended 31 March 2023
9.1. FINANCIAL ASSETS AND LIABILITIES	Note(s)	R'000	R'000
The NLPT is exposed to financial risk through the following financial assets and liabilities:			
<i>FINANCIAL ASSETS AT AMORTISED COST:</i>			
Unlisted:			
• Trade and other receivables from exchange transactions	1.1	1 265	1 348
• Trade and other receivables from non-exchange transactions	1.2	6 999	4 939
Financial assets at fair value:			
• Cash and cash equivalents	3	208 470	254 903
<b>Total financial assets</b>		<b>216 734</b>	<b>261 190</b>
<i>FINANCIAL LIABILITIES AT AMORTISED COST:</i>			
Trade and other payables - from exchange transactions	4.1	500	392
Trade and other payables - from non-exchange transactions	4.2	216 316	260 876
<b>Total financial liabilities</b>		<b>216 816</b>	<b>261 268</b>

### 9.1.1. MARKET RISK

#### (A) INTEREST RATE RISK

Sensitivity to changes in interest rates is relevant to financial assets or financial liabilities bearing floating interest rates due to the risk that future cash flows will fluctuate. NLPT holds its money in call accounts. Changes in the future cash flows of the trust will be as a result of interest changes.

The table below details the specific interest rate risk that the NLPT is exposed to:

AS AT 31 MARCH 2024	Note(s)	Carrying amount R'000	Fixed R'000	Floating R'000	Non-interest bearing R'000
<b>FINANCIAL ASSETS AT AMORTISED COST:</b>					
Unlisted:					
• Trade and other receivable from exchange transactions	1.1	1 265	-	-	1 265
• Trade and other receivable from non-exchange transactions	1.2	6 999	-	-	6 999
Financial assets at fair value:					
Cash and cash equivalents	3	208 470	-	208 470	-
<b>Total financial assets</b>		<b>216 734</b>	<b>-</b>	<b>208 470</b>	<b>8 264</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>					
Trade and other payables - from exchange transactions	4.1	500	-	-	500
Trade and other payables - from non-exchange transactions	4.2	216 316	-	-	216 316
<b>Total financial liabilities</b>		<b>216 816</b>	<b>-</b>	<b>-</b>	<b>216 816</b>

## 9. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

AS AT 31 MARCH 2023	Note(s)	Carrying amount R'000	Fixed R'000	Floating R'000	Non-interest bearing R'000
<b>FINANCIAL ASSETS AT AMORTISED COST:</b>					
Unlisted:					
• Trade and other receivable from exchange transactions	1.1	1 348	-	-	1 348
• Trade and other receivable from non-exchange transactions	1.2	4 939	-	-	4 939
Financial assets at fair value:					
Cash and cash equivalents	3	254 903	-	254 903	-
<b>Total financial assets</b>		<b>261 190</b>	<b>-</b>	<b>254 903</b>	<b>6 287</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>					
Trade and other payables - from exchange transactions	4.1	392	-	-	392
Trade and other payables - from non-exchange transactions	4.2	260 876	-	-	260 876
<b>Total financial liabilities</b>		<b>261 268</b>	<b>-</b>	<b>-</b>	<b>261 268</b>

### 9.1.2. CREDIT RISK

Key areas where NLPT is exposed to credit risk:

- Cash and cash equivalents

As at 31 March 2024 the credit ratings of financial institutions have remained on stable based on S&P Global Ratings, the NLPT has aligned the disclosure in line with the decision by the rating agency.

AS AT 31 MARCH 2024	Note(s)	Total R'000	AA+ AAAA- R'000	BBB+ BBBBBB- R'000	BB+ BB- R'000	B+ B- R'000	Not rated R'000
<b>FINANCIAL ASSETS AT FAIR VALUE:</b>							
Cash and cash equivalents	3	208 470	-	208 470	-	-	-
		<b>208 470</b>	<b>-</b>	<b>208 470</b>	<b>-</b>	<b>-</b>	<b>-</b>

### AS AT 31 MARCH 2023

<b>FINANCIAL ASSETS AT FAIR VALUE:</b>							
Cash and cash equivalents	3	254 903	-	254 903	-	-	-
		<b>254 903</b>	<b>-</b>	<b>254 903</b>	<b>-</b>	<b>-</b>	<b>-</b>

S&P Global Rating long-term ratings are based on a letter scale:

- AAA: Extremely strong creditworthiness.
- AA: Very strong creditworthiness.
- A: Strong creditworthiness.
- BBB: Adequate creditworthiness
- BB: Speculative (highly vulnerable to adverse changes).
- B: More speculative (subject to high credit risk).
- CCC: Substantial credit risk.
- CC: Highly vulnerable to default.
- C: Currently in default.

## 9. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

CREDIT RISK RELATING TO RECEIVABLES	Note(s)	31 March 2024	31 March 2023
		R'000	R'000
Interest Accrued	1.1	1 265	1 348
Advanced sales due from Ithuba Holdings (RF) (Pty) Ltd	1.2	2 257	4 939
Unclaimed Funds - Ithuba Holdings (RF) (Pty) Ltd	1.2	4 742	-
		<b>8 264</b>	<b>6 287</b>

The ageing of the components of trade and other receivables was as follows:	Gross	Impairment	Gross	Impairment
	31 March 2024	31 March 2024	31 March 2023	31 March 2023
	R'000	R'000	R'000	R'000
Within a year	8 264	-	6 287	-
<b>Total</b>	<b>8 264</b>	<b>-</b>	<b>6 287</b>	<b>-</b>

The table below analyses the NLPT's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

AS AT 31 MARCH 2024	Note(s)	Total	Within a year
		R'000	R'000
Trade and other payables - from exchange transactions	4.1	500	500
Trade and other payables - from non-exchange transactions	4.2	216 316	216 316
<b>Total</b>		<b>216 816</b>	<b>216 816</b>

AS AT 31 MARCH 2023			
Trade and other payables - from exchange transactions	4.1	392	392
Trade and other payables - from non-exchange transactions	4.2	260 876	260 876
<b>Total</b>		<b>261 268</b>	<b>261 268</b>

## 10. TAXATION

The National Lotteries Participants Trust is a registered taxpayer in terms of Section 67 of the Income Tax Act no. 58 of 1962. The trust's tax reference number is 2332466172. There is no tax payable for the trust.

## 11. COMPARISON OF APPROVED BUDGET AND FINAL BUDGET

The budget and the accounting bases are the same; both are on the accrual basis. The annual financial statements and the budget are prepared using a classification on the nature of expenses in the statement of financial performance.

	Approved Budget	Final Budget	Adjustments	Reason for Adjustments
	R'000	R'000	R'000	
Interest received	6 245	6 503	(258)	Interest received of the Trust is recognised to the extent of expenditure incurred. Adjustments made for audit work done, bank charges incurred and Public Officer Insurance policy premium.
Administration fees	(4 058)	(4 058)	-	No Adjustments
<b>Goods and services</b>	<b>(2 187)</b>	<b>(2 445)</b>	<b>258</b>	Adjustments made for audit work done, bank charges incurred and Public Officer Insurance policy premium.

## 12. TRUSTEE'S EMOLUMENTS

MEMBERS	Members' Fees R'000	Travel Costs R'000	Total 2024 R'000	Total 2023 R'000
Dr. MT Matshoba-Ramuedzisi****	-	-	-	108
Mr A Mahlalutye	154	14	168	135
Adv. LT Nevondwe	468	18	486	294
Adv. E Mabuza*	-	-	-	-
Ms C Abdoll***	211	6	217	-
Ms T Nkuna**	-	-	-	-
<b>Total</b>	<b>833</b>	<b>38</b>	<b>871</b>	<b>537</b>

\* Adv. E Mabuza is a representative of Ithuba Holdings (RF) (Pty) Ltd (as an Operator) and is not remunerated.

\*\*Ms T Nkuna was appointed as the NLC Representative from 21 February 2023. Ms Nkuna is not remunerated.

\*\*\*Ms C Abdoll was appointed as the third independent trustee on 01 September 2023.

\*\*\*\*Dr. MT Matshoba-Ramuedzisi resigned on the 30 November 2022.

## 13. RELATED PARTY TRANSACTIONS

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the National Lotteries Participants Trust. All trustees are regarded as key management. Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by, key management individuals in their dealings with the National Lotteries Participants Trust. An entity is related to the trust if members' of the entity's key management have significant influence in the trust. Other related party transactions are also disclosed in terms of disclosure requirements. Qualitative and quantitative materiality is considered in the disclosure of these transactions.

TRANSACTIONS BETWEEN NLPT AND OTHER PARTIES	Note(s)	Year ended 31 March 2024 R'000	Year ended 31 March 2023 R'000
<b>ITHUBA HOLDINGS (RF) (PTY) LTD</b>			
• Trade and other receivables from non-exchange transactions	1.2	6 999	4 939
• Trade and other payables from exchange transactions	4.2	31 267	41 983
<b>NATIONAL LOTTERY DISTRIBUTION TRUST FUND</b>			
– Trade and other payables from non-exchange transactions	4.2	29 437	48 067

## CONTROLLING ENTITY

The NLC is a controlling entity of the NLDTF. The NLPT and NLDTF are under common control of the NLC. The NLDTF is administered by the NLC as stipulated in section 21 of the National Lotteries Act (as amended). For the first time since inception of the NLPT, in 2018 the Auditor-General of South Africa (AGSA) required NLPT to be consolidated in the NLC annual financial statements.

The Trustees held trustee meetings at the NLC offices. However during the 2024 financial year meetings were held virtually, except for the two in- person meetings held on the 21 February 2024 and 15 March 2024.

#### 14. GOING CONCERN

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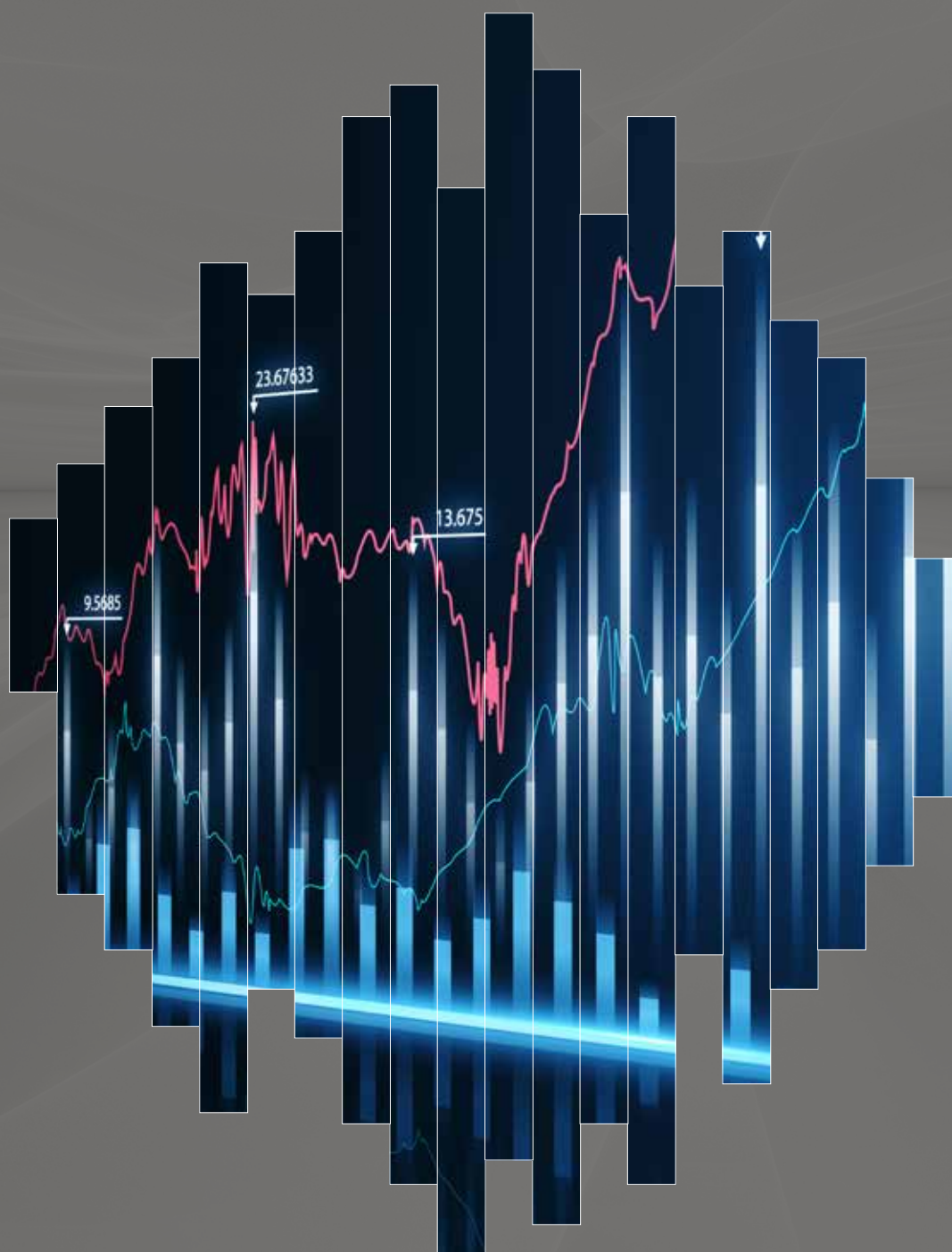
The entity's total assets exceed its liabilities by R1000. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### 15. CONTINGENT LIABILITY

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No contingent liability exists for the year in review.





ANNUAL FINANCIAL STATEMENTS OF THE  
**NATIONAL LOTTERY DISTRIBUTION TRUST FUND**  
FOR THE YEAR ENDED 31 MARCH 2024

# GENERAL INFORMATION

**CONTROLLING ENTITY** Department of Trade, Industry and Competition

**FINANCIAL STATEMENTS RELATE TO** National Lottery Distribution Trust Fund (NLDTF)

**DOMICILE, LEGAL FORM AND JURISDICTION** NLDTF is established in terms of the Lotteries Act No 57 of 1997 as amended

**NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES** NLDTF's mandate is to distribute the grants to worthy causes in the manner prescribed in the Lotteries Act No 57 of 1997 as amended.

## **BOARD MEMBERS** **NON-EXECUTIVE BOARD MEMBERS**

The Minister does not appoint a separate Board Members for the NLDTF.

The Board Members of the National Lotteries Commission provide oversight on NLDTF.

**COMMISSIONER** Ms. Jodi Lynn Scholtz

**CHIEF FINANCIAL OFFICER (CFO)** Ms. Tina Maharaj

**REGISTERED OFFICE** Block D, 333 Grosvenor Street, Hatfield, Pretoria, 0083

**BUSINESS ADDRESS** Block D, 333 Grosvenor Street, Hatfield, Pretoria, 0083

**POSTAL ADDRESS** Private Bag X101, Brooklyn Square, South Africa, Pretoria, 0075

**BANKERS** First Rand Limited

**AUDITORS** Auditor-General of South Africa

# ACCOUNTING AUTHORITY REPORT

The National Lotteries Commission Accounting Authority presents its fifteenth annual report, which is supplementary to the audited separate and consolidated annual financial statements of the National Lotteries Commission (NLC), National Lottery Distribution Trust Fund (NLDTF) and National Lotteries Participants Trust (NLPT) for the period ended 31 March 2024.

## 1. NATURE OF OPERATIONS

The NLC is a regulator of the National Lottery as well as other lotteries, including society lotteries to raise funds. Ithuba RF (Pty) Ltd is a private company that currently operates the National Lottery and sports pools under a licence from the government which commenced on 1 June 2015. The Operator pays a percentage of the revenue from national lottery ticket sales to the NLDTF in terms of the Licence Agreement. These proceeds are destined for good causes as stipulated in the Lotteries Act No 57 of 1997 (Lotteries Act), as amended and allocated to eligible and deserving applicants by Distributing Agencies appointed by the Minister of Trade, Industry and Competition (DTIC). Furthermore, the NLC may, upon request by the Minister, Board or on its own initiative in consultation with the Board, conduct research on worthy good causes that may be funded without lodging an application as prescribed in terms of the Lotteries Act.

The NLC Board administers the NLDTF and NLDTF transfers the necessary running costs to the NLC. The NLC withdraws the necessary funds required from the NLDTF, based on the overall annual budget approved by the Minister of the DTIC.

The National Lotteries Participants Trust (NLPT) was founded by Ithuba Holdings RF (Pty) Ltd in terms of the Licence Agreement between the DTIC, NLC and the Lottery Operator. The main objective of the NLPT is to hold monies in the Trust on behalf of Ithuba for prize winners and monies for advanced plays. Independent Trustees are charged with the responsibility to ensure that monies held in the Trust are safeguarded in terms of the Trust Deed.

## 2. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the annual report is consistent with the consolidated annual financial statements audited by the Auditor General of South Africa. The consolidated annual financial statements are 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 separate and consolidated annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice applicable.
- The accounting authority is responsible for the preparation of the separate and consolidated annual financial statements and for the judgements made in the financial statements. The accounting authority is responsible for establishing and implementing a system of internal control that is designed to provide reasonable assurance to the integrity and reliability of the performance information, the human capital information and the separate and consolidated annual financial statements. The Auditor General is engaged to express an independent opinion on the consolidated annual financial statements. In our opinion, the consolidated and separate annual financial statements fairly reflect the financial affairs of the NLC, NLDTF and NLPT for the period ended 31 March 2024.


#### 4. MATERIALITY FRAMEWORK IN TERMS OF TREASURY REGULATION 28.1.5

For purposes of 'material' (sections 50(1), 55(2) and 66(1) of the Public Finance Management Act) and 'significant' (section 54 (2) of the Public Finance Management Act), the Accounting Authority developed and agreed on a framework of acceptable levels of materiality and significance. Overall materiality for the year under review for consolidated annual financial statements is 0.5% of the budgeted expenditure and for financial statements for NLC, NLDTF and NLPT is 1% of budgeted operational expenditure, 0.5% of budgeted grants allocation and 1% of total assets respectively.

#### 5. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 125 to 181 for the NLC, pages 215 to 246 for the NLDTF were approved by the Accounting Authority on 31 July 2024 and are signed on their behalf.

On behalf of the Board of the National Lotteries Commission



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**N Barney Pityana** GCOB FKCC MASSA  
Chairperson of the Board

# REPORT OF THE AUDITOR-GENERAL

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL LOTTERY DISTRIBUTION TRUST FUND

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### QUALIFIED OPINION

1. I have audited the financial statements of the National Lottery Distribution Trust Fund set out on pages 215 to 246, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the National Lottery Distribution Trust Fund as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### BASIS FOR QUALIFIED OPINION

##### *ALLOCATION OF GRANTS*

3. Allocation of grants was not recognised as required by GRAP 1, Presentation of financial statements. Grant allocation expenses were recorded for grants allocated to beneficiaries, despite the conditions outlined in the grant agreements not being met. Consequently, allocation of grants and grant liabilities were overstated by R25 219 681, while contingent liabilities were understated by the same amount. This also had an impact on the surplus for the period and accumulated surplus.
4. Furthermore, in the prior year, allocation of grants was not recognised as required by GRAP 1, Presentation of financial statements. Grant allocation expenses were recorded for grants allocated to beneficiaries while the grant agreement was not yet signed. I was unable to determine the full extent of the overstatement of allocation of grants and grant liabilities, and the understatement of contingent liabilities, as it was impractical to do so. This also had an impact on the prior year surplus and accumulated surplus.

##### CONTEXT FOR OPINION

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
6. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### EMPHASIS OF MATTERS

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **UNDERSPENDING OF THE BUDGET**

9. As disclosed in the statement of comparison of budget and actual amounts, the public entity materially underspent the budget by R957 219 000 on allocation of grants.

## **RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS**

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

## **RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page number xx of the annexure to the auditor's report forms part of our auditor's report.

## **REPORT ON THE ANNUAL PERFORMANCE REPORT**

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. The public entity's performance information was reported in the annual performance report of the National Lotteries Commission. I audited the reported performance information as part of the audit of the National Lotteries Commission and any audit findings are included in that auditor's report.

## **REPORT ON COMPLIANCE WITH LEGISLATION**

16. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
17. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.



18. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
19. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

#### **EXPENDITURE MANAGEMENT**

20. I was unable to obtain sufficient appropriate audit evidence that the resources of the National Lottery Distribution Trust Fund were utilised economically, as required by section 57(b) of the PFMA. The resources in question are related to grant funding allocated to beneficiaries for socio-economic needs of the communities.

#### **CONSEQUENCES MANAGEMENT**

21. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.
22. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditures as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

#### **ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT**

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.  
Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified opinion.

#### **OTHER INFORMATION IN THE ANNUAL REPORT**

24. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.
25. My opinion on the financial statements and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. The other information I obtained prior to the date of this auditor's report are extracts of general information, governance, human resource management, chairperson's foreword, commissioner's overview and PFMA compliance report, and the minister's foreword, and audit committee report are expected to be made available to us after 5 December 2024.
28. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
29. When I do receive and read the minister's foreword and audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

## INTERNAL CONTROL DEFICIENCIES

30. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
31. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
32. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information as material misstatements were identified on the annual financial statements.
33. Management did not review and monitor compliance with applicable legislation as material instances of non-compliance were identified in compliance testing.
34. Leadership did not effectively exercise their oversight responsibilities regarding financial reporting, compliance, and related internal controls that resulted in the modification of the auditor's opinion.
35. Management did not implement adequate controls and adequate review processes over daily and monthly processing of transactions as material misstatements were identified in the annual financial statements which resulted in a modified opinion.

## OTHER REPORTS

36. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or compliance with legislation.
37. On 6 November 2020 Proclamation No. R32 of 2020 (Proclamation) was signed by the President. Pursuant to the proclamation the Special Investigating Unit (SIU) conducted a search and seizure at National Lotteries Commission premises on 8 December 2020 during which many of the auditee's copies of items and information, including various files concerning funding, were seized. This was in light of an investigation being conducted on the National Lottery Distribution Trust Fund, which covers the period 1 January 2014 to 6 November 2020.
38. Two investigations are currently in progress which are being performed by the SIU and the Directorate for Priority Crime Investigation (DCPI) (also known as the Hawks) relating to grant funding allegations levelled against beneficiaries, management and former board members.

*Auditor-General*

Pretoria

05 December 2024



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

#### *PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM*

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

#### *FINANCIAL STATEMENTS*

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### *COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE*

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Sections 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraphs 4.8; 4.9
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraphs 4.1; 4.2(b); 7.2
National Treasury SCM Instruction No. 2 of 2021/22	Paragraphs 3.2.1; 3.2.4; 3.3.1
Practice Note 5 of 2009/10	Paragraph 3.3
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulations 4.4; 5.4
Preferential Procurement Regulations, 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.8; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	2024 R'000	2023 Restated R'000
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>1,950,134</b>	<b>1,825,170</b>
Fund Revenue	1	1,950,134	1,825,170
<b>Revenue from Exchange Transactions</b>		<b>221,454</b>	<b>122,188</b>
Investment and interest income	2	215,687	117,975
Other Income	3	5,767	4,213
<b>Total Revenue</b>		<b>2,171,588</b>	<b>1,947,358</b>
<b>EXPENDITURE</b>		<b>1,349,469</b>	<b>1,321,886</b>
Allocation of Grants	4	540,905	844,718
Transfers to National Treasury	5	300,000	-
Transfers to the NLC	6	508,524	474,815
Operating Expenses	7	40	2,084
Other operating expenditure	8	-	269
<b>Total Expenditure</b>		<b>1,349,469</b>	<b>1,321,886</b>
<b>SURPLUS FOR THE YEAR</b>		<b>822,119</b>	<b>625,472</b>

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	NOTE	2024 R'000	2023 Restated R'000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>3,701,459</b>	<b>2,861,710</b>
Trade and Other Receivables from Exchange Transactions	9	21,272	17,612
Trade and Other Receivables from Non-Exchange Transactions	10	158,039	164,286
Cash and Cash Equivalents	12	3,522,147	2,679,812
<b>Total Assets</b>		<b>3,701,459</b>	<b>2,861,710</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>289,659</b>	<b>272,029</b>
Grant liabilities	13	289,659	272,029
<b>Total Liabilities</b>		<b>289,659</b>	<b>272,029</b>
<b>NET ASSETS</b>		<b>3,411,800</b>	<b>2,589,681</b>
Accumulated Surplus		3,411,800	2,589,681
<b>Total Net Assets and Liabilities</b>		<b>3,701,460</b>	<b>2,861,710</b>



# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

	Accumulated Surplus / (Deficit) R'000
<b>2022</b>	
Balance at 1 April 2022	1,931,933
Correction of Error (Note 15.1)	(63,707)
Correction of Error (Note 15.2)	95,983
<b>Restated Balance at 1 April 2022</b>	<b>1,964,209</b>
<b>2023</b>	
<b>Restated Balance at 1 April 2022</b>	<b>1,964,209</b>
Restated Surplus for the year 2022/23	625,472
Surplus for the year reported in 2022/23	561,165
Correction of Error (Note 15.1)	(26,125)
Correction of Error (Note 15.2)	90,434
<b>Restated Balance as at 31 March 2023</b>	<b>2,589,681</b>
<b>2024</b>	
<b>Restated Balance at 31 March 2023</b>	<b>2,589,681</b>
Surplus for the year reported in 2023/24	822,119
<b>Balance at 31 March 2024</b>	<b>3,411,800</b>

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE	TRUST 31 March 2024 R'000	TRUST 31 March 2023 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Cash received from Ithuba (RF)(Pty) Ltd and Participants Trust		1,948,857	1,786,600
Interest Received		209,026	109,143
Cash Received from Beneficiaries and Other Parties		8,767	2,276
		<b>2,166,650</b>	<b>1,898,018</b>
<b>PAYMENTS</b>			
Cash Paid to Beneficiaries and Other Parties		(1,324,315)	(1,068,154)
		<b>(1,324,315)</b>	<b>(1,068,154)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	16	<b>842,335</b>	<b>829,865</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>842,335</b>	<b>829,865</b>
Cash and Cash Equivalents at Beginning of Period	12	2,679,812	1,849,948
<b>Cash and Cash Equivalents at End of Period</b>	12	<b>3,522,147</b>	<b>2,679,812</b>

# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

	Approved Budget R'000	Adjustments R'000	Final Budget R'000	Actual Amounts on Comparable Basis R'000	Difference: Final Budget and Actual R'000	Notes
<b>FINANCIAL PERFORMANCE</b>						
<b>REVENUE</b>						
Share of ticket sales	1,815,499	(800)	1,814,699	1,827,949	13,250	1
Interest income	102,600	77,636	180,236	215,687	35,451	2
Revenue from Participants Trust						
Revenue from NLPT- Interest	1,538	8,280	9,818	10,470	652	3
Revenue from NLPT- Unclaimed and expired prize monies	140,000	(20,000)	120,000	111,715	(8,285)	4
Other operating income (Sundry Income)	1,500		1,500	5,767	4,267	6
<b>Total Revenue</b>	<b>2,061,137</b>	<b>65,116</b>	<b>2,126,253</b>	<b>2,171,588</b>	<b>45,335</b>	
<b>EXPENDITURE</b>						
Transfers to NLC	(647,991)	39,525	(608,466)	(508,524)	99,942	10
Transfer to National Treasury	-	-	-	(300,000)	(300,000)	9
Other expenses	-	-	-	-	-	
Administrative expenses	-	(36)	(36)	(40)	(4)	7
<b>Total Expenditure</b>	<b>(647,991)</b>	<b>39,489</b>	<b>(608,502)</b>	<b>(808,564)</b>	<b>(200,062)</b>	
<b>Available for Distribution to Grant Allocations</b>	<b>2,709,128</b>	<b>25,627</b>	<b>2,734,755</b>	<b>2,980,151</b>	<b>245,397</b>	
<b>Net Allocation of Grants</b>	<b>(1,381,749)</b>	<b>(126,678)</b>	<b>(1,508,427)</b>	<b>(540,905)</b>	<b>967,522</b>	
Allocation of Grants	(1,401,749)	(126,678)	(1,528,427)	(571,208)	957,219	8
Revocations	20,000	-	20,000	30,303	10,303	5
<b>Surplus for the Year</b>	<b>4,110,877</b>	<b>(227,729)</b>	<b>9,324</b>	<b>822,120</b>	<b>812,796</b>	

**FINANCIAL PERFORMANCE: EXPLANATION OF VARIANCES BETWEEN APPROVED BUDGET AND ACTUAL**

Reasons for variances between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

	R'000
<b>Note 1 :Share of ticket sales</b>	<b>13,250</b>
The increase in the share of ticket sales when compared to budget, resulted from higher as well as rolling and guaranteed jackpots during the year. This, coupled with vigorous marketing campaigns from Ithuba, drove sales. The introduction of additional online channels of play also increased participation. The daily lotto was also introduced to portfolios offered by Nedbank, Capitec and Tyme Bank.	
<b>Note 2: Interest income</b>	<b>35,451</b>
The favourable performance is driven by the high REPO rate during the year as well as increase in the bank balance.	
<b>Note 3: Revenue from NLPT- Interest.</b>	<b>652</b>
The interest from NLPT is higher than budget due to the higher REPO rate during the year.	
<b>Note 4: Revenue from NLPT- Unclaimed and expired prize monies</b>	<b>(8,285)</b>
The negative variance is attributable to the lower than anticipated unclaimed prizes due to more winners claiming their prizes during the 2023/24 financial year.	
<b>Note 5: Revocations</b>	<b>10,303</b>
The revocations (withdrawals) are based on estimates.	
<b>Note 6: Other operating income</b>	<b>4,267</b>
The positive variance is mainly attributable to the estimation of unutilised project funds claimed back from beneficiaries and recovery of a doubtful debt from previous year.	
<b>Note 7: Administrative expenses</b>	<b>(4)</b>
The variance is nominal.	
<b>Note 8: Allocations of grants</b>	<b>957,219</b>
The under allocation of grants was due to additional controls introduced during the financial year coupled with a limited number of adjudication committee members.	
<b>Note 9: Transfer to National Treasury</b>	<b>(R300 000)</b>
The was no allocated budget for this expense. It was a once-off disbursement.	
<b>Note 10: Transfers to NLC</b>	<b>99 942</b>
The variance arose due to a request for retention of surplus from the National Treasury relating to the 2021/22 financial year	

# ACCOUNTING POLICIES

## FOR THE YEAR ENDED 31 MARCH 2024

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared in accordance with South African Generally Recognised Accounting Practice (SA GRAP) as well as the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA). They have been prepared in accordance with the going concern principle using the historical cost basis except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with SA GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined in point 11 of the summary of significant accounting policies.

### NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED AND NOT YET EFFECTIVE

STANDARD OF GRAP / NATURE OF IMPENDING CHANGES / EXPECTED IMPACT	EFFECTIVE DATE	PLANNED DATE FOR APPLICATION BY ENTITY
<b>GRAP 1 Presentation of Financial Statements</b> No impact in current year. It will affect how the information is aggregated in the financial statements, applying the concept of materiality. The requirements will be applied prospectively.	01/04/2025	01/04/2025
<b>GRAP 2 Cash flow statements</b> No impact in current year. It will affect how information relevant to users as stipulated in para 51 will be disclosed. The requirements will be applied prospectively.	4/1/2025	31/3/2026
<b>GRAP 3 Accounting policies, Changes in Accounting estimates and errors</b> No impact in current year. It will affect how the NLC deals with accounting estimates. The requirements will be applied prospectively.	4/1/2025	31/3/2026
<b>GRAP 13 Leases</b> It will have no impact on the financial statements of NLDTF, no leases in the entity.	4/1/2025	31/3/2026
<b>GRAP 17 Property, Plant and Equipment (PPE)</b> Not applicable to NLDTF, the entity does not have fixed assets	4/1/2025	31/3/2026
<b>GRAP 19 Provisions, Contingent liabilities and contingent assets</b> No impact in the current year, there will be no impact for NLDTF as the change only relates to the removal of the requirement to disclose external valuations used to measure provisions. The NLDTF does not use external valuations to measure provisions.	4/1/2025	31/3/2026
<b>GRAP 20 Related party disclosure</b> N/A - only a change to the wording of the definition of "Significant influence"	4/1/2025	31/3/2026
<b>GRAP 23 Revenue from non-exchange transactions (taxes and transfers)</b> No impact on NLC as the change only relates to the removal of the line talking to disaggregation by class for the amount of liabilities recognised in respect of transferred assets subject to conditions.	01/04/2025	01/04/2025

STANDARD OF GRAP / NATURE OF IMPENDING CHANGES / EXPECTED IMPACT	EFFECTIVE DATE	PLANNED DATE FOR APPLICATION BY ENTITY
<b>GRAP 24 Presentation of Budget information in financial statements</b> No impact in the current year. The amendment to the standard includes a requirement for the entity to be held publicly accountable for the entity to be required to apply the standard. Entities are held publicly accountable for their budgets when there is an expectation of public oversight by the relevant authority who approves their budgets being, Parliament, the legislature, and municipal councils. The NLDTF makes its budget publicly available through its own actions by publishing on the website. The budget is approved by the NLC Board and the Minister and there is no approval by Parliament and legislature. The NLDTF is accountable to its Board for its budget and in this instance, oversight is exercised by the Board and not by Parliament or the legislature. Therefore, the NLDTF is not publicly accountable for its budget and is not required to apply this standard.	01/04/2025	01/04/2025
<b>GRAP 25 Employee Benefits</b> No impact. GRAP 25 does not apply to the annual financial statements of the NLDTF. The cost of the employees is accounted for in the NLC entity.	01/04/2023	31/03/2024
<b>GRAP 27 Agriculture</b> N/A as NLC is not in the Agriculture industry.	4/1/2024	N/A
<b>GRAP 31 Intangible assets</b> No impact in the current year. there will be no impact to the NLC as the changes relate to exclusion of this standard to assets accounted using GRAP 32 which is not applicable to the NLC.	01/04/2025	31/03/2026
<b>GRAP 104 Financial Instruments</b> No Impact in current year, but in the future. The changes to GRAP 104 affect the following: <ul style="list-style-type: none"> <li>• Classification of financial assets</li> <li>• Amortised cost of financial assets</li> <li>• Impairment of financial assets (Expected credit losses will be disclosed)</li> <li>• Disclosures</li> </ul>	01/04/2025	31/03/2026
<b>GRAP 105 Transfer of Functions Between Entities Under Common Control</b> NLC will apply this standard in the event of a transfer of functions. The proposed amendments/GRAP pronouncement has not yet been disclosed to the public.	To be determined	
<b>GRAP 106 Transfer of Functions Between Entities Not Under Common Control</b> Not applicable to NLC.	To be determined	
<b>GRAP 107 Mergers</b> N/A to NLC since the acquirer (NLC) can be identified.	To be determined	
<b>IGRAP 20 Accounting for adjustments to revenue</b> No impact on NLC	01/04/2025	31/03/2026
<b>Directive 12 The selection of an appropriate reporting framework by public entities</b> No impact on NLC, there has been a minor amendment replacing significant with material	01/04/2025	31/03/2026

## FUNCTIONAL AND PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand.

All amounts are stated in Rand thousands (R'000), unless indicated otherwise.



## SIGNIFICANT CHANGES IN ACCOUNTING POLICIES IMPLEMENTED DURING THE YEAR

The accounting policies are consistent with those reported in the previous year, except for the recognition of grant allocations expenses and the related grant liabilities. In previous years, the grant allocations expenses were allocated based on the following assumptions and policies:

### *PREVIOUS ACCOUNTING POLICY ON GRANT ALLOCATION EXPENSES AND PROVISIONS FOR GRANT ALLOCATION:*

Allocations were accounted for when applications for assistance from individual organisations were considered and grants were unconditionally awarded by the respective Distributing Agencies. Pro-active funding allocations were accounted for when funding was considered in terms of section 2A(4) of the Lotteries Act and grants were unconditionally awarded by the Assurance committee. Disclosures were made for those organisations which were funded by the NLDTF in which Distributing Agencies may have a significant interest in.

Based on the previous accounting policy, the amount recognised as a provision was the best estimate of the expenditure required to settle the present obligation at the reporting date. The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time. It will often be impossible or prohibitively expensive to settle or transfer an obligation at the reporting date. However, the estimate of the amount that an entity would rationally pay to settle or transfer the obligation gives the best estimate of the expenditure required to settle the present obligation at the reporting date. An impairment was recognised when an organisation breached the provisions of Regulation 6 and Clause 10 of the grant agreement and the NLC has communicated the breach to the beneficiary.

This policy was applied by NLDTF until the financial year ended 31 March 2023.

### *REVISED ACCOUNTING POLICY ON GRANT ALLOCATION EXPENSES AND PROVISIONS FOR GRANT ALLOCATION:*

Management have reviewed the accounting policy related to grant allocation expenses and provision for grant allocation to achieve better presentation in the Annual Financial Statements.

## GRANT ALLOCATION EXPENSES

Distributing Agencies may allocate the grants in a single tranche or in multiple tranches.

Grant allocation expenses for the first tranche payments are accounted for in the statement of financial performance upon the conclusion of a valid grant agreement between two parties, with the conditions as outlined in the agreement for the transfer of the funds having been met by the beneficiary to the satisfaction of the NLC. Where the grant has multiple tranches, the tranches subsequent to the first tranche shall not be accounted in the statement of financial performance until the conclusion of a valid progress report and compliance checklist approved by the delegated NLC officials.

After approval of a grant application by the Distributing Agencies, grant applicants are required to submit their grant agreements and comply with all grant conditions. Grant agreements may indicate that such grants may be disbursed in one or multiple tranches.

## GRANT LIABILITIES

The grants are classified as financial liabilities in line with the requirements of GRAP 104 (Financial Instruments). The NLC shall recognise a corresponding liability for the portion of a grant allocation related to the first tranche upon the conclusion of a valid grant agreement that comply with conditions outlined in the agreement for the transfer of the funds.

**CONTINGENT LIABILITIES**

Grant allocations are accounted as contingent liabilities when applications for grants from individual organisations are considered and grants are unconditionally awarded by the respective Distributing Agencies. The policy applies for both application based and researched based grants.

**MULTI-TRANCHE/STAGES GRANT ALLOCATIONS**

Where a grant has multiple tranches payable over multiple stages and continuation of the award is conditional upon the outcome of formal reviews by the NLC, the later stages of the award is treated as a contingent liability. The contingent liability will be derecognised when the outcome of the on-site review and progress report indicates that the NLC continues with the grant awarded and then recognise the financial liabilities as grant liabilities.

**RECLASSIFICATION OF ACCOUNTS ON THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF FINANCIAL PERFORMANCE*****PROVISION FOR ALLOCATIONS AND FINANCIAL LIABILITIES***

Grant allocated are classified as financial liabilities in line with GRAP 104 (Financial Instruments) and not provisions for grants (Provisions, contingent liabilities and contingent assets), as a result, the Provisions for allocations were reversed and only the grant allocations that met the definition of a financial liability were disclosed in the Annual Financial Statements. Refer to reclassification of accounts in note 25 of the annual financial statements for detailed disclosure.

***REVOCATIONS, PROVISION FOR ALLOCATIONS AND FUND REVENUE***

During the year, Management has changed the classification of Revocations (withdrawals) of grants allocated in previous years from Fund Revenue to Grant allocations. The comparative year amount disclosed were restated. Refer to note 1 of the annual financial statements.

The Provision for allocations was reclassified as Grant liabilities after the change in accounting treatment on grant allocations from GRAP 19 (Provisions, Contingent liabilities and Contingent Assets) to GRAP 104 (Financial instruments).

**2. REVENUE RECOGNITION**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when these inflows result in an increase in net assets. Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

The NLDTF distinguishes between two forms of revenue namely revenue from exchange transactions and revenue from non-exchange transactions.

**2.1 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions is defined as fund revenue in which NLDTF receives value from another entity or party without directly giving approximately equal value in exchange or gives value to another entity or party without directly receiving approximately equal value in exchange.

**SHARE OF TICKET SALES**

Revenue from share of national lottery and sports pools ticket sales is accounted for on the accrual basis and is measured as a percentage of ticket sales from the operator as stipulated and agreed in the in the Licence to Operate the National Lottery and the Sports Pools Licence.

**EXPIRED AND UNCLAIMED PRIZES**

Expired and unclaimed prizes relate to prizes in constituent lotteries (not being an Instant Lottery) for which remain unclaimed for a period of 365 days following the draw in which the prize was won as stipulated in the Licence Agreement. Such monies are accounted for on an accrual basis. Payments of the funds by Ithuba Holdings (RF)(Pty) Ltd are through the intermediation of the National Lotteries Participants Trust (NLPT).

**INTEREST FROM THE NATIONAL LOTTERIES PARTICIPANTS TRUST**

Any interest that remain in the National Lotteries Participants Trust after deduction of the National Lotteries Participants Trust costs are due to the NLDTF as stipulated in the Trust Deed of the NLPT. These monies are accounted for on an accrual basis. Payments of the funds by Ithuba Holdings (RF)(Pty) Ltd are through the intermediation of the National Lotteries Participants Trust. Interest earned on the bank accounts of the NLPT is accounted in the NLPT to the extent that it is utilised to defray the NLPT expenses.

**2.2 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions is defined as revenue in which NLDTF receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity or party in exchange.

**INVESTMENT AND INTEREST INCOME**

Investment income comprises interest received from cash and cash equivalents. Interest is accounted for on an accrual basis using the effective interest rate method.

**OTHER INCOME**

Other income comprises of recoveries of unutilised funds claimed from beneficiaries, provision for doubtful debts and miscellaneous income.

**3. FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The municipal entity determines the classification of its financial instruments at initial recognition.

A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument.

### 3.1 CLASSIFICATION OF FINANCIAL INSTRUMENTS

#### FINANCIAL ASSETS

NLDTF classifies its financial assets in the following categories:

- financial assets at amortised cost
- financial assets at fair value

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### 3.2 FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost are non-derivative financial assets that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading

Financial assets carried at amortised cost, are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. These assets are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

NLDTF will derecognize a financial assets when:

- (a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- (b) NLDTF transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) NLDTF despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial assets at amortised cost consists of:

- trade and other receivables from exchange transaction;
- trade and other receivables from non-exchange transaction;

### 3.3 FINANCIAL ASSETS AT FAIR VALUE

Financial instruments at fair value comprise financial assets that are:

- (a) investments;
- (b) Bank balances and cash on hand;

Cash and cash equivalents consists of.

- cash in hand/petty cash
- Investments : deposits held at call and money market securities
- balances with banks

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. It comprises cash in hand and deposits held at call with respective banks. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are classified as financial assets at fair value and are carried at cost which due to their short-term nature approximates fair value.

Financial Assets at fair value will be initially recognised is at fair value. A gain or loss arising from a change in the fair value of a financial asset measured at fair value shall be recognised in surplus or deficit.

### 3.4 FINANCIAL LIABILITIES

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of financial liabilities and the classification determining how they are measured exist: Financial liabilities measured at amortised cost

The NLDTF has the following types of financial liabilities as reflected on the face of the balance sheet and in the notes thereto:

TYPE OF FINANCIAL LIABILITY	CLASSIFICATION IN TERMS OF GRAP 104
Grant liabilities	Financial liability at amortised cost
Other accounts payables/creditors from exchange transactions	Financial liability at amortised cost

Grants liabilities are grants allocated to the beneficiaries that meet the terms and conditions of the Grant Agreement are classified at amortised cost.

Any other accounts payables from exchange transactions consists of suppliers, mainly consultants, quantity surveyors and engineers.

A financial liability is recognised, when the NLC becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instruments not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instruments are added or deducted from the fair value, as appropriate on initial recognition.

Financial liabilities consist of payables and grant liabilities. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Grant allocations are expensed in the Statement of financial performance in the period in which they are incurred except where stated otherwise.

A gain or a loss is recognised in surplus or deficit when the financial liability is derecognised or through the amortisation process.

NLDTF derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

## 4. IMPAIRMENT OF ASSETS

### 4.1 FINANCIAL ASSETS CARRIED AT AMORTISED COST

NLDTF assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence includes one or more of the following events:

- significant financial difficulty of the issuer or debtor
- a breach of contract, such as default or delinquency in payments
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization
- the disappearance of an active market for that financial asset because of financial difficulties

- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in NLDTF, including:
  - adverse changes in the payment status of issuers or debtors of NLDTF
  - national or local economic conditions that correlates with defaults on the assets of NLDTF

NLDTF first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If NLDTF determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in surplus or deficit.

## 4.2 IMPAIRMENT OF OTHER NON-FINANCIAL ASSETS

Assets, including intangible assets, that are subject to amortisation, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such indicators include continued deficits, changes in technology, market, economic, legal and operating environments.

An impairment deficit is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is measured using the higher of the fair value less costs to sell and the value-in-use. Value-in-use is the present value of projected cash flows covering the remaining useful life of the asset. An impairment charge is recognised as a deficit in surplus or deficit immediately.

Cash-generating assets are assets managed with the objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets. Therefore, NLDTF classifies assets as non-cash generating assets.

## 5. FINANCIAL RISK MANAGEMENT

The NLDTF's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board manages these risks through quarterly reporting of risk management.

### 5.1 MARKET RISK

The NLDTF's activities do not expose it to a significant amount of market risk. Therefore no formal policies have been developed to guard against market risk.

### 5.2 CREDIT RISK

Credit risk arises from the following:

Cash and cash equivalents and deposits with banks and financial institutions. Receivables from exchange and non exchange transactions and committed transactions.

To mitigate the credit risk exposure, the entity:

Banks and invests in the financial institutions approved by the Minister of Finance.

Invest the surplus funds in financial institutions that have a credit rating equivalent to or higher than sovereign (country) rating. Complies with the relevant regulations and practice notes issued by National Treasury.

### 5.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet the daily demands of the operations.

Management monitors daily balances of cash and cash equivalents as well as investment accounts to ensure that enough funds are available to meet the needs of operations.

## 6. CONTINGENT LIABILITIES

NLDTF discloses a contingent liability when:

- it has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- it has a present obligation that arises from past events but not recognised because it is not probable that an outflow of resources will be required to settle an obligation or
- the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is disclosed in the notes to the financial statements unless the probability of an outflow of economic benefits is remote.

## 7. ALLOCATION OF GRANTS

### 7.1 ALLOCATION OF GRANTS

Grant allocations are accounted as contingent liabilities when applications for assistance from individual organisations are considered and grants are unconditionally awarded by the respective Distributing Agencies. The policy applies for both application based and researched based grants.

Grant allocations expenses for the first tranche are accounted in the statement of financial performance upon the conclusion of a valid grant agreement signed between both parties with the conditions as outlined in the agreement for the transfer of the funds having been met by the beneficiary. Where the grant has multiple tranches, the tranches subsequent to the first tranche shall not be accounted in the statement of financial performance upon the conclusion of a valid progress report and compliance checklist approved by the delegated NLC officials.

The grant allocated may be revoked in the same year that the grant is allocated or in future periods. Revocations are off-set against the grant allocation expense when a grant is revoked and is recognised at the amount of the revocation.

Revocations are effected by the NLC under the following circumstances:

- Breach of Grant Agreement
- Voluntary cancellation of the Grant Agreement by the beneficiary due to various reasons;
- Cancellation due to identification and/or determination of irregularities from the beneficiary organisation; or
- Any other reasons that the Minister of the dtic considers enough to warrant cancellation as set out in Section 31 of the Act.



## 8. COMPARISON OF THE APPROVED BUDGET AND ACTUAL AMOUNTS

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the financial year from 1 April 2023 to 31 March 2024. The budget for the economic entity includes all the entities approved budgets under its control. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the statement of comparison of budget and actual amounts.

## 9. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Assumptions and estimates form an integral part of financial reporting and have an impact on the amounts reported. Assumptions are based on historical experience and expectations of future outcomes and anticipated changes in the environment. Assumptions are further regularly reviewed in the light of emerging events and adjusted where required.

### 9.1 CONTINGENT LIABILITY

Contingent liabilities are not recognised in the financial statements, but are disclosed in the notes to the financial statements unless the probability of occurrence is remote.

### 9.2 PROVISION FOR DOUBTFUL DEBTS

A provision for doubtful debt is raised in instances where there are indications that the debt may not be recoverable from the debtor. The assessment of recoverability is done on a individual debt basis.

### 9.3 BENEFICIARIES WRITTEN OFF

Beneficiaries written off are those beneficiaries where all avenues for recovery have been completely exhausted and the outstanding debts are considered not recoverable.

### 9.4 CONTINGENT ASSETS

Contingent assets are possible assets that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is not recognised in the financial statement, however it is disclosed where an inflow of economic benefits or service potential is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

## 10. IRREGULAR EXPENDITURE

Irregular Expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including:

- The PFMA,
- the Treasury Regulations;
- a National Treasury Instruction, issued in terms of section 76 of the PFMA; or
- Any legislation providing for procurement procedures

When confirmed, irregular expenditure must be recorded in the notes to the financial statements. The amount to be recorded in the notes must be equal to the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof. Where such impracticability exists, the reasons therefore must be provided in the notes. Irregular expenditure must be removed from the notes when it is either

- (a) condoned by the National Treasury or the relevant authority;
- (b) it is transferred to receivables for recovery; or
- (c) it is not condoned and is irrecoverable. A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and must be de-recognised when the receivable is settled or subsequently written off as irrecoverable.

Any irregular expenditure is charged against expenditure in the year in which it is incurred.

The Board of NLC may remove irregular expenditure that was not condoned by the relevant authority

## 11. FRUITLESS AND WASTEFUL EXPENDITURE

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc. (as applicable).

Any fruitless and wasteful expenditure is charged against expenditure in the year in which it is incurred. Any fruitless and wasteful expenditure will be removed from the register once the loss has been recovered. Any unrecoverable losses may be written off by the Board of NLC in line with the Treasury Regulations.

## 12. RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

As a minimum, the following are regarded as related parties of the reporting entity:

- (a) A person or a close member of that person's family related to the reporting entity if that person:
  - (i) has control or joint control over the NLDTF;
  - (ii) has significant influence over the NLDTF or

Related party transactions are transfers of resources, services or obligations between the NLDTF and a related party, regardless of whether a price is charged.

## 13. EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

#### 14. PRIOR PERIOD ERRORS

Any prior period error shall be corrected by retrospective restatement in terms of GRAP 3 and the nature of the prior period error, the amount of correction for each financial statement line item affected and the amount of the correction at the beginning of the earliest prior period shall be presented in the note for prior period error of the financial statements.

#### 15. CHANGE IN ACCOUNTING ESTIMATES

Change in accounting estimate will be recognised prospectively in terms of GRAP 3 and the nature and amount of the change in an accounting estimate shall be disclosed in the notes to the financial statements.

#### 16. TAXATION

No provision has been made for taxation. NLDTF is exempt from Income Tax in terms of Section 10(1)(cA) of the Income Tax Act, 1962.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023 Restated
	R'000	R'000
<b>1. FUND REVENUE</b>		
Share of Ticket Sales	1,827,949	1,663,399
Expired and Unclaimed Prizes	111,715	155,032
Interest from the National Lotteries Participants Trust	10,470	6,738
<b>Total Fund Revenue</b>	<b>1,950,134</b>	<b>1,825,170</b>

2023 Fund Revenue amount was restated from R1,849 million to R1,825 million due to reclassification of Revocations of R24,199 million to allocation of grant expenses (refer to note 4 and note 15).

## 2. INVESTMENT AND INTEREST INCOME

Interest from call and current accounts	215,687	117,975
<b>Total Interest Earned</b>	<b>215,687</b>	<b>117,975</b>

## 3. OTHER INCOME

<b>OTHER INCOME FROM EXCHANGE TRANSACTIONS</b>		
Sundry Income*	5,547	3,960
Movement in the provision for doubtful debt	220	253
<b>Other income from exchange transactions</b>	<b>5,767</b>	<b>4,213</b>

\* Sundry income mainly consists of money recovered from beneficiaries

2023 Sundry income amount was restated by R15.8 million (from R19.7m to R3.9m) . Refer to note 15, prior period error.

## 4. ALLOCATION OF GRANTS

Current Year Allocations	571,208	860,950
Previous year revocations	(26,332)	(4,690)
Current year revocations	(3,972)	(11,542)
	<b>540,905</b>	<b>844,718</b>

2023 allocations and revocations amount were restated due to change in accounting policy on the treatment of grant allocations. Refer to note 15 for details.

## 5. TRANSFERS TO NATIONAL TREASURY

Return of a portion of the surplus related to the 2021/22 financial year	300,000	-
	<b>300,000</b>	<b>-</b>

	2024	2023 Restated
	R'000	R'000
<b>6. TRANSFERS TO THE NLC</b>		
Transfer from NLDTF to the NLC to fund operational costs	508,524	474,815
	<b>508,524</b>	<b>474,815</b>

2023 transfer to NLC amount has been restated, refer to note 15.

## 7. OPERATING EXPENSES

Bank Charges #	40	36
Professional Fees*	-	2,048
	<b>40</b>	<b>2,084</b>

\* Professional fees are transactions with quantity surveyors and related professionals.

# Bank charges were previously reported as Administrative costs and were reclassified to operating expenses in current year.

## 8. OTHER OPERATING EXPENDITURE

Debtors written off	-	269
	<b>-</b>	<b>269</b>

## 9. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

<b>Accrued Income</b>	<b>21,272</b>	<b>14,612</b>
Interest Receivable on Current and Call Accounts	21,272	14,612
<b>Claims from Beneficiaries</b>	<b>-</b>	<b>3,000</b>
Gross Amount Recovered*	19	3,239
Provision for Doubtful Claim Recovery from Beneficiaries	(19)	(239)
	<b>21,272</b>	<b>17,612</b>
Current	21,272	17,612
Non-Current	-	-
	<b>21,272</b>	<b>17,612</b>

\* 2023 figure was restated by R15.8 million (from R19 million). Refer to note 15.

## 10. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Share of ticket sales- Ithuba Holdings (RF) Pty (Ltd)	44,982	25,075
Expired and unclaimed prizes - National Lotteries Participants Trust	26,944	43,679
Interest Receivable from National Lotteries Participants Trust	2,494	4,388
*Accounts receivable: NLC	83,620	91,144
	<b>158,039</b>	<b>164,286</b>
Current	158,039	164,286
	<b>158,039</b>	<b>164,286</b>

## 11. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

NLDTF did not have statutory receivables in prior year and current year

	2024	2023 Restated
	R'000	R'000
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash at bank – call account	2,033,222	2,033,222
Cash at bank – current account	1,488,925	646,591
	<b>3,522,147</b>	<b>2,679,812</b>

None of the cash balances are pledged or secured.

### 13. GRANT LIABILITIES

Opening Balance	272,029	28,382
Additional grant allocations made during the year (refer to note 4)	571,208	860,950
Payments made during the year	(523,275)	(601,070)
Revocations from previous years (refer to note 4)	(26,332)	(4,690)
Revocations from current year (refer to note 4)	(3,972)	(11,542)
	<b>289,659</b>	<b>272,029</b>
Current	289,659	272,029
Non-Current	-	-
	<b>289,659</b>	<b>272,029</b>

### 14. MANAGEMENT OF FINANCIAL RISK

#### MANAGEMENT OF FINANCIAL RISK

**Market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and investment return. Market risk that could impact on future cash flows and the value of a financial instrument arises from:

**Interest rate risk:** The impact of changes in market interest rates.

**Credit risk** is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Liquidity risk** is the risk that NLDTF will encounter difficulty in meeting obligations associated with financial liabilities due to insufficient cash being available to meet commitments as and when they become due.

Financial risks are managed by the NLDTF as follows:

Review by the internal auditors of compliance with policies and exposure limits on a continual basis and regularly reporting to the Board Audit and Risk Committee and Finance Committee;

Monitoring forecast and accrual cash flows and matching the maturity profiles of financial assets and liabilities.

To assist in the analysis of the financial risks that the NLDTF is exposed to, the statement of financial position has been divided into the following categories: Financial assets and liabilities;

Non-financial assets and liabilities.

**14. MANAGEMENT OF FINANCIAL RISK (CONTINUED)**

<b>AS AT 31 MARCH 2024</b>	Notes	<b>Total R'000</b>	<b>Financial Assets and Liabilities R'000</b>
<b>FINANCIAL INSTRUMENTS AT AMORTISED COST:</b>			
<b>UNLISTED:</b>			
Trade and other receivables from exchange transactions	9	21,272	21,272
Trade and other receivables from non- exchange transactions	10	158,039	158,039
<b>FINANCIAL INSTRUMENTS AT FAIR VALUE:</b>			
Cash and cash equivalents	12	3,522,147	3,522,147
<b>Total Assets</b>		<b>3,701,459</b>	<b>3,701,459</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>			
Grant liabilities	13	289,659	289,659
<b>Total liabilities</b>		<b>289,659</b>	<b>289,659</b>

**AS AT 31 MARCH 2023**

<b>FINANCIAL INSTRUMENTS AT AMORTISED COST:</b>			
<b>UNLISTED:</b>			
Trade and other receivables from exchange transactions	9	17,612	17,612
Trade and other receivables from non- exchange transactions	10	164,286	164,286
<b>FINANCIAL INSTRUMENTS AT FAIR VALUE:</b>			
Cash and cash equivalents	12	2,679,812	2,679,812
<b>Total Assets</b>		<b>2,861,710</b>	<b>2,861,710</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>			
Grant liabilities	13	272,029	272,029
<b>Total liabilities</b>		<b>272,029</b>	<b>272,029</b>

**FINANCIAL ASSETS AND LIABILITIES**

The NLDTF is exposed to financial risk through the following financial assets and liabilities:

		<b>Year ended 31 March 2024 R'000</b>	<b>Year ended 31 March 2023 R'000</b>
<b>FINANCIAL INSTRUMENTS AT AMORTISED COST:</b>			
<b>UNLISTED:</b>			
Trade and other receivables from exchange transactions	9	21,272	17,612
Trade and other receivables from non- exchange transactions	10	158,039	164,286
<b>Financial instruments at fair value:</b>			
Cash and cash equivalents	12	3,522,147	2,679,812
<b>Total financial assets</b>		<b>3,701,459</b>	<b>2,861,710</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>			
Grant liabilities	13	289,659	272,029
<b>Total financial liabilities</b>		<b>289,659</b>	<b>272,029</b>



## 14. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

### MARKET RISK

Sensitivity to changes in interest rates and market indices relevant to financial assets or financial liabilities due to the risk that future cash flows will fluctuate. The table below details the specific interest rate risk that the NLDTF is exposed to:

AS AT 31 MARCH 2024	Notes	Carrying amount R'000	Floating R'000	Non-interest bearing R'000
<b>FINANCIAL INSTRUMENTS AT AMORTISED COST:</b>				
<b>UNLISTED:</b>				
Trade and other receivables from exchange transactions	9	21,272	-	21,272
Trade and other receivables from non- exchange transactions	10	158,039	-	158,039
<b>FINANCIAL INSTRUMENTS AT FAIR VALUE:</b>				
Cash and cash equivalents	12	3,522,147	3,522,147	-
<b>Total financial assets</b>		<b>3,701,459</b>	<b>3,522,147</b>	<b>179,312</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>				
Grant liabilities	13	289,659	-	289,659
<b>Total financial liabilities</b>		<b>289,659</b>	<b>-</b>	<b>289,659</b>
<b>AS AT 31 MARCH 2023 RESTATED</b>				
<b>FINANCIAL INSTRUMENTS AT AMORTISED COST:</b>				
<b>UNLISTED:</b>				
Trade and other receivables from exchange transactions	9	17,612	-	17,612
Trade and other receivables from non- exchange transactions	10	164,286	-	164,286
<b>FINANCIAL INSTRUMENTS AT FAIR VALUE:</b>				
Cash and cash equivalents	12	2,679,812	2,679,812	-
<b>Total financial assets</b>		<b>2,861,710</b>	<b>-</b>	<b>181,897</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST:</b>				
Grant liabilities	13	272,029	-	272,029
<b>Total financial liabilities</b>		<b>272,029</b>	<b>-</b>	<b>272,029</b>

### CREDIT RISK

Key areas where the NLDTF was exposed to credit risk:

- Cash and cash equivalents
- Receivables from exchange and non exchange transactions

In March 2024, Standard & Poor Global revised the outlook on long-term rating on South Africa to stable from positive on weakening economic growth amid severe electricity cuts. financial institutions in South African financial institutions are not rated above the foreign currency sovereign ratings, given the direct and indirect impact that sovereign distress would have on domestic banks' operations. The ratings for the financial institutions was then revised to align to the sovereign rating. The rating awarded was BB- which indicates a slightly higher credit risk.

**14. MANAGEMENT OF FINANCIAL RISK (CONTINUED)**

<b>AS AT 31 MARCH 2024</b>	Notes	<b>Total R'000</b>	<b>BB- R'000</b>
<b>FINANCIAL INSTRUMENTS AT FAIR VALUE:</b>			
Cash and cash equivalents	12	3,522,147	3,522,147
<b>Total Assets</b>		<b>3,522,147</b>	<b>3,522,147</b>

**AS AT 31 MARCH 2023**

<b>FINANCIAL INSTRUMENTS AT FAIR VALUE:</b>			
Cash and cash equivalents	12	2,679,812	2,679,812
<b>Total Assets</b>		<b>2,679,812</b>	<b>2,679,812</b>

		<b>Year ended 31 March 2024 R'000</b>	<b>Year ended 31 March 2023 R'000</b>
<b>CREDIT RISK RELATING TO RECEIVABLES</b>			
National Lotteries Participants Trust	10.	26,944	48,068
Ithuba Holdings (RF)(Pty) Ltd	10.	44,982	25,075
National Lotteries Commission	10.	83,620	91,144
Interest receivable on current and call accounts	9.	21,272	14,612
Claims from beneficiaries	9.	19	3,239
		<b>176,837</b>	<b>182,136</b>

	<b>Gross Year Ended 31 March 2024 R'000</b>	<b>Impairment Year Ended 31 March 2024 Restated R'000</b>	<b>Gross Year Ended 31 March 2023 R'000</b>	<b>Impairment Year Ended 31 March 2023 Restated R'000</b>
The ageing of the components of trade and other receivables was:				
Within a year^	176,837	(19)	182,136	(239)
Later than one year	-	-	-	-
<b>Total</b>	<b>176,837</b>	<b>(19)</b>	<b>182,136</b>	<b>(239)</b>

^A greater portion of the debtors not impaired are going to be recovered within one month after year end

	<b>Year ended 31 March 2024 R'000</b>	<b>Year ended 31 March 2023 R'000</b>
The movement in the provision for impairments during the year was as follows:		
Balance at the beginning of the year	(239)	0
Movement in provision	220	253
<b>Balance at the end of the year</b>	<b>(19)</b>	<b>253</b>

## 14. MANAGEMENT OF FINANCIAL RISK (CONTINUED)

### LIQUIDITY RISK

The table below analyses the NLDTF's non-derivative financial liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date.

<i>AS AT 31 MARCH 2024</i>	Notes	Total R'000	Within a year R'000
Grant liabilities	13	289,659	289,659
<b>Total</b>		<b>289,659</b>	<b>289,659</b>

### *AS AT 31 MARCH 2023 RESTATED*

Grant liabilities	13	272,029	272,029
<b>Total</b>		<b>272,029</b>	<b>272,029</b>

## 15. PRIOR PERIOD ERROR

During the current financial year, management identified errors relating to prior financial years. The nature and impact of the errors are included below.

During the current financial year, the NLC company, made adjustments to the following accounts; sundry income; intangible assets; administration expenses, depreciation and amortisation. The impact of the changes to the NLDTF financial statements is included below. Refer to the Group financial Statements for the detailed impact to the NLC Group.

During the current financial year, the NLDTF adjusted the accounts receivable balance as contingent assets were erroneously accounted for as receivables. The impact is depicted in the table below.

The financial statements have been retrospectively restated.

<b>15.1 ERRORS FROM NORMAL OPERATIONS</b>	<b>2022/23 R'000</b>	<b>2021/2022 R'000</b>
<b>The impact of the errors are as follows:</b>		
(Increase)/Decrease in Allocations of Grants	-	-
(Increase)/Decrease in Impairments	-	-
Increase/(Decrease) in Revocations	-	-
Increase/(Decrease) in Sundry Income	(15,842)	-
(Increase)/Decrease in transfers to NLC	(10,283)	(63,707)
<b>Increase/ (Decrease) in Statement of Financial Performance</b>	<b>(26,125)</b>	<b>(63,707)</b>
Increase/(Decrease) in Trade and other receivables from non-exchange transactions	(10,283)	(63,707)
Increase/(Decrease) in Trade and other receivables from exchange transactions	(15,842)	-
<b>Increase/(Decrease) in Net Assets</b>	<b>(26,125)</b>	<b>(63,707)</b>

## 15. PRIOR PERIOD ERROR (CONTINUED)

### 15.2 ERRORS ON APPLICATION OF GRAP 19 (PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS)

During the year ended 31 March 2024, NLC management changed the accounting policy for the grant expenses and provision for the grants from GRAP 19 (Provisions, contingent liabilities and contingent assets) to GRAP 104 (Financial instruments). This change was adopted because it is the most appropriate accounting method and will improve presentation of the grant liabilities on the financial statements. The prior year figures have been restated to reflect the changes of the new policy in the financial statements.

AS AT 31 MARCH 2024	2022/23 R'000	2021/2022 R'000
<b>The impact of the errors are as follows:</b>		
(Increase)/Decrease in Allocations of Grants	146,162	108,966
(Increase)/Decrease in Impairments	(13,004)	(12,983)
Increase/(Decrease) in Revocations	(42,724)	-
<b>Increase/ (Decrease) in Statement of Financial Performance</b>	<b>90,434</b>	<b>95,983</b>
(Increase)/Decrease in grant liabilities	90,434	95,983
<b>Increase/(Decrease) in Net Assets</b>	<b>90,434</b>	<b>95,983</b>

## 16. CASH GENERATED BY OPERATIONS

Surplus for the Year	822,119	625,472
<b>Adjustment for Non-cash Transactions included in Surplus:</b>		
Provision for bad debts	(220)	(253)
<b>Surplus/(deficit) after adjustment for non-cash items</b>	<b>821,899</b>	<b>625,219</b>
<b>Working capital changes</b>		
( Increase)/Decrease in Trade and other Receivables	2,806	(39,002)
Increase /(Decrease) in Provision for allocations	17,630	243,648
<b>Cash generated by Operations</b>	<b>842,335</b>	<b>829,865</b>

## 17. RELATED PARTY TRANSACTIONS

The NLC is a regulator of the National Lottery, other lotteries and sports pools. Ithuba Holdings (RF)(Pty) Ltd (Lottery Operator) is a private company that currently operates the National Lottery under licence from the Government. The Lottery Operator pays a share of ticket sales to the NLDTF in terms of the licence agreement. These proceeds are destined for good causes as stipulated in the Lotteries Act. The NLC administers the NLDTF and accounts for all running costs. The NLC withdraws the necessary funds required from the NLDTF, based on an overall annual budget approved by the Minister of the dtic. The National Lotteries Participants Trust (NLPT) was established by the Lottery Operator in terms of the licence agreement between the Lottery Operator, the dtic and the NLC. The main objective of the NLPT is to hold monies in the Trust on behalf of Ithuba (RF)(Pty) Ltd for prize winners and monies for advance plays.

	2024	2023
	R'000	Restated R'000

## 17. RELATED PARTY TRANSACTIONS (CONTINUED)

### 17.1.1 NATIONAL LOTTERIES COMMISSION (NLC)

The NLC is a controlling entity of the NLDTF. The NLDTF is administered by the NLC as stipulated in section 21 of the Lotteries Act (as amended).

Transfers to NLC	508,524	474,815
Trade and Other Payables from Non-exchange Transactions (Opening)	(91,144)	(100,959)
Trade and Other Payables from Non-exchange Transactions (Closing)	83,620	91,144
	<b>501,000</b>	<b>465,000</b>

### 17.1.2 ITHUBA HOLDINGS (PTY) LTD

Revenue from Ithuba Holdings (Pty) Ltd	1,827,949	1,663,399
Trade and Other Receivables from Non-exchange Transactions (Opening)	25,075	19,064
Trade and Other Receivables from Non-exchange Transactions (Closing)	(44,982)	(25,075)
<b>Cash Proceeds</b>	<b>1,808,041</b>	<b>1,657,389</b>

### 17.1.3 ENTITY UNDER COMMON CONTROL

#### NATIONAL LOTTERIES PARTICIPANTS TRUST (NLPT)

Revenue from NLPT	122,185	161,771
Trade and Other Receivables from Non-exchange Transactions (Opening)	48,068	15,508
Trade and Other Receivables from Non-exchange Transactions (Closing)	(29,437)	(48,068)
<b>Cash Proceeds</b>	<b>140,816</b>	<b>129,211</b>

### 17.1.4 DISTRIBUTING AGENCIES

It is the duty of the Distributing Agency Members to adjudicate applications for funding within their respective sectors. Members who have a conflict that may impact the ability to adjudicate impartially do not adjudicate on the projects, as they recuse themselves whilst these projects are being adjudicated. Listed below are balances and transactions with those organisations which were funded by the NLDTF and in which Distributing Agencies have significant interest. The transactions were in the ordinary course of business and at arms length.

Dr Adams: President of Boland Athletics*	-	2,200
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\*Dr Adams term ended in May 2023. During 2023 financial year, a grant was allocated to Athletics South Africa (ASA). Boland Athletics is an Athletics Federation affiliated to ASA.

## 18. TAXATION

The National Lottery Distribution Trust Fund is exempted from Income Tax in terms of Section 10(1)(cA) of the Income Tax Act, 1962.

## 19. EVENTS AFTER THE REPORTING DATE

The management and the Board are not aware of any matter or circumstances arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the entity.

## 20. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 15.).

## 21. GOING CONCERN ASSESSMENT

In assessing the going concern assumption for the NLDTF management considered the following key financial ratios:

- Liquidity ratio - 13:1 (2023 - 11:1)
- Solvency Ratio - 13:1 (2023 - 11:1)
- Opex to Revenue - 61% (2023 - 67%)

All ratios indicate an improved financial performance when compared to prior year. The net asset position of the NLDTF has increased due to an increase in the cash balance.

Cash flow projections for the next 12 months indicate that management will be able to settle obligations as they become due. There are no other indicators or significant events or conditions that may cast doubt on the going concern assumption.

It is on that basis that the financial statements of the NLDTF have been prepared on a going concern basis

## 22. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

**2024**  
**R'000**

**2023**  
**Restated**  
**R'000**

Irregular expenditure	-	2,048
Fruitless and wasteful expenditure	-	1,737
	-	<b>3,785</b>

### (1) DISCIPLINARY STEPS TAKEN AS A RESULT OF LOSSES, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Figures relating to the previous financial year arose from cases that were under investigation by the SIU; SAPS as well as the NLC Forensic audit team. Members were removed from the Board and NLC officials were suspended and/or subsequently resigned.

#### INCIDENT DESCRIPTION

Fruitless and wasteful expenditure	-	1,737
Irregular expenditure	-	2,048
<b>Corrective action still to be taken</b>	-	<b>3,785</b>

The supplier's contract was not compliant with Regulation 5 (2) of Preferential Procurement Regulations, 2017. The fruitless and wasteful expenditure was due to fraud and misuse of funds

## 23. COMPARISON FINAL BUDGET AND ACTUALS EXPENDITURE

The budget and the accounting bases are the same; both are on the accrual basis. The annual financial statements and the budget are prepared using a classification on the nature of expenses in the statement of financial performance. The approved budget covers the period from 1 April 2023 to 31 March 2024.

### COMPARISON BETWEEN APPROVED BUDGET AND ACTUALS

	Final Budget R'000	Actuals R'000	Adjustments R'000	Reason for Adjustments
Share of ticket sales	1,814,699	1,827,949	-13,250	The increase in the share of ticket sales when compared to budget, resulted from higher as well as rolling and guaranteed jackpots during the year. This, coupled with vigorous marketing campaigns from lthuba, drove sales. The introduction of additional online channels of play also increased participation. The daily lotto was also introduced to portfolios offered by Nedbank, Capitec and Tyme Bank.

**23. COMPARISON FINAL BUDGET AND ACTUALS EXPENDITURE (CONTINUED)**

	<b>Final Budget R'000</b>	<b>Actuals R'000</b>	<b>Adjustments R'000</b>	<b>Reason for Adjustments</b>
Investment Income	180,236	215,687	-35,451	Budget was adjusted due to a decrease in the anticipated expired prizes during the year. More winners are now claiming their prizes with the introduction of additional digital platforms and winnings less than R50 000 are deposited directly to the winners' accounts
<b>REVENUE FROM PARTICIPANTS TRUST</b>				
Revenue from NLPT-Interest	9,818	10,470	-652	The interest from NLPT is higher than budget due to the higher REPO rate during the year.
Revenue from NLPT - Unclaimed and expired prize monies	120,000	111,715	8,285	The negative variance is attributable to the lower than anticipated unclaimed prizes due to more winners claiming their prizes during the year.
Revocations	20,000	30,303	-10,303	The revocations (withdrawals) are based on estimates.
Other operating income (Sundry Income)	1,500	5,767	-4,267	The positive variance is mainly attributable to the estimation of unutilised project funds claimed back from beneficiaries and recovery of a doubtful debt from previous year.
Allocation of Grants	-1,528,427	-571,208	957,219	The under allocation of grants was due to additional controls introduced during the financial year coupled with a limited number of adjudication committee members.
Administrative expenses	-36	-40	4	Variance is nominal
Transfers to NLC	-608,466	-508,524	-99,942	The variance arose due to a request for retention of surplus from the National Treasury relating to the 2021/22 financial year.

**24. CONTINGENT ASSETS****(I) SUSPICIOUS TRANSACTIONS**

The NLDTF bankers identified suspicious transactions on certain NLC beneficiaries bank accounts during the 2022/23 financial year and those accounts were subsequently placed on hold. These transactions are currently being investigated by the SIU. The total value relating to the accounts placed on hold by the bank was approximately R22 million.

**(II) INVESTIGATED PROJECTS**

During the 2021/22 financial year, the NLDTF paid R4,228 million to two beneficiaries. These transactions were identified as fraudulent and are to be recovered. The recoverable amount and time of settlement cannot be reliably estimated at year-end. The SAPS and the Asset Forfeiture Unit were instructed to institute a debt recovery process on the on funds paid to these two beneficiaries. One of the beneficiaries is disputing the claim stating that it has not committed fraud and is unable to complete the project due to outstanding tranches. The matter is ongoing.

A beneficiary in Gauteng, was paid R103 000 during the year ended 31 March 2022 and it was found out that the beneficiary did not implement the project as agreed. The SAPS and Asset Forfeiture Unit were instructed to institute a debt recovery process to recover the funds. The case is ongoing at date of this report

During 2022/23, NLDTF cancelled an infrastructure project to build extra classrooms at a primary school in Limpopo. The total of R2.8 million was paid to the school in 2021/22. The project could not take off due to delays in implementation of the project caused by lack of cooperation by the District Office of the Limpopo Department of Basic Education. Debt recovery process revealed that a portion of a grant was spent on Civil and Structural Engineers. The debt recovery process is yet to be finalised.



## 24. CONTINGENT ASSETS (CONTINUED)

During 2022/23 financial year, the NLDTF instituted a claim of R13 million against an implementing agent for implementation of an infrastructure project in Kwa-zulu Natal. The funds have not been utilised as per the grant agreement. The implementing agent is disputing a portion of the amount that should be recovered by NLDTF. The matter is being dealt with legally. The timing of the repayment of the funds to NLDTF and the outcome of the case are unknown at the time of this report.

The SIU is in the process of recovering the funds disbursed to a beneficiary to build a Sport complex in Soweto. The project had not been implemented. The total amount paid to the beneficiary was R6 million and the recoverable amount is yet to be determined. This project has been reported as a material irregularity.

The NLC is investigating several projects, which were not finalised at the time of this report. The NLDTF had assessed the investigations and legal reports presented at year end and there was uncertainty on the amounts and the timing of the economic benefits flowing to the NLDTF. Appropriate disclosures will be made when it is highly probable that an inflow of resources embodying economic benefits will flow to the NLDTF.

### (III) PRESERVATION ORDERS BY THE ASSET FORFEITURE UNIT

The SIU has submitted 3 applications for preservation orders.

#### 1ST APPLICATION

The evidence uncovered that the cash purchases of 9 fixed properties, 1 vehicle and 2 restaurant franchises can be linked to grants allocated by the NLC and which has nothing to do with the purpose of the grant. A total of R22 404 000 of NLC grants were used for payments of the fixed properties. These properties were registered in the names of trusts or entities of which members of the NLC or the NPO's and/or their direct family members have a direct interest in. All the properties are currently preserved in terms of a court order granted on 4 November 2022. The details are as follows:

ASSETS	Actuals R'000
1. Unit 2, SS Violet, Scheme Number 369/2014, JR, Pretoria	1,080,000
2. Unit 1 and Unit 2, SS Celtisdal 612, Scheme Number 772/2016, Pretoria	2,694,000
3. Erf 5267 Midstream Estate Extension 67, JR, Pretoria	1,000,000
4. Erf 1037 Pecanwood Extension 11, JQ, Pretoria	3,600,000
5. Portion 448 of Farm 375 Rietfontein, JR, Pretoria	11,000,000
6. Portion 2 of Erf 1384 Bryanston, IR, Pretoria	5,000,000
7. Portion 29 (a portion of 24) of the farm Boschkop No 369	2,200,000
8. Erf 524 Bryanston	3,000,000
9. Erf 1194, Peach Tree, Ext 2 township	830,000
10. Ocean Basket franchises located at Carnival City and Mall at Carnival	531,240

The SIU also preserved a Rolls Royce which was bought in 2016 with R4 574 185.13 stolen NLC funds. However, this vehicle was sold onto an innocent third party within a couple of months after it was bought, and the vehicle was returned to the lawful owner. Terry Pheto's house was sold for R3.9 million and the proceeds are held by the curator bonis pending the forfeiture application. One Ocean basket restaurant has been sold by agreement and the other Ocean basket restaurant was already liquidated and there is no value in it.

## 24. CONTINGENT ASSETS (CONTINUED)

### 2ND APPLICATION

The evidence uncovered that the cash purchases of 5 fixed properties to the value of R20 million can be linked to grants allocated by the NLC and which has nothing to do with the purpose of the grants. The properties are as follows:

ASSETS	Actuals R'000
11. 85 Carlsworld road, Midrand	7,500,000
12. Erf 1963 Simon's Town, Cape Town	4,087,000
13. 398 portion 3 Montengoelu, Rustenburg	6,800,000
14. Plot no 29 Van der Hoff Road, Uitzicht, Pretoria	3,300,000
15. 981 Rietvlei View Country Estate, Pretoria	1,500,000

All the properties are currently preserved in terms of a court order granted on 21 December 2022. The only one party not opposing the application. All pleadings in the matter are closed and the matter is being prepared for enrolment on the opposed roll.

### 3RD APPLICATION

The evidence uncovered that the cash purchases of 4 fixed properties and 2 vehicles to the value of R8 million can be linked to grants allocated by the NLC which had nothing to do with the purpose of the grants. The assets in this matter are as follows:

16. Portion 2 of Erf 144, 74171/2005, Limpopo	1,005,480
17. Erf 1576,168 President Steyn Street Louis Trichardt	750,000
18. Portion 25 Farm Brakspruit	780,000
19. Erf 2580 Louis Trichardt Extension 11, JQ, Pretoria	900,000
20. BMW G30 520d Series Sedan with registration number FY61SNGP	995,000
21. BMW 7 Series Sedan M760 Li xDrive with registration number YKC623W	2,811,355

## 25. CONTINGENT LIABILITIES

### 25.1 LEGAL CASES

The NLDTF through the NLC is party to legal proceedings and appropriate provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The NLC had assessed the legal reports presented at year end and the probabilities of settling the obligations were remote, the disclosure of the related amounts are not required.

### 25.2 RETENTION OF SURPLUS

The NLC is currently engaging with the National Treasury on the retention of surpluses by the NLC given Section 25(2) of the National Lotteries Act and Section 53(3) of the PFMA. The NLC has surpluses of R3.305 billion (calculation as guided by the National Treasury Instruction Note) at the end of 2023/24 financial year, which the NLC will request to retain as guided by the legislation

### 25.3 PORTION OF THE GRANTS ALLOCATED

There are additional conditions placed on the payment of the total grant amount, that is, instances where the grant agreements are not returned by the beneficiaries, countersigned by the NLC and the submission of a compliant progress report from the beneficiaries. The NLC disclose the aggregate of these grants as contingent liabilities.

	2024	2023
	R'000	Restated R'000
<b>25. CONTINGENT LIABILITIES (CONTINUED)</b>		
Opening Balance	210,217	102,315
Additional contingent liabilities on grants made during the year	270,686	208,289
Transferred to grant liabilities during the year (from previous financial year)	(124,224)	(80,908)
Withdrawals on contingent liabilities during the year (Revocations)	(9,873)	(9,479)
<b>Closing balance</b>	<b>346,806</b>	<b>210,217</b>



# PART G

# DIVISIONAL

# INFORMATION

# 1. REGULATORY COMPLIANCE

## 1.1. REGULATORY FOCUS ON LOTTERIES AND SPORTS POOLS

The regulatory mandate of the NLC continued to be implemented to ensure that lotteries and sports pools were conducted with the intention of protecting the public and player interests and maintaining the integrity of operations for lotteries and sports pools. With the changing landscape of lotteries and gambling, impacted by technology enhancements and new product development aimed at attracting new players and competing with existing lotteries, it was prudent that the NLC continues to identify matters that impact the regulatory mandate of creating a safe and sustainable lotteries industry, while protecting participants and maximising revenue to ensure a sustainable fund for good causes.

The lotteries industry faced increased competition from foreign lotteries and other lottery-type offerings being marketed to the local playing public. Online gaming is providing more options for consumers; however, it is also threatening the revenue generated by traditional lottery operators. The proliferation of online operators also poses threats to the restrictive legislated environment. The global lottery industry is coming to grips with the rapid changes resulting from online gaming and the use of technology. Within this context, the NLC is expected to regulate the lotteries and sports pools industry and curb the scourge of illegal lotteries. The NLC is further expected to advise the Minister on the issuing of the Licence to conduct the National Lottery and sports pools while ensuring the National Lottery and sports pools are conducted with all due propriety; that the interests of every participant in the National Lottery are adequately protected and that the net proceeds of the National Lottery are as large as possible.

## 1.2. REGULATORY RESPONSE TO THE LEGITIMATE NEEDS OF STAKEHOLDERS

Key stakeholders of the NLC's regulatory function include lottery participants, operators and other regulators, both in gaming and areas related to the protection of consumers and their rights. The NLC strives to provide an enabling environment for licenced operators to conduct their affairs without a heavy regulatory burden to comply with.

To this end, the NLC engages regularly with the National Lottery and sports pools Operator to ensure that regulatory

requirements are streamlined, and that National Lottery and sports pools operations are conducted efficiently adhering to regulatory compliance requirements.

The NLC has put in place measures to increase the uptake of society and other lotteries as a means of fundraising for NPOs. These measures include education and awareness on types of lotteries that can be organised for fundraising purposes for NPOs, compliance seminars with NPOs to create awareness and understanding of requirements of the Lotteries Act to ease the regulatory burden.

The approved the participants protection strategy, which aims to ensure the achievement of the NLC's legislated mandate to protect the interests of lottery participants, was implemented. Objectives of the strategy, implemented through workshops conducted across the country, include:

- Identifying best practice in respect of participants' protection in the lotteries sector;
- Enabling the NLC to make responsible play an integral part of its regulatory mandate and in so doing, minimise harm to society;
- Stating clear rules for the National Lottery operator and sports pools operator, society and other lottery operators relating to:
  - Ensuring that interests of players and vulnerable groups are protected.
  - Ensuring that the Act and its regulations, together with requirements of the licences (for National Lottery and sports pools) are strictly adhered to.
  - Providing the public with accurate information to enable informed choices to be made about the National Lottery, sports pools, society and other lotteries.
- Promoting a positive reputation for the National Lottery, sports pools, society and other lotteries, accurately reflecting their integrity as regulated lotteries; and
- Lottery scheme operators.

In the effort of strengthening the anti-money laundering ("AML"), countering the financing of terrorism ("CFT") and countering proliferation finance ("CPF"), the NLC embarked on the journey to identify any shortcomings in the industry to enable the NLC to regulate the entities and strengthen the Know You Customer ("KYC") procedures in the lotteries industry.

At a high level, the review of the global legislation identified a set of key themes. The key themes describe the extent of regulation as well as the timing of when KYC procedures are performed. The definition of each of the themes is described below:

- Are lotteries and / or sports pools defined as an accountable institution (“AI”). This means that the lottery entity and / or sports pool is required to apply all the requirements typically followed by banks and other financial service providers relating to AML, CFT, and CFP.
- “KYC at entry” –This defines the expectation that prior to taking part in the activity of a lottery or sports pool, the entity is required to obtain relevant KYC information before the individual is entitled to participate. This requirement does not necessarily depend on whether the entity is defined as an AI.
- “KYC at pay-out” –This defines a requirement where the entity providing the lottery or sports pool is required to subject an individual to KYC requirements prior to money being paid out to the individual.

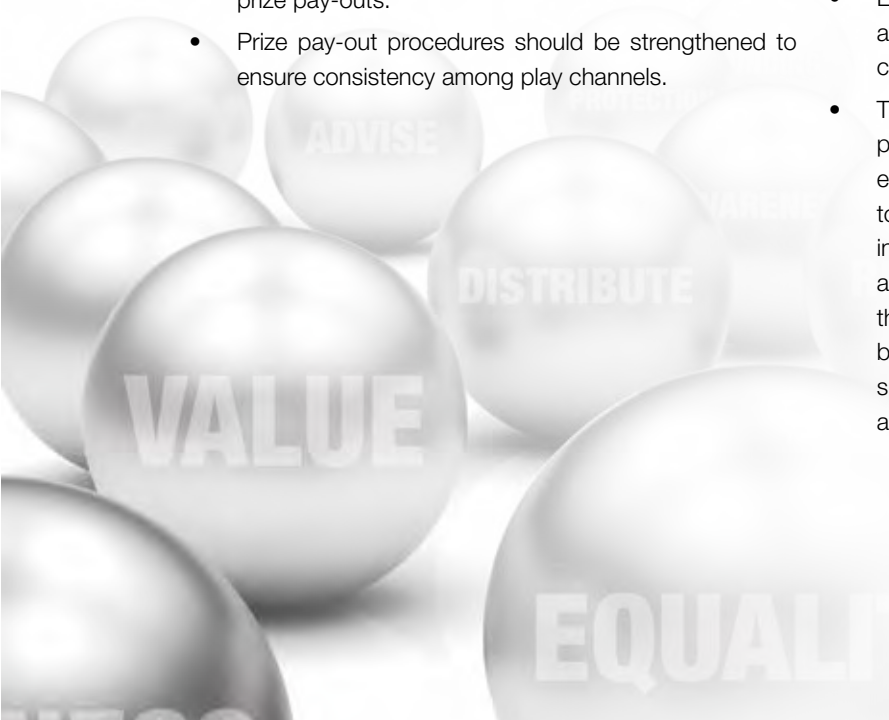
The following recommendations formed part of the development of the KYC strategy for lotteries and sports pools:

- A risk assessment should be performed regarding prize pay-out and determine the extent to which thresholds should be made consistent and prize pay-out limits changed.
- Analytics should be applied on the prize pay-out habits of retailers (number and size of prize pay-outs) to identify anomalies on an ongoing basis.
- Consideration should be made on the implementation of better onboarding procedures for players and for prize pay-outs.
- Prize pay-out procedures should be strengthened to ensure consistency among play channels.

### 1.3. OVERVIEW OF REGULATORY COMPLIANCE ACTIVITIES ACHIEVED

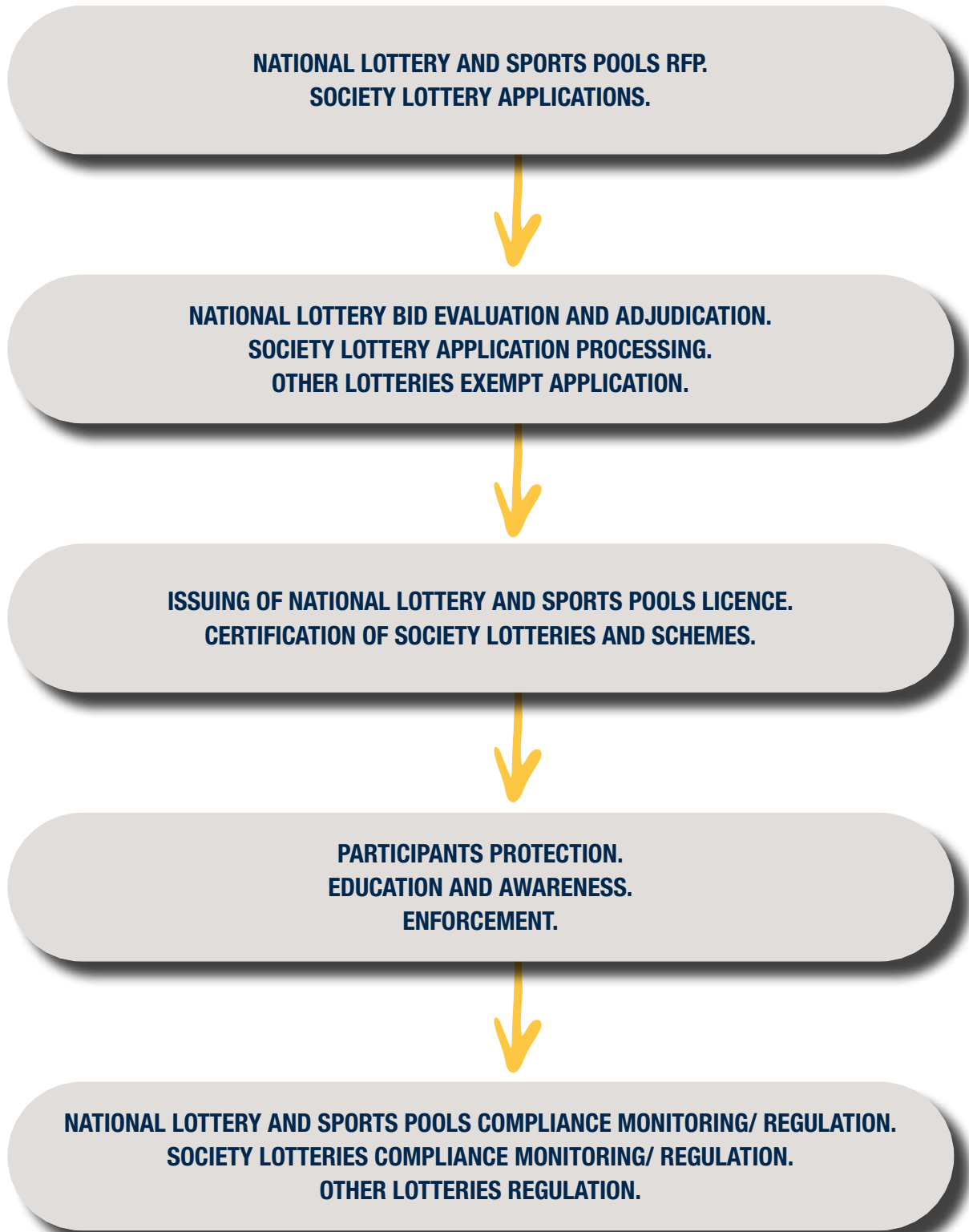
The work of Regulatory Compliance focused on confirming that operators of lotteries and sports pools were adhering to legislative, licence and registration requirements. To this end, the following compliance reviews were conducted:

- 100% monitoring of all lotteries and sports pools to ensure they are conducted with integrity.
- Requests for regulatory approvals lotteries and sports pools operators were attended to timeously, where the information was inadequate to grant such approval, operators were engaged and guidance provided on submission of the information required. This resulted in 87% increased compliance with the Act by society lottery operators.
- 132 enquiries and complaints from players and members of the public were received and attended to by providing complete and accurate information.
- Protecting lottery and sports pool players’ interests and ensuring that over R1,4 billion prizes above R50,000 that were won were paid in full and on time to winners, against valid prize claims.
- Verifying that operators of lotteries and sports pools to adhered to regulatory requirements and other legislative provisions, such as the protection of personal information. There was no winners’ information that was disclosed.
- Monitoring the operators’ processes to ensure that business continuity and cyber security measures were put in place. There were no security incidents that compromised controls and impacted on the business continuity of the National Lottery and sports pools operator.
- Education and awareness on the Lotteries Act to create awareness on the harmful effects of gaming were conducted in all provinces.
- The NLC considered and approved innovative ways proposed by lottery and sports pools operators to ensure the success of their operations while adhering to regulatory requirements. These included the introduction of new banking channels for lottery play and the promotion of approved society lottery schemes through social media platforms, resulting in funds raised by societies of R47 million, and National Lottery and sports tickets sales exceeding budget by 0.7% with actual sales at R7,28 billion.



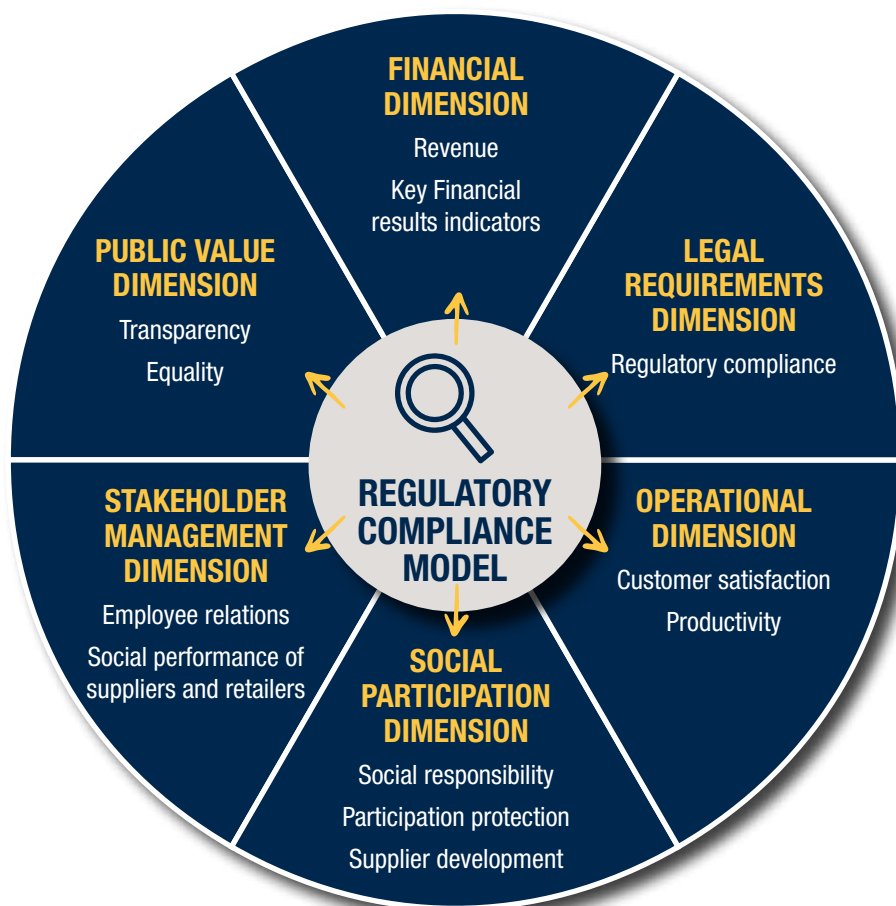
## REGULATORY VALUE CHAIN

The NLC's regulatory compliance value chain is based on the core regulatory activities of a well-functioning lotteries and sports pools regulator.





The regulatory mandate continued to be one of the NLC's strategic priorities, focusing on regulating and monitoring the compliance and performance of operators with the Lotteries Act, and licenses and registration requirements. The NLC ensured optimum and balanced regulation of lotteries and sports pools operators by implementing the regulatory compliance model depicted below:



Adopted from Dr L Meyer Regulatory Compliance Model 2013

In accordance with the directive to ensure that the NLC is positioned and recognised as an effective regulator, the following continued to be implemented:

- Developing a strategy that will influence the direction of the legislation by advising the Minister on matters relating to lotteries and sports pools.
- Introducing programmes that give effect to Section 2B of the Lotteries Act, which stipulates that the Commission must ensure that the interests of participants in the National Lottery are adequately protected.
- Identify innovative ways to combat illegal lotteries.
- Exploring opportunities in private lotteries as contemplated in the Lotteries Act to enhance the fundraising capabilities of non-profit organisations.

The Lotteries Act requires that the Minister of Trade, Industry and Competition, in consultation with the Board, issue a notice for suitable persons to apply for the fourth National Lottery and sports pools Licence. To this end,

the NLC prepared the Request for Proposals ("the RFP") document which was considered and approved by the Minister. A briefing session was held on 30 and 31 August 2023, wherein prospective applicants for the fourth Licence were briefed on the contents of the RFP.

The RFP was made available to applicants at a cost of R55,000. Around 18 RFP documents were purchased. In preparation for the evaluation and adjudication of applications, a secure venue was sourced where the process will be undertaken, under strict security protocols. Services were procured for specialised skills in finance, gaming, legal, ICT, B-BBEE and Location, to assist with the evaluation of applications for the Fourth Licence.

On 03 February 2024, applications for the Fourth Licence were received from eight applicants, who each paid an application fee of R3 million. The evaluation process commenced soon thereafter, with anticipation that the Fourth Operator will be appointed in the next financial year.

## REGULATING THE NATIONAL LOTTERY AND SPORTS POOLS OPERATOR

Proceeds from the National Lottery and sports pools are used to fund good causes and operations of the NLC. Therefore, the sustainability of the National Lottery and sports pools remains critical in the support of community initiatives undertaken by the civil society sector. The main objective of the regulatory work is to ensure that the integrity and reputation of the National Lottery and sports pools is maintained. The protection of lottery participants further remains top of the agenda to ensure that the operator adheres to the Act and Licence agreements.



## REGULATORY ACTIVITIES

As part of regulatory compliance objectives, the following reviews were conducted to verify compliance with and performance against the Licence agreements and the Act:

### 5.1. VETTING PERSONS THAT OPERATE OR ARE ASSOCIATED WITH OPERATING THE NATIONAL LOTTERY AND SPORTS POOLS

All directors and employees of the operator were vetted, together with retailers who sell National Lottery and sports pools tickets. The NLC ensured that key contractors that conduct business with the operator were vetted to maintain the integrity of the National Lottery and sports pools and player protection. The fit and proper assessment as required by Section 13(3) was conducted on those persons charged with the management of the National Lottery and sports pools. All persons involved were found to be fit and proper.

### 5.2. PROVIDING REGULATORY APPROVALS AND MINISTERIAL ADVICE

The NLC received proposals from the operator for new games or changes to existing games and business processes, the introduction of alternate play channels and amendments to game rules and prize pay-out structures. These proposals were assessed and considered for approval as required by the Act and the Licence agreements.

The operator submitted various proposals during the year under review, and the necessary approvals were granted, once compliance with the Act and Licence agreements were verified. In line with Section 14(1), the Minister, after consulting with the Board renewed the National Lottery Licence by 24 months, which commenced on 01 June 2023. This has resulted in increased contributions to the NLDTF from 25.5% to 29.5%.

### 5.3. ENSURING PLAYER PROTECTION

Protecting players' interests is central to the regulatory mandate. The following were some of the regulatory activities performed to protect players:

Ensuring that lotteries and sports pools operators pay prizes promptly by conducting regular reviews of payments to prize winners.

Protecting players against possible fraud by ensuring that operators implement appropriate security measures to verify the identity of winners who claim prizes.

Conducting compliance reviews to ensure that operators protect the identity of winners, in compliance with the Licence requirements.

Approving and monitoring descriptions and procedures for key processes such as marketing of lottery and sports pools games, draws and prize payments.

Ensuring that clear information is available to players, including information on games available, how to play and claim prizes.

Handling complaints and enquiries from players relating to the conduct of lotteries and sports pools, together with gambling and consumer related matters, which are referred to the respective regulators.

Ensuring that there are controls in place to protect players against excessive play by putting in place play limits for all games.

Ensuring that there are controls in place to protect against underage play.

#### 5.4. SAFEGUARDING THE FAIRNESS OF THE NATIONAL LOTTERY AND SPORTS POOLS DRAWS

Through inspections, compliance reviews, systems testing and verification the NLC has ensured that draws were conducted in a transparent manner and the draw results were accurately recorded. Approved procedures govern how the National Lottery and sports pools draws are carried out, and every draw was overseen by independent auditors who provide assurance that game draws were carried out in compliance with approved procedures.

#### 5.5. MONITORING OF THE CENTRAL GAMING SYSTEM THROUGH THE INDEPENDENT VERIFICATION SYSTEM

The NLC monitors the reliability, security and efficiency of the National Lottery and sports pools' central gaming system, network of terminals and all the play channels to ensure that every National Lottery and sports pools ticket bought is correctly recorded and included in the relevant draw. The independent verification system allows the NLC to verify that ticket sales, prize pay-outs and the number of winners and prize values are accurate after each draw. The system enables the NLC to confirm whether funds due to NLDTF were completely accounted for and paid on time.

Unclaimed prizes and funds for tickets bought in advance are required to be kept securely in the NLPT. The Trust is registered with Trustees appointed and charged with the oversight of the trust funds, for the benefit of trust beneficiaries. The operator is required to make payments into the NLPT for prizes won but not claimed and funds for tickets bought in advance. This is done to safeguard players' funds. Compliance reviews are conducted weekly to verify that the transfer of funds is conducted in compliance with the Licence and the Trust deed. Management accounts prepared quarterly and considered by the Trustees. Annual financial statements are prepared and independently audited with an opinion expressed on the fair presentation of the financial position of the NLPT.

#### 5.6. MONITORING OF PAYMENTS TO THE NLDTF

The NLC ensured that the proportion of National Lottery and sports pools ticket sales that were due to the NLDTF, as well as any other prescribed payments, were transferred from the operator to the NLDTF in accordance with Licence requirements.

#### 5.7. MONITORING THE PROTECTION OF PLAYERS FUNDS AND PRIZES WON

During the period under review, the following compliance reviews were conducted to ensure the safeguarding of players funds:

The correct prize allocations have been made and paid across all games.
In line with approved game rules and prize structures, compliance reviews were conducted to ensure that the correct prizes were allocated for all games.
The safeguarding of players funds.
Funds for players who bought tickets in advance were monitored to ensure that they were transferred into the Participants Trust Fund for safekeeping.
The safeguarding of prizes won but not claimed.
The operator is required to transfer funds for prizes won but not claimed, into the Participants Trust Fund, to secure for future prize claims.
Prizes won but not claimed after 365 days of the draw date.
Prizes won but not claimed 365 days after a draw, are considered as expired and are transferred to the NLDTF.

#### 5.8. PROTECTING THE INTEGRITY OF THE NATIONAL LOTTERY AND SPORTS POOLS

Information published relating to draw results and prizes won on the National Lottery website and other media platforms, to verify the integrity of the National Lottery and sports pools information displayed therein. Trademarks, copyright, and National Lottery and sports pools logos were monitored in all publications to verify that they correctly appear on all National Lottery and sports pools materials available to the public. This ensures that players can tell the difference between the National Lottery, sports pools and other gaming products available in the market. Retailer inspections were conducted to ensure that retailers comply with regulatory requirements.

#### 5.9. MONITORING THE IMPLEMENTATION OF SOCIAL RESPONSIBILITY PROGRAMMES, B-BBEE, SUPPLIER DEVELOPMENT INITIATIVES, LOCALISATION AND ECONOMIC EMPOWERMENT REQUIREMENTS

The Act and the Licence agreement stipulates that the operator will initiate and support opportunities for social and economic empowerment, affirmative action, employment equity and representation, training and skills development, promotion of small businesses and job

creation, advancement of women in business, as well as winners counselling and financial advice. The Operator is further required to show commitment to and comply with all B-BBEE legislation and localise its procurement of goods and services to the extent that it is reasonably possible, without having a detrimental effect on the running of the National Lottery and sports pools. The Operator was assessed at Level 1 B-BBEE. Over 92% (R968.5 million) was spent on goods and services procured from local suppliers, with a spending of R769 million from suppliers rated at B-BBEE Level 3 and above.

## 5.10. ENSURING COMPLIANCE AND ENFORCEMENT

### SOCIETY LOTTERIES

The Act permits NPOs to raise funds through conducting society lotteries. Interested NPOs are required to register with the NLC. On registration, a society (NPO) is eligible to submit a lottery scheme to the NLC for registration. The Act allows an NPO to operate up to six schemes in a year, raising a maximum of R2 million per scheme. An exemption can be granted to increase the cost of a ticket, the total value of prizes and funds to be raised by the society.

The Act further authorises the NLC to conduct inspections to determine that society lotteries were undertaken in compliance with the Act and regulations. The summary of society lottery activities conducted during the year is indicated below:

Society lotteries	2023/24	2022/23
Number of societies registered	24	31
Number of schemes registered	117	96
Number of compliance inspections conducted	10	8
Number of draw inspections conducted	19	22
Number of pre-approval inspections conducted	28	35
Number of exemptions granted	15	17
Number of compliance seminars held	68	88
Number of lottery returns assessed	94	71

The summary of revenue generated by 94 schemes [2023: 71 schemes] is reflected below:

Month	Funds raised 2023/24	Funds raised 2022/23
April	R1 033 980.00	R3 725 199.00
May	R130 650.00	R1 926 800.00
June	R1 778 410.00	R1 057 320.00
July	R246 800.00	R130 450.00
August	R4 732 379.00	R43 050.00
September	R532 430.00	R2 361 600.00
October	R1 997 850.00	R315 280.00
November	R2 573 710.00	R748 220.00
December	R159 490.00	R2 077 857.00
January	R3 788 789.00	R1 625 800.00
February	R4 497 750.00	R42 542 071.00
March	R5 986 875.00	R1 297 530.00
<b>Total</b>	<b>R27 459 113.00</b>	<b>R57 851 177.00</b>





The focus for the new financial year will be to continue creating awareness on society lotteries and assisting NPOs who wish to conduct such schemes to comply with the Act.

## ILLEGAL LOTTERIES

In implementing the regulatory mandate to enforce provisions of the Act, the NLC identified lottery schemes that were promoted to the public. This was done to identify lottery schemes that may be in contravention of the Act, whilst ensuring the protection of participants in such schemes. Legal analysis was conducted on such lottery schemes to ascertain whether such schemes are permissible in terms of the Act. If such lotteries are conducted in contravention of the Act they are rendered illegal and enforcement action is taken.

Society lotteries that were non-compliant with the Act were identified. The NLC was successful in having such schemes declared illegal as they were contrary to the Act. These schemes were subsequently discontinued.

Competitions that were run as promotional competitions, but not in compliance with requirements of the Consumer Protection Act, were identified as illegal lotteries and the companies were instructed to discontinue their competitions. The enforcement of provisions of the Act ensured the achievement of the regulatory mandate to protect lottery participants. Below is a table summarising the number of investigations conducted for the year:

Lottery schemes investigated	2023/24	2022/23
Number of illegal lotteries investigated and closed	102	170
Number of promotional competitions investigated and closed	593	455
Number of lottery schemes under investigation	15	16

## 2. GRANT FUNDING AND OPERATING MODEL

The Operations Division plays a critical role as an execution artery of the NLC's strategic outcomes on the grant funding mandate to attain operational effectiveness and contribute to improving society's welfare. In particular, the division is responsible for ensuring that the Grant Funding strategy, a core component of the NLC mandate, is successfully realised. Furthermore, the division is tasked with enhancing the public's understanding of the NLC's dual mandate regarding regulatory and grant funding functions, improving the reputation and brand positioning, and communicating the areas all organisational information and developments to the public.

For the year under review, the division undertook to formalize three strategic partnerships for the research-based model which have been concluded by contracting with five organisations to realise the emergency response in research-based funding. Operationally targets achieved include:

- 99% of signed Grant Agreement's (GA's) returned within 44 days from the date of notification;
- Conducting 244 education and awareness campaigns nationally;
- Implementation of 128 Stakeholder Engagements; and
- Profiling of 185 success stories from NLC Funded projects documented in print and digital media as well as other public platforms

Discharging of the grant funding mandate takes place in an extraordinarily uncertain and dynamic context defined by devastating health, social and economic crises.

The sharp increase in demand for funding that seeks to improve the living conditions of poor communities should not be viewed in isolation as it mirrors the increased reliance on social grants by most households in South Africa – an indication of persistent poverty.

As a result, the strategic approach to 'Fund for Impact' allows the NLC to be alive to the abject socio-economic conditions of communities and further maximise the impact of funding with limited resources. The grant funding model, which is dichotomised into application-based and research-based funding, allows for the development of funding focus areas aligned with national priorities, while proactively addressing strategic developmental issues across the nation.



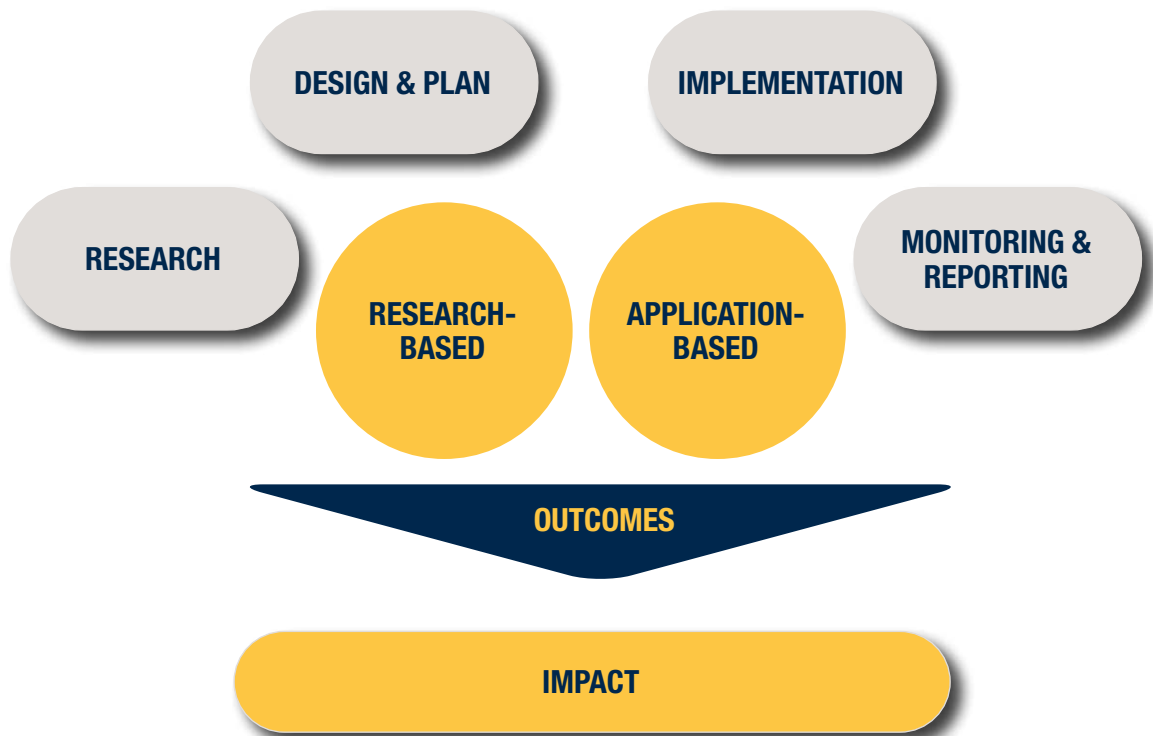


The outcomes of investigations and periodic investigative reports in recent years have exposed weaknesses in the governance systems as well as control deficiencies in the value chain. This called for drastic and urgent response to close the gaps, while continuing to make grants. The ever-present threat of fraud and corruption presses us to develop and implement new innovative solutions to serve the public better. These solutions led to some uncomfortable but necessary disruptions in our operations and performance of the FY 2023/24, a year which can be summed up as a period of refocusing and strengthening foundations.

Another key focus area for the year under review was ensuring the roll-out of robust capacity building programs for

organisations that did not qualify for funding. The Distributing Agencies further deployed the use of an adjudication matrix to ensure transparency in the evaluation of applications.

The Operations Division ensures that funding is administered efficiently, economically, and equitably. The NLC's Grant Funding model is designed to promote and support the strategic mandate by responding to socio-economic challenges, creating, and leveraging on opportunities for communities to realise their potential. At the centre of the funding model is an overarching objective of 'Funding for Impact' to maximise the return on limited resources, with application-based funding accounting for 90% of the grants, while research-based funding constitutes the remaining 10%.



As illustrated in figure 2.1, both the application-based (responsive) and research-based (strategic) funding models are based on strategic planning and research. Furthermore, both modes entail thorough monitoring and impact evaluation for learning lessons and demonstrating success.

Applications are assessed against strategically formulated criteria for application-based funding, constituting the critical reference point for success and impact. The NLC develops a strategic framework annually with focus areas broadly aligned with national priorities. Research-based funding assists in addressing strategic development issues

to enhance social engineering on a wide geographical basis. In this mode, the broad project idea originates with and is developed strategically and proactively by the funder based on research conducted. Research-based funding may also be available for emergency support following natural or other disasters.

In 2023/24 the NLC further deployed pre-assessment site visits and a risk assessment for all projects before adjudication. This was to ensure that the existence of projects and the capacity to implement the project could be adequately verified.



## 2.1. DIVISIONAL PRIORITIES

The priorities of the Operations Division briefly outlined here are based on the projected requirements of the NLC, derived from the strategic outcomes in the Strategic Plan as well as the Annual Performance Plan (APP) for the period 2023-24.

- Number of strategic partnerships formalised and implemented for the research-based model.
- Regulation 3A(1)(a) – Percentage of applications adjudicated within 150 days.
- Regulation 6(c)(iii) - Percentage of signed GAs returned within 30 days from the date of notification.
- Regulations (Part II) (2)(b)(i): Number of Education and Awareness Engagements Conducted Nationally.
- Report on the enhanced business processes.
- Implementation of the Stakeholder Engagement.
- Success stories from NLC Funded projects documented and profiled in print and digital media as well as other public platforms.

## 2.2. DIGITISATION OF THE GRANT FUNDING MODEL

The Digital Transformation strategy is a follow-through process of determining whether the NLC's grant system was fit for purpose. The independent study revealed several shortcomings in the system which include but are not limited to (i) the lack of capturing critical information such as the ID numbers of applicants; (ii) the ability to amend banking details and (iii) the absence of an audit trail of amendments on the system.

The benefits of digital technologies are well documented. For the Operations Division, these would include enhancing the grant funding mandate from a digital perspective by improving the efficiency and accelerating the pace of the grant funding value chain. Digitisation will also go a long way in the NLC battle with fraud and corruption as it will enable the NLC system to interact with other systems like the CIPC, SARS and Home Affairs for purposes of verification of application information.

To this end the digitization project started in 2023/24 and is at an advanced stage. The benefits thereof will be realized in the financial year 2024/25. Operations Division is of the view that the following potential benefits should be at the centre of the digitisation journey for grant funding, in the short to medium term:

- Online or remote submission of applications for funding, progress reports and additional information,
- Online applications interfaced with an updated, stable and reliable Grant Management System,
- A digital platform for applicants and grant holders to check application and payment progress,
- Integrated communication and customer relationships system,
- Building exchanges to accelerate data sharing with other strategic partners, e.g., DSD, SARS, CIPC
- Monitoring real-time information on what is happening, e.g., the number of applications vs the available budget, and
- Leveraging cell phones to bypass fixed infrastructural challenges by launching the NLC App as a one-stop grant funding platform.

## 2.3. RESTORATION OF THE NLC BRAND REPUTATION

The current trends and frequency of media coverage confirms that the brand of the NLC has not been spared from the heightened spate of fraud and corruption which has adversely impacted the reputation of the entity. While the needle is gradually shifting in the sentiment of media reports, reputation metrics continue to be battered when new information of maladministration in previous years is made public.

Strides have been made in re-establishing open and positive media relations, and the tone of engagements has warmed from probing approaches to information-seeking on the outcomes the NLC seeks to achieve as it emerges from a turbulent period.

Alongside other measures being implemented across the organisation to restore public, and stakeholder trust the Operations Division, has identified the following approaches as key in restoring the NLC Brand reputation,

- Improve the standard of performance across the division.
- Engender a culture of accountability and consequence management.
- Integrate the anti-fraud and corruption initiatives into the external communication and engagements with stakeholders.
- Embark on an ongoing engagement programme on matters related values, policies, and importance of performance and brand relationship.
- A targeted public relations programme built around four key areas of the credibility of leadership, operational excellence, taking accountability and building trust, and taking the NLC into the future through modernisation.

Below is the depiction of the media engagements the organisation undertook:

### NLC MEDIA INTERVIEWS: 1 APRIL 2023 – 31 MARCH 2024

Platform	Interviewee	Topic	Date
SABC News	Prof. Barney Pityana	Feedback from Parliamentary Portfolio Committee:	4 April 2023
Newzroom Afrika		Concern over slow pace of prosecutions for lottery corruption/	5 April 2023
SABC Morning Live		SIU wants Ramaphosa to let it probe NLC irregularities	
SABC News		New National Lotteries Commission Board members appointed	29 April 2023
SABC News	Ms. Jodi Scholtz	NLC plans to conduct integrity testing	20 June 2023
Power FM		NLC integrity tests and lifestyle audits	
Cape Talk		Lottery boss vows to clean things up	
eNCA		Reparations for ex-employees sacked for whistleblowing	21 June 2023
Newzroom Afrika		Jodi Scholtz appointed NLC Commissioner	22 June 2023
You FM		NLC operational updates/ integrity testing and	
SA FM	Prof. Barney Pityana	SA Hunger Crisis	27 October 2023
Business Day	Ms. Jodi Scholtz	Opinion: NLC working to regain trust	8 December 2023
SA FM		Navigating transformation, transparency and trust at the NLC	19 December 2023
Newzroom Afrika	Prof. Barney Pityana	Key responses to SIU report to parliament	14 February 2024
SA FM			16 February 2024

In response to the approaches above, the Division used input from Auditor General of South Africa report to deliver the following, to name a few:

- A revised Grant Funding application and research-based policy.
- Revised Grant Funding Standard Operating Policies (SOP).
- A new infrastructure project SOP was developed and approved.
- A new Recoveries SOP was developed and approved.

### 2.4. STRATEGIC PARTNERSHIPS

The NLC acknowledges that there are other critical and complementary players in the developmental space. Therefore, partnerships are necessary to enhance the grant funding mandate and build a sustainable civil society sector. Table 3.1 indicates the strategic partners that can add value to our grant funding and regulatory functions.

#### 2.4.1. THE INFLUX OF APPLICATIONS

The high volume of applications received by the NLC continues to pose a significant challenge. In 2022/23 the NLC received 9417 applications in a period of five (5) months.

The prevailing concern is that almost 70% of received application are declined, with the depletion of available funds ranking highest. An additional concern is rooted in anecdotal evidence of an increase in fraudulent applications from “non-existent” organisations or organisations that only exist on paper and do not have any programmes/projects.

Initiatives were introduced in the beginning of 2023/24 to mitigate these, and the Division saw a significant reduction in the number of applications received from 9 417 in 2022/23 to 5 304. These key initiatives are outlined below:

- Raising the entry levels for NLC applicants by aligning the requirements to the legislation that governs the types of organisations that apply to the NLC for funding,

#### STRATEGIC PARTNER VALUE-ADD

Department of Social Development (DSD)	<ul style="list-style-type: none"> <li>• Verification of the NPOs' registration</li> <li>• The utilisation of the network and footprint in the districts</li> <li>• Alignment with funding focus areas</li> </ul>
Department of Health (DOH)	<ul style="list-style-type: none"> <li>• Health promotion programmes</li> </ul>
Department of Rural Development and Agrarian Reform (DRDAR)	<ul style="list-style-type: none"> <li>• Rural development</li> <li>• Green economy</li> </ul>
Department of Sports Recreation, Arts and Culture (DSRAC)	<ul style="list-style-type: none"> <li>• Strategic direction and transformation</li> <li>• Sports development</li> <li>• Verification of affiliated sports bodies</li> </ul>
Department of Cooperative Governance and Traditional Affairs (COGTA)	<ul style="list-style-type: none"> <li>• Access to beneficiaries and support on ongoing projects</li> <li>• District Development Model</li> </ul>
Law Enforcement Agencies	<ul style="list-style-type: none"> <li>• Compliance enforcement with the regulatory framework</li> </ul>
Department of forestry, fishery, and the environment (DFFE)	<ul style="list-style-type: none"> <li>• Environmental awareness and education strategies</li> <li>• Facilitation and development of greening programmes.</li> </ul>
National Development Agency (NDA)	<ul style="list-style-type: none"> <li>• Building institutional capacity of the civil society sector.</li> </ul>

- Introduction of the pre-adjudication visit to all compliant applications,
- Introduction of the programme approach to the development of the funding focus areas,
- Discontinuation of the Independent Accredited Agents,
- Shifting the focus of education and awareness workshops from funding application processes to post-adjudication and regulatory compliance services of the NLC,
- Tightening controls to identify individuals serving in the management committees of multiple organisations applying in different provinces,
- Improved application assessment at the point of submission.

## 2.4.2. FRAUDULENT ORGANISATIONS APPLYING FOR NLC FUNDING

The following initiatives were introduced to deal with the fraudulent organisations.

- Pre-adjudication physical site visits to the applicant organisation to validate the organisation's existence and capability.
- Signing of affidavits by all staff and directors of the organisation.
- Submission of three months bank statements.
- Introducing the SARS Tax Clearance status/status of good standing requirements for all applicants.

The pre-adjudication site visits proved to be the most effective measure despite challenges in its implementation.

One of the key challenges was failure to adhere to the 150 days target to complete adjudications. However, the division ensured all the 5 304 applicants were visited.

## 2.5. PROGRESS REPORTS

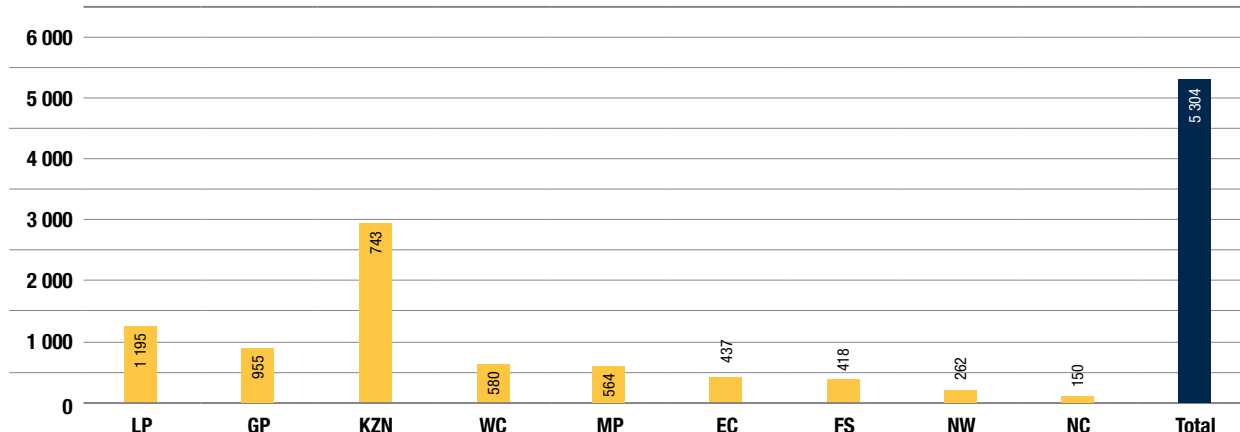
It is essential first to note the challenges bedevilling our performance with regards to processing progress reports on time.

- The current Grant Management System does not notify when the grant is paid, or the progress reports are due.
- The system is not consistent in sending out progress report reminder letters.
- The progress report function is manual, as the current system does not support it.
- The Monitoring and Evaluation team have a complete monthly cycle for site visits, leaving little room to review progress reports.

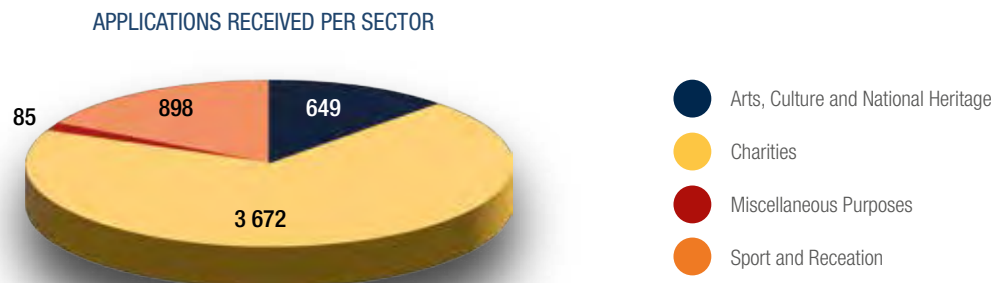
To this end little progress was achieved in this regard due to the measured progress of the project to digitise processes, which is at the centre of this challenge. The division did however acquire the services of interns to minimise the impact of the challenge, with the tracking of the progress reports done by the Operations as well as the Finance Divisions.

The figure below indicates that Limpopo (1 195), Gauteng (955) and KwaZulu-Natal (743) provinces received the most applications since the 2nd of May. The North-West and Northern Cape provinces received 262 and 150 applications respectively, which places them as the provinces with the least number of applications. The applications received in the three big provinces account for over 55% of the total applications received by the NLC, as contrasted with the six provinces which share the remaining 45%.

APPLICATIONS RECEIVED PER PROVINCE



The figure below shows the distribution of the applications per sector since the opening of the Call for Applications. Out of the 5 304 applications received, 69% of the applications were received from the Charities Sector, which received 3 672 applications.



BRC Meeting date	Upheld	Refer to DA	Review	Suspended for Information	Grand Total
27 March 2024	9	10	0	0	19
16 February 2024	8	10	0	0	18
12 December 2023	8	5	0	2	15
10 November 2023	8	2	0	1	11
29 June 2023	8	2	0	0	10
18 May 2023	24	5	0	1	30
<b>Grand Total</b>	<b>65</b>	<b>34</b>	<b>0</b>	<b>4</b>	<b>103</b>





## 2.6. KEY PROGRAMMES

In executing the NLC's grant funding mandate, the Operations division ensures that efficiency and effectiveness in critical programmes are achieved to create value for citizens and maximise impact for beneficiaries. Figure 4.1 depicts the essential programmes for the division.



The programmes are briefly explained:

- **Grant funding, 'Funding for Impact':** This is the strategic approach to ensure that our funding uplifts the communities from abject poverty and improves living conditions.
- **Provincial offices** are the nucleus of the Operations division. Their proximity to the communities is vital to widen access to NLC's services insofar as regulatory and grant funding functions are concerned.
- **Applicants and grantees** alike represent the development sector and form an integral component of the overall objective 'Fund for Impact'. We can realise the maximum economic and social impact through the developmental sector's programmes.
- **Distributing Agencies** serve as the mechanism through which grant applications are adjudicated. They are mainly responsible for distributing the allocated sum fairly and equitably amongst all the applicants who meet the prescribed requirements. The delays in the appointment new distributing agency members added to the delays in adherence of the 150 days target because only three distributing members are adjudicating all four sectors.
- **Stakeholder relations** are crucial in establishing and maintaining meaningful connections with external stakeholders that add value to our efforts to enhance the regulatory and grant funding mandates.
- **Positioning the NLC as a regulator** is part of the ongoing efforts to enhance the public's understanding of the primary regulatory mandate and its significance in maximising the potential to increase revenue for good causes. Furthermore, it is vital to avoid public confusion between the regulator and the operator of the national lotteries.
- **Marketing and Communication** focuses on raising awareness about the NLC's dual mandate, raising awareness on programmes and services, communicating key organisational developments, and promoting the profile and reputation of the NLC.



### 3. ICT DIVISION



For the period under review ICT within NLC has played a significant role in and continues to support the operations and the modernisation drive of the organisation.

More particularly the NLC ICT Operational Plan was refocused to provide an inclusive framework outlining a comprehensive set of infrastructure, solution procurement and continuous improvement programs aligned with the NLC Modernization and Business Strategy roadmap approved by the NLC Board. This was developed to support the NLC EXCO in optimizing its business process, data analytics and customer servicing objectives and strategies, while at the same time fostering, enabling and supporting innovation, agility, governance and compliance and continuous improvement within the organisation and its collaboration partners.

This strategy includes the development of the following elements, which have been integrated into the Annual Operations Plan to ensure the effective support framework for delivering the following critical initiatives:

- Human resource development within the ICT division, focusing on skills enhancement, capacity building, and establishment of an appropriate functional structure. This aligns with the overall NLC Human Capital Development strategy and involves strengthening technology education and awareness programs for NLC Staff, Collaboration partners and Grant Funding stakeholders.

- Investment and financial strategy.
- A comprehensive state-of the art data and technology procurement and security strategy.
- Governance, performance measurement, and support structure framework.

Additionally, the objectives of the strategy include:

- Achieving total Quality Management in support of the NLC Business Objectives and Strategies.
- Establishing an appropriate, upgraded baseline for ICT product and service performance as the organisation migrates from a paper-based to a more automated digitized environment.
- Implementing a proper performance management system.

The year under review has also presented several challenges. These include the growing threat of cyber-security breaches, the theft of intellectual property, data and intelligence, identity theft and the increased sophistication of criminal activity and corruption affecting nearly every aspect of society, business, and government.

At an operational level the difficulty of capacitating and acquiring the skills required to implement this strategy in a rapidly changing business and operational environment has been ever present.

The underlying rationale and objective of NLC ICT thinking and strategy is to tackle these challenges in a constructive but very direct way during the year ahead.

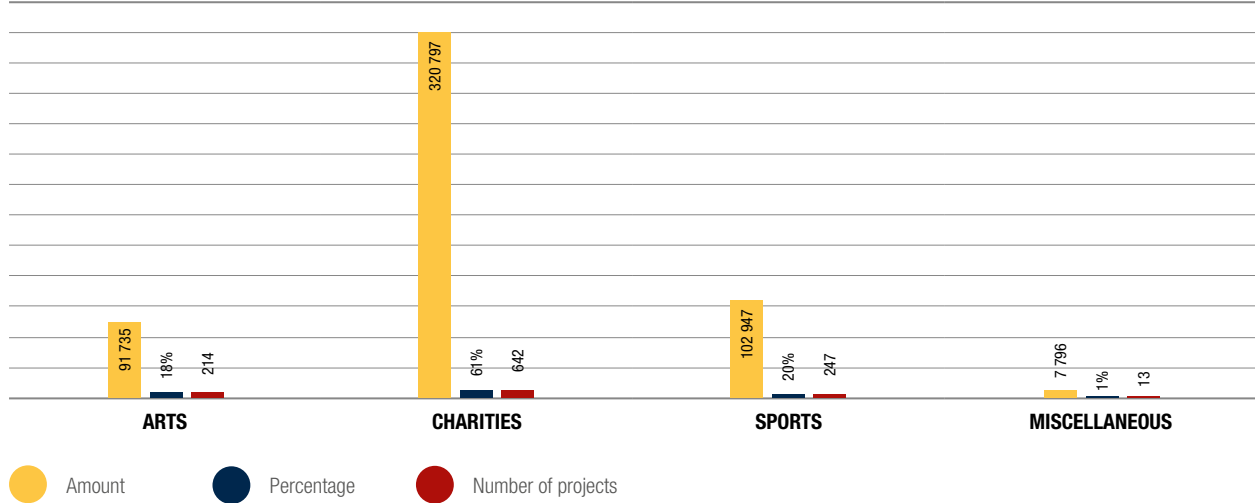


# PART H

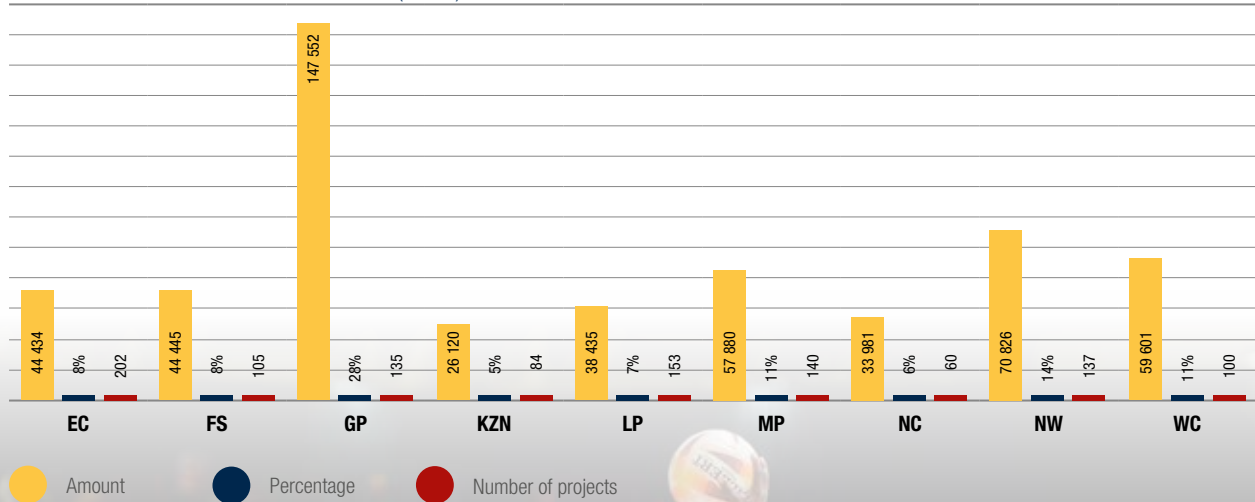
# GRANT PAYMENTS

# 2023/24

#### GRANTS DISBURSEMENTS PER SECTOR (R'000)



#### GRANTS DISBURSEMENTS PER PROVINCE (R'000)



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M52306	M52306-Progressive Arts Network	232 473,00	Arts	NC	13 April 2023
M48984	M48984-Amathemba Health & Welfare Society	419 960,00	Charities	NC	13 April 2023
M52908	M52908-Guardian Angel Nursery School	296 000,00	Charities	NC	13 April 2023
M50829	M50829-The Craft and Design Institute	611 620,00	Arts	WC	13 April 2023
M48366	M48366-Operation Blessing Foundation	328 000,00	Arts	WC	13 April 2023
M50683	M50683-Black Sash Trust	647 400,00	Misc	WC	13 April 2023
M51443	M51443-Khulani Educare Centre	494 018,00	Charities	WC	13 April 2023
M39800	M39800-Mafikeng SPCA	100 000,00	Charities	NW	13 April 2023
M46882	M46882-Zenzele Service Club	292 200,00	Charities	NW	13 April 2023
M53608	M53608- South Western District Cricket	550 000,00	Sports	WC	13 April 2023
M53258	M53258-Info Age Creations	375 822,00	ARTS	FS	18 April 2023
M47901	M47901-Major 1 Films	251 500,00	ARTS	FS	18 April 2023
M54007	M54007-Sedilatsebo Woman & Youth Development	269 000,00	ARTS	FS	18 April 2023
M53760	M53760-Tsoseletso Ya Sechaba	354 604,00	ARTS	FS	18 April 2023
M53833	M53833-Thabong Chorus Choir	322 650,00	ARTS	FS	18 April 2023
M47803	M47803-Ipoheng Day Care Centre	270 000,00	CHARITIES	FS	18 April 2023
M47304	M47304-Tsoha Obe Matla	349 841,00	CHARITIES	FS	18 April 2023
M47687	M47687-Free State Wombman and Theatre	939 900,00	ARTS	FS	18 April 2023
M48503	M48503-Mamello Community Creche	381 025,00	CHARITIES	FS	18 April 2023
M53836	M53836-Lengau Choral Music Association	338 000,00	ARTS	FS	18 April 2023
M52247	M52247-Thotagauta Secondary School	63 000,00	SPORTS	FS	18 April 2023
M48017	M48017-Nkgopoleng Educare centre	324 499,00	CHARITIES	FS	18 April 2023
M52097	M52097-Imfundiso Skills Development NPC	538 000,00	ARTS	GP	18 April 2023
M35516	M35516-Union Day Care Centre	100 000,00	CHARITIES	GP	18 April 2023
M49591	M49591-Umsebe Primary school	65 000,00	Sports	MP	24 April 2023
M47632	M47632-Basani DIC	421 900,00	Charities	MP	24 April 2023
M51230	M51230-CMR White River	346 000,00	Charities	MP	24 April 2023
M50362	M50362-Dr Thulani Ngwenya Foundation	65 000,00	Sports	MP	24 April 2023
M48745	M48745-Nelspruit Hospice	1 465 766,00	Charities	MP	24 April 2023
M47686	M47686-Green Pastures Day acre centre & Pre-school	300 000,00	Charities	MP	24 April 2023
M47779	M47779-Nhluvuko HBC & DIC	583 000,00	Charities	MP	24 April 2023
M51882	M51882-Tsaelengwe Pre-School NPO	277 500,00	Charities	NC	24 April 2023
M48083	M48083-BellValley HIV Initiative	269 000,00	Charities	WC	24 April 2023
M48382	M48382-Olerato Creche	749 600,00	Charities	NW	24 April 2023
M53875	M53875-Sachothl Community Projects	293 000,00	ARTS	FS	24 April 2023
M52492	M52492-Mangaung Setshabelo centre	613 600,00	CHARITIES	FS	24 April 2023
M46984	M46984-Holy Ambassadors of Christ Soup Kitchen	435 800,00	CHARITIES	GP	24 April 2023
M48389	M48389-Bokamosho Educare Centre	350 146,00	CHARITIES	FS	24 April 2023
M47056	M47056-Mosawathuto Centre for People Living with Disabilities	506 000,00	CHARITIES	GP	24 April 2023
M54559	M54559-Improve Gender Act and Discrimination of Children Initiative	352 200,00	CHARITIES	EC	24 April 2023
M47692	M47692-Luthando Arts Academy	293 000,00	ARTS	GP	24 April 2023
M34325	M34325-Glowing Angels Day Care	100 000,00	CHARITIES	GP	24 April 2023
M48011	M48011-Pride Future Day Care	239 000,00	CHARITIES	FS	24 April 2023



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M47360	M47360-Vaal Mental Health	935 000,00	CHARITIES	GP	24 April 2023
M47317	M47317-Sibangweni pre-school	412 999,00	CHARITIES	EC	24 April 2023
M47342	M47342-Nkululeko day care centre	413 999,00	CHARITIES	EC	24 April 2023
M51306	M51306-Enzokuhle Amakhosikazi	288 000,00	Arts	EC	24 April 2023
M49271	M49271-Tywaka Childhood Development Centre	82 000,00	Charities	EC	24 April 2023
M49282	M49282-Mtshazi Day Care Centre	133 500,00	Charities	EC	24 April 2023
M50009	M50009-Mpilo Yendalo Art and Culture	505 000,00	Arts	EC	24 April 2023
M52001	M52001-Iphulo Basic Development NPC	379 350,00	Charities	EC	24 April 2023
M47368	M47368-Mbobela Pre-school	120 000,00	Charities	EC	24 April 2023
M47337	M47337-Little Angel Day Care & Pre-school	402 499,00	Charities	EC	24 April 2023
M47693	M47693-Port ST Johns Survivor Support Group	371 378,00	Charities	EC	24 April 2023
M48684	M48684-Ncedolwethu Day Care Centre	200 541,00	Charities	EC	24 April 2023
M49098	M49098-Mamcakweni Pre-school	59 000,00	Charities	EC	24 April 2023
M49947	M49947-Masikhule Teba Old Age Centre	452 500,00	Charities	EC	24 April 2023
M45848	M45848-Thuto Bophelo NPO	638 500,00	Arts	GP	24 April 2023
M53355	M53355-Matseliso Secondary School	60 000,00	Sport	GP	24 April 2023
M48199	M48199-Child Welfare Bloemfontein	1 416 963,00	Charities	FS	24 April 2023
M51454	M51454-Zwide Primary School	60 000,00	Sports	MP	04 May 2023
M48018	M48018-Powerline Primary School	748 715,00	Misc	MP	04 May 2023
M47361	M47361-Rorisanang Creche	258 000,00	Charities	MP	04 May 2023
M47863	M47863-The Teach.Lead.Mentor Foundation	656 481,00	Misc	NW	04 May 2023
M48165	M48165-Icaba Old Age Home Based Care Centre	793 300,00	Charities	MP	04 May 2023
M51226	M51226-Siyakhula Live Foundation	600 000,00	Charities	MP	04 May 2023
M49125	M49125-Bogologolo Tala	162 750,00	Arts	NW	04 May 2023
M52909	M52909-Restoration of Hope Ministries	315 874,00	Charities	NC	05 May 2023
M53948	M53948-Kitso ke Bophelo	407 000,00	Charities	NC	05 May 2023
M54604	M54604-ACVV Upington	1 069 267,00	Charities	NC	05 May 2023
M53672	M53672-Re A Thusa Soup Kitchen	471 284,00	Charities	NC	05 May 2023
M53051	M53051-Pniel Soup Kitchen	287 367,00	Charities	NC	05 May 2023
M53365	M53365-Lefelo Motsatsing NPC	461 282,00	Charities	NC	05 May 2023
M52730	M52730-Hebreeers Pinkster Feeding Scheme	366 000,00	Charities	NC	05 May 2023
M51621	M51621-Singatha Educare Centre	305 541,00	Charities	WC	05 May 2023
M50998	M50998-Isibanesethu Enrichment Centre	155 800,00	Charities	WC	05 May 2023
M48250	M48250-Thuthuzela Educare Centre	241 000,00	Charities	WC	05 May 2023
M49272	M49272-Gcobani Day Care Centre	168 000,00	CHARITIES	EC	12 May 2023
M50914	M50914-Carinus Primary School	65 000,00	SPORTS	EC	12 May 2023
M50972	M50972-CMR East London	677 920,00	CHARITIES	EC	12 May 2023
M51102	M51102-Bet Sheekoom	1 126 000,00	CHARITIES	EC	12 May 2023
M52032	M52032-Jansenville Victim Support Centre	386 933,00	CHARITIES	EC	12 May 2023
M54429	M54429-Eluncedweni Multipurpose Service Centre	114 000,00	CHARITIES	EC	12 May 2023
M54642	M54642-Sinikithemba Community Development	265 800,00	ARTS	EC	12 May 2023
M55306	M55306-Khula Community Development Project	709 700,00	CHARITIES	EC	12 May 2023
M49306	M49306-Sicelo DCC	147 000,00	CHARITIES	EC	12 May 2023
M48317	M48317-Sinoxolo Day Care Centre	283 000,00	CHARITIES	EC	12 May 2023
M51305	M51305-Christelik Maatskaplike Raad Van Barkley Os	219 500,00	CHARITIES	EC	12 May 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M46729	M46729 -Leseding Day Care Centre	345 000,00	CHARITIES	GP	12 May 2023
M52401	M52401-Lekgalong Community Centre	268 000,00	Charities	NW	12 May 2023
M52872	M52872-Temo Lehumo Projects	292 000,00	Charities	NW	12 May 2023
M48655	M48655-Consrvation Kids	295 360,00	Arts	NW	12 May 2023
M51962	M51962-Kopano ECD	850 000,00	Charities	NW	12 May 2023
M50090	M50090-Thuto Tlhago ELC	409 900,00	Charities	NW	12 May 2023
M54887	M54887-Remmogo Itireleng Victim Empowermnt Project	945 354,00	Charities	MP	22 May 2023
M51979	M51979-Hill of Hope Foundation	198 000,00	Arts	MP	22 May 2023
M49934	M49934-Ingwenyama Cultural Group	208 000,00	Arts	MP	22 May 2023
M49564	M49564-Naledi Pre-school	450 000,00	Charities	MP	22 May 2023
M50156	M50156-Apos Chiloane Primary school	65 000,00	Sports	MP	22 May 2023
M52910	M52910-Phenyo Isaka Soup Kitchen	327 876,00	Charities	NC	22 May 2023
M51540	M51540-Phakama Rural Dev Support Programme	235 000,00	Charities	NC	22 May 2023
M52648	M52648-Disabled Children's Action Group Northern Cape	1 011 600,00	Charities	NC	22 May 2023
M51281	M51281-Ofentse Community Drop In Centre	314 700,00	Charities	NC	22 May 2023
M51610	M51610-The Chosen Ones Community Outreach	178 000,00	Charities	NC	22 May 2023
M52575	M52575-Balwela Ngwao Arts Productions	400 000,00	Arts	NC	22 May 2023
M53926	M53926-Khoisan Karoo Conservancy	490 820,00	Charities	NC	22 May 2023
M56059	M56059-Special Olympics South Africa	5 050 000,00	SPORTS	GP	22 May 2023
M51253	M51253-Lelethu Ikamva Education Training	443 500,00	Miscellaneous	WC	30 May 2023
M48337	M48337-Amandla Community Education Development	143 000,00	Charities	WC	30 May 2023
M51618	M51618-Zanolwazi Educare Centre	252 350,00	Charities	WC	30 May 2023
M49160	M49160-Amoyo Performing Arts Foundation	998 000,00	Arts	WC	30 May 2023
M46626	M46626-Hospice Palliative Care Association	592 000,00	Charities	WC	30 May 2023
M56079	M56079-Surfing South Africa	1 040 000,00	Sports	WC	30 May 2023
M54469	M54469-Ikamva Labantwana Bethu	598 000,00	Arts	WC	30 May 2023
M50114	M50114-Qhamani Educare Centre	914 484,00	Charities	WC	30 May 2023
M49965	M49965-Makukhanye Mdantsane HIV/AIDS Community Based Centre	1 229 221,00	SPORTS	EC	30 May 2023
M49302	M49302-Noncedo Day Care Centre	115 000,00	CHARITIES	EC	30 May 2023
M54569	M54569-Thembile Trust Organisation	340 500,00	ARTS	EC	30 May 2023
M33074	M33074-Mofolo Home Based Care	269 602,00	CHARITIES	GP	30 May 2023
M46728	M46728-Nkanyezi Child Learning Centre	353 990,00	CHARITIES	EC	30 May 2023
M47994	M47994-VUMA ARTS AND CULTURE	357 200,00	ARTS	EC	30 May 2023
M54786	M54786-Nxukhwebe Higher Primary School	60 000,00	SPORTS	EC	30 May 2023
M53211	M53211-Nyandeni Victim Empowerment	128 160,00	CHARITIES	EC	30 May 2023
M54857	M54857-Isikhona SPS	60 000,00	SPORTS	EC	30 May 2023
M48890	M48890-Likuwe Early Learning Centre	349 000,00	CHARITIES	EC	30 May 2023
M51085	M51085-Just Goodwill 1921 Organisation	170 500,00	CHARITIES	EC	30 May 2023
M55304	M55304-Giving Hearts Foundation	290 000,00	CHARITIES	EC	30 May 2023
M52020	M52020-Northern Areas Heritage Research and Interpretative Centre	483 000,00	MISC	EC	30 May 2023
M49277	M49277-Nonkanyo Day Care Centre	43 500,00	CHARITIES	EC	30 May 2023
M34232	M34232-Better Life Pre-School	100 000,00	CHARITIES	EC	30 May 2023
M34943	M34943-Ebenezer education centre	100 000,00	CHARITIES	GP	05 June 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M51105	M51105-Engcobo men as partners	127 000,00	CHARITIES	EC	05 June 2023
M54640	M54640-lavuka ithemba women and childrean support center	220 800,00	CHARITIES	EC	05 June 2023
M45667	M45667-Thuso skills development and training centre	197 500,00	CHARITIES	GP	05 June 2023
M55186	M55186-Kungentando kayehova food garden project	246 750,00	MISCELLANEOUS	EC	05 June 2023
M48912	M48912-Isiqalo Sobom Day Care Centre	41 516,00	CHARITIES	EC	05 June 2023
M56077	M56077-South African National Boxing Organisation	4 675 000,00	SPORT	GP	05 June 2023
M52332	M52332-Phakamani Elderly Age Group	112 619,00	CHARITIES	EC	05 June 2023
M55019	M55019-Siviwe Buso Primary School	60 000,00	SPORTS	EC	05 June 2023
M52784	M52784-Siyaphila Community Home Based Care	365 472,00	CHARITIES	EC	05 June 2023
M55486	M55486-Ikamva Community Forum	394 070,00	CHARITIES	EC	05 June 2023
M35334	M35334 -Tshepa-Thuto Day Care	100 000,00	CHARITIES	GP	05 June 2023
M54187	M54187-Cricket South Africa	3 760 000,00	SPORTS	GP	05 June 2023
M55282	M55282 -Athletics South Africa	2 200 000,00	SPORTS	GP	05 June 2023
M47298	M47298-Amu Development Organisation	236 250,00	Arts	MP	06 June 2023
M55189	M55189-Marimba Sweet Dreamers NPC	248 000,00	Arts	MP	06 June 2023
M54723	M54723-Masana Secondary School	60 000,00	Sports	MP	06 June 2023
M51469	M51469-Amass Centre For disabilities	796 500,00	Charities	MP	06 June 2023
M53368	M53368-Ithungelelwano Lesindebele	298 420,00	Arts	MP	06 June 2023
M56078	M56078- South African Gymnastics Federation	2 480 000,00	Sports	WC	06 June 2023
M56097	M56097-Canoeing South Africa	2 670 000,00	SPORTS	KZN	13 June 2023
M56057	M56057-Wheelchair Basketball SA	3 000 000,00	Sports	GP	15 June 2023
M56061	M56061-Swimming South Africa	9 210 000,00	Sports	GP	15 June 2023
M56060	M56060-Netball South Africa	3 000 000,00	Sports	GP	15 June 2023
M48052	M48052-Leamogetswe old age centre	202 500,00	Charities	LP	21 June 2023
M48082	M48082-Mushiyani Victim Empowerment	419 130,00	Charities	LP	21 June 2023
M51696	M51696-Sterkstroom Drop in Centre	619 000,00	Charities	LP	21 June 2023
M49044	M49044-Mina Hi Mina Film Production	148 000,00	Arts	LP	21 June 2023
M50358	M50358-Koenadi women and youth economic dev organistaion	211 000,00	Arts	LP	21 June 2023
M51916	M51916-Makhado on the move	463 500,00	Charities	LP	21 June 2023
M53999	M53999-J S Masisi Primary School	60 000,00	Sports	NW	21 June 2023
M54196	M54196-Phetogo Foundation	388 000,00	Arts	NW	21 June 2023
M48477	M48477-Lonely Park-Signall Hill Disabled Project	288 000,00	Charities	NW	21 June 2023
M49485	M49485-Neoyabatho Foundation	70 900,00	Charities	NW	21 June 2023
M49397	M49397-Lifeline Mafikeng	2 362 800,00	Charities	NW	21 June 2023
M50174	M50174-Itukisetseng Bagudi Old Age Home	412 465,00	Charities	NW	21 June 2023
M55063	M55063 - SAFA Namakwa	170 000,00	Sports	NC	21 June 2023
M50084	M50084-Dienywa Tsa Moya	384 600,00	Charities	LP	22 June 2023
M54672	M54672-Marang Career Information Centre	650 538,00	Charities	NC	22 June 2023
M52563	M52563-Basadi Bofang Matheka	936 000,00	Charities	NW	22 June 2023
M46810	M46810-Are Aganeng Old Age	354 000,00	Charities	NW	22 June 2023
M49505	M49505-Changing Movements Foundation	258 000,00	Arts	NW	22 June 2023
M47513	M47513-Prosperity Nurse Pre-School	394 000,00	Charities	NW	22 June 2023
M50410	M50410-Kebarona Old Age	1 091 500,00	Charities	NW	22 June 2023



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M53929	M53929-Grabouw Animal Welfare Society	497 863,00	Miscellaneous	WC	22 June 2023
M48529	M48529-Gabriella Centre	264 000,00	Charities	WC	22 June 2023
M50365	M50365-Creative Skills Factory NPC	452 184,00	Arts	WC	22 June 2023
M52336	M52336-SA Wrestling Federation	1 200 000,00	Sports	WC	22 June 2023
M51215	M51215-Sakhisizwe Educare	265 200,00	Charities	WC	22 June 2023
M48547	M48547-Khuseleka Gender Violence and Support Services	390 550,00	Charities	WC	22 June 2023
M51409	M51409-Lethabong Disability Organisation	442 000,00	Charities	NW	22 June 2023
M50690	M50690-Kemisetso Day Care Centre	890 500,00	Charities	NW	22 June 2023
M53512	M53512-Ikemetso Phenyio	401 000,00	Arts	NW	22 June 2023
M48535	M48535-Reagile Community Centre	353 940,00	Charities	NW	22 June 2023
M55878	M55878-Lerato Day Care Centre	322 875,00	Charities	NW	22 June 2023
M49529	M49529-Tumelo Mosenye Foundation	291 550,00	Arts	NW	22 June 2023
M49381	M49381-Lesang Catholic Pre-School	240 000,00	Charities	NW	22 June 2023
M55052	M55052-Masina Arts Foundation	186 900,00	Arts	NW	22 June 2023
M47166	M47166-Iterele Day Care Centre	1 219 221,00	Charities	NW	22 June 2023
M48056	M48056-Teresa NPC	338 000,00	Arts	LP	22 June 2023
M34392	M34392-KLM Youth and Women Development	100 000,00	ARTS	GP	22 June 2023
M49687	M49687-Atteridgeville / Saulsville APD	737 000,00	CHARITIES	GP	22 June 2023
M50765	M50765-El Shammah Home	1 131 364,00	CHARITIES	GP	22 June 2023
M50194	M50194-VMO Resolution	322 640,00	ARTS	FS	22 June 2023
M54636	M54636-Isikhoba Nombewu T.S.S.S	60 000,00	SPORTS	EC	22 June 2023
M51284	M51284-Proud Youth south Africa	467 500,00	ARTS	EC	22 June 2023
M49305	M49305-Khanyisa Day Care Centre	152 000,00	CHARITIES	EC	22 June 2023
M49768	M49768-La Chaba Art Development Foundation	396 038,00	ARTS	FS	22 June 2023
M46726	M46726-Ebenezer house of hope	419 635,00	CHARITIES	GP	22 June 2023
M48835	M48835-Ikusasa women and youth initiative	403 000,00	ARTS	KZN	22 June 2023
M48367	M48367-Paternoster Project NPC	389 111,00	Charities	WC	05 July 2023
M54524	M54524-Nederburg Primary	60 000,00	Sports	WC	05 July 2023
M48775	M48775-Cape Winelands Badminton Association	115 000,00	Sports	WC	05 July 2023
M50260	M50260-ACVV Worcester	653 923,00	Charities	WC	05 July 2023
M50768	M50768-CMR-Child And Youth Care Centre	2 851 900,00	Charities	MP	05 July 2023
M54870	M54870-Potters Arts Production	944 340,00	Arts	NW	05 July 2023
M54766	M54766-Kopano Community Project	428 358,00	Charities	NW	05 July 2023
M51040	M51040-Indigo Development & Change	1 500 000,00	Arts	NC	05 July 2023
M49784	M49784-Grace Crisis Centre	362 600,00	Charities	NC	05 July 2023
M48520	M48520-Rural Children First	226 152,00	Arts	WC	05 July 2023
M50605	M50605-Enlighten Education Trust	257 000,00	Charities	WC	05 July 2023
M54780	M54780-South African Baseball Union	800 000,00	Sports	WC	05 July 2023
M48399	M48399-Zip Zap Circus School Trust	484 000,00	Arts	WC	05 July 2023
M53002	M53002-Biblione SA	368 304,00	Arts	WC	05 July 2023
M52679	M52679 – CRC Cares Rehoboth	495 100,00	Charities	NC	05 July 2023
M53718	M53718 - NC Chess Federation	240 000,00	Sports	NC	05 July 2023
M50167	M50167-Paul Bass Empire Foundation	180 999,00	Arts	NW	05 July 2023
M54205	M54205-ArtEffect Network	468 000,00	ARTS	GP	07 July 2023
M48259	M48259 - PATCH HELDERBERG CHILD ABUSE CENTRE	1 061 529,00	Charities	WC	07 July 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M55022	M55022-MPUMALANGA NETBALL	220 000,00	Sports	MP	07 July 2023
M54519	M54519-King Nyabela Foundation	383 000,00	Arts	LP	07 July 2023
M46650	M46650-Risima DIC	419 000,00	Charities	LP	07 July 2023
M53515	M53515-Madika Primary School	60 000,00	Sports	LP	07 July 2023
M50870	M50870-Mphephu Victim Empowerment	639 998,00	Charities	LP	07 July 2023
M53525	M53525-Khensani Combined Pre-School	273 000,00	Charities	NW	07 July 2023
M39441	M39441-Boresetse Service Club	100 000,00	Charities	NW	07 July 2023
M51408	M51408-Samkelo Soup Kitchen	444 000,00	Charities	NW	07 July 2023
M51162	M51162-Rural Development Support Programme	464 800,00	Charities	WC	07 July 2023
M51132	M51132-Western Cape Forum for Intellectual Disability	244 800,00	Charities	WC	07 July 2023
M54778	M54778-Lee Corporate Foundation	183 000,00	Arts	WC	07 July 2023
M51227	M51227-Orion Organisation	1 713 562,00	Charities	WC	07 July 2023
M51851	M51851-ACVV Kimberley	300 000,00	Charities	NC	07 July 2023
M50217	M50217-Nakhane Educare Centre	303 350,00	Charities	WC	07 July 2023
M50589	M50589-Masizame Creche	262 100,00	Charities	WC	07 July 2023
M50369	M50369-One Nation Educare Centre	240 730,00	Charities	WC	07 July 2023
M50219	M50219-Lingelihle Care Centre	359 000,00	Charities	WC	07 July 2023
M47323	M47323-Nkanini Pre-school	99 000,00	CHARITIES	EC	12 July 2023
M47334	M47334-Khabindlovu Pre-school	355 500,00	CHARITIES	EC	12 July 2023
M47349	M47349-Ilingeletu Pre-school	341 000,00	CHARITIES	EC	12 July 2023
M49468	M49468-Sphulelesizwe Community Initiative	242 300,00	CHARITIES	KZN	12 July 2023
M54724	M54724-Nqutu Lutheran Primary School	60 000,00	CHARITIES	KZN	12 July 2023
M52026	M52026-Pusetso Ya Setjhaba Community Nutrition And Development Centre	400 000,00	CHARITIES	FS	12 July 2023
M33446	M33446-Kopano Day Care and Pre-school	100 000,00	CHARITIES	GP	12 July 2023
M51754	M51754-Bana Pele Orphans And Vulnerable Children	360 500,00	CHARITIES	FS	12 July 2023
M51496	M51496-Kamohelo Organisation	483 700,00	CHARITIES	FS	12 July 2023
M47792	M47792-The Valley Trust	365 000,00	CHARITIES	KZN	12 July 2023
M48278	M48278-Inkanyezi Community Development24574	1 130 000,00	CHARITIES	KZN	12 July 2023
M48538	M48538-Kuhlekonke Community Development	127 000,00	CHARITIES	KZN	12 July 2023
M48204	M48204-Divine Community Organisation	265 450,00	CHARITIES	KZN	12 July 2023
M47541	M47541-Ladysmith Omama Benhlonipho	118 000,00	CHARITIES	KZN	12 July 2023
M54576	M54576-Mpambani Mzimba High School	60 000,00	Sports	EC	12 July 2023
M52758	M52758-Ayola Community Development Programme	500 000,00	CHARITIES	EC	12 July 2023
M54582	M54582-The Blended Crafts Project	306 000,00	CHARITIES	EC	12 July 2023
M52272	M52272-Khathallanang Home Care	161 700,00	CHARITIES	FS	12 July 2023
M52273	M52273-Moemaneng Child Care Forum	237 500,00	CHARITIES	FS	12 July 2023
M52460	M52460-Thusanang Disability Day Care	567 250,00	CHARITIES	FS	12 July 2023
M47490	M47490-Koppies Vir Jesus	236 000,00	CHARITIES	FS	12 July 2023
M52313	M52313-Kgutsanong Home Care	254 000,00	CHARITIES	FS	12 July 2023
M52448	M52448-Peretshweu Senior Citizens	155 000,00	CHARITIES	FS	12 July 2023
M47680	M47680-Ezibeleni Day Care	180 206,00	CHARITIES	FS	12 July 2023
M47146	M47146-Witbank FM	1 000 000,00	Arts	MP	17 July 2023
M49211	M49211-Sicaloesihle Pre school & Aftercare	310 100,00	Charities	MP	17 July 2023
M45604	M45604-Hlapooje Pre school	423 900,00	Charities	MP	17 July 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M47359	M47359-Croquetlawn Day Centre	713 000,00	Charities	MP	17 July 2023
M51680	M51680-Mpumalanga Khoeson Community council	365 607,00	Arts	MP	17 July 2023
M54091	M54091-Fikizolo Youth Project NPC	259 200,00	Arts	MP	17 July 2023
M49318	M49318-Phafoga Pre-school	485 000,00	Charities	MP	17 July 2023
M51228	M51228-Touch A Million	800 000,00	Charities	MP	17 July 2023
M35630	M35630-Tlhoka Pelaelo Old Aged	100 000,00	Charities	NW	17 July 2023
M51576	M51576-Maitseo A Warona NPC	289 962,00	Arts	NW	17 July 2023
M54631	M54631-Kgakololo ELC	555 700,00	Charities	NW	17 July 2023
M49245	M49245-Reaikaga Service Club	425 450,00	Charities	NW	17 July 2023
M48643	M48643-Centre of Hope for the Hopeless and Abused	309 645,00	Charities	NW	17 July 2023
M52011	M52011-Thari Mmolegi Orphanage	172 000,00	Charities	NW	17 July 2023
M52007	M52007-Batsha Ba Kopane	369 600,00	Charities	NW	17 July 2023
M50899	M50899-Uitenhage Child and Family Welfare Society	730 069,00	CHARITIES	EC	17 July 2023
M55165	M55165-Amampondo Youth Empowerment NPC	253 000,00	Arts	EC	17 July 2023
M47667	M47667-Mohau Day Care Centre	344 800,00	CHARITIES	FS	17 July 2023
M49111	M49111-Senakangwedi Developmental Centre	420 000,00	CHARITIES	FS	17 July 2023
M50216	M50216-Anchor of Hope Ministries	537 000,00	Miscellaneous	FS	17 July 2023
M48091	M48091-Tlhokomelong Day Care Centre	249 000,00	CHARITIES	FS	17 July 2023
M47273	M47273-Elangeni Community Development	207 000,00	ARTS	KZN	17 July 2023
M48857	M48857-Xolani Organisation	406 310,00	CHARITIES	KZN	17 July 2023
M47735	M47735-Lehlohonolo Educare Centre	357 400,00	Charities	FS	17 July 2023
M45243	M45243-Gongota Creations Foundation	100 000,00	CHARITIES	GP	17 July 2023
M45617	M45617-Seed Thru Arts	113 000,00	ARTS	GP	17 July 2023
M48247	M48247-Wyebank Senior Citizen Club Phase 11	332 000,00	Charities	KZN	17 July 2023
M51311	M51311-Eastern Cape Transplant Sports Association	170 000,00	SPORTS	EC	17 July 2023
M45665	M45665-Usizo Thuso Community Centre	237 379,00	CHARITIES	GP	17 July 2023
M52029	M52029-Kago Community Development centre	325 000,00	Charities	EC	17 July 2023
M48420	M48420-Rethabile Multi-Purpose Educare Centre 2	300 200,00	Charities	FS	17 July 2023
M48901	M48901-Sophakama Day Care Centre	295 000,00	CHARITIES	EC	17 July 2023
M54863	M54863-Ndungwana Victims Support Centre	273 532,00	CHARITIES	EC	17 July 2023
M53329	M53329-South African Kabaddi Federation NPO	65 000,00	SPORTS	GP	18 July 2023
M50883	M50883-Ekasi Mighty Eagles Academy	65 000,00	SPORTS	GP	18 July 2023
M56061	M56061-Swimming South Africa	9 210 000,00	SPORTS	GP	26 July 2023
M46069	M46069 -Mashiza Community Project NPC	266 000,00	Arts	KZN	24 July 2023
M48296	M48296 -Empangeni Boxing Gym	85 000,00	Sport	KZN	24 July 2023
M45898	M45898-Zonakhanyo Peoples Organisation	284 680,00	Arts	KZN	24 July 2023
M51588	M51588-Zile United Football Club	70 000,00	Sport	KZN	24 July 2023
M51640	M51640-Heal Peace Football Team	65 000,00	Sport	KZN	24 July 2023
M48573	M48573-Makuya Afterschool Care and Mentoring Centre	416 380,00	Charities	LP	24 July 2023
M47308	M47308-Rethusitswe Older Persons Centre	244 800,00	Charities	LP	24 July 2023
M48931	M48931-Fetogang Makgarebe Cultural Village	408 000,00	Arts	LP	24 July 2023
M39265	M39265-Iketletso Pre-school	100 000,00	Charities	NC	24 July 2023
M47695	M47695-Serurubele Early Learning Centre	400 000,00	Charities	NC	24 July 2023
M40096	M40096-The Living Water Day Care Centre	100 000,00	Charities	NW	24 July 2023
M48845	M48845-Itekeng Early Learning Centre	183 000,00	Charities	NW	24 July 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M54216	M54216-Tirisano Home Based Care	246 600,00	Charities	NW	24 July 2023
M46212	M46212-Ratanang Service Club	379 483,00	Charities	NW	24 July 2023
M54837	M54837-Buang Early Learning Centre	215 985,00	Charities	NW	24 July 2023
M47821	M47821-Home for the Aged Wolmaransstad	1 198 000,00	Charities	NW	24 July 2023
M52849	M52849-Green Garden Foundation	334 721,00	Misc	WC	24 July 2023
M53697	M53697-SAFA Overberg	140 000,00	Sports	WC	24 July 2023
M54159	M54159-Nyanga Local Football Association	65 000,00	Sports	WC	24 July 2023
M51241	M51241-Bergvliet Sport Association	95 000,00	Sports	WC	24 July 2023
M49697	M49697-Royal Citizens Football Club	80 000,00	Sports	WC	24 July 2023
M50511	M50511-Aga-Thuto Day Care Centre and Pre-school	274 590,00	Charities	NW	24 July 2023
M47659	M47659-Khaya Tshepo Home Of Hope For Vulnerable Children	323 000,00	Charities	NW	24 July 2023
M54994	M54994-Lepelle-Nkumpi Art Heritage Development NPO	237 720,00	Arts	LP	24 July 2023
M51930	M51930-Reitu Arts and Culture	293 000,00	Arts	NW	24 July 2023
M51635	M51635-Bojanala Legal Advice Centre	340 000,00	Charities	NW	24 July 2023
M51771	M51771-Refemetswe Early Learning Centre	269 000,00	Charities	NW	24 July 2023
M54274	M54274-Mpepi Early Learning Centre	321 100,00	Charities	NW	24 July 2023
M54871	M54871-Oratile Day Care Centre	376 215,00	Charities	NW	24 July 2023
M48929	M48929-Maphosa Drop Inn Centre	465 000,00	Charities	LP	24 July 2023
M48601	M48601-Ebheneza Arts Design	298 000,00	Arts	LP	24 July 2023
M54201	M54201-Hezbibah Counselling and Healing Centre	397 000,00	Charities	NC	24 July 2023
M47120	M47120-Mahuhudi Day Care Centre	803 000,00	Charities	NW	24 July 2023
M49506	M49506-Sakhigomso Educare Centre	191 500,00	Charities	WC	24 July 2023
M53388	M53388-Outreach for Christ	539 000,00	Charities	WC	24 July 2023
M49999	M49999-Little Stars Daycare Centre	187 500,00	Charities	WC	24 July 2023
M52377	M52377-Western Province Wrestling Association	700 000,00	Sports	WC	24 July 2023
M47435	M47435-Tsosanang DIC	196 200,00	Charities	LP	24 July 2023
M53510	M53510-Burkinabee Community Development Centre NPO	132 000,00	Charities	LP	24 July 2023
M46706	M46706-Siyajabula Arts Podium NPC	338 000,00	Arts	MP	24 July 2023
M52196	M52196 - EDEN SURF RIDERS	80 000,00	Sport	WC	24 July 2023
M46374	M46374-Baxoza Community Centre	249 000,00	Arts	WC	24 July 2023
M47442	M47442-Ka Million Creche	316 000,00	Charities	MP	24 July 2023
M48476	M48476-Pfukani Islington Centre	426 000,00	Charities	MP	24 July 2023
M53357	M53357-St' Mary's Parish Holpan Soup Kitchen	351 300,00	Charities	NC	24 July 2023
M53364	M53364-FAMSA KNYSNA	803 069,00	Charities	WC	24 July 2023
M47811	M47811 -Kungwini Welfare Organisation	772 000,00	CHARITIES	GP	26 July 2023
M54330	M54330-Zakheni Training and Development Centre	408 000,00	ARTS	GP	26 July 2023
M55508	M55508-Damaseka E Ncha	288 000,00	ARTS	GP	26 July 2023
M47784	M47784-Masande Day Care Centre	605 200,00	CHARITIES	EC	26 July 2023
M55478	M55478-Unakho VEP	312 600,00	CHARITIES	EC	26 July 2023
M54164	M54164-Thembanjilo Foundation	538 000,00	ARTS	KZN	26 July 2023
M32586	M32586-Thubelihle Creche	100 000,00	CHARITIES	KZN	26 July 2023
M48055	M48055-Ukuthula Youth Project	353 444,00	ARTS	KZN	26 July 2023
M48690	M48690-Siyaphambili Theatre Drama and Dancers Project	478 000,00	ARTS	KZN	26 July 2023
M48325	M48325-Avril Elizabeth Home for Mentally Handicapped	829 380,00	CHARITIES	GP	26 July 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M54041	M54041 -Motheo Wa Setjhaba	338 000,00	ARTS	GP	26 July 2023
M48179	M48179-Cancer Associaiton of South Africa	1 000 000,00	CHARITIES	GP	26 July 2023
M48635	M48635-Ahanang Creche	829 664,00	CHARITIES	FS	26 July 2023
M49686	M49686-Zizamele Luncheon Club	120 800,00	CHARITIES	KZN	26 July 2023
M47072	M47072-Najaarsrus Sentrum Vir Bejaardes ,Parys	1 063 755,00	CHARITIES	FS	26 July 2023
M46881	M46881-Maranatha Street Workers Trust	276 500,00	Charities	EC	04 August 2023
M47065	M47065-All Saints Day Care	1 000 000,00	Charities	EC	04 August 2023
M53594	M53594-Emthanjeni LFA	65 000,00	Sport	NC	04 August 2023
M52312	M52312-Lowryville Intermediate School	60 000,00	Sport	NC	04 August 2023
M47739	M47739-Lethabo Creche	348 500,00	Charities	FS	04 August 2023
M51762	M51762-Sandeveld H/S	65 000,00	Sport	FS	04 August 2023
M48089	M48089-Ithuteng Day Care Centre NPO 171-495	337 415,00	Charities	FS	04 August 2023
M47682	M47682-Chess United Club	90 000,00	Sport	KZN	04 August 2023
M51719	M51719-Tshikiza Ladies Soccer Team	75 000,00	Sport	KZN	04 August 2023
M51155	M51155-Scottburgh FC	75 000,00	Sport	KZN	04 August 2023
M52110	M52110-Burgersdorp Celtics Football Club	115 000,00	Sport	EC	04 August 2023
M51212	M51212-St Michael's Child & Youth Care Centre	1 856 825,00	Charities	WC	04 August 2023
M53662	M53662-Ratanang Batswana	153 000,00	Arts	NW	04 August 2023
M52960	M52960-Talitha Community Development Empowerment Centre	105 000,00	Charities	NW	04 August 2023
M49571	M49571-Zanokhanyo Enrichment Centre	395 000,00	Charities	WC	04 August 2023
M51724	M51724-New Dawn Dance Academy	233 989,00	Arts	LP	04 August 2023
M51190	M51190-De Wet Skool vir Outisme	388 440,00	Charities	WC	04 August 2023
M53983	M53983-Tlotla Drugs and Substance Abuse	306 311,00	Charities	NW	04 August 2023
M45321	M45321-Isago Soup Kitchen - 29080	100 000,00	Charities	NC	04 August 2023
M51283	M51283-Frances Baard Netball	105 000,00	Sports	NC	04 August 2023
M53976	M53976-KAREEBERG LFA	65 000,00	Sports	NC	04 August 2023
M54604	M54604-ACVV Upington - 5415	1 186 150,00	Charities	NC	04 August 2023
M51954	M51954-Mphari Secondary school	60 000,00	Sport	LP	04 August 2023
M51410	M51410-Ikanyeng Disability Organisation	391 130,00	Charities	NW	04 August 2023
M52729	M52729-Bulumko Senior Primary School	65 000,00	Sport	EC	11 August 2023
M52711	M52711-St Johns Football Club	70 000,00	Sport	EC	11 August 2023
M52718	M52718-Cambridge Hotspurs Football Club	70 000,00	Sport	EC	11 August 2023
M47284	M47284-Isiko Lethu Npo	269 000,00	Arts	KZN	11 August 2023
M51149	M51149-Amapiogogo Ladies Soccer Team	65 000,00	Sport	KZN	11 August 2023
M46553	M46553-Ingisawoti Football Club	80 000,00	Sport	KZN	11 August 2023
M52732	M52732-Sicaphukile Football Club	100 000,00	Sport	EC	11 August 2023
M53650	M53650-King Vultures Football Club	85 000,00	Sport	EC	11 August 2023
M39392	M39392-Vaal Echoes of Love	1 227 200,00	CHARITIES	GP	11 August 2023
M46900	M46900-Ekuphileni Bophelong Luncheon Club	1 273 000,00	CHARITIES	GP	11 August 2023
M47451	M47451-The South African National Council on Alcoholism and Drug Dependency - Pretoria Society	956 600,00	CHARITIES	GP	11 August 2023
M50003	M50003-The GAP College NPC	533 660,00	CHARITIES	GP	11 August 2023
M35238	M35238-Ikhwezi Early Childhood Development Centre	100 000,00	CHARITIES	EC	11 August 2023
M46454	M46454-Siyafunda Day Care Centre	478 720,00	CHARITIES	EC	11 August 2023



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M46699	M46699-Thembelani Day Care Centre	263 500,00	CHARITIES	EC	11 August 2023
M47081	M47081-Eugenia Nothemba Gxowa Foundation	479 810,00	CHARITIES	EC	11 August 2023
M48290	M48290-Enkazimlweni Service Centre	402 000,00	CHARITIES	EC	11 August 2023
M48841	M48841-Lubango Youth Development Project	418 076,00	CHARITIES	EC	11 August 2023
M48896	M48896-Vuyo Mbuli Victim Empowerment Centre	321 000,00	CHARITIES	EC	11 August 2023
M49163	M49163-Zanokhanyo Day Care Centre 17401	211 000,00	CHARITIES	EC	11 August 2023
M49294	M49294-Shukunxa Day Care Centre	91 000,00	CHARITIES	EC	11 August 2023
M52598	M52598-Ethembeni White Door Centre Of Hope	269 812,30	CHARITIES	EC	11 August 2023
M51985	M51985-Masivuke Community Development Project	750 000,00	CHARITIES	EC	11 August 2023
M55213	M55213-Light Shine Community Project	123 000,00	ARTS	GP	11 August 2023
M53747	M53747-Africa Food Club	387 775,00	ARTS	GP	11 August 2023
M51193	M51193-Soweto All Stars Foundation	65 000,00	SPORT	GP	11 August 2023
M51701	M51701-Sky Sport Promotion Academy	75 000,00	SPORTS	GP	11 August 2023
M44996	M44996-Lethokuhle Creche	106 085,00	CHARITIES	KZN	11 August 2023
M45271	M45271-Sekusile Creche KZN	100 000,00	CHARITIES	KZN	11 August 2023
M47196	M47196-Izethembiso Zothando	428 800,00	CHARITIES	KZN	11 August 2023
M48092	M48092-St Vincent Children's Home	453 000,00	CHARITIES	KZN	11 August 2023
M51090	M51090-Underberg And Himeville Youth Sports Club	75 000,00	SPORTS	KZN	11 August 2023
M51161	M51161-Yellow Stars Football Club	75 000,00	SPORTS	KZN	11 August 2023
M51206	M51206-Matalabane Football Club	80 000,00	SPORTS	KZN	11 August 2023
M51249	M51249-Lacoste FC	70 000,00	SPORTS	KZN	11 August 2023
M51591	M51591-Diba United Football Club	65 000,00	SPORTS	KZN	11 August 2023
M47869	M47869-ACVV Huis Malan Jacobs	325 000,00	Charities	WC	17 August 2023
M51450	M51450-Brothers Football Club	65 000,00	Sports	WC	17 August 2023
M51639	M51639-Kamva Educare	257 350,00	Charities	WC	17 August 2023
M51646	M51646-Home Defenders FC	75 000,00	Sports	WC	17 August 2023
M51853	M51853-Onethemba Educare Centre	185 900,00	Charities	WC	17 August 2023
M51921	M51921-Noorder-Paarl High School	60 000,00	Sports	WC	17 August 2023
M52519	M52519-Siyakhulisa Educare and Aftercare	262 800,00	Charities	WC	17 August 2023
M52530	M52530-Belmont Spurs Care Project	68 250,00	Sports	WC	17 August 2023
M52705	M52705-Paravolley South Africa	600 000,00	Sports	WC	17 August 2023
M52861	M52861-Riviersonderend Primary School	60 000,00	Sports	WC	17 August 2023
M53118	M53118-Sinethemba Community Project	238 200,00	Sports	WC	17 August 2023
M53232	M53232-Dance for All	1 700 000,00	Arts	WC	17 August 2023
M51735	M51735-Kwezi Lokusa Educare Centre	284 686,00	Charities	WC	17 August 2023
M54922	M54922-Hlengiwe Art and Craft	183 000,00	Arts	LP	30 August 2023
M48134	M48134-Thusang Sechaba Drop in Centre	306 400,00	Charities	LP	30 August 2023
M48262	M48262-Ekhaya Le Themba Missions	732 150,00	Charities	LP	30 August 2023
M48532	M48532-Sehloa Secondary School	65 000,00	Sports	LP	30 August 2023
M48555	M48555-Bontle Dressmaking Project NPC	318 000,00	Arts	LP	30 August 2023
M48787	M48787-Vhulombe Foundation NPO	498 000,00	Arts	LP	30 August 2023
M50607	M50607-Maake Community Victim Empowerment	460 000,00	Charities	LP	30 August 2023
M52441	M52441-Cape District Local Football Association	65 000,00	Sports	WC	30 August 2023
M49371	M49371-Epilepsy SA South Cape Karoo	1 523 600,00	Charities	WC	30 August 2023
M48849	M48849-Nayang Lorato Early Childhood Development	312 087,00	Charities	NW	30 August 2023



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M48879	M48879-Arise And Shine Development Centre-17971	677 250,00	Charities	NW	30 August 2023
M49162	M49162- Reatataisa Day Care Centre	212 684,00	Charities	NW	30 August 2023
M49169	M49169-Precious Child Day Care	247 434,00	Charities	NW	30 August 2023
M49309	M49309-Mmamorogo Community Development	406 109,00	Arts	NW	30 August 2023
M49420	M49420-Ponagalo KLP Foundation NPC	229 500,00	Arts	NW	30 August 2023
M50051	M50051-Boingotlo Early Learning centre	122 000,00	Charities	NW	30 August 2023
M50250	M50250-Sunrise Creche	311 275,00	Charities	NW	30 August 2023
M51572	M51572-Mpho-Entle- Early Learning Centre	266 000,00	Charities	NW	30 August 2023
M51805	M51805-Makabolane Day Care Centre-13178	388 812,00	Charities	NW	30 August 2023
M52408	M52408-Banna Buang North West-13074	102 600,00	Charities	NW	30 August 2023
M52768	M52768-Setswana Sa Rona Indigenous Institute NPC	335 000,00	Arts	NW	30 August 2023
M54032	M54032-Nyetse Youth Academy	65 000,00	Sports	NW	30 August 2023
M54436	M54436-Women Empowered foundation	322 000,00	Arts	NW	30 August 2023
M48390	M48390-Rutanang Learning Centre	355 000,00	Charities	NW	30 August 2023
M35480	M35480-Entobeko Day Care Centre	100 000,00	Charities	MP	30 August 2023
M45273	M45273-Matsatsela Football Club	75 000,00	Sports	MP	30 August 2023
M45555	M45555-NHlanhlayezwe Arts Group	215 000,00	Arts	MP	30 August 2023
M47468	M47468-Filda Mnene Creche	293 600,00	Charities	MP	30 August 2023
M47586	M47586-Luvelo Social Club	246 350,00	Charities	MP	30 August 2023
M47596	M47596-Inzuzo Foundation NPC	287 000,00	Arts	MP	30 August 2023
M47726	M47726-Phelandaba Pre-School	404 000,00	Charities	MP	30 August 2023
M47783	M47783-Elvis Malatjie Day Care Centre	484 000,00	Charities	MP	30 August 2023
M48189	M48189-Murisi Old Age Centre	356 997,00	Charities	MP	30 August 2023
M48773	M48773-Vutivi Pre-school	730 500,00	Charities	MP	30 August 2023
M48780	M48780-Hlayisani Creche	806 845,00	Charities	MP	30 August 2023
M48877	M48877-Musalela Day Care Centre	244 000,00	Charities	MP	30 August 2023
M48883	M48883-Vutlharhi Orphanage Centre	354 000,00	Charities	MP	30 August 2023
M49078	M49078-Suprise Mthobisi Music NPC	408 000,00	Arts	MP	30 August 2023
M49107	M49107-Morning Stars FC	95 000,00	Sports	MP	30 August 2023
M49113	M49113-Inkasa Pre-School	297 018,00	Charities	MP	30 August 2023
M49223	M49223-Njombo Pre-School	444 000,00	Charities	MP	30 August 2023
M49288	M49288-Rhandzani Seville Creche	630 500,00	Charities	MP	30 August 2023
M49236	M49236-HEIDEVELD FEMALE FOOTBALL ACADEMY	95 000,00	Sports	WC	30 August 2023
M54432	M54432-Ithemba Boxing Club	65 000,00	SPORTS	EC	30 August 2023
M54324	M54324-EC Young Stars Football Club	78 750,00	SPORTS	EC	30 August 2023
M52617	M52617-Happy Boys Football Club	80 000,00	SPORTS	EC	30 August 2023
M52583	M52583-Nkanyiso Football Club	130 000,00	SPORTS	EC	30 August 2023
M50282	M50282-Black Bullets Football Club	78 750,00	SPORTS	EC	30 August 2023
M52757	M52757-Enon Netball Club	65 000,00	SPORTS	EC	30 August 2023
M53063	M53063-Malmaison United Rugby Club	80 000,00	SPORTS	EC	30 August 2023
M54409	M54409-Mighty Clouds Football Club	94 500,00	SPORTS	EC	30 August 2023
M54421	M54421-Grand Masters Football Club	75 000,00	SPORTS	EC	30 August 2023
M54424	M54424-Thornhill Fast Eleven Football Club	95 000,00	SPORTS	EC	30 August 2023
M52769	M52769-Kzee Soccer Youth Academy	65 000,00	SPORTS	EC	30 August 2023
M54547	M54547-Central United Football	70 000,00	SPORTS	EC	30 August 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M52713	M52713-Ikhwezi Lomso Rugby Football Club	140 000,00	SPORTS	EC	30 August 2023
M52772	M52772-Young Teenagers Football Club	75 000,00	SPORTS	EC	30 August 2023
M50122	M50122-Lubumbashe Football Club	80 000,00	SPORTS	MP	30 August 2023
M51781	M51781-Ministers Football Club	170 000,00	SPORTS	EC	30 August 2023
M55860	M55860-The Amahlubi Royal Sustainable Foundation Trust	638 000,00	ARTS	KZN	30 August 2023
M48397	M48397-Ncibane Orphanage Home	158 000,00	CHARITIES	FS	30 August 2023
M53569	M53569-Zisizeni Association For Development	257 000,00	ARTS	KZN	30 August 2023
M54025	M54025 -Indoni Primary School 2	60 000,00	SPORTS	GP	30 August 2023
M51631	M51631-Shaluzi Football Club	75 000,00	SPORTS	KZN	30 August 2023
M54389	M54389-Young Ideas Sports Club	75 000,00	Sport	EC	30 August 2023
M54416	M54416-Sports Club Vergenoeg Football Club	73 500,00	Sport	EC	30 August 2023
M55088	M55088-Michausdal Primary School	60 000,00	Sport	EC	30 August 2023
M52508	M52508-Matat Netball Club	110 000,00	Sport	EC	30 August 2023
M52820	M52820-Blue Aces Football Club	90 000,00	Sport	EC	30 August 2023
M53969	M53969-Xhariep Football Association	90 000,00	Sport	FS	30 August 2023
M47968	M47968-Karoo Springboks Sports Club	110 000,00	Sport	EC	30 August 2023
M50940	M50940-Meadowlands Community Masters Football Club	65 000,00	Sport	GP	30 August 2023
M51213	M51213-Peace Lovers Football Club	65 000,00	Sport	GP	30 August 2023
M53406	M53406-Mohokare Local Football Association	60 000,00	Sport	FS	30 August 2023
M52753	M52753-14 Stars Netball Club	90 000,00	Sport	EC	30 August 2023
M53767	M53767-Uhuru F C	65 000,00	Sport	EC	30 August 2023
M52452	M52452-Ekuweleni Primary School	60 000,00	Sport	KZN	30 August 2023
M51673	M51673-Giant Machines Football Club	70 000,00	Sport	KZN	30 August 2023
M55571	M55571-Eastern Province Rugby Union	750 000,00	Sport	EC	30 August 2023
M52154	M52154-Da Game Foundation	55 000,00	Sport	EC	30 August 2023
M51638	M51638-Insingizi Football Club	75 000,00	Sport	KZN	30 August 2023
M52203	M52203-Malangabi Primary School	60 000,00	Sport	KZN	30 August 2023
M53137	M53137-Merryvale School For Specialized Education	65 000,00	Sport	EC	30 August 2023
M47737	M47737-Matsipule Day Care Centre	381 700,00	Charities	FS	30 August 2023
M48658	M48658-Bokamoso Educare Centre	511 000,00	Charities	FS	30 August 2023
M48666	M48666-Lesedi Day Care Centre	363 000,00	Charities	FS	30 August 2023
M49104	M49104-Motheo wa Letlotlo Thuto Day Care Centre	352 500,00	Charities	FS	30 August 2023
M49227	M49227-Tebello Association for the Blind	380 000,00	Arts	FS	30 August 2023
M49644	M49644-Mokae Primary School	55 000,00	Sport	FS	30 August 2023
M50153	M50153-Matlolo A Botjhaba Arts and Culture	268 000,00	Arts	FS	30 August 2023
M47689	M47689-Light On	315 000,00	Charities	FS	30 August 2023
M52120	M52120-Walmer Football Association	145 000,00	Sport	EC	30 August 2023
M53721	M53721-Five Great Powers Cricket Club	90 000,00	Sport	EC	30 August 2023
M52674	M52674-Matjhabeng Golf Association & Development	65 000,00	Sport	FS	30 August 2023
M52897	M52897-Student Athlete NPC	65 000,00	Sport	FS	30 August 2023
M51217	M51217-Phumaphambili Football Club	100 000,00	Sport	KZN	30 August 2023
M52551	M52551-Desire of Ages Football Club	105 000,00	Sport	EC	30 August 2023
M52567	M52567-West Park United Football Club	65 000,00	Sport	EC	30 August 2023
M52670	M52670-Bukho Samurai Karate Academy Sports	65 000,00	Sport	EC	30 August 2023
M52787	M52787-Tshisa Netball Club	65 000,00	Sport	EC	30 August 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M53647	M53647-FBT Shooting Stars Football Club	80 000,00	Sport	EC	30 August 2023
M53719	M53719-East London Old Mutual Athletics Club	75 000,00	Sport	EC	30 August 2023
M53995	M53995-African Stars Football Club	70 000,00	Sport	EC	30 August 2023
M50967	M50967-Shiloh Hotspurs Football Club	4 250,00	SPORTS	EC	30 August 2023
M54423	M54423 - Oasis Hellenic Football Club	75 000,00	SPORTS	EC	30 August 2023
M50712	M50712 -CF All Star	105 000,00	SPORTS	WC	30 August 2023
M52006	M52006 - Bay Stars Ladies Football Club	80 000,00	SPORTS	EC	30 August 2023
M52383	M52383 -Eleven Experience Football Club	95 000,00	SPORTS	EC	30 August 2023
M52388	M52388 - M Chiefs Football Club	95 000,00	SPORTS	EC	30 August 2023
M52498	M52498 -Swift Response Community Empowerment Initiative Through Soccer	95 000,00	SPORTS	EC	30 August 2023
M51600	M51600-Indabuko Football Club	65 000,00	SPORTS	KZN	30 August 2023
M51073	M51073-Siyaphumelela Football Club	100 000,00	SPORTS	KZN	30 August 2023
M53826	M53826 -Young Pirates Football Club	95 000,00	SPORTS	EC	30 August 2023
M54420	M54420 - Sexy Birds Football Club	85 000,00	SPORTS	EC	30 August 2023
M52733	M52733 - Real Attackers Football Club	85 000,00	SPORTS	EC	30 August 2023
M49727	M49727 - Eastren Cape Deaf Sport Federation	8 000,00	SPORTS	EC	30 August 2023
M53997	M53997 - Tswelopele Local Football Association	65 000,00	SPORTS	FS	30 August 2023
M51665	M51665-Mhlengi Community Project	289 000,00	CHARITIES	KZN	30 August 2023
M54684	M54684-Quest Foundation NPC	265 000,00	ARTS	KZN	30 August 2023
M54796	M54796-Wilo S P S	60 000,00	SPORTS	EC	30 August 2023
M54605	M54605-V EX Youth In Motion	323 000,00	ARTS	FS	30 August 2023
M54175	M54175-Ubuhlebethu Community Services NPC	158 000,00	ARTS	FS	30 August 2023
M54048	M54048-Afrika Mayibuye Entrepreneurship Hub Acceleration	487 800,00	Miscellaneous	FS	30 August 2023
M52513	M52513-Red Lions Football Club	95 000,00	SPORTS	EC	30 August 2023
M53660	M53660-Healdtown Union Cricket Club	95 000,00	SPORTS	EC	30 August 2023
M53149	M53149-Young Pirates Football Club	80 000,00	SPORTS	EC	30 August 2023
M51671	M51671-JV Super Stars	95 000,00	SPORTS	EC	30 August 2023
M48714	M48714-Stepping Extramiles Foundation	419 991,00	Arts	LP	01 September 2023
M49352	M49352-Thapedi Recreations	55 000,00	Sports	LP	01 September 2023
M49767	M49767-Thabang Nabo FC	65 000,00	Sports	LP	01 September 2023
M49875	M49875-Selwane Hlokomelang Community Development Substance Abuse and Victim Empowerment	322 175,00	Charities	LP	01 September 2023
M50275	M50275-Mampuru Victim Support Centre 31570	243 900,00	Charities	LP	01 September 2023
M50286	M50286-WashBank Football Club	70 000,00	Sports	LP	01 September 2023
M50485	M50485-Indegenus Crafting	278 000,00	Arts	LP	01 September 2023
M50567	M50567-SAVF Tzaneen Gesinsorg	322 200,00	Charities	LP	01 September 2023
M49247	M49247-Motlheba Future NPC	255 500,00	Arts	NW	01 September 2023
M48667	M48667-Rural Class Foundation NPC- 5014	478 000,00	Arts	NW	01 September 2023
M49031	M49031-Khuselikamva Project NPC	65 000,00	Sports	WC	01 September 2023
M50230	M50230-Mafikeng Ladies FC	65 000,00	Sports	NW	01 September 2023
M50542	M50542-Lebogang Day Care Centre-035-581	245 788,00	Charities	NW	01 September 2023
M50808	M50808-Lesedi Early Learning Centre	190 500,00	Charities	NW	01 September 2023
M51412	M51412-Kelebogile Day Care Centre	259 645,00	Charities	NW	01 September 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M51690	M51690-Youngboys Development	65 000,00	Sports	NW	01 September 2023
M51849	M51849-Itsooseng Community Project Centre	203 000,00	Charities	NW	01 September 2023
M51932	M51932-Botshelo Jwa Rona Victim Support Centre-26379	166 000,00	Charities	NW	01 September 2023
M53677	M53677-Theotolamo	422 369,00	Arts	NW	01 September 2023
M53714	M53714-Tshimologo Ya Pina Performing Artist-18569	303 000,00	Arts	NW	01 September 2023
M54401	M54401-Phakama Ndoda Foundation	188 000,00	Charities	NW	01 September 2023
M54644	M54644-Ikamvaelthu Foundation	373 000,00	Arts	NW	01 September 2023
M54141	M54141-Motheo Wa Basha	206 115,00	Arts	NW	01 September 2023
M53153	M53153-Praised and Salvation Foundation	206 000,00	Charities	NW	01 September 2023
M54425	M54425-Happy Stars Sports Club	85 000,00	Sport	EC	01 September 2023
M50993	M50993-Eleven Experience Football Club	95 000,00	Sport	KZN	01 September 2023
M46712	M46712-Age-In-Action Free State	469 000,00	Charities	FS	01 September 2023
M47574	M47574-Mphotleng Day Care	318 600,00	Charities	FS	01 September 2023
M47831	M47831-Itumeleng Luchon Club	265 500,00	Charities	FS	01 September 2023
M52125	M52125-Crystal Palace Football Club	130 000,00	Sport	EC	01 September 2023
M48217	M48217-Childline North West	876 427,00	Charities	NW	11 September 2023
M48460	M48460-Setumo Park Day Care Centre	377 000,00	Charities	NW	11 September 2023
M48895	M48895-Tshupe Hospice	648 000,00	Charities	NW	11 September 2023
M48908	M48908-Tshwaraganang Association of People with Disabilities	285 035,00	Charities	NW	11 September 2023
M52422	M52422-Gender Based Violence Emakhaya Sekwanele	219 500,00	Charities	MP	11 September 2023
M51929	M51929-Engo Ons Woning, Sentrum vir Bejaardes, Petrusburg	2 224 345,00	Charities	FS	11 September 2023
M51973	M51973-LK Ntlabathi Secondary School	60 000,00	Sport	FS	11 September 2023
M51996	M51996-Reya Tsotella Community Centre	318 520,00	Charities	FS	11 September 2023
M53962	M53962-Kopanong Local Football Association	65 000,00	Sport	FS	11 September 2023
M50716	M50716-Boys to Men fc	95 000,00	Sport	KZN	11 September 2023
M54045	M54045-Women in Film and Creative Writing	277 500,00	Arts	GP	11 September 2023
M48836	M48836-Kheyelitsha Service Centre For the Aged	154 000,00	Charities	EC	11 September 2023
M52004	M52004-Rapelang Basotho 274-710	142 200,00	Charities	FS	11 September 2023
M48471	M48471-Phetoho Community Services	173 080,00	Arts	FS	11 September 2023
M48508	M48508-Tsitsang Orphan and Vulnerable Children Organisation	249 500,00	Charities	FS	11 September 2023
M52538	M52538-Boys 2 Men Football Club	115 000,00	Sport	EC	11 September 2023
M46979	M46979-Lechabile Special Needs Care Centre	100 000,00	Charities	FS	11 September 2023
M47740	M47740-Shalom Community Based Care And Support Services	222 360,00	Charities	FS	11 September 2023
M55331	M55331-Amampembe Royal Kingdom Institution	489 500,00	Arts	EC	11 September 2023
M51484	M51484-Thuthukani Football Club	65 000,00	Sport	KZN	11 September 2023
M50975	M50975-Linamandla Service Centre	380 858,00	Charities	EC	11 September 2023
M52736	M52736-Oosterland Child and Youth Care Centre	973 000,00	Charities	EC	11 September 2023
M49307	M49307-Fundzani Sport Promotion Academy	65 000,00	Sports	MP	12 September 2023
M49317	M49317-Inyandza Women Organisation	700 000,00	Arts	MP	12 September 2023
M49319	M49319-Bohle Creche	305 000,00	Charities	MP	12 September 2023
M49488	M49488-Nhlengeleti Creche	548 000,00	Charities	MP	12 September 2023
M49496	M49496-Sikhulangolwazi Day Care Centre	237 566,00	Charities	MP	12 September 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M49596	M49596-Thoteau Projects	278 000,00	Arts	MP	12 September 2023
M49692	M49692-Mixo Creche	351 000,00	Charities	MP	12 September 2023
M49967	M49967-Kings and Queens Behaviour Change Institute	388 500,00	Charities	MP	12 September 2023
M50179	M50179-Mbumba Nhlalala Day Care Centre	502 000,00	Charities	MP	12 September 2023
M50406	M50406-Mpoko Maloka Combined School	65 000,00	Sports	MP	12 September 2023
M50772	M50772-Enduduzweni Women and Children Initiation Centre	497 600,00	Charities	MP	12 September 2023
M50816	M50816-Brothers Service Community Development	661 835,00	Charities	MP	12 September 2023
M50836	M50836-Lindelani Sports Organisation	65 000,00	Sports	MP	12 September 2023
M51674	M51674-Women of Wisdom 176-626	192 033,00	Charities	MP	12 September 2023
M51789	M51789-Active Sports Connection	65 000,00	Sports	MP	12 September 2023
M51790	M51790-Siyaphambili Pensioners Sports Promotion Academy	65 000,00	Sports	MP	12 September 2023
M51899	M51899-Mhala Victim Empowerment Centre	467 500,00	Charities	MP	12 September 2023
M52213	M52213-Buhlebetfu Cultural Group	165 500,00	Arts	MP	12 September 2023
M52294	M52294-Andries Mashile Primary School	60 000,00	Sports	MP	12 September 2023
M52719	M52719-Ditoro Tsa Nnete	353 000,00	Arts	MP	12 September 2023
M53358	M53358-Bushbuckridge Environmental Project NPC	191 048,00	Arts	MP	12 September 2023
M54224	M54224-Township Youth Transformation NPC(TYT)	1 125 000,00	Arts	MP	12 September 2023
M55178	M55178-Asiberegeni Bomma NPC	349 699,00	Arts	MP	12 September 2023
M55309	M55309-Tjhida Ngi Tjhudule Ndebele Group	342 489,00	Arts	MP	12 September 2023
M47842	M47842-Sentahle Drop in Centre	686 500,00	Charities	LP	12 September 2023
M48152	M48152-Sebaka Foundation	65 000,00	Sports	LP	12 September 2023
M48141	M48141-SENWABARWANA YOUTH DEVELOPMENT	288 000,00	Arts	LP	12 September 2023
M48142	M48142-Tlangelani Drop in Centre	333 000,00	Charities	LP	12 September 2023
M48153	M48153-Pfunekani Multi Purposed Centre	233 700,00	Charities	LP	12 September 2023
M48169	M48169-Rivala Drop in Centre	343 000,00	Charities	LP	12 September 2023
M48171	M48171-Tshwaranang old age care centre	479 000,00	Charities	LP	12 September 2023
M48176	M48176-Itekeng Old Age Club	241 500,00	Charities	LP	12 September 2023
M48185	M48185-Better Good JNTM	343 724,00	Charities	LP	12 September 2023
M48425	M48425-Vhalondoti Cultural Clan	602 000,00	Arts	LP	12 September 2023
M48594	M48594-Home Tekna Place Of safety Cum Children's Home-9194	897 500,00	Charities	LP	12 September 2023
M48595	M48595-Share Community Development	166 000,00	Arts	LP	12 September 2023
M54754	M54754-Polokwane Victim Support Centre	620 894,00	Charities	LP	12 September 2023
M54914	M54914- SAVF Rethabile Klerksdorp Kinderhuis	2 718 247,00	Charities	NW	12 September 2023
M49239	M49239-Ipeleng Day Care Centre Project	247 000,00	Charities	NW	15 September 2023
M54513	M54513-Rea Thusana Youth Development	158 000,00	Arts	NW	15 September 2023
M51292	M51292-Arsenal Ladies Football Club	105 000,00	Sport	NC	15 September 2023
M47142	M47142-Phokeng Youth Development	177 000,00	Arts	NW	15 September 2023
M49723	M49723-Hungani Creche	640 800,00	Charities	MP	15 September 2023
M49891	M49891-Young Culture	268 000,00	Arts	MP	15 September 2023
M50446	M50446-Ntalo Old Age Centre	533 043,00	Charities	MP	15 September 2023
M55333	M55333-Koswa Foundation	394 000,00	Arts	MP	15 September 2023
M46708	M46708-Jabsi Foundation	433 000,00	Arts	MP	28 September 2023
M51998	M51998-Abangcwele Performing Artists	218 000,00	Arts	NW	28 September 2023



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M34305	M34305-Kheyi Drop In Centre	100 000,00	Charities	LP	28 September 2023
M34517	M34517-Khakhala Masungulo Educare Centre	100 000,00	Charities	LP	28 September 2023
M35530	M35530-Itshepeng Creche	100 000,00	Charities	LP	28 September 2023
M50024	M50024-Tshufing Drop In Centre	417 000,00	Charities	LP	28 September 2023
M45247	M45247-Thako Pre-school	100 000,00	Charities	LP	28 September 2023
M47862	M47862-Khomanani Dumela Old Age	329 000,00	Charities	LP	28 September 2023
M53621	M53621-Limpopo Deaf Netball Association	65 000,00	Sports	LP	28 September 2023
M53831	M53831-Sthiba Youth Club	233 000,00	Arts	FS	28 September 2023
M35242	M35242-Sizamile Day Care Centre	100 000,00	Charities	EC	28 September 2023
M53936	M53936-The Southern Africa Development Research and Training Institute	616 484,00	Arts	EC	28 September 2023
M54050	M54050-Paradise Football Club	68 250,00	Sport	EC	28 September 2023
M54431	M54431-All Stars Rugby Football Club	75 000,00	Sport	EC	28 September 2023
M55401	M55401-Amkela Projects	290 271,00	Arts	EC	28 September 2023
M55488	M55488-Gqeberha Home For Arts	230 000,00	Arts	EC	28 September 2023
M46914	M46914-Inkulisa Day Care	100 000,00	Charities	GP	28 September 2023
M48376	M48376-Fadimeng Home Community Based (Multipurpose Centre)	338 000,00	Charities	FS	28 September 2023
M47576	M47576-Serobe Educare	316 000,00	Charities	FS	28 September 2023
M47978	M47978-Tshepong at Mokwallo in Vredefort	373 500,00	Charities	FS	28 September 2023
M47846	M47846-Leseding Day Care Centre - 20381	341 000,00	Charities	FS	28 September 2023
M51539	M51539-Rehopotswe Public School	65 000,00	Sport	FS	28 September 2023
M51280	M51280-CHOC Childhood Cancer Foundation South Africa	3 800 000,00	CHARITIES	GP	28 September 2023
M35318	M35318-Eskhame Creche	100 000,00	CHARITIES	KZN	28 September 2023
M45067	M45067-Sibhayi Creche	109 510,00	CHARITIES	KZN	28 September 2023
M45073	M45073-Sinenhlanhla Creche	106 510,00	CHARITIES	KZN	28 September 2023
M45276	M45276-HP Praise Maritime Awareness	200 000,00	MISCELLANEOUS	KZN	28 September 2023
M48241	M48241-Contemporary Archive Project	175 600,00	ARTS	KZN	28 September 2023
M50220	M50220-Yizo Yizo Football Club	85 000,00	SPORTS	KZN	28 September 2023
M51252	M51252-Mazibuye Emasizweni Youth Centre	380 000,00	CHARITIES	KZN	28 September 2023
M51415	M51415-KwaSibonda Primary School	60 000,00	SPORTS	KZN	28 September 2023
M51654	M51654-Siyabonga Home Base Care	114 000,00	CHARITIES	KZN	28 September 2023
M53005	M53005-Ilinge Football Association	60 000,00	SPORTS	KZN	28 September 2023
M54709	M54709-Siyathuthuka Foundation NPC	175 300,00	ARTS	KZN	28 September 2023
M47564	M47564-Cele Day Care	291 000,00	CHARITIES	FS	28 September 2023
M50738	M50738-Bokamosho Community Development Centre	285 762,00	ARTS	FS	28 September 2023
M47807	M47807-Areageng Batsadi Basebele	464 800,00	Charities	NW	12 October 2023
M50048	M50048-Boikgafo Youth Project NPC	213 000,00	Arts	LP	12 October 2023
M51352	M51352-Lesedi Youth Empowerment	450 000,00	Charities	LP	12 October 2023
M53523	M53523-Khamanyani Lower Primary School	60 000,00	Sports	LP	12 October 2023
M46057	M46057-Motumpane Day Care Centre	831 835,00	Charities	LP	12 October 2023
M48265	M48265-Shigamani Drop In Centre	472 000,00	Charities	LP	12 October 2023
M46740	M46740-Tizameleni Creche	590 000,00	Charities	MP	12 October 2023
M51447	M51447-Badiramongo Skills Development LP	282 292,00	Arts	LP	12 October 2023
M51564	M51564-Bakone Royal Council	383 082,00	Arts	MP	12 October 2023



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M50133	M50133-Lethipela Secondary School	65 000,00	Sports	MP	12 October 2023
M49937	M49937-Madoda MP	218 000,00	Arts	MP	12 October 2023
M47986	M47986-Bokamoso Day Care Centre	365 500,00	Charities	FS	12 October 2023
M51478	M51478-Marematlou Community Based Care And Support Services	263 000,00	Charities	FS	12 October 2023
M48838	M48838-Ithuseng Luncheon Club	461 000,00	Charities	FS	12 October 2023
M52780	M52780-Willowmore United Rugby Football Club	80 000,00	Sport	EC	12 October 2023
M49459	M49459-Zamani Disabled People's Organisation	1 300 000,00	Charities	KZN	12 October 2023
M51666	M51666-Embangweni Nature Reserve Organisation	297 000,00	Charities	KZN	12 October 2023
M54844	M54844-Khanya Environmental and Waste Management Organisation	385 000,00	Arts	KZN	12 October 2023
M50938	M50938-Red Nation Football Club	65 000,00	Sport	GP	12 October 2023
M55290	M55290-Strings and Notes	272 500,00	Arts	EC	12 October 2023
M46799	M46799-Planned Parenthood Association of South Africa	493 000,00	Charities	FS	12 October 2023
M55319	M55319-Eyamazulu Foundation	412 650,00	Arts	EC	12 October 2023
M53698	M53698-Ayliff Society FC NPC	65 000,00	Sport	EC	12 October 2023
M52579	M52579-Mighty Bombers Football Club	100 000,00	Sport	EC	12 October 2023
M51319	M51319-Ebhayi Football Club	80 000,00	Sport	EC	12 October 2023
M52134	M52134-B Kind Always Foundation	2 479 000,00	Miscellaneous	FS	12 October 2023
M33665	M33665-Thandanani Mazulu Creche	100 000,00	Charities	KZN	12 October 2023
M51202	M51202-Sinamuva Football Club	65 000,00	SPORTS	KZN	12 October 2023
M37468	M37468-Lindumthetho Primary School	60 000,00	Sport	KZN	12 October 2023
M47572	M47572-Triple S Trendy Music	344 083,00	Arts	FS	12 October 2023
M47380	M47380-Siyaphambili Social Welfare	329 806,00	Charities	KZN	12 October 2023
M52438	M52438-Virginia Victim Empowerment Centre	274 050,00	Charities	FS	12 October 2023
M46863	M46863-Meals On Wheels Community Services Orange Farm	446 000,00	Charities	GP	12 October 2023
M51000	M51000-Hope for the Hopeless Care Centre	1 600 000,00	Charities	GP	12 October 2023
M47636	M47636-Keketso Creche	297 000,00	Charities	FS	12 October 2023
M45841	M45841-Kings Price Community Development Projects	218 500,00	Arts	MP	12 October 2023
M46565	M46565-Isiphoesethu Organisation	228 000,00	Arts	MP	12 October 2023
M47199	M47199-Smangaliso Old Age Centre	416 000,00	Charities	MP	12 October 2023
M47213	M47213-Siphumelele Creche	166 800,00	Charities	MP	12 October 2023
M47338	M47338-Makrepeni Creche	444 548,00	Charities	MP	12 October 2023
M47527	M47527-Mathithiya Football Club	85 000,00	Sports	MP	12 October 2023
M47600	M47600-The Creatives Of Nontetheleko Academy	661 000,00	Arts	MP	12 October 2023
M47727	M47727-Ringetani Pre-school	1 000 000,00	Charities	MP	12 October 2023
M47728	M47728-Musengi Pre-School	749 000,00	Charities	MP	12 October 2023
M47810	M47810-Thuthukani Pre-School	302 700,00	Charities	MP	12 October 2023
M48313	M48313-Tarina Cultural Group	113 460,00	Arts	MP	12 October 2023
M48511	M48511-Henna Creche	591 000,00	Charities	MP	12 October 2023
M48699	M48699-Mpumalanga Technology Hub	483 000,00	Arts	MP	12 October 2023
M48927	M48927-Gospel Takeover NPC	339 978,00	Arts	MP	12 October 2023
M49146	M49146-Rolle Community Pre-School	725 961,00	Charities	MP	12 October 2023
M49229	M49229-Khomisani (K.D.C)	495 500,00	Charities	MP	12 October 2023
M49243	M49243-Cholama Creche	428 862,00	Charities	MP	12 October 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M45465	M45465-Nyakallo Home for Physically and Mentally Retarded	308 000,00	Charities	GP	12 October 2023
M35350	M35350-Masibambisane Home Base Care & Development	100 000,00	Charities	EC	12 October 2023
M48370	M48370-Mayibenathi Service Center	382 214,00	Charities	EC	12 October 2023
M49157	M49157-The Greater Future Day Care Centre	257 000,00	Charities	EC	12 October 2023
M50693	M50693-Sport For Youth Project	65 000,00	Sports	EC	12 October 2023
M52489	M52489-Asidlali Academy of Sport	90 000,00	Sports	EC	12 October 2023
M52514	M52514-Kwazakhele High School	65 000,00	Sports	EC	12 October 2023
M52533	M52533-Hotspurs Netball Club	85 000,00	Sports	EC	12 October 2023
M52634	M52634-Breidbach Sports Academy	65 000,00	Sports	EC	12 October 2023
M52756	M52756-Warrior Junior Rugby Club	65 000,00	Sports	EC	12 October 2023
M52818	M52818-Khulani Boxing Club	75 000,00	Sports	EC	12 October 2023
M53105	M53105-Loerie Blues Rugby Football Club	130 000,00	Sports	EC	12 October 2023
M53531	M53531-Shooting Stars Netball Club	80 000,00	SPORTS	EC	12 October 2023
M53567	M53567-Tyatyora United Brothers Football Club	85 000,00	Sports	EC	12 October 2023
M49278	M49278-GEM Early Childhood Development Center	164 000,00	Charities	EC	12 October 2023
M34170	M34170-Matsinoni Day Care Centre	100 000,00	Charities	LP	20 October 2023
M35340	M35340-Lethabong Lebepe Day Care	100 000,00	Charities	LP	20 October 2023
M35550	M35550-Tshibulebule Community Creche	200 000,00	Charities	LP	20 October 2023
M35660	M35660-Thekgo Old Age Care Centre-11207	100 000,00	Charities	LP	20 October 2023
M45476	M45476-SHISASI MERWE B DAY CARE CENTRE	100 000,00	Charities	LP	20 October 2023
M46677	M46677-Vuhehli drop in centre	285 000,00	Charities	LP	20 October 2023
M47413	M47413-Vahluri Nutrition Development Centre	296 950,00	Charities	LP	20 October 2023
M35998	M35998-Mahlale Drop In Centre-10311	194 985,00	Charities	LP	20 October 2023
M45440	M45440-Matsotsosela Kulani Early Learning Centre	100 000,00	Charities	LP	20 October 2023
M53332	M53332 – Kgatelopele Soup Kitchen	339 896,00	Charities	NC	20 October 2023
M47258	M47258 – South African San Development Organisation	134 000,00	Arts	NC	20 October 2023
M47864	M47864-Bathopele Arts Development	228 000,00	Arts	NW	31 October 2023
M49716	M49716-New Vision Day Care	301 830,00	Charities	NW	31 October 2023
M49736	M49736-Tweelaagte Community Arts Centre	228 000,00	Arts	NW	31 October 2023
M49389	M49389-Twanani Disability Project	397 099,00	Charities	LP	31 October 2023
M50757	M50757-Zozo Rabbits FC	115 000,00	Sports	LP	31 October 2023
M51433	M51433-Homu Young Stars FC	65 000,00	Sports	LP	31 October 2023
M53112	M53112-Hlong Primary School	65 000,00	Sports	LP	31 October 2023
M49256	M49256-Nkgodise Creche	290 800,00	Charities	NW	31 October 2023
M51259	M51259-Christelik-Maatskaplike Raad van Carolina	1 151 429,00	Charities	MP	31 October 2023
M50855	M50855-Vhadenge Foundation NPC	300 000,00	Arts	LP	31 October 2023
M51510	M51510-Small Chiefs Football Club	75 000,00	Sport	LP	31 October 2023
M51675	M51675-Vahluri FC	75 000,00	Sport	LP	31 October 2023
M51679	M51679-Seleka Drop In Centre	227 000,00	Charities	LP	31 October 2023
M53768	M53768-Theunissen Boitelo Victim Empowerment Organisation	371 420,00	Charities	FS	30 October 2023
M48673	M48673-Sefikaneng Creche	305 500,00	Charities	FS	30 October 2023
M45198	M45198-Thuto Ke Senotlolo Pre-School	100 000,00	Charities	FS	30 October 2023
M52178	M52178-Onkarabetsa Community Services	259 000,00	Charities	FS	30 October 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M51744	M51744-The Road To Holiness	302 400,00	Charities	FS	30 October 2023
M47430	M47430-Tennis South Africa	400 000,00	Sport	GP	30 October 2023
M51651	M51651-Izintokazi Football Club	70 000,00	Sport	KZN	30 October 2023
M52045	M52045-Aganang Community Care Centre	65 000,00	Sport	FS	30 October 2023
M45277	M45277-Siyathuthuka Creche 20000	100 000,00	Charities	KZN	30 October 2023
M54010	M54010- Matjhabeng Local Football Associatio	65 000,00	Sport	FS	30 October 2023
M50897	M50897-Glen Legends F.C	80 000,00	Sport	GP	30 October 2023
M52396	M52396-H-Town United Sport Club	90 000,00	Sport	EC	30 October 2023
M54200	M54200-Limpopo Community Developers	148 000,00	Arts	LP	13 November 2023
M54289	M54289-Bana Ba Kgwale Dancing Group	142 500,00	Arts	LP	13 November 2023
M27971	M27971-Mayisha High School	34 000,00	Miscellaneous	MP	13 November 2023
M46680	M46680-Unity Is The Power Ministry	412 700,00	Charities	MP	13 November 2023
M49219	M49219-Progress BP Educare Centre	472 100,00	Charities	MP	13 November 2023
M49316	M49316-Xhihambano Community Project	339 000,00	Arts	MP	13 November 2023
M51644	M51644-Siyazinikela Care of The Aged Organisation	177 800,00	Charities	MP	13 November 2023
M51659	M51659-Christelik Maatskaplike Raad of Hendrina	433 000,00	Charities	MP	13 November 2023
M52971	M52971-Siyatjheja Social Project	715 000,00	Charities	MP	13 November 2023
M54204	M54204-Melanin Zone Foundation	245 500,00	Arts	MP	13 November 2023
M55421	M55421-Bethesda Community Service Centre	239 000,00	Arts	MP	13 November 2023
M53600	M53600-Cape Town Environmental Education Trust	2 200 000,00	Arts	WC	13 November 2023
M33663	M33663-Konoto Pre-school	100 000,00	Charities	LP	13 November 2023
M49290	M49290-Lingeletu ECD	136 000,00	Charities	EC	17 November 2023
M51786	M51786-Rising Stars Soccer Development Club	135 000,00	Sport	EC	17 November 2023
M36951	M36951-The Seed Community Development Foundation	100 000,00	Charities	EC	17 November 2023
M53762	M53762-Mighty Bucs FC 33592	75 000,00	Sport	EC	17 November 2023
M54319	M54319-Ebenezer Sport Development	70 000,00	Sport	EC	17 November 2023
M47343	M47343-MANQGUZA Community Based Organisation	156 000,00	Charities	KZN	17 November 2023
M34012	M34012-Success Day Care Centre	100 000,00	Charites	LP	27 November 2023
M34223	M34223-Xihlovo Xa Vuthari Day Care Centre	100 000,00	Charites	LP	27 November 2023
M34276	M34276-Mayephu Gingirikani Creche	100 000,00	Charites	LP	27 November 2023
M46594	M46594-Skottish Football Club	80 000,00	Sports	NW	27 November 2023
M54514	M54514-Rise and Shine Development Centre	413 000,00	Charities	NC	27 November 2023
M34541	M34541-Jack Rampedi Creche	100 000,00	Charities	LP	27 November 2023
M34734	M34734-Makgato Creche	100 000,00	Charities	LP	27 November 2023
M34749	M34749-Nkhensani Day Care Centre	100 000,00	Charities	LP	27 November 2023
M45116	M45116-Hihlurile Disabled Community Project	100 000,00	Charities	LP	27 November 2023
M45208	M45208-Lerato Community Creche	100 000,00	Charities	LP	27 November 2023
M45209	M45209-Masewela Day Care Centre	100 000,00	Charities	LP	27 November 2023
M45988	M45988-Phurulenke Disabled Project	385 447,00	Charities	LP	27 November 2023
M46140	M46140-Re tla kgoni Day Care Centre	334 000,00	Charities	LP	27 November 2023
M47028	M47028-Msengi Drop in Centre	622 500,00	Charities	LP	27 November 2023
M47772	M47772-Akonaho Victim Empowerment Programme	202 000,00	Charities	LP	27 November 2023
M48402	M48402-Ramaroka Old Age Centre	87 000,00	Charities	LP	27 November 2023
M52742	M52742-The Mighty Stars Academy Football Club	85 000,00	SPORT	EC	27 November 2023
M52749	M52749-Fundile Netball Club	65 000,00	SPORT	EC	27 November 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M52781	M52781-Luthando Football Club	75 000,00	SPORT	EC	27 November 2023
M54005	M54005-Football Club Algoa	65 000,00	SPORT	EC	27 November 2023
M47875	M47875-Usizo Community Initiatives NPC	263 000,00	ART	EC	27 November 2023
M50107	M50107-Isisekelo Sokubambisana Sports Promotions	65 000,00	SPORT	GP	27 November 2023
M53213	M53213-Pelo Entle Community Services	421 000,00	CHARITIES	FS	27 November 2023
M47973	M47973-Seroadi Educare Centre	266 000,00	CHARITIES	FS	27 November 2023
M50258	M50258-Sinika Uthando - Love From The Fathers Heart NPC	208 000,00	CHARITIES	KZN	27 November 2023
M47674	M47674-Mpumalanga Youth Council Organisation	221 700,00	Charities	MP	27 November 2023
M39784	M39784-Bopaganang Creche	100 000,00	Charities	NW	27 November 2023
M54301	M54301-The Media Dynasty Project	65 000,00	Sports	NW	27 November 2023
M54378	M54378-Jouberton Harmonic Voices NPC	263 766,00	Arts	NW	27 November 2023
M51927	M51927-Bakwetlisi Community Training	438 000,00	Arts	NW	27 November 2023
M48447	M48447-Boiketlo Art and culture in Action NPC	235 041,00	Arts	LP	27 November 2023
M35423	M35423-Lephalale VEP	100 000,00	Charites	LP	27 November 2023
M54136	M54136-SAFA Mopani Region	100 000,00	Sports	LP	27 November 2023
M54991	M54991-Bela-Bela Development Association Of Skills and Community Projects	211 500,00	Charites	LP	27 November 2023
M53157	M53157-Pfunekani Nhlakeni Victim Empowerment Centre	893 000,00	Charites	LP	27 November 2023
M51971	M51971-Greater Tzaneen Local Football Association	65 000,00	Sports	LP	27 November 2023
M54925	M54925-Vudzi Royal Women Forum	328 500,00	Arts	LP	27 November 2023
M45121	M45121-Rixongile Day Care	100 000,00	Charites	LP	27 November 2023
M45167	M45167-Divine Day Care Centre	100 000,00	Charites	LP	27 November 2023
M35166	M35166-stepping stone ECD centre 008-481	100 000,00	Charites	LP	27 November 2023
M34043	M34043-Maseke Drop in Centre	100 000,00	Charites	LP	27 November 2023
M25769	M25769-Kgomo Creche	100 000,00	Charites	LP	27 November 2023
M27836	M27836-Mmakgoshi Mmanare Foundation	34 000,00	Arts	LP	27 November 2023
M45133	M45133-RETSHEPILE DAY CARE CENTRE-LP	172 000,00	Charites	LP	27 November 2023
M54502	M54502-Mokorotlo Primary School	60 000,00	SPORT	GP	05 December 2023
M45265	M45265-Boitumelong Day Care	77 050,00	CHARITIES	GP	05 December 2023
M54075	M54075-Mahlasedi Masana Primary School	60 000,00	SPORT	GP	05 December 2023
M49344	M49344-Association for Non Profit Organisation	176 000,00	ARTS	GP	05 December 2023
M49659	M49659-Women Leadership Social Empowerment	437 990,00	ARTS	GP	05 December 2023
M35150	M35150-Bonang Day Care Centre	100 000,00	CHARITIES	GP	05 December 2023
M52785	M52785-Ubulumko Community Development	287 500,00	CHARITIES	EC	05 December 2023
M54396	M54396-Sophila Protective Workshop	117 300,00	CHARITIES	EC	05 December 2023
M51667	M51667-Lehae La Rona Old Age Care Centre	577 500,00	CHARITIES	FS	05 December 2023
M34272	M34272-Masediba Creche and Pre-school	100 000,00	Charites	LP	13 December 2023
M50449	M50449-Ikageleng Primary	65 000,00	Sports	MP	13 December 2023
M50001	M50001-Tlhokomelang Thuto Centre	245 900,00	Charities	NW	13 December 2023
M34539	M34539-Mafukani Community Creche	100 000,00	Charites	LP	13 December 2023
M35418	M35418-Bochabelo Drop In Centre-11875	100 000,00	Charities	LP	13 December 2023
M53793	M53793-Tswelelo Cultural Group	117 190,00	Arts	NW	13 December 2023
M55081	M55081-Nourish	284 943,00	Arts	MP	13 December 2023
M34015	M34015-Molokwane Creche-19731	100 000,00	Charites	LP	13 December 2023

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M34526	M34526-Thabang Day Care Centre (New)	100 000,00	Charites	LP	13 December 2023
M35633	M35633-Mphakati Creche	100 000,00	Charities	LP	13 December 2023
M35763	M35763-Tshikunda Community Creche	100 000,00	Charities	LP	13 December 2023
M45362	M45362-Tinghwa Day Care Centre	495 700,00	Charities	LP	13 December 2023
M45656	M45656-Qaza Drop in Centre	100 000,00	Charities	LP	13 December 2023
M45463	M45463-Lorraine Khoza Foundation	874 754,00	Charities	MP	13 December 2023
M52566	M52566-Eastern Cape Sports Confederation	37 500,00	SPORTS	EC	13 December 2023
M45783	M45783-Longmore F C	4 000,00	SPORTS	EC	13 December 2023
M45826	M45826-Alaska Football Club	4 750,00	SPORTS	EC	13 December 2023
M54957	M54957-Beacon Developmental Organisation	315 000,00	Arts	MP	19 December 2023
M54282	M54282-Reagile Community Arts Community Centre	175 300,00	Arts	NW	19 December 2023
M34214	M34214-Sheshe Community Creche	100 000,00	Charities	LP	19 December 2023
M45165	M45165-Riverside Roses Sing Koor	300 000,00	Arts	WC	19 December 2023
M22921	M22921-Makhotla Early Childhood Development	100 000,00	Charities	LP	19 December 2023
M35192	M35192-MODIOKWANE CARE CENTRE	100 000,00	Charities	LP	19 December 2023
M45207	M45207-MAGATLE VICTIM EMPOWERMENT CENTRE	100 000,00	Charities	LP	19 December 2023
M45113	M45113-Maropeng Day Care Centre	100 000,00	Charities	LP	19 December 2023
M45739	M45739-Waterberg Welfare Society	409 000,00	Charities	LP	19 December 2023
M34016	M34016-Nhlelelo Early Childhood Development Centre	100 000,00	Charites	LP	19 December 2023
M45157	M45157- Khanyisa Victim Empowerment Centre	178 239,00	CHARITIES	EC	19 December 2023
M53659	M53659 -Singabangqobi Football School of Excellence	65 000,00	Sport	EC	19 December 2023
M47038	M47038-Maboloka HIV/Aids Awareness Organisation	483 400,00	Charities	NW	22 January 2024
M50697	M50697-Makhupuruladeatla Stimulation Centre	725 500,00	Charities	LP	22 January 2024
M48870	M48870 -Thara Ya Bana Day Care	249 375,00	Charities	NW	22 January 2024
M45145	M45145-Thato Disability Centre	146 100,00	Charities	LP	22 January 2024
M45760	M45760-Malamulele Onward NPC	417 000,00	Charities	GP	22 January 2024
M46614	M46614-Sifiso Sethu Home Based Care	147 000,00	Charities	MP	22 January 2024
M46710	M46710-Cradock Lions Rugby Football Club	105 000,00	Sport	EC	22 January 2024
M47257	M47257-Phelandaba Chiefs FC	75 000,00	Sport	MP	22 January 2024
M47655	M47655-Pfukani Community Creche/Pre-School	382 000,00	Charities	MP	22 January 2024
M49560	M49560-Semelana NPC	195 500,00	Arts	MP	22 January 2024
M45591	M45591- Kulani ECDC	150 000,00	Charities	EC	22 January 2024
M45749	M45749 - Gubevu Primary School	218 583,00	Charities	EC	22 January 2024
M46684	M46684 -Zanokhanyo Pre-school	494 612,00	Charities	EC	22 January 2024
M47424	M47424 -Sisonke	168 000,00	Charities	EC	22 January 2024
M49325	M49325 -Mngeka Early Childhood Development Centre	81 000,00	Charities	EC	22 January 2024
M49010	M49010-The South African National Council for the Blind	3 000 000,00	CHARITIES	GP	22 January 2024
M50149	M50149-Young Stars Football Club 27573	78 750,00	SPORTS	EC	22 January 2024
M52479	M52479-Ingomoletu Foundation	346 000,00	CHARITIES	EC	22 January 2024
M52891	M52891-Progress Rugby Club	80 000,00	SPORTS	EC	22 January 2024
M54016	M54016-The Organisation for Young Womens Dignity	435 372,00	CHARITIES	GP	22 January 2024
M54422	M54422-Pioneer Football Club	84 000,00	SPORTS	EC	22 January 2024
M51950	M51950 -A Re Yeng Service Club	65 000,00	Sports	NW	19 February 2024
M51841	M51841-Bridge of Hope Outreach	267 542,00	Charities	NW	19 February 2024
M48910	M48910-Rivoningo Agincourt Creche	541 117,00	Charites	MP	19 February 2024



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M46625	M46625-Uphondo Community Development	214 200,00	Arts	MP	19 February 2024
M50350	M50350-Amatjathangubo Youth Arts and Cultural Music Centre	388 000,00	Arts	MP	19 February 2024
M45853	M45853-United Good Hope Sports Club	100 000,00	Sports	EC	19 February 2024
M56294	M56294-GIG Centre	2 000 000,00	Charities	NC	19 February 2024
M58062	M58062-The Voice of the San People - 35365	400 000,00	Arts	NC	19 February 2024
M58259	M58259-A C V V Springbok - 10276	1 739 484,00	Charities	NC	19 February 2024
M59491	M59491-Kgatelopele DCC	309 884,00	Charities	NC	19 February 2024
M59561	M59561-Tswelopele Day Care Centre	455 596,00	Charities	NC	19 February 2024
M34536	M34536-Phafoga Early Learning Centre	100 000,00	Charities	LP	19 February 2024
M45225	M45225 -Mahlori Early Learning Centre	100 000,00	Charities	LP	19 February 2024
M35529	M35529-Maadishego Pre-School	100 000,00	Charities	LP	19 February 2024
M52145	M52145-Orkeney Child And Family Care Society-14848	1 207 500,00	Charities	NW	19 February 2024
M56890	M56890-Phafogang Aged Club	150 500,00	Charities	LP	19 February 2024
M57210	M57210-Charitas Social Care Rustenburg-26381	800 000,00	Charities	NW	19 February 2024
M57775	M57775-Angels Of Tomorrow Community Support Center-20178	2 000 000,00	Charities	NW	19 February 2024
M58069	M58069-THE VILLAGE KNOCKOUT FOUNDATION - 7371	500 000,00	Arts	NW	19 February 2024
M58814	M58814-Lesedi Crèche	337 897,00	Charities	NW	19 February 2024
M56844	M56844-Mosekaphofu Cultural Mull - 7124	1 200 000,00	Arts	NW	19 February 2024
M56388	M56388-Phafogang Drop in Centre	335 000,00	Charities	LP	19 February 2024
M56664	M56664-Alfa Kindergarten & Day Care Centre	800 000,00	Charities	NW	19 February 2024
M49466	M49466-North West Social Work Veterans Organisation-25778	3 424 000,00	Charities	NW	19 February 2024
M56410	M56410-Phaweni Day Care Centre	435 400,00	Charities	LP	19 February 2024
M57089	M57089-Makapanstad Rural Development Centre - 7526	1 178 600,00	Charities	NW	19 February 2024
M56123	M56123-Indlondlo Zulu Dancers, Cultural and Art Centre	1 000 000,00	Arts	KZN	19 February 2024
M56216	M56216-Siyaqala Creche 11808	147 000,00	Charities	KZN	19 February 2024
M56756	M56756-Umthombowolwazi Consulting and Development Centre	315 672,00	Charities	KZN	19 February 2024
M56775	M56775-Ithunga Development	699 500,00	Charities	KZN	19 February 2024
M56816	M56816-Ukuthula Sandplay	345 500,00	Charities	KZN	19 February 2024
M56884	M56884-Khuladado Day Care Centre	300 000,00	Charities	KZN	19 February 2024
M46838	M46838-The Buskaid Trust	200 000,00	CHARITIES	GP	19 February 2024
M56125	M56125-Tshwane North Outreach	869 600,00	CHARITIES	GP	19 February 2024
M56154	M56154-South African Federation for Mental Health	1 000 000,00	CHARITIES	GP	19 February 2024
M56158	M56158-Ntlhokomele House of Hope	600 000,00	CHARITIES	GP	19 February 2024
M56205	M56205-Bokamoso Edu-Care Centre	700 000,00	CHARITIES	GP	19 February 2024
M56210	M56210-Rehahuhetswe Day Care Centre	300 000,00	CHARITIES	GP	19 February 2024
M56214	M56214-Isalakutshelwa ,Arts,Heritage & Recreation	600 000,00	ARTS	GP	19 February 2024
M56240	M56240-Kgoro Organisation	1 400 000,00	CHARITIES	GP	19 February 2024
M56244	M56244-Miykael Institute of Divine Arts	750 000,00	ARTS	GP	19 February 2024
M56248	M56248-Mzumbe Performing Artists	470 000,00	ARTS	GP	19 February 2024
M56398	M56398-Thokozani Day Care & After Care Centre	358 750,00	CHARITIES	GP	19 February 2024
M56401	M56401-Isthuli-Sasengweni Arts & Craft Organisation	583 000,00	ARTS	GP	19 February 2024
M56463	M56463-Retina South Africa	1 200 000,00	CHARITIES	GP	19 February 2024



PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M49359	M49359-Isifiso Sabantu Arts,Culture and Heritage Services	288 000,00	ARTS	GP	19 February 2024
M56295	M56295-South African Children's Home	499 000,00	Charities	WC	26 February 2024
M56670	M56670-The Haven Night Shelter Welfare Organisation	2 418 090,00	Charities	WC	26 February 2024
M56674	M56674-Bendiga House For Independent Living	423 717,00	Charities	WC	26 February 2024
M57146	M57146-Masikhanye Food Gardening	118 134,00	Charities	WC	26 February 2024
M57578	M57578-ACVV Paarl	480 000,00	Charities	WC	26 February 2024
M57598	M57598-Changeability	488 196,00	Charities	WC	26 February 2024
M56865	M56865-The Chaeli Campaign	1 400 000,00	Charities	WC	26 February 2024
M57594	M57594-A C V V Somerset - Wes	1 498 163,00	Charities	WC	26 February 2024
M56490	M56490-South African Football Association Thabo Mofutsanyana	3 516 000,00	Sport	FS	26 February 2024
M56749	M56749-Vrystaat-versorging in Aksie:Zastron	662 461,00	Charities	FS	26 February 2024
M56864	M56864-Famsa Outeniqua	1 000 000,00	Charities	WC	26 February 2024
M56145	M56145-Neighbourhood Old Age Homes	1 004 694,00	Charities	WC	26 February 2024
M56866	M56866-Child Welfare South Africa : Helderberg	1 800 000,00	Charities	WC	26 February 2024
M57000	M57000-Sinethemba Educare Centre	500 000,00	Charities	WC	26 February 2024
M45130	M45130-EL ROI EDUCATIONAL CENTRE	176 799,00	Charities	LP	26 February 2024
M35770	M35770-Motlakaro Creche the	100 000,00	Charities	LP	26 February 2024
M45107	M45107-Humelelani Day Care Centre	100 000,00	Charities	LP	26 February 2024
M25444	M25444-Hlayisekani Old Age Development Centre	100 000,00	Charities	LP	26 February 2024
M51788	M51788-Sehokho Primary School	60 000,00	Sports	MP	26 February 2024
M57147	M57147-Tsibogang Christian Action Group	1 400 000,00	Charities	NW	28 February 2024
M57890	M57890-MADIRADILO MULTI-SKILLS-14328	595 835,00	Arts	NW	28 February 2024
M57202	M57202-Lapa La Bothe Aged Care Centre -4735	900 000,00	Charities	NW	28 February 2024
M50751	M50751-Nkomo Gender Based Violence Project	364 000,00	Charities	LP	28 February 2024
M56355	M56355-Arthurstone Creche Cum Pre-School	700 000,00	Charities	MP	28 February 2024
M57433	M57433-Lomanyaneng Community Aids Project - 9388	760 000,00	Charities	NW	28 February 2024
M57485	M57485-Bokamoso Home Community Based Care-14702	1 100 000,00	Charities	NW	28 February 2024
M57969	M57969-MTS Ancillary Health Care Services	2 202 846,40	Charities	NW	28 February 2024
M57013	M57013-Maqhawe Theatre Group	500 000,00	Arts	MP	28 February 2024
M57011	M57011-Kitso Pre-School	900 000,00	Charities	NC	28 February 2024
M57064	M57064-Boitumelong ECD Centre - 4664	801 221,00	Charities	NC	28 February 2024
M57661	M57661-Tjokershooop ECD Centre	406 600,00	Charities	NC	28 February 2024
M57770	M57770-Barati Early Learning Centre	635 800,00	Charities	NC	28 February 2024
M57564	M57564-Little Paradise Care Centre	559 264,00	Charities	NC	28 February 2024
M57727	M57727-Lesedi Pre-school	1 260 000,00	Charities	NC	28 February 2024
M56238	M56238-Zero Waste Association Of South Africa	500 000,00	Arts	WC	28 February 2024
M56591	M56591-The Magnet Theatre Educational Trust	1 450 000,00	Arts	WC	28 February 2024
M56931	M56931-The Academy for Adults with Autism	690 489,00	Charities	WC	28 February 2024
M57007	M57007-Abba Family Counselling Centre	476 604,00	Charities	WC	28 February 2024
M56613	M56613-Dinare Youth Development Projects	800 000,00	ARTS	GP	12 March 2024
M56615	M56615-Amalangabi Craft & Creative Arts	313 087,00	ARTS	GP	12 March 2024
M56798	M56798-The Zwelonke Women's Group (East Rand) Trust	1 300 000,00	CHARITIES	GP	12 March 2024
M56856	M56856-Beauty In Brokenness	498 000,00	CHARITIES	GP	12 March 2024

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M56943	M56943-Impumelelo Yama-Africa Young Generation	654 600,00	ARTS	GP	12 March 2024
M57808	M57808-Emanang Nokeng West Rand	382 006,00	CHARITIES	GP	12 March 2024
M57840	M57840-Imbewu Performing Arts	350 000,00	ARTS	GP	12 March 2024
M57858	M57858-Tswelopele Day Care Centre 4278	593 914,00	CHARITIES	GP	12 March 2024
M57874	M57874-Happy Homes Day Care 2	309 675,00	CHARITIES	GP	12 March 2024
M58533	M58533-Zilisimenye Elderly Home	1 700 000,00	CHARITIES	GP	12 March 2024
M58816	M58816-Tembisa Child and Family Welfare Society	2 500 000,00	CHARITIES	GP	12 March 2024
M51417	M51417-SAVF Jubileum Tehuis	1 327 185,00	CHARITIES	KZN	12 March 2024
M56211	M56211-Meta Creche	300 000,00	Charities	LP	12 March 2024
M56153	M56153-Kodumela Drop in Centre	380 471,20	Charities	LP	12 March 2024
M56904	M56904-VUN'WE EARLY LEARNING CENTRE-LP	300 000,00	Charities	LP	12 March 2024
M56979	M56979-Tindzumulo Early Learning Centre	600 000,00	Charities	LP	12 March 2024
M58958	M58958-Phokeng Trauma Centre-24263	850 000,00	Charities	NW	12 March 2024
M52549	M52549-Shining Stars Rugby Club	140 000,00	SPORTS	EC	12 March 2024
M52740	M52740-Coastal United Ladies Football Development	75 000,00	SPORTS	EC	12 March 2024
M53193	M53193-Eureka Tigers Netball Club	75 000,00	SPORTS	EC	12 March 2024
M57041	M57041-Christelik-Maatskaplike Raad Van Port Elizabeth	645 680,00	CHARITIES	EC	12 March 2024
M57380	M57380-Down Syndrome Association Amathole	650 000,00	CHARITIES	EC	12 March 2024
M57610	M57610-SANCA Central Eastern Cape	2 200 000,00	CHARITIES	EC	12 March 2024
M57945	M57945-Uviwe Child & Youth Services	800 000,00	CHARITIES	EC	12 March 2024
M33700	M33700-Ikaheng Day Care	63 500,00	CHARITIES	GP	12 March 2024
M56060	M56060-Netball South Africa	21 000 000,00	SPORTS	GP	12 March 2024
M56437	M56437-1000 Hills Community Helpers Creche and Pre-School	1 069 545,00	Charities	KZN	12 March 2024
M56846	M56846-Khulakahle Creche	500 000,00	Charities	KZN	12 March 2024
M56250	M56250-Sparks Estate Cheshire Home	2 676 088,00	Charities	KZN	12 March 2024
M56146	M56146-Tshwaranang Creche and Pre-School	400 000,00	Charities	FS	12 March 2024
M57074	M57074-Monganeng Ultimate Creations	200 000,00	Arts	FS	12 March 2024
M56151	M56151-Moemaneng Creche	920 000,00	Charities	FS	12 March 2024
M56458	M56458-Lebohang Creche 036-661	400 000,00	Charities	FS	12 March 2024
M57069	M57069-Maluti Arts Theatre	1 000 000,00	Arts	FS	12 March 2024
M56203	M56203-Funda Nathi Day Care	800 000,00	Charities	MP	18 March 2024
M56361	M56361-Matladifedile Pre-school	741 000,00	Charities	MP	18 March 2024
M56368	M56368-Machoeu Early Learning Centre	300 000,00	Charities	LP	18 March 2024
M58703	M58703-Early Bird Child Day Care Centre	500 000,00	Charities	MP	18 March 2024
M56117	M56117-Mankale Educare Centre	600 000,00	Charities	LP	18 March 2024
M56367	M56367-Siloam Confident Care Centre	300 000,00	Charities	LP	18 March 2024
M56909	M56909-Dyondzekani Day Care Centre-26427	300 000,00	Charities	LP	18 March 2024
M58742	M58742-NG Welfare Klerksdorp/NG Welsyn Klerksdorp-13272	950 000,00	Charities	NW	18 March 2024
M57208	M57208-Itireleng Project - 9988	2 900 000,00	Charities	NW	18 March 2024
M56479	M56479-Lepasiye Day Care Centre	400 000,00	Charities	MP	18 March 2024
M56481	M56481-Faith Burlington Community Creche	764 889,00	Charities	MP	18 March 2024
M57514	M57514-Lapologang Pre-school	600 000,00	Charities	NC	19 March 2024
M48641	M48641-Sinekhaya Heaven Project	96 160,00	Charities	NC	19 March 2024

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M58590	M58590-Catris Gemeenskapsfokus Kimberley	800 000,00	Charities	NC	19 March 2024
M56668	M56668-Huis H.Du P.Picard Old Aged Home	2 000 000,00	Charities	NC	19 March 2024
M58936	M58936-Bahentse Pre - school	500 000,00	Charities	NC	19 March 2024
M57042	M57042-Zizamele Educare Centre	393 269,00	Charities	WC	19 March 2024
M56365	M56365-Project 90 by 2030	1 056 000,00	Arts	WC	19 March 2024
M56399	M56399-Nwa-Tumberi Day Care	400 000,00	Charities	MP	29 March 2024
M56130	M56130-Okani Vutivi Early Learning Centre	277 000,00	Charities	LP	29 March 2024
M56493	M56493-Radoo Drop in Centre	300 000,00	Charities	LP	29 March 2024
M51228	M51228-Touch A Million	329 641,00	Charities	MP	29 March 2024
M56487	M56487-Tipfuxeni Pre-school	600 000,00	Charities	MP	29 March 2024
M56821	M56821-Mbokodo Publishers	254 000,00	Arts	MP	29 March 2024
M57020	M57020-Matimandze Lamahle Cultural Group	400 000,00	Arts	MP	29 March 2024
M59195	M59195-Atamelang Day Care	499 991,00	Charities	NC	29 March 2024
M56506	M56506-ACVV Robertson	588 188,00	Charities	WC	29 March 2024
M56662	M56662-NUWEJAARS RIVER NATURE RESERVE NPC	600 000,00	Arts	WC	29 March 2024
M57369	M57369-The Saartjie Baartman Centre for Women and Children	3 536 160,00	Charities	WC	29 March 2024
M56335	M56335-Muhluri Day Care Centre	400 000,00	Charities	LP	29 March 2024
M56535	M56535-Little Light Community Creche	168 000,00	Charities	LP	29 March 2024
M57794	M57794-Morethetho Arts Beat-17447	1 406 400,00	Arts	NW	29 March 2024
M48810	M48810-FAMSA Upington	299 500,00	Charities	NC	29 March 2024
M56160	M56160-Inclusive Arts Collective	380 000,00	Arts	WC	29 March 2024
M57841	M57841-South African Theatre Practitioners In Advancement	2 653 240,00	Arts	NW	29 March 2024
M56440	M56440-Hisekani Creche	476 800,00	Charities	LP	29 March 2024
M57054	M57054-Boitshoko Pre-School - 9104	1 082 125,00	Charities	NC	29 March 2024
M57232	M57232-Ntlhokomelele Ngwana Home of Disability - 17266	2 033 756,00	Charities	NC	29 March 2024
M57809	M57809-The African Arts, Culture, Education and Sports Trust	1 339 920,00	Arts	WC	29 March 2024
M56831	M56831-Maggie Samboer Hospice - 6097	1 500 000,00	Charities	NC	29 March 2024
M56157	M56157-Tebello Day Care	400 000,00	CHARITIES	FS	29 March 2024
M56219	M56219-Huis emily Hobhouse Sentrum vir Bejaardes, Koppies	831 000,00	CHARITIES	FS	29 March 2024
M56221	M56221-Bakenpark Bewaarskool	1 696 700,00	CHARITIES	FS	29 March 2024
M56438	M56438-Tshwane Blind Care and Support	1 200 000,00	CHARITIES	GP	29 March 2024
M57107	M57107-Education Africa	1 800 000,00	ARTS	GP	29 March 2024
M56119	M56119-Rise and Be Healed Child Care Centre	874 295,00	CHARITIES	GP	29 March 2024
M56120	M56120-Redumetse Care Of The Aged	1 800 000,00	CHARITIES	GP	29 March 2024
M56121	M56121-Sedibeng Arts & Culture Foundation	600 000,00	ARTS	GP	29 March 2024
M56122	M56122-Hands of Compassion	703 640,00	CHARITIES	GP	29 March 2024
M56124	M56124-Simunye We Are One Educare	500 000,00	CHARITIES	GP	29 March 2024
M56132	M56132-Ratanda Young Generation	800 000,00	ARTS	GP	29 March 2024
M56138	M56138-Bakone Community Home Based Care Centre	400 000,00	CHARITIES	GP	29 March 2024
M56139	M56139-Community and Prison Organisation	590 000,00	ARTS	GP	29 March 2024
M56197	M56197-Tuiste vir Bejaardes Nigel	1 000 000,00	CHARITIES	GP	29 March 2024

PROJECT NO	RECIPIENT NAME	AMOUNT	SECTORS	PROVINCE	PAYMENT DATES
M56245	M56245-Stabilis Treatment Centre	1 900 000,00	CHARITIES	GP	29 March 2024
M56277	M56277-Qalamanje Arts Projects	1 000 000,00	CHARITIES	GP	29 March 2024
M58796	M58796-South African Transplant Sports Association	3 740 610,00	SPORTS	GP	29 March 2024
M57781	M57781-Tshwaranang Youth Development Organisation	370 000,00	ARTS	GP	29 March 2024
M58393	M58393-Centurion Council for the Aged	587 590,00	CHARITIES	GP	29 March 2024
M56843	M56843-Retshepitswe Day Care	486 800,00	CHARITIES	GP	29 March 2024
M56932	M56932-Shangri-La Community Development Project	1 485 123,00	CHARITIES	GP	29 March 2024
M58175	M58175-Little Heroes Educare Centre	344 459,00	CHARITIES	GP	29 March 2024
M56289	M56289-Gauteng Organisation of Community Arts and Culture Centres	700 000,00	ARTS	GP	29 March 2024
M56344	M56344-Kopano Ke Matla Service Point	614 539,00	CHARITIES	GP	29 March 2024
M56380	M56380-The Goje Foundation	1 000 000,00	ARTS	GP	29 March 2024
M56439	M56439-Khanyisa Greater Heidelberg Arts and Culture Association	350 000,00	ARTS	GP	29 March 2024
M56489	M56489-Synergistic Covenant Network	750 000,00	CHARITIES	GP	29 March 2024
M56593	M56593-Dumejele Projects	800 000,00	ARTS	GP	29 March 2024
M56605	M56605-Tisetso Cultural Group	700 000,00	ARTS	GP	29 March 2024
M56887	M56887-Unomthandazo Company	721 000,00	ARTS	GP	29 March 2024
M56924	M56924-Asanti Foundation Organisation	371 455,00	ARTS	GP	29 March 2024
M57364	M57364-Melisizwe Community Theatre	645 200,00	ARTS	GP	29 March 2024
M57390	M57390-Little Eden Society for the Care of Person with Mental Handicap	600 000,00	CHARITIES	GP	29 March 2024
M57439	M57439-Phelindaba Chess Association	4 576 400,00	SPORT	GP	29 March 2024
M57489	M57489-Khwela Theatre Production	700 000,00	ARTS	GP	29 March 2024
M57785	M57785-Get Informed Youth Development Centre	850 000,00	CHARITIES	GP	29 March 2024
M57787	M57787-Kitso Lesedi Community Development	800 000,00	CHARITIES	GP	29 March 2024
M57796	M57796-Fochville Social Services / Fochville Maatskaplike Dienste	755 035,00	CHARITIES	GP	29 March 2024
M57806	M57806-NG Welfare Roodepoort / NG Welsyn Roodepoort	1 202 520,00	CHARITIES	GP	29 March 2024
M56612	M56612-Child Welfare Tshwane	2 200 000,00	CHARITIES	GP	29 March 2024
M56133	M56133-Sphiwe Arts & Culture Development	317 400,00	ARTS	GP	29 March 2024
M57941	M57941-Greenpasture Foundation	300 000,00	ARTS	GP	29 March 2024
		<b>523 274 897,90</b>			

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





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