ANNUAL REPORT 2024/25

Presentation to the dtic Parliamentary Portfolio Committee

15 OCTOBER 2025

Years of

CREATING **IMPACT**

CONTENTS

NATIONAL LOTTERIES COMMISSION
a member of the dtic group

CELEBRATING 25 YEARS of NLC 1999-2024

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1. NLDTF contributions were equally above forecast, with actual contributions at R1,9 billion compared to R1,8 billion contributed in the 2023/24 financial year.

2. Cash Disbursed increased from R523m → R988m (first tranche allocations and clearance of backlogs).

3. The group achieved an operating surplus of R707m and an accumulated surplus of R4.3bn.

4. Non- Financial Performance: (80%) Overall performance achieved

5. Enhanced project monitoring & site visits

6. Research-Based Funding policy approved

7. As of March 2025, total procurement with designated groups amounted to R248 million, compared to R126 million in 2024

8. The Internal Audit & Advisory Unit successfully completed 79 cases, and 28 criminal cases were registered with the South African Police Service (SAPS).

Part A: General Information

Vision

To be trusted enablers of social cohesion and nation building.

Mission

To regulate ethically, fund effectively and empower communities.

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.

Accountability	To embrace our duties with a sense of ownership and responsibility, aiming to create a positive and lasting sustainable influence on the communities we are dedicated to serving.
Integrity and Ethical conduct	To be honest and demonstrate consistent, transparent, fair and an uncompromising adherence to strong moral and ethical principles.
Caring and Respect	To have empathy, compassion, and consideration for others, fostering a positive relationship and supportive work environment.
Excellence	To be committed to consistently achieve the highest standards of quality and performance in all aspects of our operations.

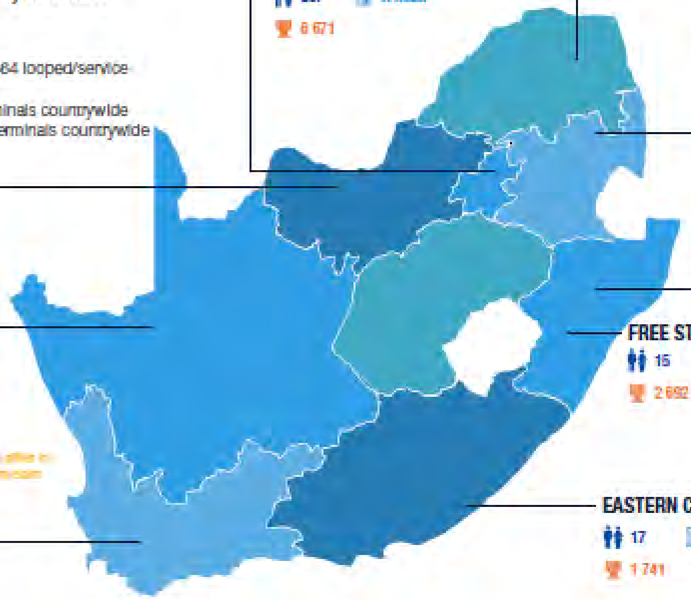
OUR GEOGRAPHIC FOOTPRINT

The NLC has a national footprint with nine provincial offices and a total staff compliment of 331 employees.

KEY

- Number of employees
- Terminals
- National Lottery ticket sales

A total of 8 834 including 664 looped/service terminals countrywide
A total of 3460 in-lane terminals countrywide
A total of 6 970 3rd party terminals countrywide



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PART B: Non - Financial Performance

Report on the annual performance report

12. 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.

13. 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 2025. 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.

- 100% of National Lottery and Sports Pools Licence conditions monitored
- National and Provincial Gambling Boards engaged to enhance collaboration on regulatory matters
- The Fourth National Lottery and Sports Pools Licensing Process managed
- Research and assessment of ECD programmes conducted
- Strengthening monitoring of funded projects
- Number of structured capacity building programs implemented nationally
- Enforcement of a good governance to implement planned research-based budget allocation
- Number of jobs created or retained by grantees
- Percentage of applications adjudicated within 150 days

14. 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.

15. 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 is 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.

16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

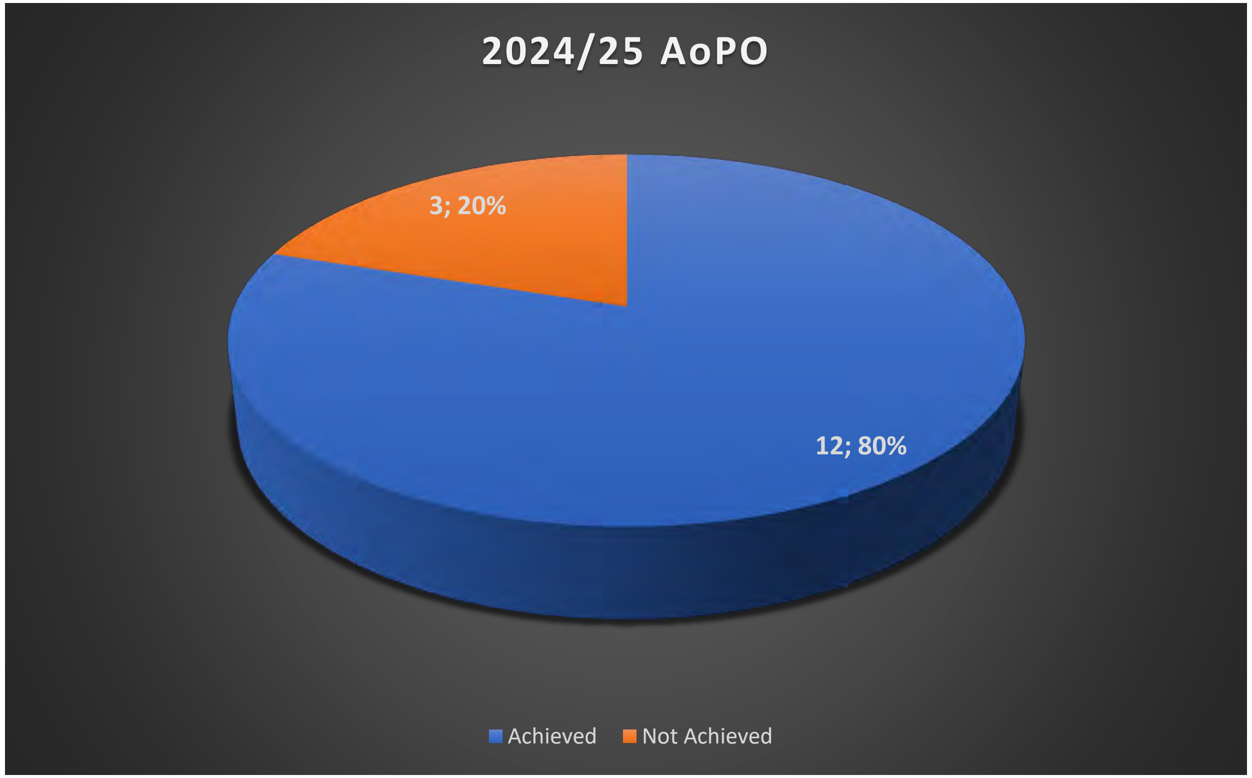
19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under- achievements.

Non-Financial Performance

Total targets in APP: 15 (100%)

Achieved: 12 (80%)

Not achieved 3 (20%)



Targets not achieved:

APP 4: Phase 3 of the Dx Strategy (modules 4 & 5 did not go live by 31 March)

APP 6: Timely payments of grants (reducing turnaround times by 25% did not materialize due to additional internal controls to mitigate fraud risks in grant funding)

APP 15: % of applications adjudicated within 150 days (only 50% of applications were adjudicated within the regulated turnaround times due to the online system)

Strategy to overcome areas of non-performance

Dx Strategy: There will be a review of the project plan which will allow for realistic spread of the deliverables as well as including the quality assurance checkpoints and the integrated testing. This will result in a final complete integrated system test and quality sign-off.

Payment turnaround time: The non achievement resulted from the backlog in payments from the 2023/24 financial year. The backlog was caused by the introduction of control mechanisms to mitigate the fraud and compliance risk in the grant management process. A significant portion of the total value of the projects paid in the current year (2024/25) were grants allocated in the previous years. Grant Funding and Finance have weekly meetings to resolve projects where payment cannot be processed due to the lack of documents (i.e. Affidavits and SARS Tax Compliance Certificates) introduced to mitigate fraud.

150 days: The 150-day target is being closely monitored in terms of the revised value-chain aligned to the new Thuthuka, online application system. Additional mechanisms in place include the appointment of a new Distributing Agency by the Executive Authority.

Work undertaken in the 2024/25 FY on the dual mandate of the NLC

Regulatory Mandate:

- 100% license conditions monitored
- 216 illegal lottery cases closed
- Collaboration with Gambling Boards
- 4th Lottery Licence process managed

Grant Funding Mandate:

- Research-Based Funding policy approved
- Enhanced project monitoring & site visits
- 105 success stories profiled
- Over 50% of RBF funding allocated

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Part C: Enterprise Risk Management

#	Key Risks	Residual Risk Rating
1	Regulatory Compliance Oversight	Medium
2	Regulatory Enforcement Powers	Medium
3	Fourth Operator Licence (Appointment and Transmissions)	High
4	Grant Funding and Funded Projects Implementation	High
5	Fraud and Unethical Conduct	Medium
6	Cybersecurity	High
7	ICT Strategy and Modernisation	High
8	Legal and Litigation	High
9	Organisational Compliance	High
10	Human Capital and Performance	High
11	Reputation	High

Approved Risk Management Governance Policies:

- Whistleblowing Policy
- Code of Ethics
- Politically Exposed Persons Policy
- BCM Policy
- Business Continuity Management Framework
- Ani-Bribery, Corruption & Fraud
- ERM Policy
- ERM Framework

Risk Assessments Conducted:

- Strategic Risk Register
- Operations Risk Registers
- Fraud Risk Registers; and
- Ethics Risk Registers
- Combined Assurance Plan
- Risk Appetite

NLC Board

Board Audit & Risk Committee

Social & Ethics Committee

EXCO

Combined Assurance Forum

Risk Champions and Divisional Risk Management

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Part C: NLC Strengthened Corporate Governance Framework

The strength of NLC Corporate Governance Framework is underpinned and informed inter alia by the provisions of the Lotteries Act of 1997, which is the constitutive legislation, Public Finance Management Act of 1999 as schedule 3 A Entity, National Treasury Regulations and King IV Code.

The Board is the ultimate guardian of good corporate governance and its being assisted by the competent and experienced Company Secretary in the implementation of the corporate governance framework.

About seven Committees which assist the Board in the execution of its mandate have been established, each with its Terms of Reference (ToRs) that outline mandates and respective functions.

The Board is consisting of six Non-Executive Board Members including the Chairperson while Board Committees are constituted by Independent Non-Executive Members.

The Commissioner and member of Executive Committee report and are held accountable by both the Board and Committees in the implementation of the approved Annual Performance Plan (APP) and five-year Strategic Plan.

Independent offices of Internal Audit (IA) lead by Chief Audit Executive (CAE) and Enterprise Risk Management Unit (ERM) lead by Chief Risk Officer (CRO) are also providing quality assurance services and risk management for NLC and have been working with Auditor General of South Africa (AGSA) throughout the audit process.

The Board and Committees approve their respective annual plans and are subjected to performance evaluation on annual basis to identify and address gaps which may exist in order to strengthen the corporate governance and ensure continuous improvements in executing the functions and mandates.

Commissioner, Executive Members and Managers have signed and concluded performance agreements that are linked to targets on the Annual Performance Plan (APP) and respective divisional Annual Operations Plans (AoPs) while the functions as well as the performances of the CAE, CRO and Chief Financial Officer (CFO) are also evaluated on annual basis by Audit and Risk Committee.

Board and Committee meetings are held quarterly to consider organizational performance reports from Commissioner and Executive Managements and approve them for submission to the Executive Authority and National Treasury.

More than 90% of organizational policies have been reviewed and approved by the Board and the implementations of the resolutions, directives and priorities from the Executive Authority, Board and Committee are monitored and effected by Management.

Part C: Code of Ethics

Governing Policy	Supporting Frameworks/Policies	Activities	Ethics Governance Principles
Code of Ethics Policy was reviewed and Approved in the year under review	• Enterprise Risk Management Framework - Conflict of Interest Management • Disciplinary Code • Political Exposed Persons Policy • Whistleblower Policy	**Facilitation of Annual Declarations of interests:** - 100% declaration of interests was achieved **Gifts Declarations:** - All gifts receive were declared and processed in line with acceptance or rejection requirements **Permission for doing work outside the NLC:** - All requests received were processed in line with the conditions for approval **Ethics Training and Awareness:** - Training to the governance structures staff was conducted - Awareness sessions executed through workshops and dissemination of code of conduct **Ethics Risk Assessment:** - Ethics Survey and Risk Assessments conducted and reported **Anti-Bribery Management System: ISO 37001:** - Full implementation of ABMS and good assessment outcome. **Consequence Management:** - Internal and external disciplinary referrals executed	NLC Compliance with King IV Principles - Principle 1: The Board should lead ethically and effectively. - Principle 2: The Board should govern NLC's ethics in a way that supports the establishment of an ethical culture.

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Part C: Governance- The Functions and Responsibility of Audit & Risk Committee

Audit and Risk Committee is the statutory committee of the Board, and their respective functions and responsibilities are articulated clearly in various Legislations, such as Companies Act of 2008, Public Finance Management Act of 1999 and the National Treasury Regulations and are coded in their respective Terms of Reference to include but are not limited to the following:

- Reviewing of the effectiveness of the internal control systems.
- Reviewing of the Internal Audit function.
- Reviewing the risk areas of the institution’s operation to be covered in the scope of internal and external audits.
- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information,
- Review any accounting and auditing concern identified as result of internal and external audits
- Review the institutional compliance with legal and regulatory provisions and
- Review the activities on the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and response of management to specific recommendation and lastly
- Review where relevant, the independence and objectivity of auditors.

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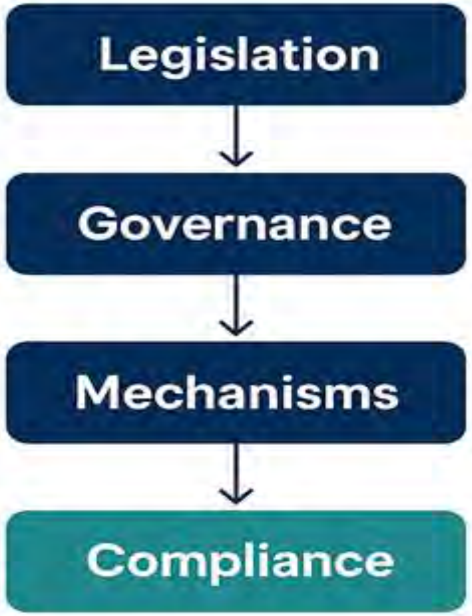
Part C: Compliance with laws and Regulations

National Lotteries Commission – Compliance with Laws & Regulations



Legislative Mandate

- National Lotteries Act (as amended) – licensing & grants
- PFMA, Chapter 6 – financial management & accountability
- PAIA & POPIA – transparency & data protection

Governance & Oversight

- Board of Commissioners – strategic compliance oversight
- Accounting Authority – statutory responsibility for lawful expenditure
- Legal & Compliance Unit – monitoring & reporting adherence

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Part C: Social Responsibility

Priority Area	Strategic Rationale and Key Decision
Food Security	Alignment with National Plan: Direct implementation of the National Strategic Plan on Food Security in EC, KZN, and MP. Targeted Impact: Empowering small-scale farmers through Agri-Hubs, market access, climate-resilient practices, providing mentorship, technical assistance, production inputs, promoting homestead gardens and agroecology practices using indigenous crops and delivering nutrition education and community outreach to strengthen food resilience.
Youth Development	Scaling Proven Models: Investment in the internationally recognised Safe Hub in Khayelitsha, WC. Holistic Support: Integrating sports with ECD, digital labs, primary health care services and psychosocial support, and business incubation.
HIV/AIDS Response	Crisis Intervention: Board decision to commit R100 million to counter the termination of USAID funding (Feb 2025). Safeguarding Progress: Focusing on vulnerable Children/Adolescents in North-West and Limpopo.

Part C: INTERNAL AUDIT

Internal Audit

100% of planned audits completed (42 planned + 3 ad hoc)

Audit scope: financial, operational, compliance, ICT, and strategic areas.

Improvement in overall Internal audit opinion on Internal Controls, Partially adequate and partially effective.

Forensic Investigations

99 referrals from management, 46 via whistleblower hotline.

79 Forensic Investigation reports finalised with 28 criminal cases registered with SAPS

Internal Audit has strengthened coverage and improved audit outcomes, but systemic weaknesses persist in ICT, finance, and grants management.

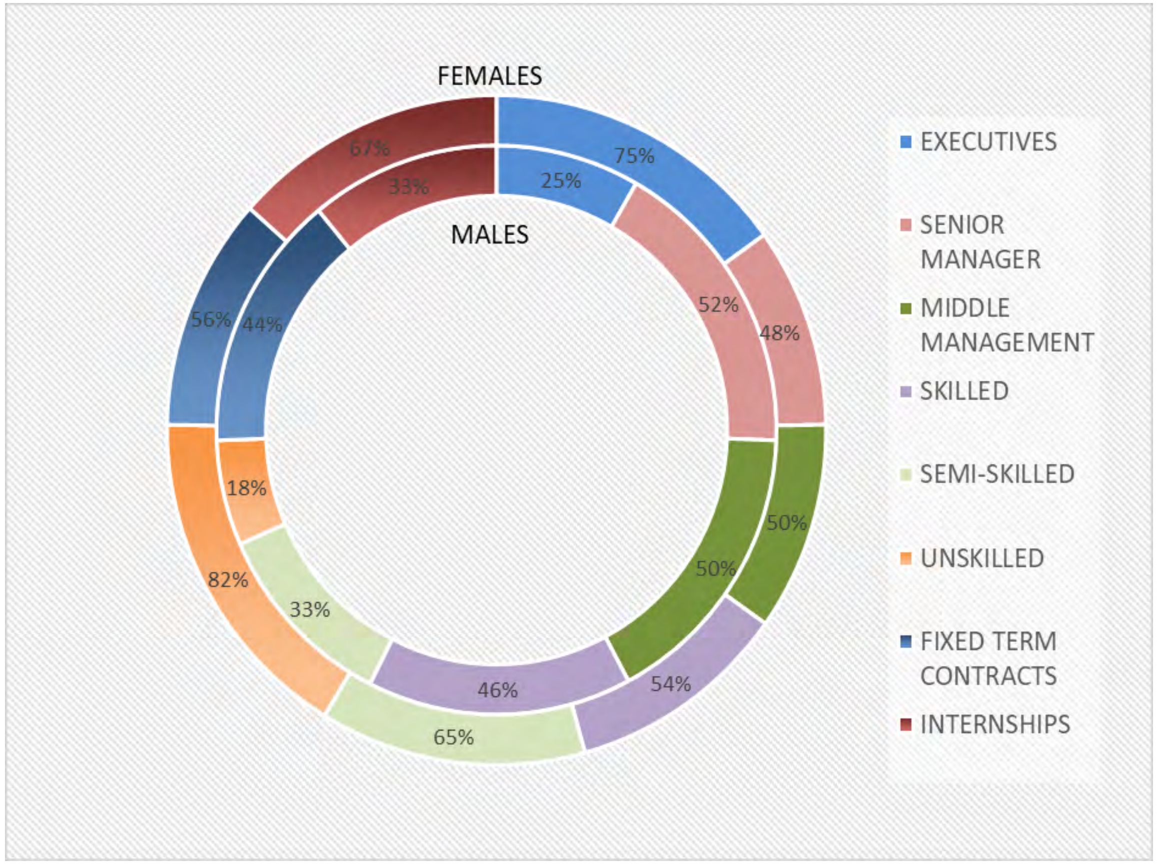
REPARATIONS PROCESS

- During the 2023/24 financial year the NLC commenced with reparative measures initiatives aimed at supporting healing for those impacted by the misconduct of the past.
- The process adopted was voluntary and non-legal and intended as a token or gesture and not as a legal process where damages are awarded. The NLC indicated that the award may be pecuniary or non-pecuniary.
- As a public institution, the NLC is committed to acting within the bounds of the law, including compliance with the Constitution, the National Lotteries Act and Public Finance Management Act (PFMA).
- To ensure transparency, accountability, and integrity in the process, the NLC Board has requested independent external assurance. This additional step, while essential, has extended the timeframes for conclusion of the processes.
- We anticipate the process will be concluded by the end of Q3 of the 2025/26.

Part D: NLC Workforce

The NLC has achieved 75% female representation at Top Management, meeting Employment Equity targets for Coloured and Indian females.

However, female representation at Senior Management remains a challenge, currently at 48%.



Part D: HCM - DISCIPLINE

Misconduct and Disciplinary Action

For the 2024/25 FY period under review, 01 corrective counselling letter relating to misconduct was issued. Four employees were dismissed for misconduct

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written warning	0
Dismissal	4
Total	5

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Part D: NLC VACANCIES

During the 2024/25 financial year, NLC had a vacancy rate of 22%.

Programme/activity/objective	2024/2025 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Top Management	4	7	4	3	43%
Senior Management	32	47	32	16	32%
Professionally qualified, experienced specialists and mid-management	36	49	36	15	27%
Skilled	82	101	82	17	19%
Semi-skilled	85	104	85	20	20%
Unskilled	17	17	17	0	0%
TOTAL	256	325	256	71	22%

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Part D: HCM – LEARNING & DEVELOPMENT

The *total expenditure of 24/25 Learning & Development Interventions* implemented amounted to R 2,778

Occupational Category	Training Expenditure	No. of employees trained	Avg training cost per employee
	(R'000)		(R'000)
Top Management	146.33	3	48
Senior Management	870.00	11	79
Professional Qualified	450.00	39	11
Skilled	562.00	63	8
Semi-skilled	630.00	110	5
Unskilled	120.00	10	12
TOTAL	2,778.33	236	163

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PART E & F
Audit Outcome **– A Two-Year Journey from Qualified to Unqualified**

2022/23
Qualified Opinion

→

2023/24
Qualified Opinion

→

2024/25
Unqualified Opinion
(with Findings)

Key Improvements Driving Progress:

- ✔ Strengthened internal controls
- ✔ Fixed material misstatements
- ✔ Improved performance reporting
- ✔ Enhanced compliance monitoring

- Significant improvement in the audit opinion in the 2024/25 financial year

- Findings related to the following:

  - Material adjustments to the AFS – which were subsequently corrected before sign-off of the audit – *due to human error arising from capacity constraints and focus on trying to clear previous qualifications (3 year's worth of transactions)*
  - Expenditure Management – resulting from irregular expenditure incurred – *significant decrease from prior year. Current year IE resulted form historical contracts (R5 million) and (R1.8 million) new IE. Condonation requests submitted to NT on old contracts and new IE – condonations submitted to Board and additional controls implemented to close gaps.*
  - Consequence management in relation of fruitless and wasteful expenditure – *delays in the implementation of consequence management due to capacity constraints*

- Commitment to strengthening governance and financial management practices as evidenced in the improved audit opinion.

- Focus remains on achieving a clean audit

PART E & F
Material Irregularities

3 Material irregularities (MI's) were identified by the AGSA in previous financial years (2022/23 and 2023/23)

1. Payments were made for the construction of a sport complex that was never delivered (Motheo)

2. Payments were made for the construction of eDumbe Old Age Home that was never completed

3. A payment made for the provision of professional services for the completion of eDumbe Old Age Home construction that was never completed

Outstanding steps to close the MI's

- Recovery of funds by the SIU (Motheo and eDumbe) and NLC (Lerumo) – in progress

- Modernisation of the grant environment – Thuthuka system implementation – complete – AGSA to audit

- Embedding of Anti Bribery and Corruption Framework - Ongoing

AGSA has acknowledged and audited the steps taken by management to close the gaps that gave rise to the MI's

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Part E: PFMA Compliance

1.1. Irregular Expenditure

a) Reconciliation of irregular expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	611 620	566 768
Prior Period Errors		
As Restated	611 620	566 768
Add: Irregular expenditure confirmed	6 776	44 852
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**618 396**	**611 620**

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure that was under assessment in 2022/2023	-	-
Irregular expenditure that relates to 2023/24 and identified in 2024/25	-	-
Irregular expenditure for the current year	6 776	44 852
Total	**6 776**	**44 852**

Irregular expenditure declined by 85% in the 2025 financial year compared to 2024, reflecting a substantial improvement in compliance due to control implemented. R5m of IE incurred related to historical contracts that could not be terminated due to operational reasons and R1.8 million relates to new IE for which corrective action is in progress.

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Part E: PFMA Compliance

1.2. Fruitless and Wasteful Expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	20 802	20 661
Prior Period Errors		34
As Restated	20 802	20 695
Add: Fruitless and wasteful expenditure confirmed	35	118
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	11
Closing balance	20 837	20 802

Fruitless and Wasteful Expenditure decreased from R118,000 to R35,000, demonstrating a significant improvement in compliance with the PFMA.

Part E: PFMA Compliance

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 older than 30 days or agreed period (unpaid and without dispute)	207	2 280
Invoices older than 30 days or agreed period (unpaid and in dispute)	2	10

The National Lotteries Commission has settled 96% of supplier invoices within the stipulated 30-day period

Part F: Financial Performance

Key Financial Movement between 2024 and 2025

- Ticket Sales increased from R1.83bn → R1.96bn (driven by major jackpots, digital channels, and marketing).
- Operational Costs increased from R533m → R651m (includes cost related to modernization and 4th license RFP costs).
- Grant Expenses increased from R545m → R958m (projects previously under contingent liabilities now paid).
- Grant Liabilities decreased from R74m → R44m (faster processing of tranche payments).
- Cash Disbursed increased from R523m → R988m (first tranche allocations and clearance of backlogs).
- Irregular Expenditure decreased from R44.9m → R6.8m (historical contracts + new IE of R1.8m).
- Fruitless & Wasteful Expenditure decreased from R118k → R35k (municipal interest, with delayed consequence management).

Additionally:

- The group achieved an operating surplus of R707m and an accumulated surplus of R4.3bn.
- The grants budget was underspent by R514m due to Distributing Agency capacity constraints and rollout of the new online system.

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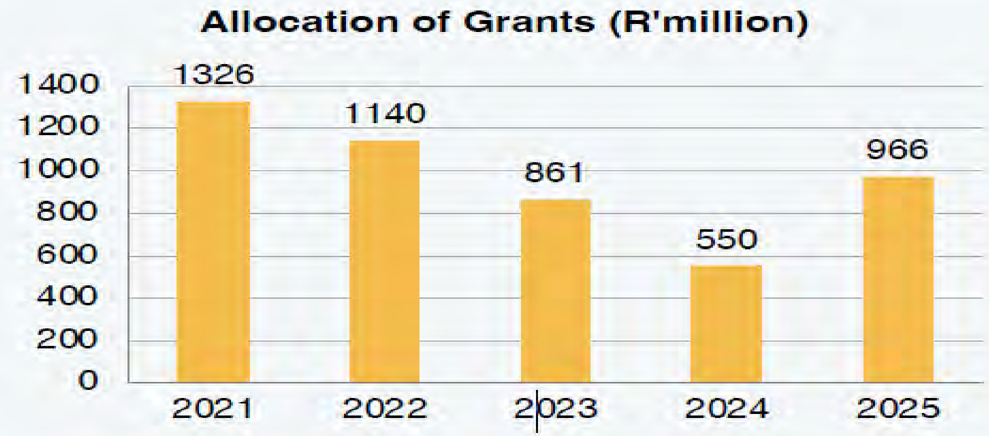
Part F: Financial Information

Salient Comparative Information

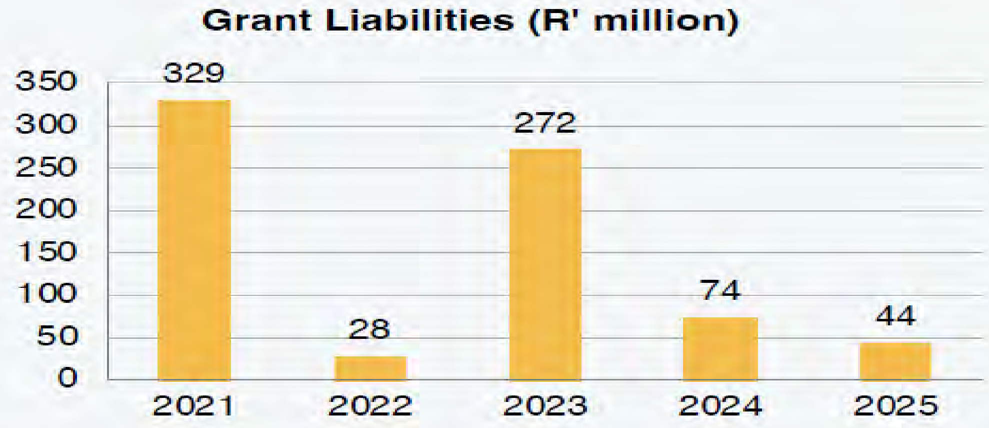
The year-on-year increase in ticket Sales is largely driven by several major jackpots and guaranteed jackpot Prizes, which had a positive impact on overall sales. Additionally, the growth in ticket Sales through digital channels (i.e. mobile, web, banking apps), along with increased marketing spend, helped generate significant excitement thereby increasing player participation.

The increase in operational costs is attributable to the modernization journey the NLC has embarked on as well as costs associated with the RFP relating to the appointment of the 4th licence operator

Part F: Financial Information



The increase in grant expenses is due to projects that were paid in the current year which were previously included as part of contingent liabilities.



The reduction is attributable to the high number of first tranche payments processed for projects that were allocated during the financial year, the clearance of outstanding payments from the previous year, and improved turnaround times for processing first tranche payments

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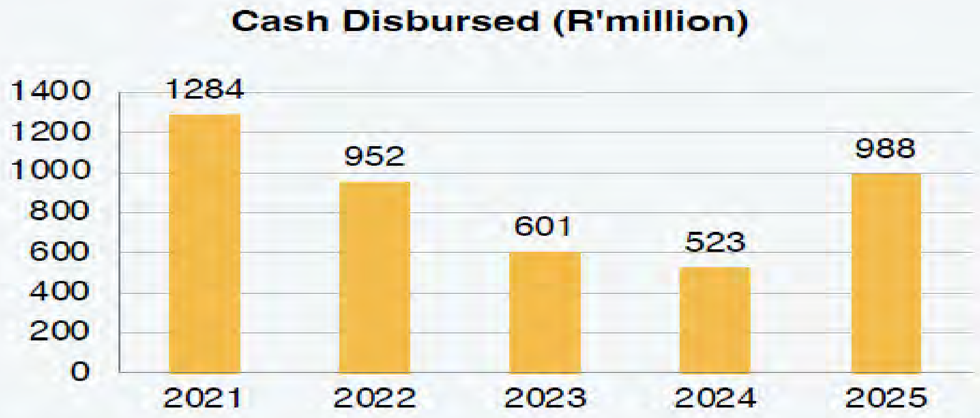
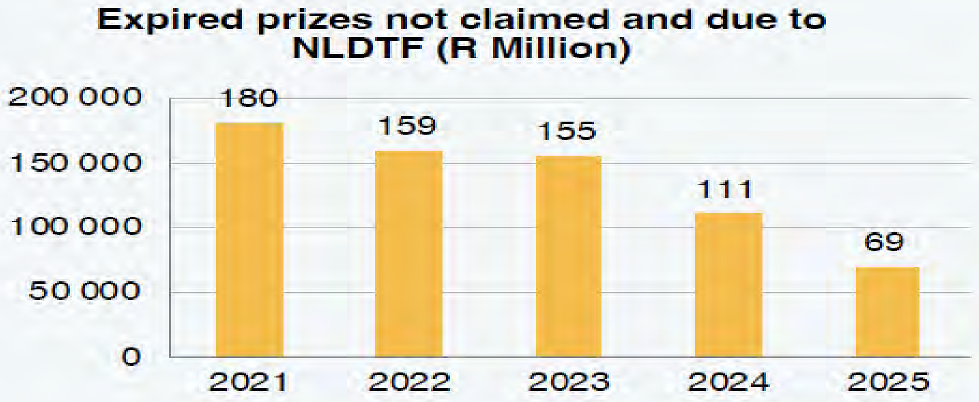
Part F: Financial Information

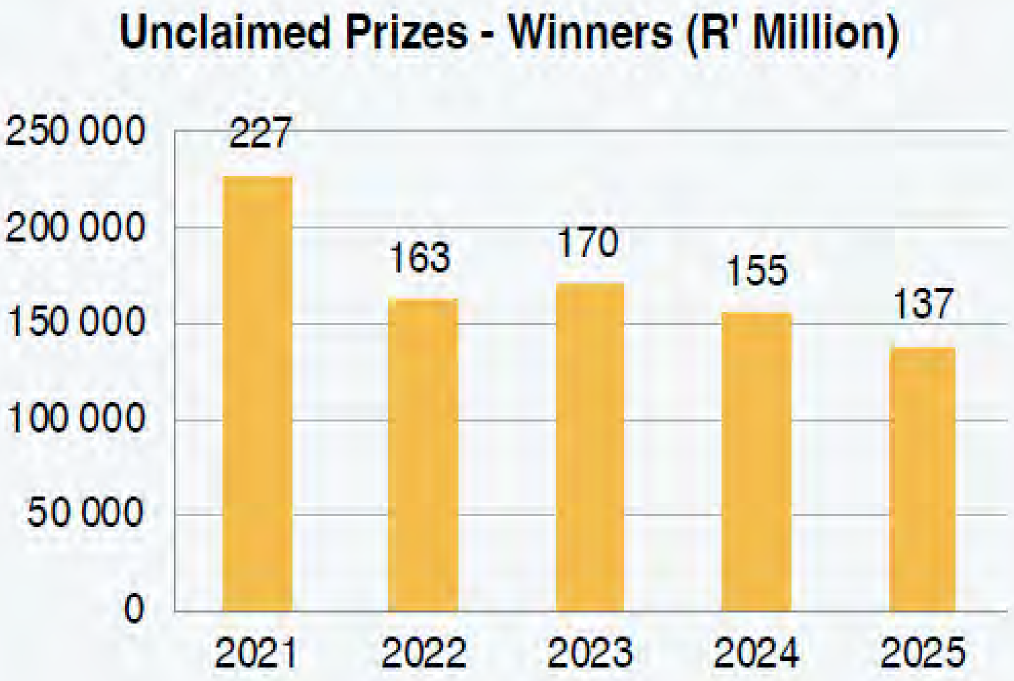


Cash disbursed increased due to the high volume of first tranche payments made for projects allocated during the financial year, as well as the clearance of outstanding payments from previous years.



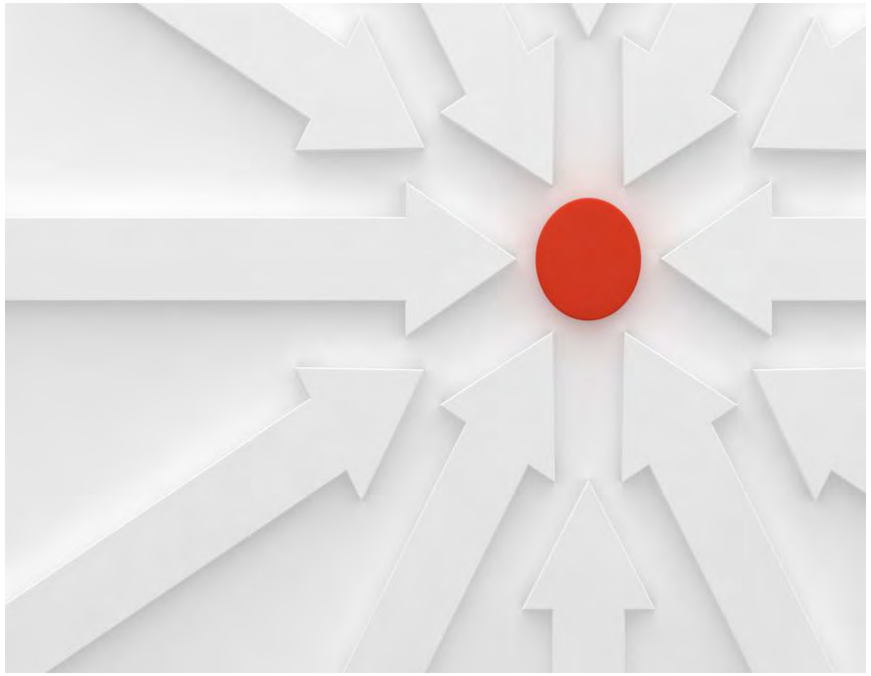
The decrease in expired prizes not claimed is due to an increase in online plays in the past few years. Playing online enables winnings to be deposited directly into the playing channel without having to follow a manual validation process. Further to this Ithuba has increased the validation limit through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

Part F: Financial Information



The declining trend in unclaimed prizes is attributable to the increase in online plays payouts 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.

Performance Against APP and Organisational Outcomes for Quarter 1 of 2025/26



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APP	TARGET	STATUS
1	Review the communication, marketing & public relations strategy & implement the plan	**Achieved**
2	Number of education and awareness engagements conducted nationally	**Achieved**
3	Number of good stories profiled	**Achieved**
4	Percentage disbursement of grants as per GNR644,6(c)(iv)	**Achieved**
5	Implement the organisational culture renewal plan	**Achieved**
6	Percentage of organisational compliance risks managed	**Achieved**
7	Phase 3 of the digital transformation strategy implementation plan is implemented	**Not Achieved**
8	10% increase in workplace-based placement internships	**Achieved**
9	Percentage compliance of lottery schemes with the Lotteries Act	**Achieved**
10	Develop and implement the Licence Monitoring Matrix	**Achieved**
11	Research on measures to increase the uptake of society lotteries	**Achieved**
12	Conduct research on worthy good causes that may be funded without lodging an application in terms of the Act	**-**
13	Strengthened monitoring of funded projects	**Not Achieved**
14	Number of jobs created or retained by the NLC funded Grantees, Lottery operator and society lotteries	**Not Achieved**
15	Percentage of applications adjudicated within 150 days	**Not Achieved**

Quarterly Milestones and Achievements

QUARTER 1 NUMBER OF TARGETS	ACHIEVED	NOT ACHIEVED
14	10	4
100%	71%	29%

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APP 7:
Phase 3 of the digital transformation strategy implementation plan is implemented

OUTPUT INDICATORS	QUARTER 1 2025/26 MILESTONES	ACHIEVED / NOT ACHIEVED	DEVIATION FROM PLANNED TARGET	REASONS FOR DEVIATION
7. Phase 3 of the digital transformation strategy implementation plan is implemented	Review the digital transformation strategy and the plan. Obtain approval from the ICT Steering Committee & EXCO	Not Achieved	The milestone was not achieved as the Digital Transformation Strategy review has not been completed	There is no plan aligned to the reviewed strategy nor supporting evidence that this was approved by the ICT Steerco.

CORRECTIVE ACTION:

The new CIO has already tabled a plan to Exco to ensure that the target gains traction to be on track

Indicator Title	7. Phase 3 of the digital transformation strategy implementation plan is implemented.
Definition	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. This is a follow-on target from the previous financial years, post the digital transformation strategy formulation, implementation of phase 1, 2 and implementation of phase 3 continues.
Source of data	Implementation reports as per the Digital Transformation Strategy for phase 3.
Method of Calculation / Assessment	Progress against the quarterly milestones and against the plan for the Digital Transformation Strategy phase 3.
Means of verification	Quarterly implementation progress reports on the Digital Transformation strategy reported at Exco.
Assumptions	Adequate resources and funding are allocated to the Digital Transformation project.
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	A digitally enabled organisation with enhanced service delivery and access.
Indicator Responsibility	CM

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APP 13:
Strengthened monitoring of funded projects

OUTPUT INDICATORS	QUARTER 1 2025/26 MILESTONES	ACHIEVED / NOT ACHIEVED	DEVIATION FROM PLANNED TARGET	REASONS FOR DEVIATION
13. Strengthened monitoring of funded projects	**100% monitoring of eligible funded projects**	**Not Achieved** **99% monitoring of eligible funded projects**	4 projects were not monitored	The deficiency in Q1 is due to inadequate M&E capacity within the provinces which has since been addressed.

CORRECTIVE ACTION:

The target owner has developed a plan to ensure that provincial monitoring and evaluation specialists execute visiting all projects. Additional measures include additional capacity in the Monitoring unit.

Indicator Title	13. 100% monitoring of eligible funded projects.
Definition	Monitoring is important for the NLC as it ensures that projects and programmes are being implemented in accordance with the grant agreement, leading to the desired short, medium and long- term programme outcomes in accordance with the NLC's strategic funding objectives. The M&E unit will implement the Monitoring Plan by conducting monitoring assessments including outputs on all eligible funded projects across all sectors *(i.e. grantees that have been paid at least three months prior to the monitoring visit being conducted)*. This is to ensure that grantees are complying with the grant agreement resulting in the achievement of the agreed outputs.
Source of data	Monitoring tracker; monitoring assessment reports.
Method of Calculation / Assessment	Quantitative % calculation= $\frac{\text{Total number of monitored funded projects}}{\text{Total number of eligible funded projects}} \times 100$
Means of verification	Count of the number of monitoring reports
Assumptions	Adequate data sample and capacity to monitor
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Funding used for intended purposes, outputs and short-term outcomes contribute to desired funding outcomes.
Indicator Responsibility	SM: BDD

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APP 14:
Number of jobs created or retained by the NLC funded Grantees, Lottery operator and society lotteries

OUTPUT INDICATORS	QUARTER 1 2025/26 MILESTONES	ACHIEVED / NOT ACHIEVED	DEVIATION FROM PLANNED TARGET	REASONS FOR DEVIATION
14. Number of jobs created or retained by the NLC funded Grantees, Lottery operator and society lotteries	**500 jobs created or retained by the NLC funded Grantees, Lottery operator and society lotteries**	**Not Achieved** **881 jobs created or retained by NLC grantees**	**881 jobs were created which exceeded the target of 500 by 331**	**The POE did not include bank statements in validation of the created/retained jobs.**

CORRECTIVE ACTION:

Monitoring & Evaluation Officials have been instructed to request the bank statements and supporting information to ensure that the POE is complete.

Indicator Title	14. Number of jobs created or retained by the NLC funded Grantees, Lottery operator and society lotteries.
Definition	One of the 7th administration apex priorities and the dtic core outputs is job creation and inclusive growth, which has become a storyline and strategic component of all government entities. Job creation and retention at the NLC is measured through grantees that have been funded for salaries as well as stipends under approved items. A new job, temporary and permanent is created, or an existing job, temporary and permanent, is retained when salaries and stipends are funded for grantees. The NLC funded grantees will contribute towards this key priority by creating or retaining, directly or indirectly, a minimum of at least 6500 jobs. Other forms of job creation will be derived from lottery operator and society lotteries
Source of data	Data dashboard or data collection tools with supporting Portfolio of Evidence (POE). The supporting POE will be proof of payment of salaries and stipends by grantees, through obtaining bank statements and signed receipt of payment by the grantees' workers.
Method of Calculation / Assessment	Quantitative, simple count of jobs created or retained through NLC funded grantees. Proof of payments of salaries from lottery operator and society lotteries
Means of verification	Count of the number of jobs created or retained, directly or indirectly, where salaries and stipends were funded and paid by Grantees through NLC funding. lottery operator and society lotteries
Assumptions	Grantees apply for salaries and stipends and the Distributing Agencies allocate funds for salaries and stipends when awarding grants to stimulate job creation and support job retention
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a

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APP 15:
Percentage of applications adjudicated within 150 days

OUTPUT INDICATORS	QUARTER 1 2025/26 MILESTONES	ACHIEVED / NOT ACHIEVED	DEVIATION FROM PLANNED TARGET	REASONS FOR DEVIATION
15. Percentage of applications adjudicated within 150 days	**25% of applications adjudicated within 150 days**	**Not Achieved**	**0% of applications were adjudicated during Q1.**	**Module 4 was at a UAT phase, and 10 newly appointed DA members joined the NLC effective 01 July 2025.**

CORRECTIVE ACTION:

Applications are being processed as Module 4 is now online and the DA's are able to adjudicate on the new system

Indicator Title	15. Percentage of applications adjudicated within 150 days.
Definition	150 days is the regulated time in terms of Regulation 3A(1)(a) in which an application received from the public should be adjudicated. This is aimed at ensuring that the NLC responds to applicants within a reasonable time. The additional control mechanisms implemented resulted in a risk-based approach for assessing funding applications. A 360-degree assessment has been introduced to complement the existing evaluation process, making it difficult to achieve the target. For 2025/26, the target is to adjudicate 80% of applications that are fully compliant and received a project number from 2024 call of applications. This is dependent on system (NLC 4.0) completion and is also dependent on the full DA's complement (11 DA's across the three sectors).
Source of data	150-days report of compliant applications.
Method of Calculation / Assessment	Date of adjudication by the Distributing Agency less the date of compliant application. Day one only commences once the project is fully compliant and receives a project number, less number of days without the full complement of the DA's (11 DA's), and less the number of days awaiting verification and validation from the API's partners. Percentage adjudicated= X Date project adjudicated= a Date project number allocated= b Days no full DA's + days for APIs to run= c Number of applications adjudicated during the period= d $X = \frac{(a-b-c)}{d} \times 100$
Means of verification	Date stamp on compliant application and the Distributing Agency Adjudication Sheet.
Assumptions	Adequate capacity to adjudicate the applications in the form of fully appointed Distributing Agency members and the new system capability. RBF applications are excluded from the regulation 3(A).
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a

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THUTHUKA

Project Purpose

Digitize the full grants lifecycle to enhance transparency, efficiency, accountability, and compliance with the Lotteries Act and PFMA.

Scope & Implementation

Seven modules implemented from Aug 2024 – Sept 2025 covering:

Registration ➞ Application ➞ Adjudication ➞ Contracting ➞ Payment ➞ M&E ➞ Reporting.

Key Achievements

✓ End-to-end online grants system operational across all modules.

✓ Integrated API verifications (DSD, CIPC, DHA, NLC Fusion).

✓ Embedded audit trails and Power BI dashboards.

✓ Enhanced governance, accountability, and fraud prevention.

Lessons Learned / Challenges

- Delays in signing inter-agency MOAs and API integrations.
- Accelerated business deadlines compressed delivery timelines.
- Late requirement changes caused scope and testing delays.
- Procurement delays affected financial module rollout.

Ongoing Support (2025–2029)

- Service Provider providing incident, system admin, and technical support.
- NLC ICT capacitation, user training, and knowledge transfer underway.

Strategic Outcome

A secure, compliant, and transparent digital platform now underpins NLC’s grants process — establishing a foundation for Phase 2 enhancements in expanded integrations, analytics, and applicant experience.

APPLICATION STATS - THUTHUKA

Organization Registration and Compliance:

- Total Registration Profiles: 16 678
- Compliant with DSD and CIPC: 4 431
- SARS Compliant (from the 4,431): 1 461

Pipeline and Outreach:

- Organizations Adjudicated: 60
- Organizations in Adjudication Pipeline: 73 (Assigned, Ready for Adjudication stages)
- Number of Provincial Workshops/Help Desks Held: 70 – To assist communities and organizations with Compliance matters.
- Number of People Reached: 3,000+

Conclusion

1. Significant progress in governance & audit outcomes, including transparency in grant funding;

2. Stronger financial stewardship: reduced liabilities in grants, increased revenue through regulatory oversight;

3. Tangible social impact: jobs, education, funding initiatives;

4. Continued digital transformation for stronger regulation & grant funding.