ANNUAL REPORT 2023 2024

usaasa

Universal Service and Access Agency of South Africa

1. GENERAL INFORMATION

UNIVERSAL SERVICE AND ACCESS AGENCY OF SOUTH AFRICA

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Auditors	Auditor-General South Africa

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First Corporate Secretaries (Pty) Ltd Company Secretary	Tel: 011 564 1600
Ms Mary-Ann Ratlhogo Acting Senior Manager: CEO Office	Tel: 011 564 1600 mary-ann@usaasa.org.za
Mr Sidney Mongala Acting Chief Financial Officer	Tel: 011 564 1600 sidney.mongala@usaasa.org.za
Mr Jimmy Mashiane Chief Audit Executive	Tel: 011 564 1600 jimmy@usaasa.org.za
Ms Keitumetse Hlahatsi Communications Specialist	Tel: 011 564 1600 keitumetse@usaasa.org.za

GODIGITAL SOUTH AFRICA
More choice, greater access and better quality.

2. List of Acronyms/Abbreviations

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BARC	Board Audit and Risk Committee
B-BBEE	Broad-Based Black Economic empowerment
BBI	Broadband Infraco SOC
BDM	Broadcasting Digital Migration
DCDT	Department of Communications and Digital Technologies
DTT	Digital Terrestrial Television
ECA	Electronic Communications Act, 2005 as Amended by Act No. 1 of 2014
EXCO	Executive Committee
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
IIA	Institute of Internal Auditors
KZN	KwaZulu-Natal
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NEMISA	National Electronic Media Institute of South Africa
NW	North West
PFMA	Public Finance Management Act
SA	South Africa
SABC	South African Broadcasting Corporation SOC
SAPO	South African Post Office SOC
SCM	Supply Chain Management
SEC	Social and Ethics Committee
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
SOC	State-Owned Company
STB(s)	Set-Top Box(es)
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Access Fund
WSP	Workplace Skills Plan
ZADNA	.za Domain Name Authority

3. Foreword by the Chairperson

3.1 Introduction

I am pleased and honoured to present the Universal Service and Access Agency of South Africa's (USAASA) Annual Report for the 2023/24 financial year on behalf of the Board. This presentation to Parliament and the Minister of Communications and Digital Technologies provides a valuable opportunity for the Agency to highlight its achievements in promoting digital inclusion and bridging socio-economic gaps in South Africa, through the Universal Service and Access Fund's mandate.

USAASA was established in accordance with the Electronic Communications Act (ECA) of 2005, as amended in 2014. USAASA is a Schedule 3A public entity, mandated to promote universal access to electronic communications services, particularly in underserved and marginalised communities. The agency plays a crucial role in bridging the digital divide and ensuring that all South Africans have access to reliable, affordable, and high-quality electronic communications services.

According to the Electronic Communications Act, USAASA's primary responsibilities include managing the Universal Service and Access Fund, subsidising the provision of electronic communications services in underserved areas, and fostering digital literacy and skills development. Additionally, the Agency is tasked with developing and implementing strategies to achieve universal access to electronic communications services, assessing the effectiveness of these strategies, and working in partnership with other stakeholders to meet its goals. Through its efforts, USAASA aims to contribute to South Africa's socio-economic development, ensuring that all citizens can fully engage in the digital economy.

3.2 High-level overview of USAASA's strategy and contribution in the digital economy

The USAASA Board is pleased to report an 80% achievement of the planned targets for the 2023/24 financial year. Throughout the year, both the Board and management have remained committed to closely monitoring the progress of the Agency's strategic plans, ensuring that all initiatives stay on course to meet their intended goals. This diligent oversight has allowed for the early identification of areas needing adjustments or interventions, enabling timely corrective actions to keep the Agency aligned with its mission and vision.

This comprehensive Annual Report is the culmination of those efforts, offering a detailed review of the year-end performance outcomes. The report carefully evaluates the Agency's achievements against the predetermined targets outlined in the Annual Performance Plan and Budget, providing a transparent and accurate assessment of USAASA's success in fulfilling its mandate and achieving its strategic objectives during the reporting period.

3.3 Strategic Relations

USAASA has long recognised the power of strategic partnerships and collaborations in advancing its mission to bridge the digital divide. Throughout the past year, we have forged invaluable relationships with our sister entities, namely: Sentech, South African Post Office, Broadband Infraco, and Nemisa. These alliances have proven instrumental in amplifying our impact in rural and peri- rural areas. Our partnerships have enabled us to access a wider range of beneficiaries, tailor our programmes to local needs, and maximise the reach and effectiveness of our initiatives. As we look ahead, we remain steadfast in our commitment to cultivating strategic relationships that will continue to propel us forward in our pursuit of universal access and digital inclusion.

3.4 Challenges faced by Board

The Board of USAASA has encountered several significant challenges in the past year. Chief among these has been the high vacancy rate at executive management, with only one permanent contract employee, two secondments and two vacancies. Despite these headwinds, the Board and executive management, ensure that the critical work of USAASA could continue uninterrupted. Additionally, the Board has had to navigate a shifting regulatory landscape, adapting policies and procedures to align with evolving industry standards and government mandates. Securing sufficient funding to fulfil the USAASA's ambitious mandate has also proven to be a persistent challenge, requiring the Board to explore innovative financing models and forge strategic partnerships. Through it all, the Board has demonstrated remarkable resilience, drawing upon its collective expertise and unwavering commitment to the USAASA's mission in order to overcome these obstacles and position the Agency for continued success in the years ahead.

3.5 The strategic focus over the medium- to long-term period

The Electronic Communications Act (ECA) is currently under review by the Department of Communications and Digital Technologies, which will ultimately determine the future existence or disestablishment of USAASA. However, at the end of the financial year under review, this process had not yet been finalised, leaving uncertainty surrounding the timing of the potential disestablishment of the entity. As a result, USAASA has adopted a cautious approach, focusing on activities that can be accomplished within the current period and avoiding any commitments or contracts that extend beyond this timeframe. The medium- to long-term commitments outlined in the Medium-Term Strategic Framework (MTSF) and USAASA's Strategic Plan remain unchanged. Nevertheless, the Board recognises the impact of this uncertainty on the achievement of the Strategic Plan outcomes as a pressing concern that requires immediate attention and resolution. The Board is deeply aware that the lingering uncertainty may hinder USAASA's ability to effectively execute its strategic objectives, and therefore, is working diligently to address this challenge and ensure the Agency's continued success

3.6 Acknowledgements

The Board of USAASA warmly welcomes the Honourables Minister Solomon "Solly" Malatsi (MP) to the ministry and congratulates Deputy Minister Mondli Gungubele (MP) on his new role. We are excited to have you lead our team and guide our efforts toward achieving our goals. We are dedicated to supporting your vision and initiatives and look forward to collaborating closely with you to drive progress and make a positive impact on the lives of our beneficiaries. We wish you a successful tenure and offer our full support in your new position.

We would also like to extend our deepest gratitude to the former Honourables Minister Mondli Gungubele (MP) and Deputy Minister Philly Mapulane for their unwavering support and inspiring leadership in steering our nation towards a fully digitalised and connected South Africa during the financial year under review. Additionally, we express our sincere appreciation to the administration of USAASA, the Parliamentary Portfolio Committee on Communications, and the individual Boards of State-Owned Enterprises within the Ministry.

Under the Board's guidance and oversight, USAASA management is fully committed to achieving our goals and vision with renewed energy and determination. The agency has received unqualified audit opinions in both 2022/23 and 2023/24, bringing us closer to our goal of achieving a clean audit outcome. To prepare for a clean audit in the coming years, we have made significant improvements to our financial and performance reporting systems, and we remain steadfast in our ongoing efforts to attain this goal.

The Universal Service and Access Agency of South Africa remains deeply committed to its mission of bridging the digital divide and empowering communities across the nation through the implementation of Universal Service and Access Fund projects. As we look to the future, we are filled with optimism, confident that our strategic focus and continued collaboration will open new opportunities and propel us towards a more connected and equitable digital landscape. Together, we are ready to navigate the path ahead, driven by the firm belief that access to transformative technology is not a privilege but a fundamental right for all.

Ms Daphne Rantho
Chairperson of the Board

4. Overview by the Acting Chief Executive Officer

4.1 Overview of the operations of the Agency

The key to achieve sustainable universal service, equitable and affordable access to the digital infrastructure like the broadband and broadcasting services to the poor and marginalised, USAASA had to build its internal resources, controls and strategic capabilities. This has been evident in sustaining an unqualified audit opinion from the previous financial year while delivering an outstanding 80% performance achievement against planned annual targets outlined in the Annual Performance Plan (APP). This impressive track record sets the stage for even greater accomplishments, and I am eager to lead the Agency to new heights.

To drive inclusive digital transformation in support of the USAF mandate, USAASA prioritised three key focus areas: firstly, **Gender Equality and Empowerment**, by integrating gender mainstreaming and empowerment of youth and persons with disabilities into ICT access projects, ensuring targeted funding and oversight; secondly, **Public Trust and Active Citizenry**, by strengthening stakeholder engagement and transparency in ICT projects to build public trust and promote active citizen participation; and thirdly, **Partnerships**, by fostering strategic collaboration with government entities, private sector, and civil society to enhance ICT infrastructure and service delivery, ultimately bridging the digital divide and promoting a more equitable digital landscape.

4.2 General financial review of the public entity

As a Schedule 3A entity, USAASA prepared its financial statements in accordance with Generally Recognised Accounting Practice (GRAP) standards, using the accrual basis of accounting. The audited Annual Financial Statements, included in the Annual Report, are based on consistent accounting policies, supported by evidence and subjected to independent audit by the Auditor-General of South Africa (AGSA). The AGSA's role is to confirm that the internal control system provides reasonable assurance, but not absolute assurance, and that the financial statements are reliable and free from material errors or misstatement

USAASA's audited Annual Financial Statements are prepared on the basis that the entity is a going concern, with approved ENE budget and Annual Performance Plan. 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.

As at 31 March 2024, the Agency had an accumulated surplus of R41 million, and the entity's total assets exceed its liabilities by R41 million. The ability of the entity to continue as a going concern is dependent on several factors. The most significant of these is that the Accounting Authority continue to oversee budget and financial management processes to ensure adequate budget is made available for the entity's operations.

4.3 Financial performance

The Agency initially received an approved appropriation allocation of R86,9 million. Subsequent to the R4,2 million budget cut, the Agency's final budget was R82,7 million. Interest amounting to R12 million was earned throughout the year. Thus, USAASA's total budget allocation for the year under review amounted to R94,7 million, representing a decrease of R6,9 million from the previous financial year's total budget allocation of R101,6 million. Total expenditure for the current year was R85,8 million, a decrease of R131,5 million compared with the total expenditure in the previous financial year of R217,3 million. This means USAASA had a surplus for the year of R8,9 million, representing an increase of R124,6 million from the deficit of R115,7 million in the previous financial year.

The main cost drivers in USAASA are compensation of employees expenditure amounting to R57,1 million (representing 67% of the total expenditure), operating lease expenditure amounting to R 6 million, travel and subsistence expenditure amounting to R 4,4 million, consulting and professional fees amounting to R 4,4 million and legal expenditure amounting to R 3,7 million.

USAASA has struggled with a high vacancy rate in leadership roles, particularly in executive and senior management positions, which has severely impacted productivity and hindered operations over the past year. Capacity constraints, exacerbated by a moratorium on permanent appointments and pending disestablishment, have affected nearly all units, requiring employees to take on additional duties to meet targets. To address these challenges, USAASA has sought secondments from other entities and appointed service providers to reinforce capacity in affected units, a strategy that will continue in the next financial year to manage capacity constraints and mitigate the impact on productivity.

4.4 Discontinued key activities and way forward

The disestablishment of the Agency will cease to be a tracked activity from the 2024/25 financial year onwards in line with the Department's decision to remove the target from its APP. USAASA will conduct a retrospective impact assessment of the USAF programmes' interventions, spanning 5 years, ending on the 31st of March 2025.

4.5 Requests for retention of funds

USAASA has submitted and obtained approval for retention of funds in USAASA to cover the costs highlighted in the financial performance section, as well as other cost pressures. From the requested retention of funds of R178,6 million, National Treasury approved R24,9 million. USAASA has surrendered R153,7 million to the National Revenue Fund in accordance with the PFMA.

4.6 Supply chain management

There were no unsolicited bid proposals in the year under review in USAASA, the Agency primarily used Requests for Quotations (RFQs) for procurements under R1 million, with no tenders issued. The Supply Chain Management (SCM) Unit remained compliant with relevant laws and regulations, resulting in a reduction in audit findings. USAASA achieved a 99% payment rate to service providers within 30 days, supporting SMMEs and prioritising B-BBEE companies to contribute to economic transformation. However, the SCM Unit faced capacity constraints, negatively impacting its performance and annual target achievement.

4.7 Audit report matters in the previous year and how they would be addressed

USAASA conducted a comprehensive root cause analysis of the audit findings from the prior financial year and developed a corresponding audit action plan to address the identified deficiencies. The plan was meticulously aligned with the entity's risk mitigation strategies and other relevant plans to ensure a unified approach to remediation. As a result, USAASA successfully implemented 70% of the action plan activities and milestones for the audit findings raised in the 2022/23 audit by the Auditor-General of South Africa (AGSA). This rigorous approach yielded a significant reduction in repeat findings. Furthermore, USAASA maintained an unqualified audit opinion for the current financial year, and the Board and Management are committed to striving for a coveted "clean audit" outcome in the 2024/25 financial year.

4.8 Outlook and plans for the future to address financial challenges

USAASA has arranged with National Treasury to transfer warehousing and distribution costs to USAF, which will continue until inventories at SAPO are depleted. The budget for these costs is now allocated to USAF. Additionally, USAASA will assess cost pressures annually and engage with National Treasury to retain surplus funds accumulated over medium- to long-term periods, mitigating the impact of budget cuts.

USAASA plans to embark on a recruitment drive to fill vacancies at various levels, while implementing cost containment measures. The agency will maintain effective internal controls, improve its control environment, and monitor operations to prevent irregular, fruitless, and wasteful expenditure. The Board and its Committees will oversee management, ensuring accountability for any weaknesses in internal controls, in line with PFMA requirements and best practices outlined in the King IV Report.

4.9 Events after the reporting date

USAASA management has not identified any material events after the reporting period date which would result in the financial statements being adjusted.

On 30th of June 2024, His Excellency, President Cyril Ramaphosa announced the seventh administration cabinet with the appointment of Honourables Solomon "Solly" Malatsi and Mondli Gungubele as the Minister and Deputy Minister of Communications and Digital Technologies respectively.

4.10 Acknowledgements and appreciation

USAASA conducted a comprehensive root cause analysis of the audit findings from the prior financial year and developed a corresponding audit action plan to address the identified deficiencies. The plan was meticulously aligned with the entity's risk mitigation strategies and other relevant plans to ensure a unified approach to remediation. As a result, USAASA successfully implemented 70% of the action plan activities and milestones for the audit findings raised in the 2022/23 audit by the Auditor-General of South Africa (AGSA). This rigorous approach yielded a significant reduction in repeat findings. Furthermore, USAASA maintained an unqualified audit opinion for the current financial year, and the Board and Management are committed to striving for a coveted "clean audit" outcome in the 2024/2025 financial year

Furthermore, I also wish to express my sincere gratitude to the Minister, Deputy Minister, Director-General, and other leadership in the Department for the unwavering support the Agency has enjoyed.

USAASA remains committed to making a meaningful impact on the lives of ordinary citizenry residing in impoverished communities and underserved areas, and effectively managing USAF to ensure achievement of demonstrable and sustainable outcomes.

Mr Luyanda Ndlovu
Acting Chief Executive Officer

5. Statement of Responsibility and Confirmation of Accuracy for the Annual Report

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

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements and annual performance report audited by the Auditor-General of South Africa.
- The Annual Report is complete, accurate, and free of any omissions.
- The Annual Report has been prepared in accordance with the Annual Report guidelines issued by the national treasury.
- The Annual Financial Statements (Part F) have been prepared according to GRAP standards applicable to public entities.
- The Accounting Authority is responsible for preparing the audited 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 designed to provide reasonable assurance regarding the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.
- The external auditors are engaged to provide reasonable assurance 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 USAASA for the financial year ended 31 March 2024.

Yours faithfully

Mr Luyanda Ndlovu
Acting Chief Executive Officer

Ms Daphne Rantho
Interim Chairperson of the Board

6. Strategic Overview

6.1 VISION

Effective project implementation towards the goal of universal ICT access and service for all.

6.2 MISSION

- Facilitate the rollout of adequate Information and Communication Technology (ICT) infrastructure to enable 4IR readiness and universal access to underserviced areas in South Africa.
- Facilitate ICT service to underserviced areas, thereby contributing to the reduction in poverty and unemployment in South Africa.
- To broaden access to digital broadcasting services by qualifying households.

6.3 VALUES

Value	Description - What it means in practice
Batho Pele	We believe in providing excellent, efficient and effective service to all customers and stakeholders.
Integrity	We uphold high standards of trust, condemn bribery and corruption, honesty and respect in all interactions with stakeholders.
Accountability	We foster employee ownership and responsibility in ensuring quality service.
Innovation	We support employee creativity in delivering all our services.
Transparency	We encourage openness in all our activities.
Teamwork	We strive to create a harmonious work environment where all employees and contributors are respected.

6.4 IMPACT STATEMENT

Progressive realisation of the goal of universal access and universal service in South Africa.

6.5 OUTCOMES

Outcome 1:	An optimised delivery system to support the achievement of the mandate.
Outcome 2:	A respected thought leader on universal access and universal service.
Outcome 3:	A well-governed and high-performance organisation and fund, delivering on its mandate.

In turn, the above strategic framework and the three outcomes inform the alignment to USAASA's delivery structure and the development of outputs, performance indicators, and quarterly and annual performance metrics, as outlined in the APPs over the Strategic Plan period.

This Annual Performance Plan reflects the 2023/24 planning priorities, outputs, performance indicators, annual targets, and budget allocations for performance against the Strategic Plan's outcomes.

7. Legislative and Other Mandates

7.1 Updated legislative mandates

USAASA was established under Section 80(1) of ECA to administer the mandate of USAF of promoting universal access and universal service goals in South Africa's marginalised areas. The Electronic Communications Act intends to promote convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors and to provide the legal framework for convergence of these sectors. It also makes provision for the regulation of electronic communications services, electronic communications network services and broadcasting services.

Name of the Act	Purpose
Electronic Communications Act, 2005 (Act No. 36 of 2005)	To promote convergence in the broadcasting, broadcasting signal distribution, and telecommunications sectors and to provide the legal framework for convergence of these sectors; to make new provisions for the regulation of electronic communications services, electronic communications network services and broadcasting services; to provide for the granting of new licences and new social obligations; to provide for the control of the radio frequency spectrum; to provide for the continued existence of the Universal Service Agency and the Universal Service Fund, and to provide for matters incidental thereto.

In executing its role, USAASA is also guided by:

Name of the Act	Purpose
The Constitution of the Republic of South Africa,1996 (Act No. 108 of 1996)	The Constitution of South Africa is the supreme law of the Republic of South Africa. It provides the legal foundation for the Republic's existence, sets out the rights and duties of its citizens, and defines the structure of the government
The Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended)	To regulate financial management in the national and provincial governments; to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in the government.
The Preferential Procurement Policy Regulations Act, 2000 (Act No. 5 of 2000)	To regulate the procurement policy and framework of state organs. Its purpose is to enhance the participation of historically disadvantaged individuals and small, medium and micro enterprises (SMMEs) in the public-sector procurement system.
The Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003), as amended by Act 46 of 2013	B-BBEE is a government policy that advances economic transformation and enhances the economic participation of Black people (African, Coloured and Indian people who are South African citizens) in the South African economy.
The Infrastructure Development Act, 2014 (Act No. 14 of 2014)	To provide for the facilitation and coordination of public infrastructure development, which is of significant economic and social importance to the Republic; to ensure that infrastructure development in the Republic is given priority in planning, approval and implementation; to ensure that the development goals of the state are promoted through infrastructure development; and to improve the management of such infrastructure during all life-cycle phases, including planning, approval, implementation and operations.

7.2 Updated policy mandates

Vision 2030, the National Development Plan, is the national framework for broadly developing the South African economy and society. It describes the critical role of innovation, research, and development in fostering sustained competitiveness and profitability in the face of a world economy rapidly transforming into a digital economy. Evidence suggests that increasing public investment in innovation, research and development, and related infrastructure and access will enable South Africa's economic development, competitiveness and sustainable growth.

In turn, the revised MTSF 2019-2025 is a high-level strategic document. It is the central organising framework for the rolling five-year implementation and monitoring of the NDP, Vision 2030.

7.3 Updates to institutional policies and strategies

The Agency has a specific established policy through legislation, and its mandate is derived from the following policies:

Name of the institutional policies and strategies	Purpose
South Africa's Broadband Policy: South Africa Connect, 6 December 2013	Regarding the Electronic Communications Act, 2005 (Act No. 36 of 2005), the Department of Communications and Digital Technologies published a policy document, South Africa Connect: Creating Opportunities, Ensuring Inclusion: South Africa's Broadband Policy, which was gazetted on 6 December 2013. SA Connect consists of four sub-strategies that will move the country from its current state to achieving its targets over the next ten years. SA Connect guides the ICT sector as a whole, and USAASA in particular, with an approach to promoting broadband deployment, usage, and uptake in the country.
The National Integrated ICT Policy White Paper, 28 September 2016	The National Integrated ICT Policy White Paper, which the Cabinet approved on 28 September 2016, will affect universal service. It proposes revising services and access based on the research outcome to support the policy revision. The White Paper further suggests that USAASA should be reformulated into a Digital Development Fund and stipulates contributions by licensees to the Fund. Lastly, the report revises the USAASA institutional framework. Establishing a Digital Development Fund will remove USAASA's policymaking and regulatory functions, leaving the organisation to focus on funding and project management. This shift in the framework allows USAASA to focus on its main priorities: service and access delivery to the nation.
Broadcasting Digital Migration Policy For South Africa, August 2008	As a matter of policy, the government must consider the means to make STBs affordable and available to the poorest households that own television sets. The government has therefore decided, as mandated by Section 88(1)(a) of the Electronic Communications Act, to subsidise poor households that own television sets through USAF. This support by the government should be seen as part of its commitment to bridging the digital divide in South Africa.

8. Organisational Structure


Mr Simphiwe Thobela
Board Member
& BARC Chairperson


Ms Boitumelo Mabusela
Board Member


Ms Daphne Rantho
Board Chairperson


Ms Buhle Tonise
Board Member


Ms Mapuleng Moropa
Board Member

First Corporate Secretaries (PTY) Ltd
Company Secretary


Mr Luyanda Ndlovu
Acting CEO


Ms Mary-Ann Ratlhogo
(Acting) Senior Manager:
Office of the CEO


Mr Mduduzi Kgatlane
Acting Risk Manager


Mr Jimmy Mashiane
Chief Audit Executive


Mr Tshepe Mokoena
Acting Executive Manager:
Corporate Services


Ms Chwayita Madikizela
Executive Manager:
Operations


Mr Sidney Mongala
Acting Chief Financial Officer

Vacant
Executive Manager: PMU

Executive Management and Invitees


Mr Luyanda Ndlovu
Acting CEO


Mr Mduduzi Kgatlane
Acting Risk Manager


Ms Mary-Ann Ratlhogo
Acting Senior Manager:
Office of the CEO


Mr Jimmy Mashiane
Chief Audit Executive


Ms Chwayita Madikizela
Executive Manager: Operations


Ms Relebohile Mahloko
Acting Executive Manager: Performance
Management and Planning from 09 July 2024


Mr Vhutshilo Ramatswana
Acting Executive Manager:
Corporate Services from 09 July 2024


Ms Keitumetse Hlahatsi
Brand Communication Specialist


Adv Willem Oliver
Senior Manager: Legal Services


Mr Trevor Nivi
Senior Manager: Research


Ms Sharonne Scheepers
Senior Manager:
Human Resources


Mr Sidney Mongala
Acting Chief Financial Officer

PERFORMANCE INFORMATION

1. Auditor's Report: Predetermined Objectives

The Auditor- General South Africa (AGSA) currently performs the necessary audit procedures in accordance to the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, AGSA do not express an assurance opinion or conclusion. The AGSA has selected those material indicators that measure the USAASA's performance on its primary mandated functions and that are of significant national, community or public interest. There are no material findings included under the heading Report on the annual performance report in the auditor's report. We will not provide an assurance opinion or conclusion in the management report on the selected indicators.

Refer to page 61 to 62 of the Annual Report for the Auditor's Report on performance, published in Part E: Financial Information.

2. Overview of Performance

2.1 Service delivery environment

The Agency's 2023/24 Annual Performance Plan (APP) is rooted in its 2020/21 – 2024/25 Strategic Plan, which is shaped by the support the Agency provides to the Fund. In the reporting period, the Agency executed key activities in pursuit of its strategic objectives, achieving significant improvements in reputation and stakeholder management. By building trust through collaborative efforts and strengthening external perceptions, the Agency has tailored its strategies to better meet stakeholder needs, proactively manage reputational risks, foster loyalty and advocacy, and promote economic development through partnerships and collaborations, particularly within the broadband programme. This approach has increased brand visibility, stakeholder confidence, and access to essential digital services

Building on its momentum, the Agency has aligned its efforts with the National Strategy Plan to address Gender-Based Violence and Femicide, developing targeted programmes to support women of diverse ages and contributing to a coordinated national response. The National Strategy Plan aims to establish a multi-sectoral, coherent strategic policy and programming framework that strengthens a coordinated national response to the crisis of Gender-Based Violence and Femicide in South Africa. To achieve this, the Agency has developed an annual plan addressing the needs and challenges faced by all, particularly women of diverse ages, through programmes including workshops on legislation and awareness campaigns focused on sexual orientations, gender identities, and specific groups such as elderly women, women with disabilities, migrant women, and trans women, who are deeply affected by this scourge. The Agency's plans aim to bring attention to these issues and observe internal processes and policies to ensure the empowerment of women and youth

To achieve the agreed-upon activities for dissolving USAASA in coordination with the Department, different workstreams were created, each led by Department officials to ensure regular monitoring of these activities. All updates were reported to the Dissolution Committee, which then submitted reports to EXCO, the Board, and Board Committees. Although the dissolution of USAASA was removed as a target in the Department's APP for the financial year, the USAASA Disestablishment Committee continued to monitor relevant activities and reported them to the Board.

The Agency's contracts management involves compliance with various laws, regulations, and industry standards. Contract management ensures that these requirements are met, avoiding legal penalties and reputational damage.

The BDM Contracts STB beneficiaries registration systems, these appointments cover the management of indigent household registrations, Appointment of community broadcasters to support the rollout of the Broadcasting Digital Migration (BDM) awareness campaigns.

The deployment of broadband connectivity by BBI included VOIP, and backup power systems at key sites collaboration with partners like .ZADNA and NEMISA for digital skills training, and the digitisation of schools with broadband services.

2.1.1 USAASA's overall performance, outlining its key outputs, particularly relating to services rendered directly by the Agency

Targets	Key Outputs	Outcomes
Implemented deliverables that are within the Agency's control in the approved 2023/24 Roadmap for USAASA disestablishment	All deliverables within the Agency's control in the approved 2023/24 Roadmap for USAASA disestablishment plan were implemented as planned	**Achieved**
80% implementation of activities in the approved 2023/24 roadmap in response to the National Strategy Plan on gender-based violence and femicide	Ten of the eleven planned activities for the period under review were implemented, achieving 91% of the target.	**Achieved**
100% implementation of activities in the approved 2023/24 USAASA public/stakeholder participatory strategies response plan	All activities in the Stakeholder plan were implemented as planned during the quarter under review, translating into 100% achievement of the target	**Achieved**
100% of valid invoices paid within 30 days	Only 72 of the 73 valid invoices received during the period under review were paid within 30 days, translating into 99% payment of valid invoices within 30 days	**Not Achieved**
*4 x quarterly assessments of performance against service provider SLA	5 quarterly assessment of performance against service provider SLA developed as planned	**Achieved**

** The initial tabled APP includes 4 x Quarterly assessments of performance against service provider SLA, and thereafter during the second amendment of the APP the target was incorrectly recorded as 6 x Quarterly assessments of performance against service provider SLA, however the correct number is 4 that is included in the MTEF table.*

3 Key policy developments and legislative changes

There were no policy changes in the current year under review.

4 Progress towards achievement of institutional Impact and Outcomes

Outcome	Progress towards achievements
1. An optimised delivery system to support the achievement of the mandate.	The Agency has improved its reputation and stakeholder relationships through collaborative efforts, increasing trust, brand visibility, and stakeholder confidence. By engaging with stakeholders, the Agency has tailored its strategies to meet their needs, managed reputational risks, and promoted economic development through partnerships, particularly in the broadband program, ultimately expanding access to essential digital services USAASA implemented Gender-based Violence (GBV) initiatives dedicated to improve the lives of women in South Africa. These initiatives included the adoption of GBV Centre in Northern Cape as well as conducting staff workshops to raise awareness on newly introduced laws aimed at protecting women and children. USAASA and the Department established workstreams to track progress on approved activities, with reports submitted to the USAASA Disestablishment Committee, which then reported to EXCO, the Board, and Board Committees. Despite the Department removing USAASA's dissolution as an APP target, the Committee continued to oversee and report on USAASA's activities, ensuring ongoing transparency and accountability.
2. A respected thought leader on universal access and universal service.	The introduction of the revised Broadband model has led to a redefinition of the Agency's role, transitioning it from a multifunctional organisation to a dedicated funding Agency. As a result, USAASA has relinquished its responsibility for providing policy and regulatory advisory services, focusing exclusively on funding initiatives that support universal access to electronic communications.
3. A well-governed and high-performance organisation delivering on its mandate.	USAASA is pleased to report that it has once again achieved an unqualified audit opinion, consistent with the previous financial year's results. This accomplishment demonstrates the Agency's effective management and governance practices. Nevertheless, USAASA acknowledges that there is always scope for enhancement and is committed to ongoing improvement, striving for even greater excellence in its financial management and reporting practices to maintain the highest standards of accountability and transparency.

5. Institutional Programme Performance Information

5.1 BUSINESS SUPPORT

The purpose of Programme 1: Business Support is to provide strategic leadership, management and support services to the Agency and the USAF.

5.2 PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards USAASA's desired impact of the "progressive realisation of the goal of universal access and universal service in South Africa", the Business Support Programme delivers against the following outcomes in the Strategic Plan:

Outcome 1: A well-governed and high-performance organisation delivering on its mandate

The **2023/24** performance plan of Programme 1 is reflected in the log frame tables below:

5.3 Programme 1 - Business support services: outcomes, output indicators and annual targets:

OUTCOME	OUTPUT	OUTPUT INDICATOR	ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1: An optimised delivery system to support achievement of the mandate	USAASA disestablished	Implemented deliverables that are within the Agency's control in the approved 2023/24 roadmap for USAASA disestablishment	Not applicable	Not applicable	New Indicator	Approval of FY2023/24 roadmap for USAASA disestablishment	Implemented deliverables that are within the Agency's control in the approved 2023/24 Roadmap for USAASA disestablishment	Not applicable	Not applicable
	Gender-based Violence and Femicide plan implemented	Percentage implementation of activities in the USAASA response plan for National Strategy Plan on Gender-based Violence and Femicide	Not applicable	Not applicable	New Indicator	USAASA Strategic Plan (NSP) on Gender-based Violence implemented	80% implementation of activities in the approved 2024/25 roadmap in response to National Strategy Plan on Gender-based Violence and Femicide	85% implementation of activities in the approved 2024/25 roadmap in response to National Strategy Plan on Gender-based Violence and Femicide	Not applicable
	Board-approved Stakeholder Strategy and Plan implemented.	Percentage implementation of activities in the USAASA public/stakeholder participatory strategies and plan	Not applicable	New indicator	Board-approved Stakeholder Strategy and Plan implemented	The highest governing structure approved Stakeholder Strategy and Plan implemented	100% implementation of activities in the approved 2023/24 USAASA public/ stakeholder participatory strategies response plan	Review and update the three-year Stakeholder Strategic Framework	Not applicable
3: A well-governed and high-performance organisation and fund, delivering on its mandate	All valid invoices paid within 30 days	Percentage of valid invoices paid within 30 days	New indicator	100% of valid invoices paid within 30 days	-	100% of valid invoices paid within 30 days	100% of valid invoices paid within 30 days	100% of valid invoices paid within 30 days	Not applicable

5.4 Programme 2 – Business processes and intelligence: outcomes, outputs indicators and annual targets:

OUTCOME	OUTPUT	OUTPUT INDICATOR	ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
3. A respected thought leader on universal access and universal service	Service provider performance SLA monitoring reports	Number of quarterly assessments of performance against service provider SLA conducted	Not applicable	Not applicable	Not applicable	New indicator	4 x Quarterly assessments of performance against service provider SLA	8 x Quarterly assessments of performance against service provider SLA	Not applicable

5.5 Reporting Against the Tabled Annual Performance Plan

Outcome	Output	Output Indicator	Actual Performance	Actual Performance	Planned Annual Target 2023/2024		Actual Achievement 2023/2024 Until 31 MARCH 2024	Deviation from Planned Target to Actual Achievements 2023/2024	Reason for Deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
An optimised delivery system to support achievement of the mandate	USAASA disestablished	Percentage implementation of the 2023/24 roadmap for USAASA disestablishment	New indicator	USAASA Disestablishment activity plan was developed by the disestablishment committee and approved by the Board during the period under review. All activities within the entity's control were implemented as planned	FY2023/24 roadmap for USAASA disestablishment implemented		**Not Achieved.** **Q1.** The 2023/24 roadmap was only approved in the last month of the quarter as a result there was no implementation during the quarter under review	The 2023/24 roadmap was only approved in the last month of the quarter. In the approved roadmap, there are no activities planned for implementation in the first quarter	In the approved roadmap, there were no activities planned for implementation in the first quarter, as a result nothing was implemented post approval of the roadmap in June	The target was amended to ensure that we are only measured on activities that are within our control not those that have external dependencies
							Achieved. All **Q2** & **Q3** activities within the Agency's control were implemented during the period under review	Not applicable	Not applicable	
	Gender-based Violence and Femicide plan implemented	Percentage implementation of activities in the USAASA response plan for National Strategy Plan on Gender-based Violence and Femicide	New indicator	New indicator	FY2023/24 roadmap for response to National Strategy Plan on Gender-based Violence and Femicide implemented		**Achieved.** **Q1.** During the quarter under review, the 2023/24 National Strategy Plan on Gender-based Violence and Femicide roadmap was developed by EXCO and approved by Board as planned	Not applicable	Not applicable	Not applicable
							Not Achieved. **Q2** & **Q3** deliverables in the roadmap were partly implemented during the quarter under review	The roundtable discussion on salary structures and the gender-based discrimination / disparities was not done as planned during the quarter 3 Corporate Services will conduct a thorough review of the existing draft policy and identify exiting specific areas where it falls short of meeting standards.	The main attributing factor is lack of resources during the current quarter, the target has therefore been deferred to Q3 The current draft policy lacks the necessary depth and breadth expected of a comprehensive policy document.	The amended was to make the target easily measurable. With the previous indicator and target, the desired performance achievement was not clear, so it meant that any form of implementation is an achievement
	Board-approved Stakeholder Strategy and Plan implemented.	Percentage implementation of activities in the USAASA public/ stakeholder participatory strategies and plan	New indicator	New indicator	The highest governing structure approved Stakeholder Strategy and Plan implemented		**Achieved.** **Q1.** During the quarter under review, the 2023/24 USAASA public/ stakeholder participatory strategies response plan was developed by EXCO and approved by Board as planned	Not applicable	Not applicable	The amended was to make the target easily measurable. With the previous indicator and target, the desired performance achievement was not clear, so it meant that any form of implementation is an achievement
							Achieved. All **Q2** & **Q3** deliverables were implemented as planned during the quarter under review			

Outcome	Output	Output Indicator	Actual Performance	Actual Performance	Planned Annual Target 2023/2024		Actual Achievement 2023/2024 Until 31 MARCH 2024	Deviation from Planned Target to Actual Achievements 2023/2024	Reason for Deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
A well-governed and high-performance organisation, delivering on its mandate	All valid invoices paid within 30 days	Percentage (%) of valid invoices paid within 30 days	95% of valid invoices were paid within 30 days	100% of valid invoices were paid within 30 days	100% of valid invoices paid within 30 days		**Achieved.** **Q1.** For the period under review, 77 valid invoices were received, and all 77 invoices were paid within 30 days, resulting into 100% payment of valid invoices within 30 days	Not applicable	Not applicable	Not applicable
							Achieved. **Q2.** 69 valid invoices were received during the quarter under review and all 69 were paid within 30 days, resulting into 100% achievement	Not applicable	Not applicable	Target was not amended
							Not Achieved. **Q3.** 70 valid invoices were received during the quarter under review. Sixty-seven (67) of the seventy (70) invoices due for payment were paid within 30 days, resulting into 96% achievement	Three (3) valid invoices were paid outside the 30 days turnaround period	Finance was still verifying the invoices	Target was not amended
A respected thought leader on universal access and universal service	Service provider performance SLA monitoring reports	Number of quarterly assessments of Performance against service provider SLA conducted	New indicator	New indicator	4 x Quarterly assessments of performance against service provider SLA		**Achieved.** **Q1, Q2 & Q3** 3 x Quarterly assessment of performance against service provider SLA developed as planned.	Not applicable	Not applicable	Target was not amended

5.4.1 Implementation of the Disestablishment Roadmap

Achieved	Not Achieved

The outputs, performance indicators and the planned targets below were meant to achieve this objective, as stated in the APP.

	2023/24	2021/22	20222/23	2023/24			
Output	**Output Indicator**	**Actual Performance**	**Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from planned target**	**Reasons for deviations**
Outcome	**An optimised delivery system to support achievement of the mandate**						
USAASA disestablished	Implemented deliverables that are within the Agency's control in the approved 2023/24 roadmap for USAASA disestablishment	New indicator	USAASA Disestablishment activity plan was developed by the disestablishment committee and approved by the Board during the period under review. All activities within the entity's control were implemented as planned	Implemented deliverables that are within the Agency's control in the approved 2023/24 Roadmap for USAASA disestablishment	**Achieved.** All deliverables within the Agency's control in the approved 2023/24 Roadmap for USAASA disestablishment plan were implemented as planned	Not applicable	Not applicable

5.4.2 Implementation of the National Strategic Plan on Gender-Based Violence

The outputs, performance indicators and the planned targets below were intended to achieve this objective as stated in the APP.

	2023/24	2021/22	20222/23	2023/24			
Output	**Output indicator**	**Actual performance**	**Actual performance**	**Planned annual target**	**Actual achievement**	**Deviation from planned target**	**Reasons for deviations**
Outcome	**An optimised delivery system to support achievement of the mandate**						
Gender-based Violence and Femicide plan implemented	Percentage implementation of activities in the USAASA response plan for National Strategy Plan on Gender-based Violence and Femicide	New indicator	New indicator	80% implementation of activities in the approved 2023/24 roadmap in response to National Strategy Plan on Gender-based Violence and Femicide	**Achieved.** Ten of the eleven planned activities for the period under review were implemented, translating into 91% achievement of the target.	There is 11% over-achievement on the target	Priority was given to this target, increased awareness around GBV&F leading to more concerted effort to meet and exceed the target

5.4.3 Implementation of the Stakeholder Strategy Plan

Achieved	Not Achieved

The outputs, performance indicators, and the planned targets below were intended to achieve this objective as stated in the APP.

	2023/24	2021/22	20222/23	2023/24			
Output	**Output indicator**	**Actual performance**	**Actual performance**	**Planned annual target**	**Actual achievement**	**Deviation from planned target**	**Reasons for deviations**
Outcome	**An optimised delivery system to support achievement of the mandate**						
Board-approved Stakeholder Strategy and Plan implemented.	Percentage implementation of activities in the USAASA public/ stakeholder participatory strategies and plan	New indicator	New indicator	100% implementation of activities in the approved 2023/24 USAASA public/ stakeholder participatory strategies response plan	**Achieved.** All activities in the Stakeholder plan were implemented as planned during the quarter under review, translating into 100% achievement of the target	Not applicable	Not applicable

5.4.4 Supplier Payments

The outputs, performance indicators and the planned targets below were intended to achieve this objective, as stated in the APP.

	2023/24	2021/22	20222/23	2023/24			
Output	**Output indicator**	**Actual performance**	**Actual performance**	**Planned annual target**	**Actual achievement**	**Deviation from planned target**	**Reasons for deviations**
Outcome	**A well-governed and high-performance organisation, delivering on its mandate**						
All valid invoices paid within 30 days	Percentage (%) of valid invoices paid within 30 days	95% of valid invoices were paid within 30 days	100% of valid invoices were paid within 30 days	100% of valid invoices paid within 30 days	**Not Achieved** Only 72 of the 73 valid invoices were received during the period under review were paid within 30 days, translating into 99% payment of valid invoices within 30 days	One (1) valid invoice was paid outside the 30 days turnaround period. The invoice was unintentionally omitted during the processing of December 2023 invoices before the closing of offices	Finance will put strict controls to ensure that the 30 days turnaround time is met

5.4.5 Assessment of Service Provider Performance

The outputs, performance indicators and the planned targets below were intended to achieve this objective as stated in the APP.

	2023/24	2021/22	20222/23	2023/24			
Output	**Output indicator**	**Actual performance**	**Actual performance**	**Planned annual target**	**Actual achievement**	**Deviation from planned target**	**Reasons for deviations**
Outcome	**A respected thought leader on universal access and universal service**						
Service provider performance SLA monitoring reports	Number of quarterly assessments of Performance against service provider SLA conducted	New indicator	New indicator	6 x Quarterly assessments of performance against service provider SLA	*5 Quarterly assessment of performance against service provider SLA developed as planned	For the last quarter	Not applicable

** The initial tabled APP includes 4 x Quarterly assessments of performance against service provider SLA, and thereafter during the second amendment of the APP the target was incorrectly recorded as 6 x Quarterly assessments of performance against service provider SLA, however the correct number is 4 that is included in the MTEF table*

5.6 Summary of USAASA (2023-24) Annual Performance Outcomes

The graphs below depict the Agency's achieved annual targets against the planned annual targets in the USAASA 2023/24 approved Annual Performance Plan. Four of the five planned annual targets were achieved, representing 80% of the total planned targets, and one of the five planned annual targets was not achieved, representing 20% of the total annual planned targets.

USAASA 2023/24 Annual Performance Outcomes

Linking Performance with Budgets

The table below depicts expenditure against the budget for the reporting period under review and the previous financial year for the programme and sub-programmes.

	2023/24			2022/23			
PROGRAMME 1: BUSINESS SUPPORT	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**	**Budget**		**Actual expenditure**	**(Over)/Under expenditure**
	R'000	R'000	R'000	R'000		R'000	R'000
Employee-related cost	67,617	57,147	10 470	65,975	67,077		(1 102)
Legal fees	5,540	3,714	1,826	12,856	3,394		9 462
Depreciation and amortisation	-	637	(637)	-	639		(639)
Finance costs	-	110	(110)	-	-		-
Travel and Subsistence	6,126	4,397	1,729		3 830	7,750	(3 920)
Lease/rentals on operating lease	6,250	6,000	250	6,381	5,739		642
Consulting and professional fees	3,425	4,352	(927)		5 316	3,551	1 765
General expenses	12,567	9,455	3,112	22,093	8,134		13 959
Warehousing and distribution costs (SAPO)	-	-	-	268,819	121,016		147,803
Total expenses	**101,525**	**85,812**	**15,713**	**385,270**	**217,300**		**167,970**

During the year under review, USAASA spent R85,8 million, which represents 85% of the 2023/24 final budget of R101,5 million. In the previous financial year, the spending was R217,3 million, representing 56% of the 2022/23 final budget of R385,3 million.

The total spending of R85,8 million in the year under review decreased by R131,5 million when compared with the previous financial year total spending of R 217,3 million, representing 61% year-on-year decrease. In the previous financial year, warehousing and distribution costs budget was allocated and paid in USAASA, whereas in the current financial year, warehousing and distribution costs budget was allocated and paid in USAF; hence the material difference year-on-year. By excluding the warehousing and distribution costs, the decrease could have been R10,5 million (R85,8- (217.3-121)) year-on-year representing 11%.

The year-on-year decrease in compensation of employees' expenditure of R9,9 million (representing 15%) from the previous financial year was due to executive management positions that were not filled throughout the year (some were filled through secondment from the Department and BBI). Furthermore, the Analogue Switch-Off was concluded during the year in certain provinces which resulted in some of the District Coordinators temporary/contract appointments not being extended. These temporary/contract appointments ended in December 2023.

The year-on-year decrease in travel and subsistence expenditure of R 3,4 million (representing 43%) was due to the decrease in monitoring and evaluation activities in the provinces where the Analogue Switch-Off was already completed as well as the introduction of hybrid monitoring and evaluation model. The appointment and utilisation of Travel Management Company (TMC) halfway through the financial year, has also contributed to the decrease in the expenditure.

Strategy to overcome areas of under performance

The entity will be enhancing internal controls relating to payment of suppliers within 30 days by analysing the invoice register on a weekly basis and resolving any invoicing issues identified in time.

GOVERNANCE

Introduction

Corporate governance embodies processes and systems that direct, control, and hold public entities to account. In addition to requirements based on a public entity's enabling legislation and the Companies Act, corporate governance in public entities is applied through the PFMA prescripts and runs in tandem with the principles contained in the King IV Report on Corporate Governance.

Parliament, the Executive Authority, and the Accounting Authority of the public entity are responsible for corporate governance.

1. Portfolio Committees

The Parliament Portfolio Committee on Communications exercises oversight of the Board of Directors of the Agency. From time to time, the Board is required to provide updates on the state of USAASA's financial and non-financial performance to the Committee.

Portfolio Committee engagements for the 2023/24 financial year are outlined below:

Date	Purpose
11 April 2023	Portfolio Committee on Communications: Preparatory meeting for oversight visit to Gauteng and Northern Cape.
19 April 2023	Oversight visit to Gauteng.
02 May 2023	Briefing by the USAASA/USAF 2023/2024 on its Annual Performance Plan and Budget.
30 June 2023	Briefing by Government Communication and Information System (GCIS), Media Development and Diversity Agency (MDDA), Department of Communications and Digital Technologies (DCDT) and relevant entities on the State of readiness towards National elections.
05 September 2023	Briefing by the DCDT, GCIS and their entities on the 2022/2023 third and fourth quarter expenditure and financial reports.
10 October 2023	Briefing by the Universal Services and Access Agency of South Africa (USAASA) and the Universal Services and Access Fund (USAF) on its 2022/2023 Annual Report and Financial Statements.
17 October 2023	Briefing in Parliament on consideration and adoption of the DCDT, GCIS and their entities on the 2022/23 third and fourth quarter expenditure and financial reports
06 February 2024	Briefing by Department on Revised DCDT, BBI, SENTECH and USAASA/USAF APP 2023-2024
20 February 2024	Briefing by the DCDT, GCIS and their entities on the 2023/24 first and second quarter expenditure and financial reports.
12 March 2024	Briefing by Departments and entities (SAPO, USAASA and SENTECH) on progress on the finalisation of the BDM project

2. Executive Authority

The Minister of Communications and Digital Technologies is the Executive Authority of the Agency and requires the Agency to provide organisational reports on the activities and financial affairs of USAASA to the Department. As per the requirement, annual reports are provided for in Section 55 of the PFMA.

All the USAASA quarterly and annual reports were submitted timeously per the requirements of the National Treasury Framework for Managing Programme Performance Information, to the ICT Enterprise Development and SOC Oversight Branch of the Department of Communications and Digital Technologies.

3. The Accounting Authority/Board

3.1 Introduction

The USAASA Board is responsible for serving as the Agency's Accounting Authority as per the PFMA. Initially appointed by the Minister starting on February 22 2021, for a duration of twelve months, the Interim Board's tenure was extended until February 21 2023. Subsequently, the Board's term was further extended until September 30 2023. The Minister officially extended the Board's term from October 1, 2023, until September 30 2025.

The Board is entrusted with the critical responsibility of providing strategic direction, leadership, and stability to the Agency, while maintaining the principles of good corporate governance. Board members are required to adhere to the highest standards of ethics, integrity, and values, ensuring the protection of the Agency's and the nation's interests. These duties are clearly outlined in the approved Board Charter, which is subject to regular annual reviews or updates as needed.

The Board of USAASA is regarded as the Accounting Authority in terms of Section 49 of the Public Finance Management Act (PFMA), and its duties include:

- Exercising a duty of utmost care to ensure reasonable protection of the assets and records of USAASA and USAF.
- Acting with fidelity, honesty, integrity and in the public entity's best interests in managing the Fund's financial affairs.

- Preventing any prejudice against the financial interests of the State.
- Maintaining effective, efficient and transparent financial and risk management systems and internal control.
- Maintaining an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive, and cost-effective.
- Maintaining a system for evaluating all significant capital projects before a final decision on each.
- Taking practical steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditures not complying with the Agency's operational policies.
- Managing available working capital efficiently and economically.

All Board Committees and the Board are guided by the principles of the King IV Report on Corporate Governance, PFMA, and the Companies Act, which are contained in their approved Board Charter and Terms of Reference.

3.2 The Role of the Board

- The Board adheres to the principles outlined in the Code of Good Practice and Code of Good Conduct delineated in the King Code on Corporate Governance Report (King IV). It is dedicated to implementing the principles of the PFMA and its associated regulations. Emphasising the attainment of exemplary reporting standards, the Board is committed to meticulously overseeing the Agency's activities.

- To facilitate effective supervision over the Agency's operations, the Board has structured itself into several subcommittees. These subcommittees convene quarterly and, when needed, additionally to ensure comprehensive oversight. These Committees are:
  - Human Resources and Remuneration Committee.
  - Board Audit & Risk Committee.
  - Operations Committee
  - Social & Ethics Committee

Empowered by the authority granted through legislation, particularly the ECA and the PFMA, the Board has recognised that its core functions and responsibilities play a significant role in advancing the objectives of the Agency and the Fund.

Furthermore, the Board acknowledges its ultimate accountability and responsibility for the performance and management of the Agency. In pursuit of this, it has:

- Represented the Agency before the Minister and Parliament of the Republic of South Africa.
- Provided strategic direction for the Agency.
- Reviewed, approved, and monitored the implementation of strategic plans and budgets for the Agency and Fund and ensured consequence management was applied for non-performance.
- Played an oversight role in identifying and monitoring critical risk areas and key performance indicators of the Agency.
- Played an oversight role concerning IT governance.
- Ensured that the Agency communicates with the Executive Authority and stakeholders transparently and promptly.
- Ensured that the Agency complies with relevant laws, regulations and the code of business practice.

3.3 Board Charter

USAASA's Board Charter is aligned with the ECA, PFMA and King codes. The Charter describes the key responsibilities of the Board of USAASA and defines the Board's authority. It outlines the following:

- Composition of the Board.
- Duties, roles and responsibilities of the Board contained in the ECA.
- Board procedures and the establishment of Board Committees that assist the Board in executing its duties.
- Exclusive matters reserved for the Board include recommending the remuneration of Board members to the Executive Authority, establishing protocols for conduct during meetings, setting quorum requirements, overseeing Board capacity-building and development initiatives, and conducting evaluations of both Board and Committee performance.

3.4 Composition of the Board

Name	Ms Daphne Rantho
Designation	Chairperson of the Board
Date appointed	22 February 2021
Date resigned/Termination	N/A
Qualifications	• Primary Teacher Diploma • Further Education Diploma – University of Pretoria • BED Honours in Education – University of the Free State • Parliamentary Women in Leadership Programme – University of Stellenbosch • Leadership & Governance – University of Witwatersrand • Being a Director Programmes 2 & 3 – Institute of Directors South Africa
Areas of expertise	• Leadership and governance
Board directorships (other)	None
Other committees	None
No. of meetings attended	21 out of 21

Name	Ms Mapuleng Moropa
Designation	Member of the Board
Date appointed	22 February 2021
Date resigned/Termination	N/A
Qualifications	Masters in Business Administration (MBA) Programme in Management Development (PMD) BSc Information Technology
Areas of expertise	• Strategy Design and Implementation • Business Process Design and Re-Engineering • Retail and Commercial Banking • Operations Management • Project Management • Sales Management • Risk Management and Compliance • Business Performance Improvement • Entrepreneurship and Business Management • Relationship Management • Stakeholder Engagement • Broadband Infrastructure/ Network Implementation and Maintenance • Surveillance and Access Control Technology Installation and Maintenance • Data and Ai Services • Application Services • Infrastructure Services
Board directorships (other)	• NED – Sentech (December 2021 to date)
Committee memberships	• HR & Remuneration Committee • Board Audit and Risk Committee • Operations Committee • Social and Ethics Committee
No. of meetings attended	19 out of 21

Name	Ms. Boitumelo Mabusela
Designation	Member of the Board
Date appointed	12 June 2023
Date resigned/Termination	N/A
Qualifications	• Chartered Accountant (South Africa) • BCom Accounting • BCom (Honours) Managerial Accounting and Finance • BCom (Honours) Financial Accounting CTA
Areas of expertise	• Financial Planning, Budget, Actuarial & Treasury, Financial Accounting and Reporting. • Supply Chain Management and Procurement. • Strategic Management • Risk Management, Internal Audit, Governance and Compliance. • Stakeholder Management
Board directorships	N/A
Committee membership	• Social & Ethics Committee • HR & Remuneration Committee • Board Audit and Risk Committee • Operations Committee
No. of meetings attended	12 out of 14

Name	Ms Buhle Tonise
Designation	Member of the Board
Date appointed	22 February 2021
Date resigned/Termination	N/A
Qualifications	• LLB • Practical Legal Training (Commercial Law)
Areas of expertise	• Contract Management and Commercial Law • Corporate Law • Governance
Board directorships (other)	NED – ECPACC.
Committee memberships	• HR & Remuneration Committee • Board Audit and Risk Committee • Operations Committee • Social & Ethics Committee
No. of meetings attended	21 out of 21

Name	Mr Simphiwe Thobela
Designation	Member of the Board
Date appointed	22 February 2021
Date resigned/Termination	N/A
Qualification	• BCom Logistics • Master in Town and Regional Planning • Certificate in Strategic Planning and Change Management • Certificate in Local Economic Development • Certificate in Municipal Supply Chain Management • Post Graduate Diploma in Public Management • Snr Manager Programme (NQ7) • Advanced Risk Management
Areas of expertise	• Governance • Strategic planning
Board directorships	• NED MICT-SETA (Chair) • NED – Magwa Tea Estate • NED – KZNGFT
Other committees	• Board Audit and Risk Committee • HR & Remuneration Committee • Operations Committee • Social & Ethics Committee
No. of meetings attended	21 out of 21

3.5 Committees and Number of Meetings Held

The committees met as follows during the financial year:

Committee	No. of meetings	No. of members	Name of members
Board Audit and Risk	12	4	Mr Simphiwe Thobela – Chairperson (Until 08 August 2024) Ms Buhle Tonise – Member Mr Talelani Ramaru – Member (Until 29 April 2023) Ms Mapuleng Moropa – Member Ms Boitumelo Mabusela – Chairperson (From 08 August 2024)
HR & Remuneration	4	4	Mr Talelani Ramaru – Chairperson (Until 29 April 2023) Ms Buhle Tonise – Chairperson Ms Mapuleng Moropa – Member Mr Simphiwe Thobela – Member Ms Boitumelo Mabusela - Member
Social & Ethics	1	4	Ms Boitumelo Mabusela - Chairperson Ms Buhle Tonise – Member Ms Mapuleng Moropa – Member Mr Simphiwe Thobela – Member
Operations	3	4	Ms Mapuleng Moropa – Chairperson Ms Buhle Tonise – Member Ms Boitumelo Mabusela – Member Mr Simphiwe Thobela – Member

3.6 Remuneration of Board Members

Name	Retainer R'000	Remuneration (Board/ Committees fees) R'000	Other expenses R'000	Other reimbursements R'000	Total R'000
Ms DZ Rantho (Board Chairperson)	22	307	-	40	369
Ms B Tonise (REMCO Chairperson)	17	265	-	31	313
Ms M Moropa (OpsCo Chairperson)	17	242	-	8	267
Mr S Thobela (BARC Chairperson until 08 August 2024)	17	313	-	-	330
Mr T Ramaru (Late: REMCO Chairperson)	1	19	3	1	24
Ms B Mabusela (SEC Chairperson) (BARC Chairperson from 08 August 2024)	13	157	-	5	175
TOTAL	**87**	**1,303**	**3**	**85**	**1,476**

4. Risk Management

Risks are inherent and exist at various levels within the Agency. Key among risk management objectives is to ensure that the Agency does not suffer the effects of unmanaged uncertainty but responds proactively. It is also at the core of risk management to ensure that all risks attributed to the Agency at any level are managed appropriately and effectively. The Board adopted a risk management process aligned with the Public Sector Risk Management Framework, ISO 31000, and the King IV Report on Corporate Governance. The Board Audit and Risk Committee (BARC) provides oversight on the adequacy and effectiveness of risk management in the Agency, and risk profile reports are considered by the BARC and the Board quarterly.

The Agency management has adopted a risk management system that is a risk-focused culture on identifying and treating risks to attain maximum sustainable value to all the organisation's activities. The risk management culture marshals the understanding of the potential upside and downside of all those factors affecting the Agency. The aim is to increase the likelihood of success and reduce the probability of uncertainty of achieving the Agency's objectives and ultimately failed service delivery to the Agency's beneficiaries.

In identifying strategic risks and opportunities, the Agency considers both internal and external sources of risks. Internal sources include both bottom-p, which are risks that are identified at every level of the Agency, and those operational risks which may have an impact-wide effect. An assessment was conducted on the Agency's strategic, operational (including fraud risk) and project risk assessments for the year under review. Under the strategic risk assessment, care is given to two categories: business and longevity risks. Business risks are those risks that affect or are created by an organisation's business strategy and strategic objectives or outcomes or outputs. Business longevity risks are those risks that affect the CORE purpose of the organisation. This includes risks that threaten the organisation's long-term survival; the critical consideration is sustainably value creation.

Operational objectives underpin operational risk assessment, and project risks are assessed concerning the uncertainties that could affect project objectives. It is noteworthy that all risks should be taken within risk appetite. The Agency recognises the importance of risk-based decision-making. Hence, there exists within the organisation a process of communicating upwards about risks inherent in all decisions so that managers, decision-makers, and the Board have the risk information they need at their level based on what risks exist and are being managed within the Agency.

The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risks and opportunities across the Agency; a risk profile report is compiled every quarter and presented to the Audit and Risk Committee, which is inclusive of quarterly reviews of risks and opportunities, emerging risks as well as strategic risks and progress made concerning the implementation of the strategic risk treatment plans that strategic objective and target are achieved. A combined assurance map is embedded into the risk profile reporting, highlighting assurance from the different assurance providers in line with the King IV Report on corporate governance. The aim is to ensure optimal assurance coverage.

The Board Audit and Risk Committee provides ongoing oversight to ensure that it supports the Agency in setting and achieving its strategic, operational and project objectives. The Board Audit and Risk Committee sets the direction for the Agency's approach and address risks. It reviews the quarterly risk profile reports covering strategic, operational, fraud, project, dependency, compliance, and emerging risks and provides advice to ensure effective and efficient risk management.

For risk management to work appropriately within the Agency, these elements must be in place: clearly defined objectives and an organisational structure aligned to those objectives, clear boundaries between hierarchical levels, and a risk-aware culture at all levels within the Agency.

5. Internal Audit Unit

5.1 Key Activities and Objectives of Internal Audit

The Internal Audit Activity's mandate stems from Section 51 (1) (a) (ii) of the PFMA, which states that an Accounting Authority for a public entity must ensure that the public entity has and maintains a system of Internal Audit Activity under the control of the Board Audit and Risk Committee, complying with and operating according to regulations and instructions prescribed in terms of Sections 76 and 77 of the Act.

Sections 27.2.6 and 27.2.27 of the Treasury Regulations state that Internal Audit must be conducted according to the standards set by the Institute of Internal Auditors. Furthermore, Internal Audit must prepare, in consultation with and for approval by the Board Audit and Risk Committee, a rolling three-year strategic internal audit plan based on the risk assessment of critical risks inherent to the institution, having regard for its current operations, those proposed in its Strategic Plan, and its risk management strategy.

The primary objective of the Internal Audit Activity is to provide a comprehensive service to ensure that adequate measures and procedures are in place for sound economic, effective, and efficient management, as required by the PFMA and the King IV Code. Internal Audit Activity will conduct audits to assist management in assuring the effectiveness of the Agency's internal controls and performance system.

The Internal Audit Activities emanated from the Risk Assessment, which directs Internal Audit's efforts. This Risk Assessment included evaluating whether:

- Risks relating to achieving USAASA's strategic objectives are appropriately identified and managed.
- The actions of the entity's officers, directors, employees, and contractors are compliant with relevant policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programmes are consistent with established goals and objectives.
- Operations or programmes are being carried out effectively and efficiently.
- Established processes and systems are enabling compliance with the policies, procedures, laws, and regulations that could significantly impact USAASA.
- Information and the means used to identify, measure, analyse, classify, and report such information is reliable and has integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

Internal Audit reports administratively to the Chief Executive Officer and functionally to the Board Audit and Risk Committee. The functional reporting to the Board Audit and Risk Committee includes:

- The Board Audit and Risk Committee approved the Internal Audit Charter, the Internal Audit Activity's rolling plan audit function's rolling three-year strategic and annual operational plans.
- Any amendments to the Annual Internal Audit Plan are approved by the Board Audit and Risk Committee and noted by the Chief Executive Office.
- All ad hoc requests outside the approved Annual Internal Audit Plan are approved by the Board Audit and Risk Committee.
- The Board Audit and Risk Committee approves the structure of Internal Audit Activity.
- The Board Audit and Risk Committee conducts and approves the performance agreement and performance assessment of the Chief Audit Executive.
- Any other matter relating to the Internal Audit Activity's approved Annual Internal Audit Plan is the responsibility of the Board Audit and Risk Committee.

Administrative reporting to the Chief Executive Officer involves:

- Provision of budget for the Internal Audit Activity.
- Administrative roles relating to all HR matters staff, such as staff discipline and approval of leave and travel.
- Facilitating cooperation from management with Internal Audit Activity in carrying out its functional responsibilities.
- Consideration of any Internal Audit Activity reports for the Board's attention.

The periodic reporting by the Chief Audit Executive to senior management and the Board and Audit Risk Committee includes:

- Internal Audit Activity's purpose, authority, and responsibility.
- Internal Audit Activity's plan and performance relative to its plan.
- Internal Audit Activity's conformance with the IIA's Code of Ethics and Standards and action plans addressing significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board and Audit Risk Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to USAASA as a public entity.

5.2 Combined Assurance

King IV requires the Board Audit and Risk Committee to apply a Combined Assurance Model to provide a coordinated approach to all assurance activities. This repositioned risk-based approach to assurance provision addresses strategic, operational, financial and sustainability issues in the quest to deliver value to the Agency. The Combined Assurance Model is currently in place and is monitored bi-annually by the Board Audit and Risk Committee. The entity has adopted a three-part combined integrated assurance model. This model defines the roles as follows:

- First line of defence – Management
- Second line of defence – Risk Management and Performance Management
- Third line of defence – Assurance providers – Internal Audit, External Audit, Department, Parliament etc .

The scope, roles and authority of Internal Audit Activity, as stipulated in the Internal Audit Charter, approved by the Board Audit and Risk Committee, require that Internal Audit:

- Should have unlimited access to the Agency's information, records, property and personnel.
- Should have full and unrestricted access to the Board Audit and Risk Committee and the Chairperson of the Board.
- The cooperation of personnel from all divisions of the Agency should be obtained.
- Should undertake objective examinations of evidence to provide independent assessments to the Board and Board Audit and Risk Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for USAASA.

6. Internal Audit and Audit Committees

Internal auditing is an independent and objective assurance and consulting activity guided by a value-adding policy to improve the entity's operations. The role of Internal Audit Activity is to determine whether the Agency's risks management, control and governance processes are adequate and function effectively and efficiently. Internal Audit Activity, in its endeavour to assist management in achieving its objectives, has conducted quarterly audit reviews on the entity's Performance Information and Interim Financial Statements, which are mandatory audit reviews.

In addition to these reviews, other audit reviews that were conducted are SCM below and above threshold, Financial Management, Human Resource reviews, Investigations into Irregular expenditures, and fruitless and wasteful expenditures, among others.

The unit is also responsible for coordinating internal and external audits, coordinating responses to audit findings, and consolidating audit action plans designed to address internal control weaknesses identified by the AGSA. The implementation of the Action plans for the AGSA audit outcomes were submitted to National Treasury.

The Internal Audit Activity continuously strives to improve the financial controls and processes to achieve more effective ways to streamline the operations through its contributions in policy reviews, internal control reports on non-compliance and recommendations.

6.1 Board Audit and Risk Committee

The Board Audit and Risk Committee is established as a statutory committee under Section 51(1)(a)(ii) and Section 77 of the PFMA and Treasury Regulations. Operating with oversight and advisory functions to the Risk Management and Internal Audit units. It is answerable to the Accounting Authority, Executive Authority, and the public in ensuring thorough consideration and evaluation of all matters within its terms of reference.

Its primary objective is to aid the Accounting Authority in fulfilling its oversight obligations and assist the Chief Executive Officer in executing executive duties related to financial reporting, risk management, internal control systems, audit processes, and USAASA's compliance monitoring procedures. Additionally, the Committee bears a responsibility to the public to assess the effectiveness of these areas and convey its findings in the Annual Report as per Treasury Regulations.

The Board Audit and Risk Management Committee members were reappointed on February 22, 2023, following the conclusion of one year in office, contingent upon reappointment by the Shareholder at the Annual General Meeting. Comprising four non-executive Board members and a representative from the AGSA as a standing invitee, the Committee also includes permanent invitees such as the Acting Chief Executive Officer, Acting Chief Financial Officer, Chief Audit Executive. The names, qualifications and attendance records of the members are as follows:

Board Audit and Risk Committee members

Mr Simphiwe Thobela
Chairperson
(Until 8 August 2024)

Ms Boitumelo Mabusela
Member BARC (Chairperson from 08 August 2024)

Ms Buhle Tonise
Member

Ms Mapuleng Moropa
Member

Name	Mr Simphiwe Thobela
Designation	Chairperson of the BARC (Until 08 August 2024)
Date appointed	22 February 2021
Date resigned/Termination	N/A
Qualifications	BCom Logistics Master in Town and Regional Planning Certificate in Strategic Planning and Change Management Certificate in Local Economic Development Certificate in Municipal Supply Chain Management Post Graduate Diploma in Public Management Snr Manager Programme (NQ7) Advance Risk Management
Areas of expertise	Governance Strategic Planning
Board directorships	NED MICT- SETA (Chair) NED – Magwa Tea Estate NED- KZNGFT
Other committees	• HR & Remuneration Committee • Operations Committee • Social and Ethics Committee
No. of meetings attended	12 out of 12

Name	Ms Buhle Tonise
Designation	Member of the BARC
Date appointed	22 February 2021
Date resigned/Termination	N/A
Qualifications	Matric LLB Practical Legal Training (Commercial Law)
Areas of expertise	Contract Management and Commercial Law Corporate Law Governance
Board directorship	Deputy Chairperson of the Eastern Cape Arts and Culture Council.
Other committees	• Board Audit and Risk Committee • Operations Committee • Social and Ethics Committee
No. of meetings attended	12 out of 12

REMCO Committee members

Ms Buhle Tonise
Member
Chairperson

Ms Boitumelo Mabusela
Member

Mr Simphiwe Thobela
Member

Ms Mapuleng Moropa
Member

Mr Taleni Ramaru (Late)
Member

Name	Ms Mapuleng Moropa
Designation	Member of the BARC
Date appointed	22 February 2021
Date resigned/Termination	N/A
Qualification	Masters in Business Administration (MBA) Programme in Management Development (PMD) BSc Information Technology
Areas of expertise	Strategy Design and Implementation Business Process Design and Re-Engineering Retail and Commercial Banking Operations Management Project Management Sales Management Risk Management and Compliance Business Performance Improvement Entrepreneurship and Business Management Relationship Management Stakeholder Engagement Broadband Infrastructure/ Network Implementation and Maintenance Surveillance and Access Control Technology Installation and Maintenance Data and Ai Services Application Services Infrastructure Services
Board directorships	NED - SENTECH (Dec 21 to date)
Other committees	• HR & Remuneration Committee • Operations Committee • Social and Ethics Committee
No. of meetings attended	11 out of 12

Name	Ms Boitumelo Mabusela
Designation	Chairperson of the BARC (From 08 August 2024)
Date appointed	12 June 2023
Date resigned/Termination	N/A
Qualifications	Chartered Accountant (South Africa) BCOM Accounting BCOM (Honours) Managerial Accounting and Finance BCOM (Honours) Financial Accounting CTA
Areas of expertise	• Financial Planning, Budget, Actuarial & Treasury, Financial Accounting and Reporting. • Supply Chain Management & Procurement. • Strategic Management • Risk Management, Internal Audit, Governance and Compliance. • Stakeholder Management
Board directorships	N/A
Other committees	• HR & Remuneration Committee • Operations Committee • Social and Ethics Committee
No. of meetings attended	6 out of 12

7. Compliance with Laws, Rules, Codes and Standards

The Board Audit and Risk Committee proactively ensured that USAASA's management instituted proper checks and balances to comply with relevant laws and regulations, conduct operations ethically, and establish robust controls to prevent conflicts of interest and fraud.

The specific steps involved in carrying out this responsibility include:

- Reviewing policy documents incorporating:
  - Compliance with laws, regulations and ethics
  - Policies and rules regarding conflicts of interest.
- Monitoring compliance with laws, regulations and policies.
- Reviewing Internal Audit's written reports regarding the scope of compliance reviews, any significant findings and the resolution thereof, and the follow-up on findings and recommendations.
- Monitoring developments and changes in the law relating to management's responsibilities and liabilities and monitoring and reviewing the extent to which management is meeting its obligations.
- Monitoring developments and changes in the various rules, regulations, and laws generally related to the Agency's operations and monitoring and reviewing the extent to which the organisation is complying with such rules, regulations, and laws.
- Reviewing USAASA's arrangements for its employees to raise confidence concerns about possible wrong-doing in financial reporting or other matters, and ensuring that these arrangements allow a proportionate and independent investigation of such matters and appropriate follow-up action.

8. Fraud and Corruption

USAASA, has established a comprehensive plan to avoid fraud. Significant strides have been achieved in implementing the Code of Conduct, providing training and raising awareness about the Whistleblowing and Fraud Prevention Policy, as well as enhancing information security measures. Furthermore, it has carried out the evaluation of corruption risks. The Agency has implemented procedures for reporting instances of fraud and corruption, as detailed in the Whistleblowing and Fraud Prevention Policy.

Furthermore, USAASA subscribes to the National Anti-Corruption Hotline, administered by the Office of Public Service Commission, to encourage officials to make confidential disclosures through the hotline. No cases have been reported on the Agency's hotline

9. Minimising Conflict of Interest

The Office of the Company Secretary is responsible for ensuring that all staff, meeting invitees, and Board members disclose their financial interests in order to cultivate a work environment that is stakeholder-focused, competitive, ethical, and dynamic.

To further cultivate the Agency's ethical culture, all employees are required to obtain approval to engage in any remunerative work outside of USAASA, and to disclose all business interests. The Company Secretary provides management and personnel with pertinent advice regarding potential conflicts of interest.

Participants are required to disclose any conflicts of interest related to agenda items in the Agency's Committee and Board meetings, as is customary. These declarations are subsequently documented.

The Board Audit and Risk Committee guaranteed that management implemented the requisite checks and balances to comply with pertinent laws and regulations, conduct operations ethically, and maintain sufficient controls to prevent fraud and conflicts of interest.

10. Code of Conduct

The Code of Conduct is still a work-in-progress and will be finalised in quarter 2 of the 2024/25 financial year.

11. Health, Safety and Environmental Issues

USAASA prioritises occupational health and safety as a crucial concern, both as an employer and a public entity. The Agency has created a comprehensive program to promote health and safety. This programme ensures compliance with the Occupational Health and Safety Act 85 of 1993 and other relevant health and safety requirements that apply to all workers, contractors, and visitors.

12. Social Responsibility

The Agency does not have a dedicated social responsibility programme as its programme is intended for the public good, and it has an obligation to act for the benefit of society at large.

13. Board Audit and Risk Committee Report

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

13.1 Legislative Requirements

The Board Audit and Risk Committee herewith presents its report for the financial year ended 31 March 2024, as required by Treasury Regulation 3.1.13 read with Section 77 of the PFMA, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

13.2 The Board Audit and Risk Committee's Compliance

The Board Audit and Risk Committee has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the PFMA and Treasury Regulation 27.1 and has adopted appropriate formal Terms of Reference as its Board Audit and Risk Committee Charter. All the Committee's affairs during the financial year under review were regulated in compliance with this Charter, and the Board Audit and Risk Committee discharged all the responsibilities contained therein.

The Committee monitored the integrity of USAASA's Annual Financial Statements and Performance Information included in this Annual Report, reviewing significant financial and non-financial reporting issues.

13.3 Risk Management

Risk exists at various levels within an organisation. Key among risk management objectives is to ensure that USAASA as a public entity does not suffer the effects of unmanaged uncertainty, reacting to surprises rather than responding proactively to them. It is also at the core of risk management to ensure that hidden risks at all organisational levels are managed appropriately and effectively. In light of this and many other cases that can be made for risk management, the Board has adopted a risk management process aligned with the Public Sector Risk Management Framework, SANS 31000:2009 and the King IV Report on Corporate Governance. Oversight for risk management adequacy and effectiveness is assigned to the Board Audit and Risk Committee.

USAASA has adopted a risk management system that is a risk-focused culture for identifying and treating risks to attain maximum sustainable value in all the Agency's activities. The risk management culture marshals an understanding of the potential upside and downside of all those factors that can affect the Agency. The aim is to increase the likelihood of success and reduce the probability of uncertainty in achieving the Agency's objectives and ultimately failed service delivery to the Agency's beneficiaries.

In identifying strategic risks and opportunities, USAASA considers both internal and external sources of risks. Internal sources include bottom-up risks, which are identified at every level of USAASA, and operational risks that may have an impact-wide effect. USAASA conducted strategic, operational (including fraud risk), and project risk assessments for the year under review.

Under the strategic risk assessment, attention is given to two categories: business longevity risks. Business risks are those that affect or are created by an organisation's business strategy and strategic objectives, outcomes, or outputs. Business longevity risks are those that affect the organisation's CORE purpose. This includes risks that threaten the organisation's survival in the long term; the critical consideration is sustainable value creation.

Operational objectives underpin operational risk assessment, and so project risks are assessed concerning uncertainties that could affect project objectives. Notably, all risks need to be taken within risk appetite. The Agency recognises the importance of risk-based decision-making. Hence, the Agency has implemented a process of communicating upwards about risks inherent in all decisions so that managers, decision-makers, and the Board have the risk information they need at their level based on the risks that exist and are being managed within the Agency.

The focus of risk management in USAASA is identifying, assessing, managing and monitoring all known forms of risks and opportunities across USAASA. A risk profile report is compiled every quarter and presented to the Board Audit and Risk Committee. The report includes quarterly reviews of risks and opportunities, emerging risks, and strategic risks and progress made concerning the implementation of strategic risk treatment plans to ensure that strategic objectives and targets are achieved. A combined assurance map is embedded in the risk profile reporting that highlights assurance from the different assurance providers in line with the King IV Report. The aim is to ensure optimal assurance coverage.

The Board Audit and Risk Committee provides ongoing oversight to ensure that it supports the Agency in setting and achieving its strategic, operational and project objectives. The Board Audit and Risk Committee sets the direction for the Agency's approach and address risks. It reviews the quarterly risk profile reports covering strategic, operational, fraud, project, dependency, compliance, and emerging risks and provides advice to ensure effective and efficient risk management.

For risk management to work appropriately within the Agency, these elements must be in place: clearly defined objectives and an organisational structure aligned to those objectives, clear boundaries between hierarchical levels, and a risk-aware culture at all levels within the Agency.

13.4 Internal Audit

In terms of the PFMA, 1999, the Accounting Authority is obliged to ensure that the entity has an internal audit system under the control and direction of the Board Audit and Risk Committee. The Committee is satisfied that the Internal Audit activity properly discharged its functions and responsibilities during the year under review.

The Board Audit and Risk Committee is satisfied that the Internal Audit Activity maintains an effective internal quality assurance programme that covers all aspects of the Internal Audit Activity and that, as determined in the external quality assessment review, a general conformance rating can be applied to the internal audit work and that the term "Conforms with the International Standards for the Professional Practice of Internal Auditing" may be used by the function. The Committee approved a risk-based, Three-Year Rolling Strategic Internal Audit Plan and an annual audit coverage plan from 01 April 2023 to 31 March 2024.

The following Internal Audit work was completed during the year under review:

Type of audit	Number	Frequency
Performance Information	Five audits (Q4 – 2022/2023Q1, Q2 and Q3 – 2023/2024), including the Annual Performance Information for 2023/2024.	Quarterly
Interim Financial Statements	Five audits (Q4 – 2022/2023, Q1, Q2 and Q3 – 2023/2024), including the Annual Financial Statements for 2023/2024.	Quarterly
Financial Management	Two audits (Q4 – 2022/2023, Q1 and Q2 – 2023/2024)	Quarterly
SCM Below and Above Threshold	Two audits (Q4 – 2022/2023, Q1, and Q2 – 2023/2024)	Quarterly
Human Resources	Two audits (Q4 – 2022/2023, Q1 and Q2 – 2023/2024)	Quarterly
Administration	Two follow up audits (Q4 – 2022/2023, Q2 and	Quarterly
Legal Fees	One audit (Q1 – 2023/2024)	Once-off review
ICT	One audit (Q3 – 2023/2024)	Quarterly
AGSA Implementation Plan	Four audits (Q4 – 2022/2023), Q1, Q2 and Q3 – 2023/2024)	Quarterly
Total	**24**	

13.5 The Effectiveness of Internal Controls

In line with the PFMA and the King IV Internal Audit provides the Board Audit and Risk Committee and management with assurance that the internal controls are effective, efficient and transparent during the financial year. This is achieved by a risk management process and the identification of risk treatment plans and corrective actions and recommend enhancement to the controls and internal processes.

The reports of Internal Audit and AGSA indicated the need to improve the system of internal control in the area of compliance with laws and regulations especially with regards to consequences management. The Board Audit and Risk Committee is satisfied with the content and quality of quarterly reports that were presented to the Board financial year under review.

13.6 In-Management and Monthly/Quarterly Reports

The Board Audit and Risk Committee has consistently reviewed the Agency's financial and non-financial management and reporting in the financial year under review ensuring that quarterly reporting has been done in accordance with requirements of the PFMA. The Agency has submitted the quarterly reports to the Executive Authority.

13.7 Evaluation of Annual Financial Statements and the Annual Performance Information

The Board Audit and Risk Committee has evaluated the Annual Financial Statements and the Annual Performance Information for the year ended 31 March 2024 and recommended them to the Accounting Authority for approval prior to being submitted to the AGSA for audit. Subsequently the misstatements identified by the AGSA team has been corrected for both the Annual Financial Statements and the Annual Performance Information were reviewed when the management report of the AGSA was discussed with the Board Audit and Risk Committee. The Committee has discussed the external audit outcomes in the reporting on predetermined objectives to be included in the Annual Report with the AGSA and the Accounting Authority.

13.8 Auditor's Report

We have monitored the implementation of the Agency's audit action plan for audit findings raised in the prior year and are satisfied that the findings have been adequately resolved except for the action plans relating to matters raised in the current year's audit by the AGSA, such as lack of implementation of consequences management in the current financial year. Although substantial work has been done with regard to investigating irregular, fruitless and wasteful expenditure, by 31 March 2024, the report was in the process of being presented to the relevant structures for taking the appropriate consequence management steps.

The Board Audit and Risk Committee accepts the report of the Auditor-General South Africa with its opinion on the audited annual financial statements and its conclusion on the audited annual performance information which can be read in the report of the Auditor-General South Africa. Subsequent to the financial year end, the chairmanship of BARC has been assumed by Ms Boitumelo Mabusela with effect from the 8th of August 2024.

Mr Simphiwe Thobela
Chairperson of the Board Audit and Risk Committee

14. Social & Ethics Committee Report

The Social and Ethics Committee is constituted as a committee of the Board of USAASA. It operates under the ECA Act 36 of 2005, PFMA 1 of 1999 (as amended), and any other applicable legislation, including King IV.

The committee is constituted as a statutory committee of the Agency in respect of those statutory duties assigned to it in terms of section 72(4) of the Companies Act of 2008(as amended), in accordance with Regulation 43 of the Companies Regulations, 2011 and Part 5.3, Principle 8 paragraphs 68, 69 and 70 of King IV.

The Board resolved to re-establish the Social and Ethics Committee during the latter part of the 2023/24 financial year. As part of the process, the board also approved its Terms of Reference. The Committee also approved its Annual Work Plan in alignment with its approved Terms of Reference. The Social and Ethics Committee had its first meeting in Q4 of the 2023/24 financial year.

In the 2024/25 financial year, the Social and Ethics Committee has undertaken to strengthen its effectiveness by ensuring that its members will attend a refresher course on the duties and responsibilities of the Social and Ethics Committee. Further the Committee will ensure that its annual Work Plan is implemented and this includes ensuring that the performance of the Committee is evaluated with any gaps identified implemented.

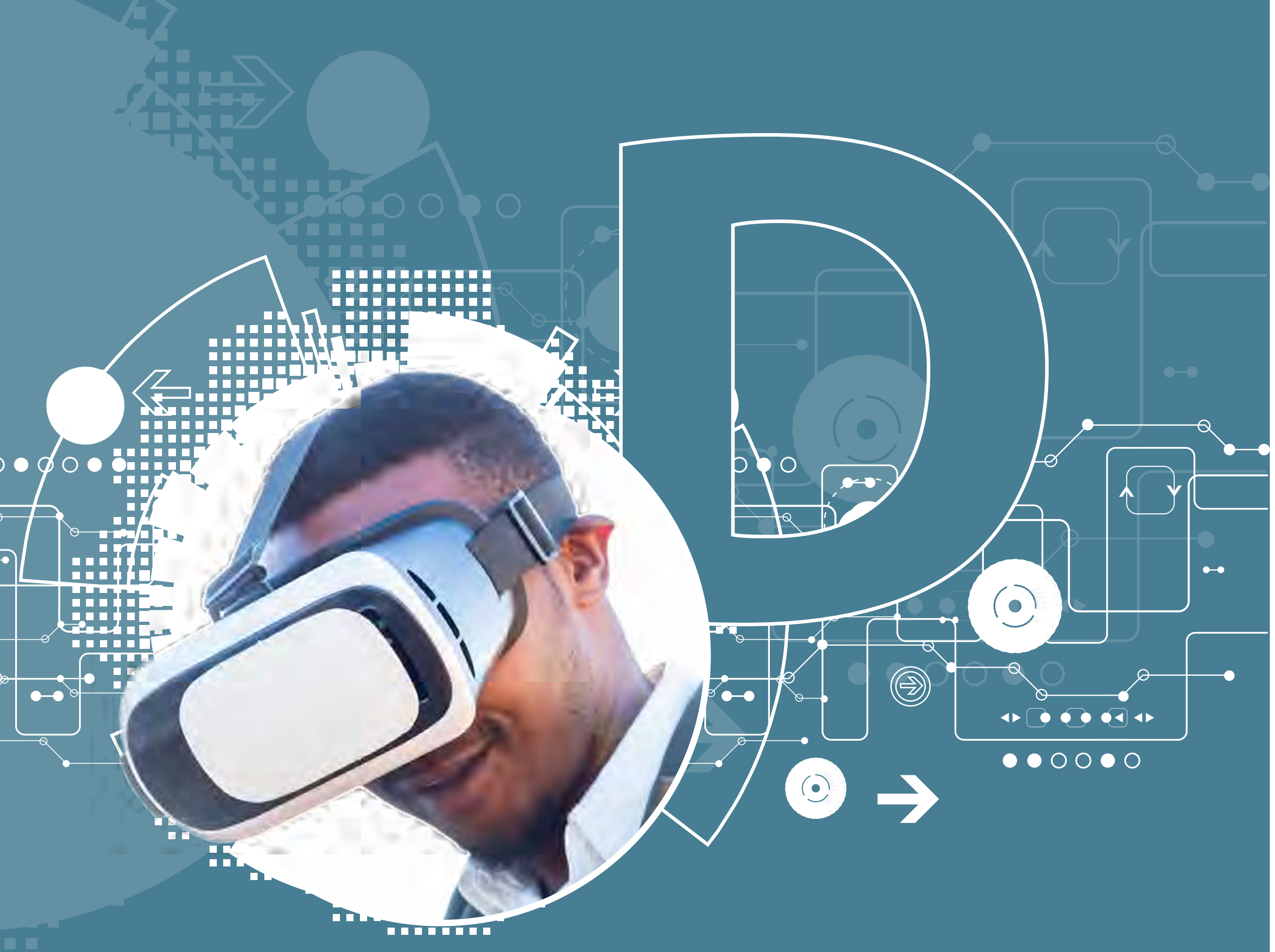
PP

Ms Boitumelo Mabusela
Chairperson of the Social and Ethics Committee

15. B-BBEE Compliance Performance Information

The following table has been completed in compliance with the requirements of the B-BBEE Act 53 of 2003, and as determined by the Department of Trade, Industry and Competition.

USAASA has applied relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) as follows:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	Not Applicable
Developing and implementing a preferential procurement policy?	No	Included in the new SCM Policy.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not Applicable
Developing criteria for entering into partnerships with the private sector?	No	Not Applicable
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	No	Not Applicable



HUMAN RESOURCE MANAGEMENT

1. Overview of Human Resources

The Corporate Services division, which includes Human Resources (HR) Management, is a strategic partner and plays a vital role in achieving the Agency's strategic outcomes. HR is an essential service that plays a pivotal role by ensuring a safe working environment and adherence to all government regulations without compromising the Agency's performance and service delivery. Furthermore, organisational support was provided through secondment of executives, acting appointments' and capacity-building initiatives.

The Agency's current organisational structure has 102 approved positions, 66 of which are filled and 36 of which were vacant as at 31 March 2024. During the 2023/24 financial year, the number of employees decreased from 88 to 66 due to natural attrition.

The employee attrition rate for the reporting period was 21.5%, and the vacancy rate was 35% for the same period ending 31 March 2024. The number of people living with disabilities for the period under review was 0%, and women at senior management was 22%, which is below the targeted rate of 50% as per the requirements of the Employment Equity Act.

The implementation of the Workplace Skills Plan (WSP) for 2023/24 was completed.

In the 2022/23 financial year, the Agency achieved 62.5% of its planned targets, as a result, there were no performance bonuses paid to employees as the threshold of 70% was not met.

In June 2023, the Board of Directors considered and approved a one-year plan focusing on the detailed implementation of Pillars 4 and 5 of the NSP. The GBV&F consists of 11 activities, 10 of which were achieved, and 1 was not achieved.

1.1 Human Resource Oversight Statistics

The key information on the human resources component within the entity's employment environment is provided by the entity as follows:

1.1.1 Personnel-related expenditure

The following tables summarise the audited personnel-related expenditure by programme and salary bands. In particular, it indicates:

- Amount spent on personnel.
- Amount spent on salaries, homeowner allowances, medical aid, and provident fund.

1.2.1 Personnel cost by programme

Programme/activity objective	Total Expenditure for the unit (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	No. of employees	Average personnel cost per employee (R'000)
Office of the CEO	14,010	9,723	69%	10	972
Office of the CFO	13,109	9,655	74%	12	805
Operations	27,461	26,049	95%	50	521
Corporate Services	32,532	1,981	37%	16	749
Total	**87,112**	**57,409**	**66%**	**88**	**652**

* These numbers include employees in the fixed establishment, as well as five employees, appointed additionally to the establishment. The 88 employees include the 22 employees who left during the financial year.

1.2.2 Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	2,674	5%	3	891
Senior management	15,223	27%	12	1,269
Professional qualified	11,711	20%	11	1,065
Skilled	19,349	34%	29	667
Unskilled	417	1%	2	208
Semi-skilled	8,034	14%	31	259
Total	**57,409**	**100%**	**88**	**652**

The following items are reported as part of employee-related costs; however, due to their nature, they are recorded outside of the payroll and form part of reconciling items:

Description	Amount R'000
Personnel costs	57,409
Casual labour	116
Workmen's compensation	62
Movement in accrued leave	(440)
Total Personnel Cost	**57,147**

1.2.3 Performance rewards

Level	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	0	0	0%
Senior management	0	0	0%
Professional qualified	0	0	0%
Skilled	0	0	0%
Semi-skilled	0	0	0%
Unskilled	0	0	0%
TOTAL	**0**	**0**	**0%**

In line with USAASA's policy, no performance bonuses were paid in the year as the entity did not achieve the required performance thresholds in the 2022/23 financial year.

1.2.4 Training costs

Programme/activity/ objective	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)
Office of the CEO	9,723	134	1.37%	10	13
Office of the CFO	9,655	44	0.45%	12	4
Corporate Services	11,981	202	1.69%	16	13
Operations	26,049	340	0.15%	50	1
TOTAL	**57,408**	**419**	**0.73%**	**88**	**5**

1.2.5 Employment and vacancies

Programme/activity / objective	2022/23 No of employees	2022/23 Approved posts	2023/24 No. of employees	2023/24 Vacancies	% of vacancies
Office of the CEO	8	13	9	4	31%
Office of the CFO	10	11	11	0	0%
Corporate Services	15	17	17	0	0%
Operations	55	61	29	32	52%
TOTAL	**88**	**102**	**66**	**36**	**35%**

** The 66 employees include additional appointments as well as secondments. The opening balance was 88 but due to natural attrition the total of employees at 31 March 2024 is 66.*

Programme	No. of employees	Approved/ Funded Posts	Annual No. of Vacancies	% of Vacancies
Top management (14-16)	3	5	2	.4%
Senior management (13)	11	13	2	.15%
Professional qualified (11-12)	11	14	3	.21%
Skilled (5-10)	28	28	0	0
Semi-skilled (2)	11	40	29	.73%
Unskilled	2	2	0	0
TOTAL	**66**	**102**	**36**	**35**

**BDM was completed in Four provinces that resulted in reduced need of manpower*

1.2.6 Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top management	3	1	1	3
Senior management	12	0	1	11
Professional qualified	11	0	0	11
Skilled	26	0	0	28
Semi-skilled	34	0	23	11
Unskilled	2	0	0	2
Total	**88**	**1**	**25**	**66**

* Under skilled category there are 2 additional employees

1.2.7 Reasons for staff leaving

Reason	Number	% of total no. of staff leaving	Attempts made to replace staff
Death	0	0	N/A
Resignations	0	0	N/A
Dismissal	0	0	N/A
Retirement	1	4%	N/A
Ill health	0	0	N/A
Expiry of contract	22	96%	N/A
Other	0	0	N/A
Total	**23**	**100%**	**N/A**

** The Agency made use of acting appointments and secondments to capacitate and fill the vacancies in the organisation because of the moratorium and disestablishment.*

1.2.8 Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
Suspensions	6
Total	**6**

These disciplinary cases are finished and the rulings are outstanding.

1.2.9 Equity target and employment equity (male)

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	1	0	1	0	0	0	0
Senior management	7	6	0	1	0	1	1	1
Professional qualified	7	8	0	1	0	1	0	1
Skilled	7	7	0	1	0	1	0	1
Semi-skilled	6	21	1	1	0	1	0	1
Unskilled	0	1	0	0	0	0	0	0
TOTAL	**29**	**44**	**1**	**5**	**0**	**4**	**1**	**4**

1.2.9 Equity target and employment equity (female)

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	2	0	1	0	0	0	0
Senior management	2	3	1	1	0	1	0	1
Professional qualified	4	4	0	1	0	1	0	1
Skilled	21	19	0	1	0	1	0	1
District coordinators	4	15	0	0	0	1	0	1
Unskilled	2	2	0	0	0	0	0	0
TOTAL	**34**	**45**	**1**	**4**	**0**	**4**	**0**	**4**

**The Employment Equity Plan was submitted at Department of Employment and Labour in January 2024*

1.2.10 Equity target and employment equity (people living with disabilities)

Levels	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	1	0	1
Professional qualified	0	4	0	4
Skilled	0	4	0	4
Semi-skilled	0	4	0	4
Unskilled	0	0	0	0
TOTAL	**0**	**13**	**0**	**13**

** No progress was made due to the moratorium on the filling of posts, and the disestablishment.*

1.2.11 Contracts per division

Division	Male	Female	Total
Office of the CEO	0	3	3
Office of the CFO	0	2	2
Corporate Services	7	5	12
Operations	3	1	4
TOTAL	**10**	**11**	**21**

These contractors include people in the fixed establishment as well as additional appointments.

PFMA COMPLIANCE REPORT

Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023/24 R'000	2023/23 R'000
Opening balance	86,563	99,608
Prior Period Errors	-	-
As Restated	86,563	99,608
Add: Irregular expenditure confirmed	7,379	7,361
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(6,502)	(20,406)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off		
Closing balance	**87,440**	**86,563**

Included in the current year irregular expenditure is rental paid for Head Office after the contract had lapsed and was not extended because of uncertainties around the disestablishment of the Agency as well as the moratorium that was placed on long-term contractual commitments by the Department. Due to the moratorium, the Agency was not able to commit to medium- to long-term contract while the landlord was also not accepting short-term or month-to-month formal contracts.

The other irregular expenditure relates to costs incurred and payments made for mobile voice and data services after the lapse of the relevant contract. The service provider does not have short-term contracts options, hence USAASA was unable to commit to a 24 month contract. USAASA was not able to commit to medium-term (24 months) contract because of the uncertainties around the disestablishment of the Agency as well as the moratorium that was placed by the Department.

Reconciling notes

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	7,379	7,361
Total	**7,379**	**7,361**

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	4,449	4,449
Total	**4,449**	**4,449**

All matters making up the total disclosed in the table above relate to irregular expenditure incurred in the previous financial years from 2016/17 to 2020/21.

c) Details of current and previous year irregular expenditure condoned

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure condoned	-	-
Total	**-**	**-**

No irregular expenditure was condoned during the current or previous financial year

d) Details of current and previous year irregular expenditure removed (not condoned)

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure not condoned and removed	(6,502)	(20,406)
Total	**(6,502)**	**(20,406)**

After careful consideration and analysis of relevant data and documents, the Accounting Authority approved the request for the removal of the irregular expenditure as indicated in the above table. The above irregular expenditure relates to payments made after the relevant contract period has lapsed and a moratorium was placed on long-term contractual commitments by the Department. No losses were suffered as payments were made for services that were delivered in accordance with terms and conditions that would ordinarily apply for similar services under an arm's length contractual obligation, and after proper verification of portfolio of evidence and validation of invoices.

No disciplinary actions were recommended or taken on the removed irregular expenditure as no one is found to have acted unethical.

e) Details of current and previous year irregular expenditure recovered

No irregular expenditure was recovered during the current or previous financial year.

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure recoverable	-	-
Total	**-**	**-**

f) Details of current and previous year irregular expenditure written off (irrecoverable)

No irrecoverable irregular expenditure was written off during the current or previous financial year.

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

g) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Current irregular expenditures resulted from payments that are necessary and made for operational purposes and to ensure continuous service delivery. As such no employees or other individuals were found guilty of any wrong doing or of having committed any criminal offence for the irregular expenditure incurred. As such there are no disciplinary actions that will be taken. However, as investigations are underway for the balance of the irregular expenditure incurred in the previous financial years, necessary disciplinary steps will be taken when these investigations are finalised, and recommendation made for actions to be taken.

Fruitless and wasteful expenditure

a) Reconciliation of irregular expenditure

Description	2023/24 R'000	2022/23 R'000
Opening balance	3,693	3,579
Adjustment to opening balance	-	-
Opening balance as restated	3,693	3,579
Add: Fruitless and wasteful expenditure confirmed	110	114
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**3,803**	**3,693**

Reconciling notes

Description	2023/24 R'000	2022/23 R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	110	114
Total	**110**	**114**

b) Details of current and previous year 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	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	**-**	**-**

Nothing is currently under assessment, determination or investigation. All items disclosed above have already been confirmed as fruitless and wasteful expenditure.

c) Details of current and previous year fruitless and wasteful expenditure recovered

Description	2023/24 R'000	2022/23 R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	**-**	**-**

No fruitless and wasteful expenditure was recovered in the current or previous financial year.

d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2023/24 R'000	2022/23 R'000
Fruitless and wasteful expenditure written off	-	-
Total	**-**	**-**

No fruitless and wasteful expenditure was written off in the current or previous financial year.

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

No disciplinary actions were taken in the current or previous financial year.

1.2 Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii))

a) Details of current and previous year material losses through criminal conduct

No material losses through criminal conduct were identified in the current or previous financial year.

b) Details of other material losses

No other material losses were identified in the current or previous financial year.

Late and Non-Payment of Suppliers

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	289	34,618
Invoices paid within 30 days or agreed period	285	34,493
Invoices paid after 30 days or agreed period	04	125
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

**This numbers will vary from what was reported for the financial year as the planned target was non-cumulative and must only consider Q4 outcomes*

The invoices were unintentionally omitted during the processing of December 2023 invoices before the closing of offices and January 2024 before returning to work.

Supply Chain Management

1.3 19.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
N/A	N/A	N/A	N/A	N/A

1.4 Contract variations and expansions

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
Polokwane Office Accommodation	Uhuru Lifestyle Emporium	Expansion	USAASA-OFSP/03/2018	2,642	-	521
Total				**2,642**	**-**	**521**

FINANCIAL INFORMATION

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the audited annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and was given unrestricted access to all financial records and related data.
The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of errors or misstatements in a cost effective manner. The standards include the approved Delegation of Authority (DoA) within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material errors or misstatement.

The members have reviewed the entity's cash flow forecast for the MTEF period and, in the light of this review and the current financial position, they are satisfied that the entity has adequate financial resources to continue operating for the foreseeable future.

The entity is wholly dependent on transfers emanating from contributions made by the industry for the continued funding of its operations. The audited annual financial statements are prepared on the basis that the entity is a going concern with an approved MTEF budget and an Annual Performance Plan for the foreseeable future. It should be noted that the Department is currently busy with the process of disestablishing the entity. This process is largely dependent on the finalisation of amendments in the ECA to effect the disestablishment. This process may take longer to complete and as such we are not certain of the date on which the process will be finalised. In accordance with the transfer of function as outlined in the PFMA, the entity can only be deregistered as a Schedule 3A entity from the date when the ECA amendments are finalised and approved by the relevant authorities/legislature.

Although the Accounting Authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's executives, and the respective well established management and governance structures.

The external auditors are responsible for independently reviewing and reporting on the entity's audited annual financial statements. The audited annual financial statements have been examined by the Agency's external auditors and their report is presented on pages 61 to 65.

The audited annual financial statements set out on page 71 to 107, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2024 and were signed on its behalf by:

Ms Daphne Rantho
Board chairpeerson

BOARD AUDIT AND RISK COMMITTEE REPORT

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

Board Audit and Risk Committee members and attendance

The Board Audit and Risk Committee consist of the members listed hereunder and should meet six(6) times per annum as per its approved terms of reference. During the current year 12 meetings were held.

Name of member	Number of meetings attended
Mr. Simphiwe Thobela (Chairperson until 08 August 2024)	12
Ms. Mapuleng Moropa	11
Ms. Buhle Tonise	12
Ms. Boitumelo Mabusela (Chairperson from 08 August 2024)	6
Mr Talalani Ramaru (Late)	1

Board Audit and Risk Committee responsibility

The Board Audit and Risk Committee report that they have complied with their responsibilities arising from Section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

The Board Audit and Risk Committee also report that they have adopted appropriate formal terms of reference as the Board Audit and Risk Committee Charter, have regulated their affairs in compliance with the Charter and have discharged all their responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management was effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Board Audit and Risk Committee and management with assurance that the internal controls are effective, efficient and transparent. This was achieved by means of the risk management processes, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the audited annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The Board Audit and Risk Committee are satisfied with the content and quality of quarterly reports prepared and issued by the executives of the entity during the year under review.

Evaluation of audited annual financial statements

The Board Audit and Risk Committee have:

- reviewed and discussed the audited annual financial statements, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General of South Africa's Management Report and management's response thereto;
- reviewed the entity's compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The Board Audit and Risk Committee concur with and accept the Auditor-General of South Africa's report on the audited annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal Audit

The Board Audit and Risk Committee are satisfied that the Internal Audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audit.

Auditor-General of South Africa

The Board Audit and Risk Committee have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

The Board Audit and Risk Committee acknowledge management's efforts in ensuring that appropriate and effective internal controls are implemented to ensure that the financial statements are prepared in accordance with the relevant accounting standards and to achieve fair presentation.

Mr Simphiwe Thobela
Board Audit and Risk Committee Chairperson

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE UNIVERSAL SERVICES AND ACCESS AGENCY

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Universal Services and Access Agency (USAASA) set out on pages 71 to 107, 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 information 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, the financial statements present fairly, in all material respects, the financial position of the USAASA 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 (GRAP) and the requirements of the Public Finance Management Act (Act 1 of 1991).

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 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.

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

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

7. 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

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. This description, which is located on page 64 and 65, forms part of my auditor's report.

Report on the annual performance report

10. 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.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE UNIVERSAL SERVICES AND ACCESS AGENCY

11. I selected the following material performance indicator related to Business Support 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.
    - Percentage implementation of activities in the USAASA public/stakeholder participatory strategies and plan

12. 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.

13. 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 .

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

15. I did not identify any material findings on the reported performance information for the selected indicator.

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:

Annual financial statements and annual report

20. 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 disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE UNIVERSAL SERVICES AND ACCESS AGENCY

Expenditure management

21. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 30 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The fruitless and wasteful expenditure was due to penalties paid as a result of late payment of PAYE.

Consequence management

22. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular, fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because in some instances investigations into irregular, fruitless and wasteful expenditure were not performed.

Other information in the annual report

23. 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, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

24. My opinion on the 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.

25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. 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

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report

29. Management did not adequately review the financial statements to ensure that errors are identified and corrected prior to the submission of the financial statements for audit resulting in material corrections to the financial statements.

30. The public entity did not implement adequate consequence management processes for transgressions against applicable policies, laws and regulations. Investigations were not undertaken for all instances of irregular, fruitless and wasteful expenditure incurred in the prior year.

Other reports

31. 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 my findings on the reported performance information or compliance with legislation.

32. The previous board instituted a forensic investigation in January 2020 on the SAP support and maintenance services to ascertain facts on the matters around the SAP support and maintenance provision or the lack thereof. The forensic investigation was concluded in October 2022 and the board has evaluated the recommendations and is in the process of implementing the recommendations.

Auditor - General

Pretoria
31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

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.

ANNEXURE TO THE AUDITOR'S REPORT

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51 (1)(b)(i); 51 (1)(b)(ii); 51 (1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 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); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); Section 45(4); 46(1)(a); 46(1)(b); 46(1)(c); Section 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7 A)
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	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021 /22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ACCOUNTING AUTHORITY'S REPORT

The Accounting Authority submit their report for the year ended 31 March 2024.

1. REVIEW OF ACTIVITIES

Main business and operations

The entity is engaged in administering the affairs of USAF and operates principally in South Africa.

The operating results and state of affairs of the entity are fully set out in the attached audited annual financial statements and do not in our opinion require any further comment.

Proportion of appropriated funds to various categories of expenditure

2024				
Categories of expenditure	Government Grants	Retention of Funds	Grant R'000	Retention R'000
Compensation of Employees	75 %	14 %	65,517	2,000
Goods and Services	25 %	86 %	21,343	12,665
Original Budget	100 %	100 %	86,860	14,665
Budget Cut	(5)%	0 %	(4,205)	-
Final Budget	95 %	0 %	82,655	-
Surrender of funds (from previous year)	0 %	(100)%	-	(153,690)

2023				
Classes of business	Government Grants	Retention of Funds	Grant R'000	Retention R'000
Compensation of Employees	73 %	1 %	62,696	3,279
Goods and Services	27 %	9 %	23,337	27,142
BDM Warehousing and Distribution Costs	0 %	90 %	-	268,819
Final Budget	100 %	100 %	86,033	299,237
Surrendered of funds	0 %	(100)%	-	(7,300)

2. GOING CONCERN

We draw attention to the fact that as at 31 March 2024, the entity had an accumulated surplus of R 40,954 000 and that the entity's total assets exceed its liabilities by R 40,954 000.

The audited 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.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Authority continue to oversee budget and financial management processes to ensure adequate budget is sourced in accordance with the government budgeting processes (MTEF and ENE processes).

ACCOUNTING AUTHORITY'S REPORT

3. SUBSEQUENT EVENTS

On 30th June 2024, His Excellency President Cyril Ramaphosa announced the seventh administration cabinet with the appointment of honourables Solly Malatsi and Mondli Gungubele respectively as the Minister and Deputy Minister of Communications and Digital Technologies.

4. ACCOUNTING POLICIES

The audited annual financial statements were prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. ACCOUNTING AUTHORITY

The members of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Ms Daphne Rantho	South African	
Mr Simphiwe Thobela	South African	
Ms Mapuleng Moropa	South African	
Ms Buhle Tonise	South African	
Mr Talelani Ramaru (Late)	South African	Passed on 29 April 2023
Ms Boitumelo Mabusela	South African	Appointed as a board member on 12 June 2023.

ACCOUNTING AUTHORITY'S REPORT

6. MEMBER AND EXECUTIVE MANAGERS' EMOLUMENTS

Economic entity

	Salary or Fee	Acting Allowance	Allowance/ Retainer Reimburse-ments	Other	Total package 2024	Total package 2023
Non-executive members						
Ms Daphne Zukiswa Rantho (Board Chairperson)	307	-	40	22	-	369
Mr Simphiwe Thobela (Board Member and BARC Chairperson)	313	-	-	17	-	330
Mr Talelani Ramaru (Late: Board Member and REMCO Chairperson up his passing on 29/04/2023).	19	-	1	1	3	24
Ms Mapuleng Moropa (Board Member and Operations Committee Chairperson)	242	-	8	17	-	267
Ms Buhle Tonise (Board Member and REMCO Chairperson from)	265	-	31	17	-	313
Ms Boitumelo Mabusela (Board Member and Social and Ethics Committee Chairperson) from 01/07/2023	157	-	5	13	-	175
	1,303	**-**	**85**	**87**	**3**	**1,478**
Executive Managers (Standing Invitees in Board Meetings)						
Ms Chwayita Madikizela (Acting Chief Executive Officer)	1,725	152	60	-	-	1,937
Mr Sidney Mongala (Acting Chief Financial Officer - Seconded from DCDT)	420	15	-	-	-	435
	2,145	**167**	**60**	**-**	**-**	**2,372**
Executive managers (Attend Board meeting per invitation)						
Mr Sipho Mngqibisa (Executive Manager: Performance Management) - contract ended 31/03/2023	-	-	-	-	-	-
Ms Sharonne Scheepers (Acting Executive Manager: Corporate Services) - acting ended 31/03/2023.	-	-	-	-	-	-
Mr Trevor Nivi (Acting Executive Manager: Operations) - acting ended 31/03/2023	-	-	-	-	-	-
Ms Selloane Motloung (Board Secretary until 31/03/2023)	-	-	-	-	-	-
Mr Tshepe Mokoena (Acting Executive Manager: Corporate Services) - seconded from BBI from 01/08/2023	-	-	60	-	-	60
	-	**-**	**60**	**-**	**-**	**60**
	3,448	**167**	**205**	**87**	**3**	**3,910**

UNIVERSAL SERVICE AND ACCESS AGENCY OF SOUTH AFRICA
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

ACCOUNTING AUTHORITY'S REPORT

7. CORPORATE GOVERNANCE

General

The Accounting Authority are committed to business integrity, transparency and professionalism in all activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the relevant prescripts including the Constitution of the Republic of South Africa, the PFMA and related regulations, and King IV Report on Corporate Governance for South Africa. The Accounting Authority discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance.

The salient features of the entity's adopted Code are outlined below:

Board of directors

The Board (Accounting Authority):

- retain full control over the entity, its plans and strategy;
- acknowledge their responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- are of a unitary structure comprising:
  - non-executive members as Board members, all of whom are independent directors as defined in the Code;
  - executive management as standing invitees (ACEO and ACFO).
  - Chief Audit Executive as standing invitee; and
  - other executive managers attending as per invitation.
- have not established a Board directorship continuity programme due to the pending disestablishment of the entity.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent member that is not in the employ of the entity.

The roles of Chairperson, and the Acting Chief Executive Officer are segregated, with responsibilities clearly defined in the approved Delegation of Authority Framework.

The Board have access to all members of management and records of the entity.

Remuneration

The upper limits of the remuneration of the Acting Chief Executive Officer, and the Acting Chief Financial Officer, are determined by the Board taking into account the adopted DPSA Salary Structure.

Board Audit and Risk Committee

For the current financial year, the BARC was chaired by an independent Board Audit and Risk Committee member, Mr Simphiwe Thobela. The committee met 12 times during the financial year to review matters necessary to fulfil their roles.

ACCOUNTING AUTHORITY'S REPORT

8. KEY STAKEHOLDERS

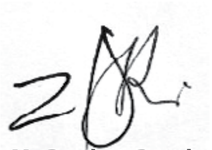
USAASA is a State-Owned Entity established in accordance with ECA, 2005 and listed as a public entity in the PFMA as a Schedule 3A government institution reporting directly to the Department of Communications and Digital Technologies. During the current period, USAASA's key stakeholders included (by virtue of USAASA administering and directing USAF operations):

a) National treasury - quarterly and annual reporting for consolidation;
b) Masikhathalelane GBV Centre - fully broadband connected site operating as an NPO in Petrusville, Northern Cape. USAASA adopted this GBV Centre due to its pivotal role in community upliftment and as a refuge for all vulnerable people;
c) PCC - quarterly and annual reporting for accountability;
d) Sentech - procurement and installation of STBs for the BDM project; and
e) BBI - for the connectivity and provision of broadband services in identified district in accordance with the SA Connect programme
f) SAPO - for the registration of qualifying beneficiaries, and warehousing and distribution of Set-Top Boxes in their warehouses and branches throughout the country where SAPO has points of presence.

9. AUDITORS

AGSA will continue to render regulatory audit in the next financial year.

The audited annual financial statements set out on page 71 to 107, which have been prepared on the going concern basis and in accordance with fair presentation and GRAP accounting standards, were approved by the Accounting Authority on 31 July 2024 and were signed on its behalf by:



Ms Daphne Rantho
Board Chairperson

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note (s)	2024 R '000	2023 Restated* R '000
ASSETS			
CURRENT ASSETS			
Receivables from exchange transactions	6	4,083	4,060
Cash and cash equivalents	7	41,161	224,649
		45,244	**228,709**
NON-CURRENT ASSETS			
Property, plant and equipment	2	773	1,272
Intangible assets	3	1	1
		774	**1,273**
Total Assets		**46,018**	**229,982**
LIABILITIES			
CURRENT LIABILITIES			
Inter-Entity Loan from USAF	4	-	24,552
Payables from exchange transactions	5	5,066	19,701
		5,066	**44,253**
Total Liabilities		**5,066**	**44,253**
Net Assets		**40,952**	**185,729**
Accumulated surplus		40,954	185,729
Total Net Assets		**40,954**	**185,729**

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2024 R '000	2023 Restated* R '000
Revenue			
Revenue from exchange transactions			
Interest received - investment	10	12,078	15,605
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies		82,655	86,033
Total revenue	**8**	**94,733**	**101,638**
Expenditure			
Employee related costs	12	(57,147)	(67,077)
Depreciation and amortisation	16	(637)	(639)
Finance costs	17	(110)	-
Lease rentals on operating lease	9	(6,000)	(5,739)
Bad debts written off		(5)	-
General Expenses	19	(9,450)	(8,134)
Legal expenses	13	(3,714)	(3,394)
Warehousing and Distribution Costs	18	-	(121,016)
Consulting and professional fees	14	(4,352)	(3,551)
Travel Expenditure	15	(4,397)	(7,750)
Total expenditure		**(85,812)**	**(217,300)**
Surplus (deficit) for the year		**8,921**	**(115,662)**

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus / deficit R '000	Total net assets R '000
Opening balance as previously reported	308,691	308,691
Adjustments		
Surrender of Surplus Funds 11	(7,300)	(7,300)
Balance at 01 April 2022 as restated*	**301,391**	**301,391**
Changes in net assets Surplus for the year	(115,662)	(115,662)
Total changes	(115,662)	(115,662)
Opening balance as previously reported	185,723	185,723
Adjustments		
Surrender of Surplus Funds 11	(153,690)	(153,690)
Restated* Balance at 01 April 2023 as restated*	**32,033**	**32,033**
Changes in net assets Surplus for the year		
	8,921	8,921
Total changes	8,921	8,921
Balance at 31 March 2024	**40,954**	**40,954**
Note (s)		

STATEMENT OF CASH FLOWS

	Note(s)	2024 R '000	2023 Restated* R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government grants		82,655	86,033
Payments			
Employee costs		(58,069)	(65,631)
Suppliers		(67,140)	(116,090)
Finance costs		(110)	-
		(125,319)	(181,721)
Net cash flows from operating activities	**20**	**(42,664)**	**(95,688)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(141)	(829)
Interest Income		13,007	15,332
Net cash flows from investing activities		**12,866**	**14,503**
CASH FLOWS FROM FINANCING ACTIVITIES			
Surrender of Surplus Funds		(153,690)	(7,300)
Net increase/(decrease) in cash and cash equivalents		**(183,488)**	**(88,485)**
Cash and cash equivalents at the beginning of the year		224,649	313,134
Cash and cash equivalents at the end of the year	**7**	**41,161**	**224,649**

The accounting policies on pages 77 to 89 and the notes on pages 90 to 107 form an integral part of the audited annual financial statements.

UNIVERSAL SERVICE AND ACCESS AGENCY OF SOUTH AFRICA
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Statement of Financial Performance

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Interest received - investment	-	-	**-**	12,078	**12,078**	(a)
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	86,860	(4,205)	**82,655**	82,655	**-**	(b)
Total revenue	**86,860**	**(4,205)**	**82,655**	**94,733**	**12,078**	
EXPENDITURE						
Personnel	(65,617)	(2,000)	**(67,617)**	(57,147)	**10,470**	(c)
Depreciation and amortisation	-	-	**-**	(637)	**(637)**	(d)
Finance costs	-	-	**-**	(110)	**(110)**	(e)
Lease rentals on operating lease	(3,750)	(2,500)	**(6,250)**	(6,000)	**250**	
Bad debts written off	-	-	**-**	(5)	**(5)**	
General Expenses	(12,567)	-	**(12,567)**	(9,450)	**3,117**	(f)
Consulting and professional fees	(2,000)	(1,425)	**(3,425)**	(4,352)	**(927)**	(g)
Travel and Subsistence	(1,126)	(5,000)	**(6,126)**	(4,397)	**1,729**	(h)
Legal services	(1,800)	(3,740)	**(5,540)**	(3,714)	**1,826**	(i)
Total expenditure	**(86,860)**	**(14,665)**	**(101,525)**	**(85,812)**	**15,713**	
Surplus before taxation	**-**	**(18,870)**	**(18,870)**	**8,921**	**27,791**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**(18,870)**	**(18,870)**	**8,921**	**27,791**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

RECONCILIATION

(a) Interest income relate to revenue earned from funds invested in interest yielding short-term investment account. Interest was earned at an average rate of 7.8%.
(b) The entity experienced budget cut during the current financial year. This led to the entity reprioritising budget in various areas to ensure that spending is limited to critical activities aimed at administering the implementation of USAF programmes and / or projects.
(c) The underspending in compensation of employees budget was due to executive management positions that were not filled throughout the year (some were filled through secondment from the Department and BBI). Furthermore the analogue switch-off was concluded during the year in certain provinces which resulted in some of the District Coordinators temporary/contract appointments not being extended. These temporary/contract appointments ended in December 2023.
(d) Depreciation (non-cash item) is not included in the budget as the budget is prepared on a cash basis.
(e) Represent interest and penalty charged on late payments of SARS PAYE.
(f) The underspending under general expenses is provided in the list of items making up general expenses included in note 19. The main cost drivers include computer expenses, audit fees communications(mobile and data),promotion and sponsorships and property payments.
(g) The overspending on consulting and professional services was due to budget cut and budgetary constraints.
(h) The decrease in travel expenditure was due to the appointment and utilisation of a Travel Management Company during the year under review. Furthermore, the adoption and utilisation of hybrid M&E model has contributed to this decrease
(i) Relate to legal services expenditure incurred by the entity for legal representation on various matters including services performed through the state attorneys. Due to the State Attorneys invoices not being submitted in time, the entity could only pay invoices relating to the previous financial years (2022/23 and 2021/22) during the current financial year.

SIGNIFICANT ACCOUNTING POLICIES

1. Significant accounting policies

The significant accounting policies applied in the preparation of these audited annual financial statements are set out below.

1.1 BASIS OF PREPARATION

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.2 PRESENTATION CURRENCY

These audited annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 GOING CONCERN ASSUMPTION

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Significant judgements include:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations

SIGNIFICANT ACCOUNTING POLICIES

require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including changes in circumstances of the debtor (employee), exchange rates, inflation rates, interest rates, etc.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.6 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

SIGNIFICANT ACCOUNTING POLICIES

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5
Motor vehicles	Straight-line	5
Office equipment	Straight-line	5
IT equipment	Straight-line	3
Cell phones	Straight-line	2
Leasehold improvements	Straight-line	5

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised as an expense unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the Statement of Financial Performance when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment as an expense in the Statement of financial Performance and/or notes to the financial statements.

1.7 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

SIGNIFICANT ACCOUNTING POLICIES

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included as an expense in the Statement of Financial Performance when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 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.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

SIGNIFICANT ACCOUNTING POLICIES

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

SIGNIFICANT ACCOUNTING POLICIES

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities 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 instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near- term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.9 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write- down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

SIGNIFICANT ACCOUNTING POLICIES

1.12 EMPLOYEE BENEFITS

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

State plans are plans established by legislation that operate as if they are multi-employer plans for all entities in economic categories laid down in legislation.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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:

(a) 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.
(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

SIGNIFICANT ACCOUNTING POLICIES

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
(b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and
(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, 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
(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

Termination benefits

Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates:

(a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post- employment benefits. Otherwise:

(a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.
(b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

1.13 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.
A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

SIGNIFICANT ACCOUNTING POLICIES

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity
  – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue.

1.16 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives

SIGNIFICANT ACCOUNTING POLICIES

value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Interest is recognised using the effective interest rate method for financial instruments. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.17 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method. Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

1.18 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which 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.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure refers to expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation or regulation or policy of government.

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1.21 BUDGET INFORMATION

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the MTEF period from 01/04/2023 to 31/03/2027.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.22 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its audited annual financial statements.

1.23 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 will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose 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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2,635	(2,634)	1	2,635	(2,634)	1
Motor vehicles	898	(897)	1	898	(897)	1
Office equipment	1,044	(917)	127	951	(866)	85
IT equipment	10,709	(10,066)	643	10,660	(9,476)	1,184
Leasehold improvements	1,980	(1,979)	1	1,980	(1,979)	1
Total	**17,266**	**(16,493)**	**773**	**17,124**	**(15,852)**	**1,272**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1	-	-	1
Motor vehicles	1	-	-	1
Office equipment	85	92	(50)	127
IT equipment	1,184	49	(590)	643
Leasehold improvements	1	-	-	1
	1,272	**141**	**(640)**	**773**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1	-	-	1
Motor vehicles	32	-	(31)	1
Office equipment	134	-	(49)	85
IT equipment	989	755	(560)	1,184
Leasehold improvements	1	-	-	1
	1,157	**755**	**(640)**	**1,272**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

3. INTANGIBLE ASSETS

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	46,293	(46,292)	1	46,293	(46,292)	1

Reconciliation of intangible assets - 2024

	Opening balance	Total
Computer software, other	1	1

Reconciliation of intangible assets - 2023

	Opening balance	Total
Computer software, other	1	1

4. LOANS TO (FROM) FELLOW CONTROLLED ENTITIES

Debts between fellow controlled entities

Inter-Entity Loan (Loan From USAF)	-	(24,552)

Represents payments that were made in an incorrect entity (USAF instead of USAASA) for warehousing and distribution costs invoiced in March 2023. The amount incurred was transferred to USAF in the 2023/24 financial year. This is not an interest bearing loan.

5. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	756	11,846
Accrued leave pay	1,782	2,231
Accrued bonus	402	392
Accruals	401	3,618
Workmans Compensation	62	167
Other accrued expenses	1,663	1,447
	5,066	**19,701**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Travel Management Company Balance (a)	837	-
Office Rental Deposit	256	256
Staff Debts and Advances	977	1,045
Other Receivables	715	678
Accrued Interest Income	295	1,225
Prepayments	1,003	856
	4,083	**4,060**

(a) Travel Management Company (TMC) Balance		
Deposited (transferred) during the year	1,600	-
Incurred (expensed) during the year	(763)	-
	837	**-**

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Bank balances	498	12,984
Short-term deposits	40,663	211,665
	41,161	**224,649**

8. REVENUE

Investment Income (Interest received)	12,078	15,605
Government grants & subsidies	82,655	86,033
	94,733	**101,638**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - investment	12,078	15,605

The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	82,655	86,033

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

9. LEASE RENTALS ON OPERATING LEASE

Premises		
Contractual amounts	5,657	5,299
Equipment		
Contractual amounts	343	440
	6,000	**5,739**

10. INVESTMENT REVENUE

Interest revenue		
Bank (Call Account Short-Term Investments)	12,078	15,605

Total interest income was calculated using the effective interest rate method. Interest is earned from short-term investment (call account) at an interest rate of 7.8%. The decrease was due to the decrease in the capital amount due to the surrender of surplus funds amounting to R 154 million to the National Revenue Fund.

11. SURRENDER OF SURPLUSES

Surrender of surpluses - relating to prior year(s)	153,690	7,300

The entity annually declares all surpluses or deficits to the National Treasury from the period 1 August to 30 September of each year, using the audited annual financial statements as the basis for calculation of surpluses or deficits.

The entity submits requests to the National Treasury to retain surpluses in terms of section 53(3) of the PFMA, as and when appropriate. Unless exempted by the National Treasury, the entity invests surplus funds in Short-Term investment account (Call Account) at an interest rate of 7.8%.

The entity surrenders funds for redepositing into the National Revenue Fund, all surpluses that were realised in a particular financial year –
(a) which were not approved for retention by the National Treasury in terms of section 53(3) of the PFMA; or
(b) where no application was made to the National Treasury to accumulate the surplus in terms of section 53(3) of the PFMA.

Failure by the entity to submit a surplus retention request to the National Treasury by 30 September each year will result in the entity having to surrender the surplus to the National Revenue Fund by 30 November, unless there has been a delay in the finalisation of the audit.

In the case of a delay in the finalisation of the audit –
(a) a letter is sent to the National Treasury by the 30th September explaining the delay.
(b) a surplus retention request is submitted to the National Treasury within 30 days of finalising the audit.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

12. EMPLOYEE RELATED COSTS

Basic Salaries and Wages	52,136	57,783
Medical aid - company contributions	215	219
UIF	170	194
WCA	62	167
Leave pay	95	2,786
Overtime payments	45	210
Long-service awards	153	-
Bonus (13th Cheque)	953	1,025
Other Allowance (a)	841	2,460
Housing benefits and allowances	454	393
Provident Fund	2,023	1,840
	57,147	**67,077**

(a) Other allowances include cellphone allowances (R421 000) and car subsidies (R420 000).

13. LEGAL SERVICES

Legal fees	3,714	3,394

14. CONSULTING AND PROFESSIONAL FEES

Board fees	1,510	1,340
Consultants	2,842	2,211
	4,352	**3,551**

15. TRAVEL

Local Travel	3,752	7,109
Travel - overseas	645	641
	4,397	**7,750**

16. DEPRECIATION AND AMORTISATION

Property, plant and equipment	638	640

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

17. FINANCE COSTS

Other interest paid	110	-

Finance cost represent penalty and interest charged on late payment of PAYE to SARS by one (1) day.

18. WAREHOUSING AND DISTRIBUTION COSTS

BDM/DTT STBs Warehousing and Distribution Costs (SAPO)	-	121,016

- Represents expenditure incurred in the previous financial year for the registration of beneficiaries, warehousing and distribution of inventory (STBs and related accessories) warehoused at SAPO warehouses and branches throughout the country for ease access by the beneficiaries and installers during the installation processes. During the year under review, warehousing and distribution costs appropriation / budget was corrected and approved under USAF, hence no expenditure was recognised in USAASA.

19. GENERAL EXPENSES

Advertising	44	55
Administration and management fees	313	405
Computer expenses (ICT)	2,008	1,616
Audit Fees	1,304	1,211
Consumables	3	6
Communication (Mobile Voice and Data)	1,191	1,488
Catering and Refreshments	254	304
Conferences and seminars	51	449
Fleet expenses	19	18
Promotions and sponsorships	1,108	-
Generator Fuel and Maintanance	392	-
Printing and stationery	483	257
Repairs and maintenance	166	291
Training	419	215
Minor Assets	200	120
Property Payments	1,234	1,448
Employee Wellness	-	21
Operating Payments	86	131
Staff Welfare	141	65
Bursaries	34	34
	9,450	**8,134**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

20. CASH USED IN OPERATIONS

Surplus (deficit)	8,921	(115,662)
Adjustments for:		
Depreciation and amortisation	637	639
Interest Income	(12,078)	(15,605)
Finance Costs	110	-
Bad debts written off	5	-
Other non-cash items (leave and bonus accruals, etc)	(120)	349
Changes in working capital:		
Receivables from exchange transactions	(953)	(345)
Inter-Entity Loan (Loan from USAF)	(24,552)	24,552
Payables from exchange transactions	(14,634)	10,384
	(42,664)	**(95,688)**

21. COMMITMENTS

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	174	174

Operating lease commitments relates to lease of office space in Polokwane. The current lease was extended until 31 July 2024.

Currently there is no lease contract for the Head Office in Midrand as the contract has ended; thus it is impossible to determine commitments as there is no contract value.

The operating lease relating to the printers is based on a month to month contract and as such no commitments could be raised without a specific contract amount.

Rental expenses relating to operating leases		
Lease rentals on operating lease	6,000	5,739

No contingent rent was payable during the financial year under review.

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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

22. CONTINGENCIES

Contingencies disclosed in USAASA relate to the estimate of legal costs expected to be paid/incurred for legal representations in litigations that are currently instituted against the entity and/or USAF. The entity's legal representation (internally and/or externally - including State Attorneys) consider the likelihood of the action(s) against the entity being successful and estimate the possible litigation costs that may be incurred based on the balance of probabilities. Attorneys confirmations are also obtained from the Department of Justice to corroborate the projected costs.

Should the action be in favour of the third parties (service providers, civil society, etc), the entity does not have insurance to cover litigation costs and claims. There is no reimbursement from any third parties for potential obligations of the entity. Such costs are defrayed in the ordinary course of business. Furthermore, there is no reimbursement from any third parties for potential obligations of the entity.

Provided below is the status of the matters relating to the entity as at 31 March 2024.

GROW MAKHOSIKATI (RE USAF PROJECTS - BROADBAND)		
Grow was appointed to build broadband infrastructure for the Impendle and Nyandeni for which they were duly remunerated. It was an express term of the service level agreement that monthly invoices to be submitted together with connectivity reports to be verified by an USAASA Project Manager. Irregularities were identified in the invoices submitted for payment. Grow is claiming for non-payment.	-	(2,000)
ELLIES ELECTRONICS		
USAASA received a filing notice from AFSA dated 22 November 2022. The matter related to the escalation of charges during the term of the contract.	-	(600)
KST TRADING (RE USAF PROJECTS - DTT/BDM)		
A summon for the payment of the escalation rate for installation fees paid by USAASA for the 2016/2017, 2017/2018and 2018/2019 financial years, was issued. Applicants requested for the matter to be enrolled. Waiting for the Notice of Set Down from the Registrar.	(500)	(500)
MT Creations and 16 Others v USAASA		
Currently the matter is under the auspices of AFSA with a date set for hearing on 27 May 2024. USAASA has reached a settlement agreement with the 17 installers for the payment of the price escalation which was not paid during the lifespan of the agreement.	(1,500)	(1,500)
Duramics Trading, Lamec Trading, Samano Trading Projects and Sanctumsa		
USAASA received a filing notice from AFSA dated 22 November 2022. The matter is related to the escalation of charges during the term of the contract. Parties are involved with arbitration.	(1,800)	(1,800)
	(3,800)	**(6,400)**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

ELLIES ELECTRONICS. The matter from Ellies Electronics had been inactive for the past three (3) years (last activity was in 2021, i.e. a demand letter). Furthermore, the company is currently under business rescue. USAASA's assessment is that the probability of outflow of economic resources is remote considering they have not yet taken USAASA to court so far. Thus, the matter is removed from the contingencies disclosure.

Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 30, civil proceedings commence against the employees concerned to recover the amount owed as determined in accordance with the relevant loss control processes and/or legal counsel obtained. Equally important is to obtain advice whether it is probable that the proceedings will result in the recovery of the full amount or that recovery is virtually certain. In cases where recovery is remote, no contingent asset will be disclosed.

As USAASA is administrative by nature, contingencies provided in the entity relate to legal costs to be paid after receiving invoices from the Department of Justice or from third parties appointed to represent the entity on various matters relating to USAASA and/or USAF. Equally are the claims for legal costs awarded in favour of USAASA/USAF.

Provided below is the status of the matters relating to legal claims instituted by and/or legal costs awarded in favour of USAASA as at 31 March 2024:-

1. VBS Mutual Bank (in liquidation)

VBS Mutual Bank (in liquidation), ('VBS') claims payment of the sum of R102 546 219.74 together with interest and costs in terms of a written payment undertaking that was signed by the former CEO of USAASA on 16 January 2016. The application was made in the high court. The application was dismissed with costs on 12 August 2022, including the costs attendant upon the employment of two counsel. At the end of the financial year, the cost accruing to USAASA (receivable) could not be determined awaiting the State Attorney to appoint cost consultant to calculate the applicable cost recovery per the award. As such, it is impractical to determine the amount of this contingent asset.

23. RELATED PARTIES

Relationships

Members	Refer to Accounting Authority's report note 24
Controlling entity	Department of Communications and Digital Technologies
Fellow-controlled entity (within common control)	South African Broadcasting Corporation (SABC)
Fellow-controlled entity (within common control)	Sentech
Fellow-controlled entity (within common control)	Broadband Infraco (BBI)
Fellow-controlled entity (within common control)	South African Post Office (SAPO)
Fellow-controlled entity (within common control)	National Media Institute of South Africa (NEMISA)
Fellow-controlled entity (within common control)	Film and Publications Board (FPB)
Fellow-controlled entity (within common control)	State Information Technology Agency (SITA)
Fellow-controlled entity (within common control)	Postbank
Fellow-controlled entity (within common control)	Domain Name Authority of South Africa (.ZADNA)
Fellow-controlled entity (within common control)	Independent Communications Authority of South Africa (ICASA)
Fellow-controlled entity (within common control)	Universal Service and Access Fund (USAF)

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

Transactions with related parties in USAASA are minimal as USAASA is administrative by nature. In the current financial year, USAASA has not contracted with any fellow entity. USAASA receives allocated budget / funds from DCDT.

Related party balances

	2024	2023
Loan accounts - Owing (to) by related parties		
Inter-Entity Loan (Loan to (from) USAF)	-	(24,552)

Represent warehousing and distribution costs incurred by USAASA and erroneously paid in USAF. By 31 March 2024 the balance was transferred to USAF.

	2024	2023
Amounts included in Trade receivable (Trade Payable) regarding related parties		
SAPO	-	(9,550)

Represent the balance owed to SAPO for warehousing and distribution costs incurred in the previous year. By 31 March 2024, the balance was settled by USAASA.

Related party transactions

	2024	2023
Government grants and subsidies:		
DCDT	82,655	86,033
Warehousing and Distribution Costs		
SAPO	-	121,016

Key management information

Class	Description	Number
Non-executive board members	Represented by independent Board Members appointed by the Minister	5
Executive managers (standing invitees to the Board)	Only the Chief Executive Officer and The Chief Financial Officer	2
Executive managers (attend board meetings per invite)	Employees appointed at executive level who forms part of the Executive Committee	3

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Remuneration of management

Management class: Executive management

2024

Name	Basic salary	Acting Allowance	Other benefits received	Total
Ms Chwayita Madikizela (ACEO: 08/03/2021 to current)	1,725	152	60	1,937
Mr Sidney Mongala (Acting Chief Financial Officer: 01/10/2023 to current - secondment from DCDT)	420	15	-	435
Mr Tshepe Mokoena (Acting Executive: Corporate Services 01/08/2023 to current - secondment from BBI)	-	94	-	94
	2,145	**261**	**60**	**2,466**

2023

Name	Basic salary	Acting Allowance	Other benefits	Total
Ms Chwayita Madikizela (ACEO: 08/03/2021 to current)	1,511	228	117	1,856
Mr Sipho Mngqibisa (Executive: Performance Management)	1,518	-	55	1,573
Ms Selloane Motloung (Board Secretary)	1,518	-	22	1,540
Ms Sharonne Scheepers (Acting Executive: Corporate Services)	1,422	83	22	1,527
Mr Trevor Nivi (Acting Executive: Operations)	1,401	102	22	1,525
Mr Sidney Mongala (Acting Chief Financial Officer: 08/03/2022 to 31/07/2023 - secondment from DCDT)	1,365	47	-	1,412
	8,735	**460**	**238**	**9,433**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

24. MEMBERS' AND PRESCRIBED OFFICERS' REMUNERATION AND OTHER BENEFITS PAID, PAYABLE OR RECEIVABLE

Non-executive

2024

	Retainer	Board and Committees Fees	Other fees (Reimbursements for Travel KMs and other claims)	Total
Ms Daphne Rantho	22	307	40	369
Mr Simphiwe Thobela	17	313	-	330
Ms Mapuleng Moropa	17	241	8	266
Ms Buhle Tonise	17	265	31	313
Mr Talelani Ramaru (Late)	1	19	3	23
Ms Boitumelo Mabusela	13	157	5	175
	87	**1,302**	**87**	**1,476**

2023

	Retainer	Board and Committees fees	Other fees (Reimbursements for Travel KMs and other claims)	Total
Ms Daphne Rantho	22	294	34	350
Mr Simphiwe Thobela	17	275	22	314
Ms Mapuleng Moropa	17	248	9	274
Ms Buhle Tonise	17	187	7	211
Mr Talelani Ramaru (Late)	17	239	4	260
	90	**1,243**	**76**	**1,409**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

25. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position
2022

	Note	As previously reported	Correction of error	Restated
Accruals (Error 4)	5	13,798	(378)	13,420
Other receivables (Error 1)	6	531	9	540
		14,329	**(369)**	**13,960**

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Other receivables (Error 1)	6	544	9	125	678
Staff debts and advances (Error 2)	15	2,202	(1,157)	-	1,045
Trade payables (Error 3)	5	(11,721)	-	(125)	(11,846)
Accrual (Error 4)	5	(10,631)	7,013	-	(3,618)
Other accrued expenses (Error 5)	5	(1,475)	28	-	(1,447)
		(21,081)	**5,893**	**-**	**(15,188)**

Statement of financial performance
2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Legal expenses - Error 6	13	2,167	1,227	-	3,394
Administration and Management Fees (Error 9)	19	36	(325)	694	405
Communication (Mobile Voice and Data) - Error 7	19	1,501	(13)	-	1,488
Finance Cost (Error 8)	30	47	(47)	-	-
Penalties (Error 8)	30	67	(67)	-	-
Employee related costs (Error 10)	12	67,748	24	(694)	67,078
Travel expenditure (Error 11)	15	7,334	416	-	7,750
Surplus for the year		**78,900**	**1,215**	**-**	**80,115**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Errors

The following prior period errors adjustments occurred:

Error 1 (Other receivables)

The balance of the suspense account was considered. Where errors were identified, the errors were cleared. The total amount is made up of:

(a)	Reclassification of receivables from former employees	R 125
(b)	Clearing of suspense account (uncleared advance refund)	R 9
Total amount of adjustments on other receivables		**R 134**

Error 2 (Staff debts and advances)

This adjustment reflects the reconciliation of advances for the previous financial years processed in the current financial year. The total amount is made up of:

(a)	Staff debts expensed (2023)	R 125
(b)	S&T Control Account (2023)	(R 125)
(c)	S&T Control Account (prior 2023)	(R 1 157)
Total amount of adjustments on Staff debts and Advances		**(R 1 157)**

Error 3 (Trade payables)

This represent a rounding off to the thousands application on the CaseWare system.

Error 4 (Accruals)

The main adjustment represent the write-off of EoH's debt which was incorrectly recognised as an accrual for work that was not delivered successfully. Other adjustments are due to invoices that were received after the audit was completed for services delivered in the previous financial years: mainly the State Attorney's invoices. The total amount is made up of:

(a)	EoH debt write-off	R 7 720
(b)	Invoices received late (mainly DoJ of R 1 227)	(R 707)
Total amount of adjustments on Accruals		**R 7 013**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Error 5 (other accrued expenses)

Represent control accounts that were incorrectly recorded. Investigations of some of the control accounts revealed that there were errors that led to the recognition of transactions in the control account instead of being expensed. The total amount is made up of:

(a) PAYE Control Account	(R 372)
(b) Provident Fund Control Account	R 364
(c) Staff vendor control account	R 24
(d) Nedbank Incoming EFT Clearing Account	R 13
Total amount of adjustments on Other Accrued Expenses	**R 28**

Error 6 (Legal Services)

Correction of accounting period for legal fees from the State Attorney. This is due to invoices that are submitted late (at times one or even two years late) to USAASA for payments. Invoices for the 2022/23 financial year were submitted in the 2023/24 financial year, i.e. after the 2022/23 financial year audit was finalised and audit report issued.

Error 7 (Communications - Mobile Voice and Data)

One Vodacom invoice was incorrectly cleared to a suspense account instead of being reversed when the correct transaction was processed in the previous financial years.

Error 8 (Penalties and Finance Costs)

Represent penalty and interest charged by SARS when they were performing reconciliation of our account for the previous fives years. After consultation with SARS it was identified that the penalty and the interest charged was incorrect as USAASA paid in respective penalty and interest in the year in which it was charged and should have not been charged again. A new reconciliation was performed and the penalty and the interest due were cleared; hence the adjustments.

Error 9 (Administration and Management Fees)

Management fees consist of commission paid for management of provident fund and were incorrectly classified as part of compensation of employees. The issue was corrected by reclassifying to administration and management fees. Comparative figures were also reclassified (refer to the comparative figures note 26 below).

The other difference represent management fees that were expensed twice (double counting): one through the payrol module and the other from the payments module.

The total amount is made up of:

(a) Reclassification of from payroll costs	R 694
(a) Duplicate expenditure	(R 325)
Total amount of adjustments on administration and management fees	**R 369**

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Error 10 (Employee Related Costs)

The adjustments if employee related costs was due to two items: reclassification of management fees as indicated in error 09 and note 26, and leave accrual that was incorrectly calculated for the previous financial years. The total amount is made up of:

(a) Reclassification of management fees	(R 694)
(b) Incorrectly calculated leave pay accrual	R 24
Total amount of adjustments for Employee Related Costs	**(R 670)**

Error 11 (Travel Expenditure)

This adjustment is from reconciliations and supporting documents that were obtained and verified relating to the previous financial years.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

The reclassification was to ensure alignment to the National Treasury Standard Chart of Accounts (SCOA) classification.

The effects of the reclassification are as follows:

Management fees of R242 870 (2023; R368 903) has been reclassified from Compensation of Employees to administration. This is in line with the GRAP 1 accounting standard, alignment to the Standard Chart of Account (SCOA) that is used for budgeting process in line with the ENE and the National Treasury consolidation database.

Board fees have been grouped with consultants fees to align to the SCOA and the National Treasury reporting workbook. The total of R4 352 246 (2023; R3 550 363) is now considered material and disclosed separately in accordance with GRAP 1. Refer to note 14.

27. RISK MANAGEMENT

Liquidity risk

Liquidity risk is the risk that the Agency will be unable to meet a financial commitment. This risk is minimized through the holding of cash balances in both the current and call accounts. In addition, detailed cash flow forecast are regularly prepared and future commitments and credit balances are reviewed on an ongoing basis.

Prudent liquidity risk management implies maintaining sufficient cash, and securing the availability of funding through an adequate the ENE process. Due to the dynamic nature of the underlying businesses, the entity maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow budget forecast (ENE) is prepared in accordance with Schedule 3A regulations.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents,and staff debtors. The entity only deposits cash with one of the RSA's major banks with high quality credit standing and limits exposure to any one bank collapse. Potential concentrations of credit risk consist primarily of cash deposits and cash equivalents. Credit risk arises from the risk that a counter-party may default or not meet its obligations in sufficient time. The Fund minimizes credit risk by investing unutilised cash in a short-term investment call account.

Market risk

Interest rate risk

Although the entity has significant interest-bearing asset (call account), the entity's income and operating cash flows are substantially independent of changes in the market interest rates. This is due to the entity receiving significant portion of revenue from grants allocated in accordance with the ENE. The call account investment is sensitive to the movements in interest rates which is the primary interest rate to which the entity is exposed.

The carrying amount of the Agency's financial assets at year end that are subject to interest rate risk is disclosed in note 7 relating to cash and cash equivalent while the interest revenue is disclosed in note 10 relating to Income from Investments.

Management performs sensitivity or impact analysis on regular basis to determine the impact of the interest rate fluctuations on the balances invested in the call account (short-term) investment instruments. For the year under review the interest has grown favourably to 7.8% representing an increase of 0.5% compared to the 7.3% average interest rate in the previous financial year.

Foreign exchange risk

USAASA is not exposed to foreign exchange or currency risks as the entity does not conduct business or operations in different currencies (exporting or importing).

The entity does not hedge foreign exchange fluctuations.

28. GOING CONCERN

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R 40,954 000 and that the entity's total assets exceed its total liabilities by R 40,954 000.

The audited 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.

UNIVERSAL SERVICE AND ACCESS AGENCY OF SOUTH AFRICA
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2024 R '000	2023 R '000

29. EVENTS AFTER THE REPORTING DATE

USAASA management has not identified any material events after the reporting period date which would result in the financial statements being adjusted.

On 30th June 2024, His Exellency President Cyril Ramaphosa announced the seventh administration cabinet with the appointment of honourables Solly Malatsi and Mondli Gungubele respectively as the Minister and Deputy Minister of Communications and Digital Technologies.

30. IRREGULAR, AND FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure	7,379	7,361
Fruitless and wasteful expenditure	110	114
Closing balance	**7,489**	**7,475**

*Refer to reconciling notes in Part D.

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