



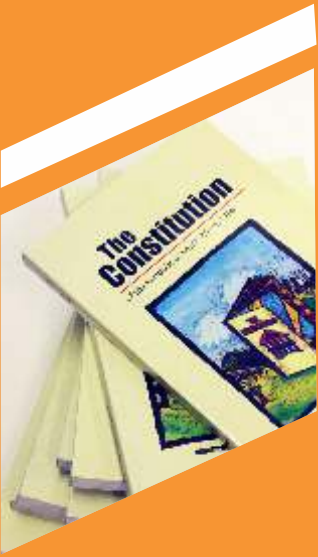
# THE JUSTICE ADMINISTERED FUND ANNUAL REPORT 2023 / 2024



**the doj & cd**

Department:  
Justice and Constitutional Development  
REPUBLIC OF SOUTH AFRICA





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# REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA ON THE ANNUAL FINANCIAL STATEMENTS FOR THE JUSTICE ADMINISTERED FUND

For the year ended 31 March 2024

## 1. INTRODUCTION

The Justice Administered Fund (JAF) was established in terms of the Justice Administered Fund Act, 2017 (Act 2 of 2017), which came into effect on 1 April 2018. The purpose of the JAF is to manage maintenance beneficiary monies (local, foreign, and future), the safekeeping of bail monies on behalf of depositors, and the safekeeping of payments into court.

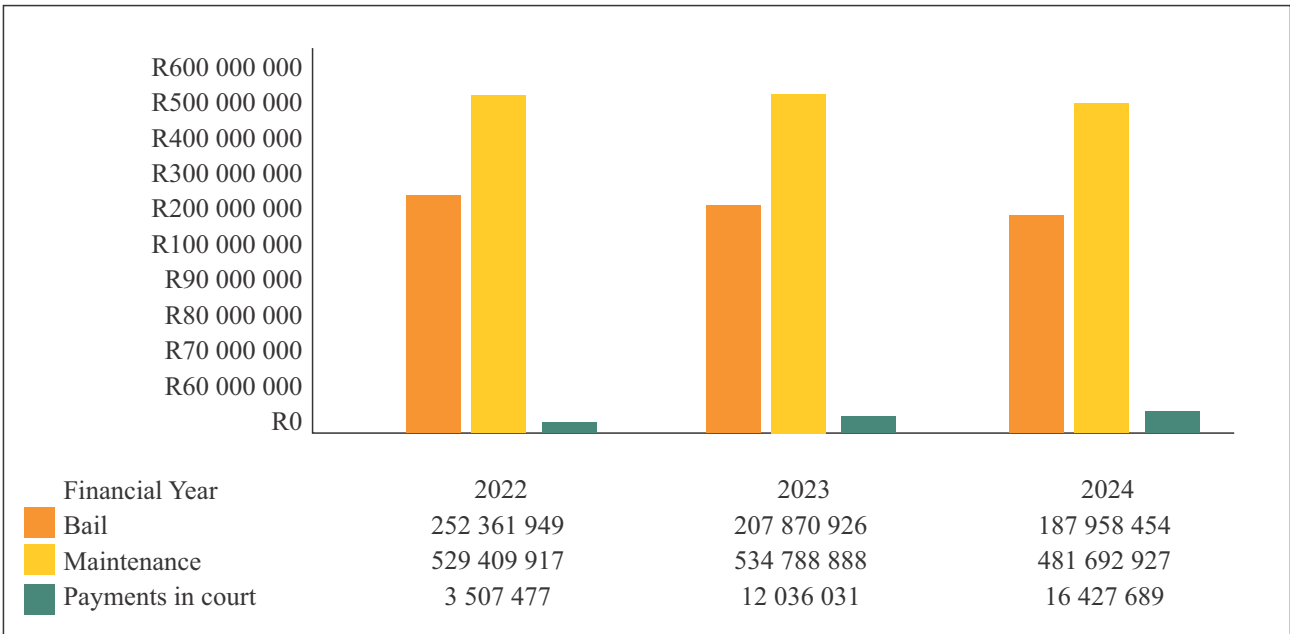
### (a) The fund administers the following monies on behalf of third parties:

- (i) Money received in terms of maintenance orders made under the Maintenance Act, 1998 (Act No. 99 of 1998);
- (ii) Money received as bail payable under the Criminal Procedure Act, 1977 (Act No. 51 of 1977), or any other act of Parliament;
- (iii) Money paid into court under any rule of court or any other subordinate legislation;
- (iv) Money received which cannot be allocated immediately into any of the categories listed in paragraphs (i) to (iii) above.

The fund also administers interest earned on monies paid into the fund and bank charges levied in respect of all bank accounts held in the name of the fund.

### (b) Financial Overview

Receipts from obligors and depositors during the financial year amounted to R740 million, while payments and refunds to beneficiaries and depositors amounted to R686 million. The following table reflects the total payments for the 2023/24 financial year and the three preceding financial years in respect of the various categories to various beneficiaries and depositors.



**2. SERVICES RENDERED**

**(c) Maintenance:**

Maintenance can be paid to the fund either directly by the defendants or deducted from the salary of the defendants and then paid to the fund by their employers. JAF only accounts for monies received and paid in terms of the aforementioned process. Any unpaid monies must be dealt with through court processes, as this is a civil matter, and JAF only acts as a conduit for processing payments between depositors and beneficiaries.

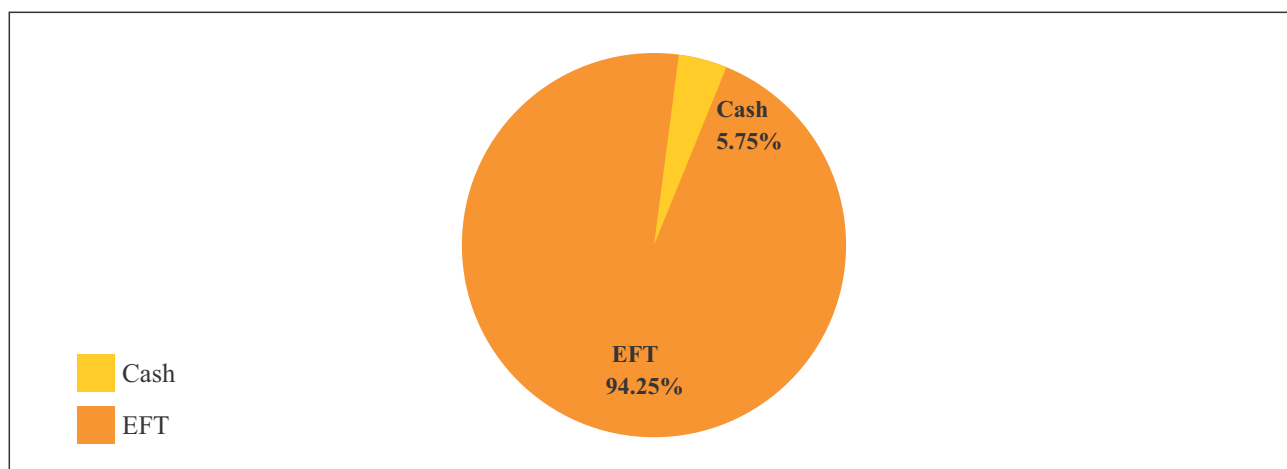
JAF only deals with monies received through a court order and distributes these monies as speedily as possible after being received from defendants and/or their employers. The average turnaround time for such receipts and the payment thereof is between two and four working days. These payments are processed mainly through electronic funds transfer (EFT) mechanisms on the MojaPay system.

Pre-2006, all maintenance beneficiaries were paid in cash versus the 4 873 beneficiaries paid in cash in March 2024. It is roughly estimated that at that time, in excess of 250 000 maintenance payments were made in cash. The move to EFT payments not only benefited the maintenance beneficiaries who had to wait in long queues for hours at the end of the month, often exposed

to criminal elements and having to pay for transport to the various courts, but also resulted in the department experiencing a reduction in its expenditure on cash-in-transit costs and cash withdrawal fees. Recognition is given to officials at different levels of the department for the large reduction in cash maintenance payments to beneficiaries over the last 17 years.

It must be kept in mind that 94% of maintenance beneficiaries receive maintenance payments on a monthly basis via the EFT and bank systems. In some cases, maintenance beneficiaries still rely on cash as a method of payment due to lack of access to banking facilities in rural communities, high withdrawal costs, and the convenient location of courts versus bank locations.

The graph below indicates the relationship of EFT versus cash payments made in respect of maintenance in 2024:



To eliminate or reduce the number of maintenance payments that flow through our courts and to ensure that beneficiaries have access to their monies in a shorter period, the Direct Payment initiative was widely promoted. The process entails the obligor (whether an individual defendant or his/her employer) depositing monies directly into the bank account of the beneficiary. All provinces of the department are managing this project in consultation with the local judiciary and prosecution, where applicable. The bulk of new maintenance orders issued are direct payment orders (48 378 orders were processed during the financial year under review) and existing orders are reviewed and re-issued as direct payment orders (1 790 were reviewed

and re-issued as direct payments for the financial year under review). After an objective assessment including risks, by appointed maintenance officers and maintenance investigators, a recommendation for direct payments is presented to the judicial officer (magistrate) for approval, and the relevant court order is issued. The success of this project has resulted in a significant reduction in the number of cash maintenance payments that must be dealt with through JAF.

Below is a breakdown per province of new direct payment orders issued and existing orders converted to direct payments for the years ended 31 March 2023 and 31 March 2024:

REGION	NEW ORDERS: 22/23	NEW ORDERS: 23/24	CONVERTED ORDERS: 22/23	CONVERTED ORDERS: 23/24
Eastern Cape	575	331	17	0
Free State	5 081	6 622	684	100
Gauteng	8 068	13 569	199	186
Limpopo	9 664	10 934	1 034	590
Mpumalanga	5 453	5 171	27	10
Northern Cape	3 495	1 972	297	114
North West	4 107	3 970	504	115
KwaZulu-Natal	4 093	5 809	559	675
Western Cape	4 283		379	
<b>TOTAL:</b>	<b>44 819</b>	<b>48 378</b>	<b>3 700</b>	<b>1 790</b>

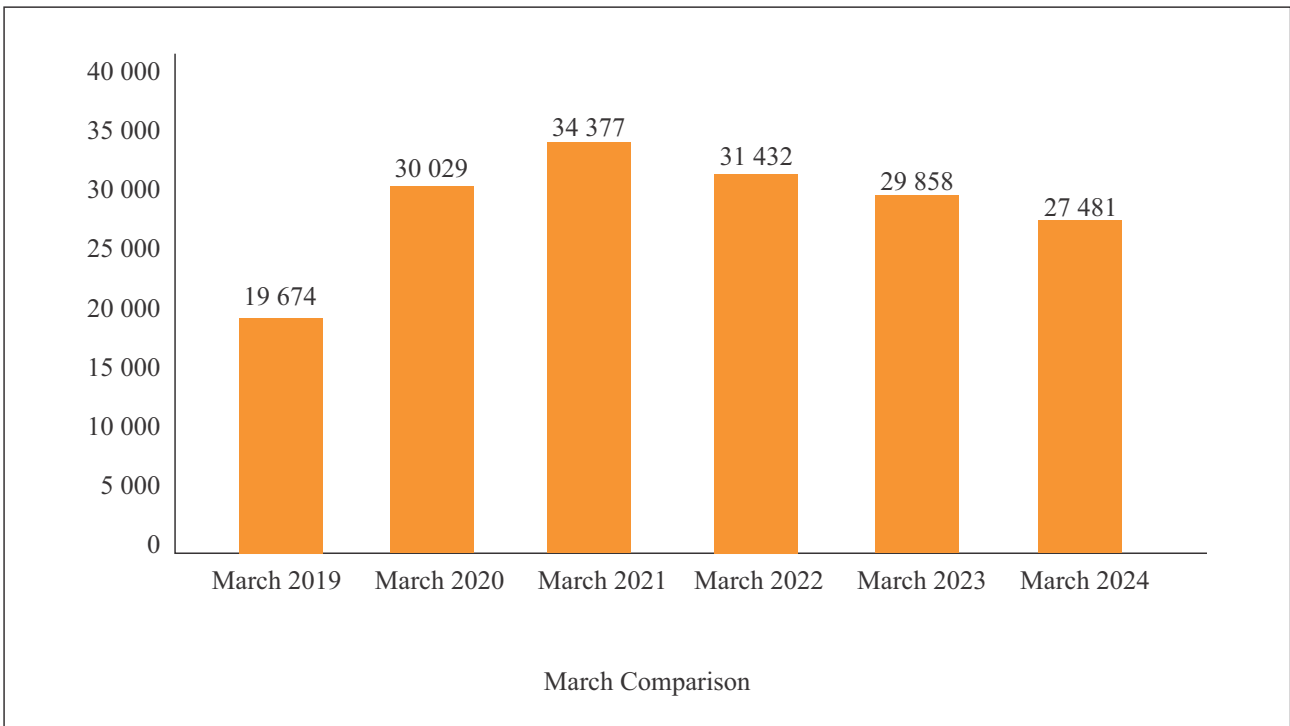
This process, however, takes time, as all stakeholders (obligor, beneficiary, and employer) must agree to it and/or be informed thereof. In some instances, employers claim not to have the necessary systems and resources in place to administer this function, while other employers prefer this method.

**Payments processed via PERSAL interface with MojaPay**

The Department of Justice and Constitutional Development (DoJ&CD) has reached an agreement whereby the DoJ&CD, through MojaPay, can deduct monies directly from the emoluments of government employees through PERSAL at national departments, provincial departments, and government components, except from the Department of Defence, which uses

PERSOL. This results in these deductions being paid to JAF centrally, with the correct reference number. Once received by the department, the monies are allocated and paid to the beneficiaries on the second working day after receipt. Previously, these monies were paid to the different courts of the department for processing, and due to all the manual processes involved, it took between five and 20 working days before beneficiaries received their monies. In many instances, these payments were not correctly referenced, resulting in payments being made to incorrect beneficiaries.

The graph below illustrates the number of orders paid through this process in March 2024 and the five previous financial years.



The decrease in 2024 can mainly be attributed to maintenance orders converted to direct payments and deductions that have been terminated (matured).

Over and above the PERSAL interface arrangements, the DoJ&CD has also reached agreements with several employers, including the Department of Defence, for bulk payments to be deposited directly into the JAF bank accounts.

**(d) Bail**

Bail payments in respect of the Criminal Procedure Act, 1977 (Act 51 of 1977), or any other legislation made to courts throughout the country, as well as police stations and correctional facilities, are held on behalf of depositors by JAF until the finalisation of criminal cases. Such monies are paid at police stations or correctional facilities and subsequently paid over to courts in cash in most instances, or by deposits into the nominated bank account by the South African Police Service (SAPS) and the Department of Correctional Services (DCS).



**(e) Other Payments into Court:**

These payments include, but are not limited to, payments sometimes referred to as civil payments (for example, security deposits in civil matters and private prosecution matters), compensation fines or awards, and in limited instances, payments in terms of Small Claims Court settlements or orders. It further includes any other payments made to court under any rule of court or any other law, where the intended beneficiary may be a third party.

**3. SYSTEMS REVIEW AND DEVELOPMENT**

**(a) JDAS (Legacy system):**

The Justice Deposit Account System (JDAS), utilised for the administration of JAF and other monies, was designed as a case administration system with payments and receipts recording functionality, but not as a financial system with the prescribed accounting and financial reporting capabilities required in terms of current governance requirements. Transactions were recorded at court level on JDAS and then payments were made to maintenance and compensation fines beneficiaries, as well as refunds or payments made to bail depositors and payments into court depositors.

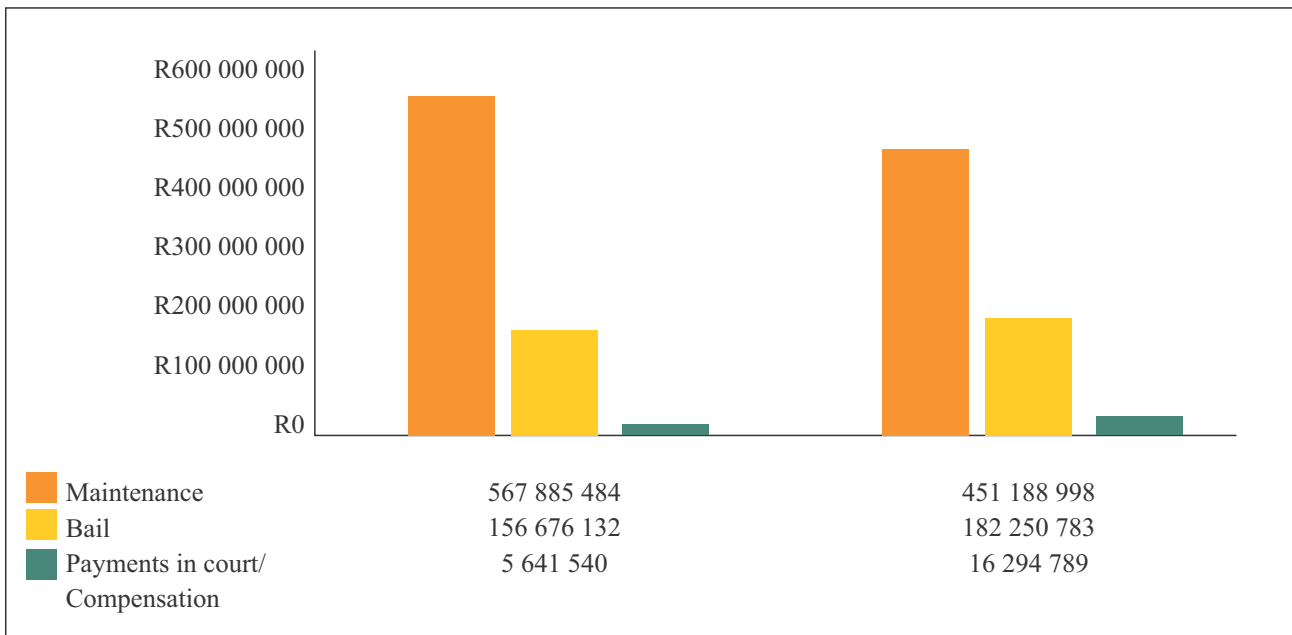
The department continues to actively work on the closure of all remaining legacy system bank accounts, and access to the related JDAS databases is restricted. As of 31 March 2024, there are four provincial legacy bank accounts held by Eastern Cape, Gauteng, KwaZulu-Natal, and Western Cape. We plan to clear and close all legacy accounts during the 2024/25 financial year.

The various limitations placed on reporting data were, inter alia, due to the shortcomings of JDAS, which resulted in system errors and other invalid balances arising. These items were removed from the relevant financial statement components and grouped into the ring-fenced balance. The DoJ&CD has managed, during the financial year under review, to clear some of these balances, resulting in a decrease from R7.183 million to R159 000 payable balance. The remainder of the ring-fenced balances will be investigated further during the 2024/25 financial year.

**(b) MojaPay (SAP):**

The department implemented the MojaPay system at all main courts in a staggered fashion from 2016 to 2020.

During the 2023/24 financial year, the following receipts and payments were recorded on MojaPay.

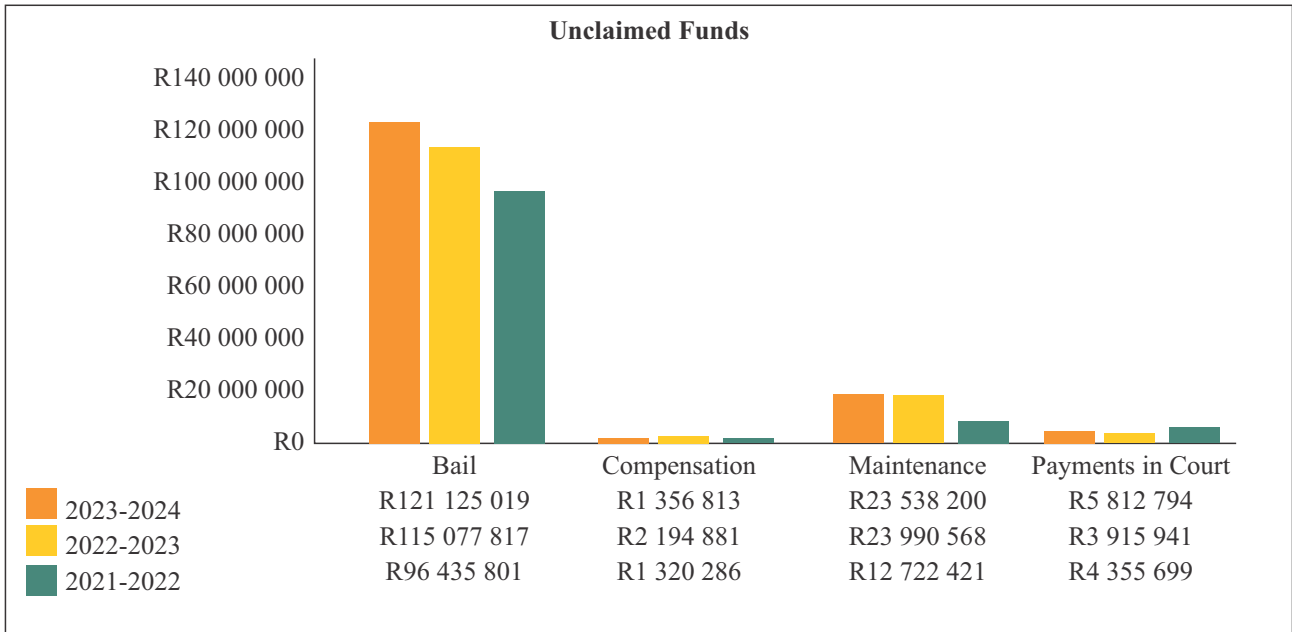




MojaPay is a fully automated system, which eradicates the need for office-level staff to perform monthly bank reconciliations and repetitive manual transactions on a daily, weekly, and monthly basis.

**(c) Management of Unclaimed Monies:**

Unclaimed monies have since 1 April 2014 been kept separate, initially after a directive issued by the National Treasury and later in terms of the JAF Act. As of 31 March 2024, the balance of these monies was R151.8 million compared to R145.1 million reported as of 31 March 2023, as depicted in the graph below.



The high level of unclaimed bail monies is due to depositors not claiming their bail monies after criminal cases have been finalised. In most of these instances, and especially in respect of bail monies collected by SAPS and DCS, depositors provide incorrect and/or incomplete contact information, which hampers tracing such beneficiaries. In many instances, even basic details such as the identity number of the depositor are not recorded. In many instances, the depositors of the bail are different persons from the accused, thus making it more difficult to trace for the purposes of processing the refunds when they become due to them. The department will consider paying over funds unclaimed after 10 years to the National Revenue Fund in an effort to curb the increasing trend; however, it must be noted that the currently unclaimed funds have not reached 10 years yet, given that the act was only promulgated in 2018. Until then, the increasing trend is expected to continue, given the aforementioned reasons regarding the bail monies.

**(d) New payment methods**

The department Point-of-Sale (POS) devices are installed at all the courts. This project was initiated to make payments including bail to JAF by the public more convenient. It was envisaged that this will reduce cash handling at courts as well as reduce expenditure for the department in respect of cash-in-transit costs and cash deposit fees. The uptake of the use of POS has been slow. The department commenced with the publicity of the use of POS at courts towards the end of the reporting period and will continue in the 2023/24 financial year.

**4. LEGISLATIVE REFORM**

Since the implementation of JAF on 1 April 2018, monies not included in the act but previously reported as part of the TPF financial statements are now reported in the financial statements of the DoJ&CD, while monies received and paid in respect of maintenance, bail, compensation fines, and payments into court are reported in the financial statements of JAF.

## 5. TARIFF POLICY

No fees are charged for the services rendered in respect of JAF, as payments are made mainly in respect of maintenance beneficiaries, most of whom hail from vulnerable groups in society. In terms of the JAF Act, interest earned on bank balances is to be utilised to defray the bank charges.

## CORPORATE GOVERNANCE ARRANGEMENTS

The governance processes of the department are mainly driven by the Executive Committee (EXCO) under the guidance of the accounting officer and the Minister for Justice and Correctional Services.

EXCO takes the initiative to ensure that all its members lead and direct the operations and service delivery initiatives in a manner that is consistent with ethical standards. All the departmental actions are governed by ethical principles contained in the Fraud Prevention Plan and Code of Ethics and Business Conduct of the department.

Other oversight governance structures for JAF include the Risk Management Committee and the Audit Committee, which both provide monitoring and assurance services to the fund. There is an existing approved Fraud Prevention Plan and the Whistle-Blowing Policy, which are applied by the governance structures in the monitoring of progress made in fraud detection and reporting.

## 6. APPROVAL

The Annual Financial Statements on pages 18 to 35 are hereby approved.



ADV D MASHABANE  
DIRECTOR-GENERAL: DEPARTMENT OF JUSTICE  
AND CONSTITUTIONAL DEVELOPMENT  
31 JULY 2024



**FINAL REPORT OF  
THE AUDIT  
COMMITTEE ON  
JUSTICE  
ADMINISTERED  
FUND**

# FINAL REPORT OF THE AUDIT COMMITTEE ON JUSTICE ADMINISTERED FUND

For the year ended 31 March 2024

## 1. REPORT OF THE AUDIT COMMITTEE

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

### 1.1 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee is consisted of members listed on the table below and has been required to meet at least four times per annum as per its approved terms of reference. During the year under review, five (05) ordinary and three (03) special meetings were held.

Name of members	Number of meetings attended	Number of special meetings attended	Status
Ms. Besky Maluleka-Ngunjiri (Chairperson)	5	3	Appointed 01/10/2021
Mr Eric Nwedo	5	3	Appointed 01/10 /2021
Mr Moholola Johannes Makgokolla	5	3	Appointed 01/10 /2021
Ms Gabisile Simelane	5	3	Appointed 01/10 /2021
Mr. Ashley Latchu	5	3	Appointed 01/10 /2021
Dr Lebogang Mphahlele-Ntsasa	5	3	Appointed 01/10 /2021

### 1.2 AUDIT COMMITTEE RESPONSIBILITY

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirement of section 38 (1) (a) of the public finance management Act, 1999 (Act NO. 1 of 1999) and Treasury Regulations. We also report that the Audit Committee discharged its responsibilities as per its terms of reference provided for.

### 1.3 THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee has noted that the gains achieved in the improvement of operational controls for supporting the preparation of the financial statements have been sustained.

Audit Committee is pleased with the positive audit outcomes achieved and this should be welcomed. The control weakness which resulted in the error as reported on the Auditor General Report need to be addressed.

### 1.4 INTERNAL AUDIT

The Department of Justice and Constitutional Development's Internal Audit Unit is responsible for the review of JAF and the Unit has also discharged its responsibilities as per the Internal Audit plan.

## 1.5 REPORTS

### *1.5.1 The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA*

We are satisfied with the content and quality of monthly and quarterly reports prepared by the Accounting Officer of the Department during the year under review.

### *1.5.2 Evaluation of financial statements*

We have reviewed and discussed the audited annual financial statements with management and also reviewed the Department's compliance with legal and regulatory provisions. We have also reviewed the Auditor-General South Africa's report and management letter and management's responses therefore.

## 1.6 AUDITOR-GENERAL SOUTH AFRICA

The Audit Committee concurs and accepts the conclusions of the Auditor General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



B Maluleka-Ngunjiri  
Chairperson of the Audit Committee

Date: 31 July 2024





**REPORT OF THE  
AUDITOR-GENERAL  
TO PARLIAMENT  
ON JUSTICE  
ADMINISTERED  
FUND**



# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Justice Administered Fund set out on pages 18 to 35, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement 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 Justice Administered Fund as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the general notice issued in terms of the PAA.

### 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 fund 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.

### Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Restatement of corresponding figures

7. As disclosed in note 12 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the fund at, and for the year ended, 31 March 2024.

### Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the fund'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 fund 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

10. 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.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx of the annexure to the auditor's report, forms part of our auditor's report.

#### **Report on the audit of the annual performance report**

12. In terms of the Justice Administered Fund Act 2 of 2017 the fund is not required to prepare an annual performance report.

#### **Report on compliance with legislation**

13. 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 officer is responsible for the fund's compliance with legislation.
14. The fund is not listed in terms of the PFMA and, therefore, no subject matters have been scoped in.

#### **Other information in the annual report**

15. The accounting officer is responsible for the other information included in the annual report, which includes the report by the accounting officer and the Audit Committee's report. The other information referred to does not include the financial statements and the auditor's report.
16. My opinion on the financial statements do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
17. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

18. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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**

19. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it.
20. I did not identify any significant deficiencies in internal control.

*Auditor - General*

Pretoria

31 July 2024



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The Auditor-General's responsibility for the audit

### Auditor-General's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements.

#### 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 fund'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 fund 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 fund 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 officer 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 officer 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.

The image features a blurred background of a person's hands working at a desk with a calculator and documents. A large, semi-transparent orange rectangle is overlaid on the left side of the image. At the bottom of this orange rectangle, there is a horizontal yellow bar. The text 'FINANCIAL STATEMENTS' is centered within the orange area in a white, serif font.

# FINANCIAL STATEMENTS

## General Information

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Nature of business and principal activities

The primary function of the Justice Administered Fund (JAF) is the administration and the management of the receipts and payments of bail, maintenance, payments into court and compensation fines on behalf of third parties. The JAF is further responsible for accounting of all transactions, safeguarding of administrative documentation and reporting of transactions.

Business address

329 Pretorius Street  
Pretoria  
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329 Pretorius Street  
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Pretoria  
0001

## **The Justice Administered Fund Annual Financial Statements for March 31, 2024**

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information.

The reports and statements set out below comprise the annual financial statements

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## Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the fund 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 annual financial statements and were given unrestricted access to all financial records and related data.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the fund and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the fund sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities 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 fund and all employees are required to maintain the highest ethical standards in ensuring the fund's business

is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise this by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The fund is wholly dependent on the department for continued funding of operations. The annual financial statements are prepared on the basis that the fund is a going concern and that the fund has neither the intention nor the need to liquidate or curtail materially the scale of the fund.

The annual financial statements set out on page 3 to 18, which have been prepared on the going concern basis, were approved by the accounting authority on May 31, 2024 and were signed on its behalf by:



ADV D MASHABANE  
DIRECTOR-GENERAL: DEPARTMENT OF  
JUSTICE AND CONSTITUTIONAL DEVELOPMENT



## Statement of Financial Position as at March 31, 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from non-exchange transactions	3	6 100 369	5 723 757
Cash and cash equivalents	4	865 735 980	770 537 518
		<b>871 836 349</b>	<b>776 261 275</b>
<b>Total Assets</b>		<b>871 836 349</b>	<b>776 261 275</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables from non-exchange transactions	5	790 659 597	725 468 314
Other liabilities	6	159 666	7 183 942
Bank overdraft	7	1 423 558	
		<b>792 242 821</b>	<b>732 652 256</b>
<b>Total Liabilities</b>		<b>792 242 821</b>	<b>732 652 256</b>
Net Assets		<b>79 593 528</b>	<b>43 609 019</b>
Accumulated surplus		79 593 528	43 609 019
<b>Total Net Assets</b>		<b>79 593 528</b>	<b>43 609 019</b>

**Statement of Financial Performance**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2024</b>	<b>2023 Restated*</b>
Revenue			
<b>Revenue from exchange transactions</b>			
Interest received	8	47 837 090	27 555 720
Expenditure			
Loss written off		(2 853 482)	-
Bank charges	8	(8 999 099)	(8 015 845)
Total expenditure		(11 852 581)	(8 015 845)
Surplus for the year		35 984 509	19 539 875

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at April 1, 2022</b>	<b>24 069 144</b>	<b>24 069 144</b>
Changes in net assets		
Surplus for the year	19 539 875	19 539 875
Total changes	19 539 875	19 539 875
<b>Balance at April 1, 2023</b>	<b>43 609 019</b>	<b>43 609 019</b>
Changes in net assets		
Surplus for the year	35 984 509	35 984 509
Total changes	35 984 509	35 984 509
<b>Balance at March 31, 2024</b>	<b>79 593 528</b>	<b>79 593 528</b>

**Cash Flow Statement**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2024</b>	<b>2023 Restated*</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from third party transactions	8	740 289 941	847 373 301
Interest received	12	47 837 090	27 555 720
Net movement in shortage as well as maintenance and dishonoured cheques		892 978	2 317 004
Bank overdraft	7	1 423 558	
Net movement in consolidated interest and bank charges account		34 845	1 390 010
		<b>790 478 412</b>	<b>878 636 035</b>
<b>Payments</b>			
Payments to third party transactions	8	(686 079 070)	(754 695 845)
Bank charges	12	(8 999 099)	(8 015 845)
Adjustment of fines and legacy account receipts		(201 781)	(1 029 909)
		<b>(695 279 950)</b>	<b>(763 741 599)</b>
<b>Net cash flows from operating activities</b>		<b>95 198 462</b>	<b>114 894 436</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>95 198 462</b>	<b>114 894 436</b>
Cash and cash equivalents at the beginning of the year		770 537 518	655 643 082
Cash and cash equivalents at the end of the year	4	<b>865 735 980</b>	<b>770 537 518</b>

## Accounting Policies

### 1. Presentation of Annual Financial Statements

The Justice Administrated Fund Act, 2017 (Act 2 of 2017) was assented to on 6 April 2017 and implemented on 1 April 2018.

The purpose of the JAF is the administration of bail, maintenance, payment into court and compensation fines on behalf of third parties by:

- the identification, creation, maintenance and management of depositors and beneficiaries;
- the management of the receipts and payments on behalf of depositors and beneficiaries;
- the accurate accounting of all transactions and safeguarding of administrative documentation; and
- the timely and accurate reporting of transactions.

The annual financial statements have been prepared in accordance with the standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board.

In the absence of an issued and effective standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5, issued by the Accounting Standards Board. These annual financial statements have been prepared on an accrual basis of accounting and in accordance with historical cost convention as the basis of measurement at fair value, unless specified otherwise.

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

#### Categories and Nature of Transactions

**Bail:** Where an accused is granted bail by a judicial officer or a duly authorised official, these funds are retained until the court authorises return of the funds to the depositor upon completion of the case if the bail conditions have been met. They are forfeited to the state if the bail conditions have not been met and thereafter paid over to the National Revenue Fund through the Vote Account of the department, when the monies remain unclaimed for a period longer than 10 years after it has

been authorised to be repaid to the depositor. The fund does not recognise revenue when bail monies are received or forfeited. Instead, they are recognised as payables and are payable to the department through the Vote Account.

**Maintenance:** Funds are received from obligors in accordance with an order of court, which is then paid to beneficiaries/ complainants or returned to the obligor if so approved by a court, or paid to the National Revenue Fund through the Vote Account if the monies remain unclaimed for a period longer than 10 years. The fund does not recognise revenue when maintenance monies are received. Instead, they are recognised as payables and are immediately payable to the beneficiary on receipt thereof.

**Payments into Court:** Money paid into court in terms of any Rule of Court or any other subordinate legislation. Unclaimed payments are paid over to the National Revenue Fund through the Vote Account when the monies remain unclaimed for a period longer than 10 years after it has been authorised to be paid to either the depositor or a court identified beneficiary. The fund does not recognise revenue when payment into court monies are received. These monies are recognised as payables and are payable to the depositors when authorised.

**Unclassified Monies:** Money received that cannot immediately be allocated into one of the above categories due to the lack of supporting documentation or originates from an unknown source. If the origin of these monies cannot be traced and allocated or refunded to the depositor, the monies are deposited into the National Revenue Fund through the Vote Account after six months in terms of the departmental financial instructions. The fund does not recognise revenues when these monies are received but are recognised as payables and payable to the department through the Vote Account after six months.

#### 1.1 Presentation currency

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

## 1.2 Going concern assumption

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

## 1.3 Financial instruments

The financial instruments of the JAF are only comprised of cash and cash equivalents and are classified as financial assets, except if bank balances are in overdraft, in which case these are classified as financial liabilities.

### Initial and subsequent measurement

Financial instruments are recognised when the JAF becomes a party to the transactions and are measured at fair value. Receivables from non-exchange transactions also meet the definition of financial instruments and should therefore be recognised as financial instruments. Justice Administered Fund would derecognise a financial instrument only when:

The contractual rights to the cash flows from the financial asset expire, are settled or waived;

- Substantially all the risks and rewards of the financial instrument are transferred to another party; or
- In the case of a financial asset, JAF has transferred control even if it retains some significant risks and rewards of ownership

When the monies are paid out to the relevant beneficiaries the financial instruments are derecognised.

## 1.4 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand at the bank at reporting date. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash that are immediately available, and which are subject to insignificant risk of changes in value. Cash at the bank is held with reputable banking institutions as authorised by National Treasury in the name of the Department of Justice and Constitutional Development (DoJ&CD) and the JAF.

## 1.5 Receivables from non-exchange transactions

Receivables arise from the legal activities of the JAF and represent amounts that are recoverable from another/identifiable party and include, but are not limited to, dishonoured cheques, maintenance debtors and shortages.

Receivables are initially measured at the amount of cash receivable (the transaction amount). Receivables are derecognised when the JAF recovers the amounts owing or when amounts are written off through the DoJ&CD Vote funding when irrecoverable.

### 1.5.1 Dishonoured cheques

Dishonoured cheques debtors are recognised in the Statement of Financial Position when cheques received from various obligors were returned “Refer to Drawer” by the financial institutions only after a payment had already been made to a JAF beneficiary in the interest of service delivery. These are old transactions that are under investigations. The DoJ&CD may write off the amount when irrecoverable. The JAF may also stand in when the DoJ&CD is unable to write off the amount when irrecoverable.

### 1.5.2 Maintenance debtors

Maintenance debtors are raised when maintenance payments are made to incorrect maintenance beneficiaries due to incorrectly referenced payments received. Following an internal investigation, the DoJ&CD may write off the amount when irrecoverable.

### 1.5.3 Shortage debtors

Monies collected over the counter are deposited at one of the authorised financial institutions regularly. Where an amount received over the counter is less than the amount indicated on the receipt or where the amount deposited is less than the amount received by the bank, a cash shortage is recorded. All cash shortages are investigated, and a receivable is raised for shortages. Following an internal investigation, the DoJ&CD may write off the amount if irrecoverable.

#### **1.5.4 State institutions and other receivables**

The receivable state institutions and other receivables refers to money due from state institutions which include provincial governments and local authorities. These may include payments made to these beneficiaries in error.

#### **1.6 Payables from non-exchange transactions**

Payables arise from amounts that are due and payable to beneficiaries and/or depositors. Payables do not meet the definition of financial liabilities as described in GRAP 104 due to the following reasons:

- Payables arise out of non-contractual arrangements,
- Performance and remedy of non-performance is not enforceable by law, or
- The transactions are executed in terms of legislation as opposed to a contract.

Payables are measured and are due to the third party in accordance with the court order or legal directive and are derecognised when the rights to the cash outflows from the payable are settled, expired or waived.

#### **1.7 Revenue from exchange transactions**

The JAF recognises revenue when the amount of revenue can be reliably measured. It is probable that future economic benefits will flow to the fund. 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. Revenue is recognised from interest that is received from the commercial banks.

#### **1.8 Other Liabilities**

These are transactions that cannot be verified under cash and cash equivalents, payables and statutory receivables based on historical limitations of the legacy system and are therefore recognised as Other Liabilities.

#### **1.9 Services in kind**

The fund recognise services in kind that are significant to its operations and/or service delivery objectives as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the fund and the fair value of the assets can be measured reliably.

Where services in kind are not significant to the fund's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the fund discloses the nature and type of services in kind received during the reporting period.

#### **1.10 Comparative figures**

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

#### **1.11 Related parties**

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. Related parties are only disclosed if not at arm's length.

#### **1.12 Expenditure**

Bank charges relating to bank accounts held and maintained with reputable banking institutions and the losses are written off against the JAF surplus in terms of Section 6 (3) (b) of the Justice Administered Fund Act.



# Notes to the Annual Financial Statements

## 2 New standards and interpretations

### 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2024 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• GRAP 104 (as revised): Financial Instruments	April 1, 2025	Unable to reliably estimate the impact
• GRAP 2020: Improvements to the Standards of GRAP 2020	April 1, 2024	Impact is currently being assessed
• GRAP 1 (amended): Presentation of Financial Statements	April 1, 2023	Impact is currently being assessed

### 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2024 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• GRAP 103 (as revised): Heritage Assets	April 1, 2024	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	April 1, 2024	Unlikely there will be a material impact
• IGRAP 21: The Effect of Past Decisions on Materiality	April 1, 2024	Unlikely there will be a material impact

	2024	2023
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### 3. Receivables from non-exchange transactions

#### Statutory Receivables

Dishonoured cheques	360 485	360 485
Vote: Receivables from Department of Justice & Constitutional Development	1 800	17 700
State Institution and other receivables	4 500	4 500
Maintenance debtor	214 768	238 433
Shortage debtor	5 518 816	5 102 639
	<b>6 100 369</b>	<b>5 723 757</b>

Receivables Age Analysis	Shortage Debtor	Maintenance Debtor	Dishonoured Cheque	State Institutional and other Receivables	Vote Receivables from DOJ	Total
0 to 6 Months	685 436	3 785				689 221
7 to 12 Months	1 346 113	1 000			-	1 347 113
13 to 24 Months	868 202	5 386		500		874 089
25 to 36 Months	491 935	13 305	2 300	500		508 040
37 to 60 Months	1 247 248	13 350	200 000	3 000		1 463 598
61 Months Plus	879 882	177 942	158 185	500	1 800	1 218 308
<b>Total</b>	<b>5 518 816</b>	<b>214 768</b>	<b>360 485</b>	<b>4 500</b>	<b>1 800</b>	<b>6 100 369</b>

Receivables from non-exchange transactions are managed in terms of the Justice Administered Fund Financial Instructions (JAFFI), which have been issued in terms of section 9 of the JAF Act, 2017 (Act 2 of 2017). In terms of this all receivables not recoverable from the responsible party must be accounted for within the fund, until responsibility and accountability can be determined (or not).

In terms of paragraph 4.2.3 of the JAFFI, should the DoJ&CD be unable to recover such amounts, it must follow its processes to write off the amount(s) concerned. This has the implication that all receivables from non-exchange transactions are recoverable from the DoJ&CD, should it not be recoverable from an identified party or when such party cannot be identified after investigations have been concluded.

The amount above listed as receivable from DoJ&CD represents the amount for which approval has been obtained to write off or fund the JAF, but the actual funds have not yet been transferred (or are in transit) from the DoJ&CD to the JAF by the end of the reporting period. This could also represent amounts that have been recovered but paid to the DoJ&CD and have not yet been transferred to the JAF by the end of the reporting period (or are in transit).

	2024	2023
<b>4. Cash and cash equivalents</b>		
Bank balances	865 735 980	770 537 518
<b>5. Payables from non-exchange transactions</b>		
Bail	694 011 756	596 071 140
Maintenance	89 716 583	101 504 494
Unclassified Monies	1 315 049	19 946 688
Payments into Court	4 981 619	7 471 552
Vote Payable	634 590	474 440
	<b>790 659 597</b>	<b>725 468 314</b>
<b>6. Other Liabilities</b>		
Other Liabilities	159 666	7 183 942

The DoJ&CD launched and completed a ring-fencing exercise in 2016/17. The purpose of the ring-fencing exercise was to isolate amounts and transactions that cannot be verified under cash and cash equivalents, payables and statutory receivables based on historical limitations of the legacy system (Justice Deposit Administration System).

The various limitations placed on reporting data are, inter alia, due to the shortcomings of the administrative legacy systems which resulted in system errors and other invalid balances. These items are removed from the relevant financial statement components and grouped into this ring-fenced balance under other assets and liabilities. These balances and transactions are available at office level and have been aged. The process of investigating is ongoing and clearing happens when supporting documentation becomes available.

The table below indicates the current situation as far as this is concerned

	As disclosed in 2024	As disclosed in 2023	Movement	Nature of Movement
Receivables	109 883	190 193	80 310	Clearing of invalid shortages write-offs by delegated authorities and recovery of overpayments & debtors
Cash and Cash Equivalents	(269 549)	(6 585 635)	(6 316 086)	The net impact of clearing the receivables and payables and clearing of system and data errors such as erroneous postings of interest and charges

	As disclosed in 2024	As disclosed in 2023	Movement	Nature of Movement
Payables	-	(788 500)	(788 500)	Pay overs to beneficiaries/depositors and clearing of beneficiary listing
<b>Total</b>	<b>(159 666)</b>	<b>(7 183 942)</b>	<b>(7 024 276) -</b>	

**7. Bank Overdraft**

	2024	2023
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Bank accounts that reflect bank charges that are not swept to settle against the Interest account at year end.

Bank Charges Bank Account	1 423 558	-
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**8. Interest and Bank Charges**

Interest Received	47 837 090	27 555 720
Bank Charges	(8 999 099)	(8 015 845)
	<u>38 837 991</u>	<u>19 539 875</u>

The increase in the interest earned in 2023/2024 is due to the rise in the interest rates on all money held in the fund's reserve accounts.

**9. Classes of Receipts and Payments**

Cash Receipts from Third Parties		
DoJ&CD Courts	740 289 941	847 373 301
Cash Payments to Third Parties		
DoJ&CD Courts	(686 079 070)	(754 695 845)

## 10. Related parties

The JAF is administered by the DoJ&CD and as such administration costs, including salaries of officials administering the fund are incurred by the department.

### Key Management Information

#### Relationships

Entities under common control	In light of the DoJ&CD being the administrator, the fund is considered related to other entities under common control: the President's Fund, the Guardian's Fund, the Special Investigating Unit and Legal Aid South Africa. There are no transactions or balances with these entities in the reporting period.
Parliament is the ultimate controlling entity	The Minister of the DoJ&CD is the Executive Authority and therefore a related party to the fund. Parliament has the power to govern and influence the functions and policies of the JAF and is consequently a related party to the entity, along with other entities and departments within the national sphere of government.
Members of the key management	Key management includes all persons having the authority and responsibility for planning, directing and controlling the activities of the fund as listed below. Their salaries and allowances are paid by the department and not paid by the fund.

### Key management information

Class	Description	Number
Director-General	Level 16	1
Chief Financial Officer	Level 15	1
Chief Director	Level 14	1
Director	Level 13	1
Acting Director	Level 11	2

### Management information

#### 2024

##### Name

Director-General – Adv Doc Mashabane  
 Chief Financial Officer – Rofhiwa Irene Singo  
 Chief Director – Bheki Mathunjwa  
 Director – Nico Van Harmelen  
 Acting Director – Nonhlanhla Lukhele  
 Acting Director – Clement J De Klerk

#### 2023

##### Name

Director-General – Adv Doc Mashabane  
 Chief Financial Officer – Rofhiwa Irene Singo  
 Chief Director – Bheki Mathunjwa  
 Director – Nico Van Harmelen  
 Acting Director – Nonhlanhla Lukhele  
 Acting Director – Clement J De Klerk

## 11. Service in kind

The fund receives services in kind from the DoJ&CD for administration and reporting of transactions.

The DoJ&CD also pays the personnel cost, office expenses and provides funding to write off losses. These expenses are recorded in the annual financial statements of the department.

The fund cannot reliably determine the fair value for the service it received in kind. No amount is recognised in the Statement of Financial Performance for the value of these services received.

## 12. Prior period errors

The Cash Flow Statement for 31 March 2023 was restated to correct an error. The interest received and bank charges were reported on a net basis, which is not in accordance with the GRAP Standards. This, however, does not affect the total movement balance.

	2024	2023
<b>Cash flow statement</b>		
<b>Cash flow from operating activities</b>		
Interest received	47 837 090	27 555 720
Bank charges	(8 999 099)	(8 015 845)
	<b>38 837 991</b>	<b>19 539 875</b>

Presented below are those items contained in the cash flow statement that have been affected by prior-year error.

### Cash flow statement

#### 2023

Cash flow from operating activities		
Net movement in interest and bank charges	19 539 875	-
Interest received	-	27 555 720
Bank charges	-	(8 015 845)
	<b>19 539 876</b>	<b>19 539 876</b>

#### 2022

Cash flow from operating activities		
Net movement in interest received and bank charges	3 182 213	-
Interest received	-	9 939 469
Bank charges	-	(6 757 256)
	<b>3 182 213</b>	<b>3 182 213</b>

## Related Party Error

The related party transactions for the prior financial year ended 31 March 2023 were restated to correct the error. An error was made by excluding the acting directors as related parties who control and exercise significant influence over the fund and are responsible for the management of the JAF.

1. Acting Director – Nonhlanhla Lukhele
2. Acting Director – CJ De Klerk

## 13. Financial risk management

The JAF is exposed to the following financial risks due to the nature of its operations:

- Credit risk
- Interest rate risk

The JAF has employed the following activities in the management of these risks:

### Credit risk

Cash held at bank

The bank balances represent the maximum exposure to credit risk of the fund. The fund, through the DoJ&CD, only banks with reputable banking institutions and is limited to banks approved by National Treasury in terms of section 7 (2) (a) of the PFMA. These institutions are:

ABSA

Nedbank

Standard Bank

First National Bank

### Market risk

### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, unlawful activities such as theft or fraudulent activities, systems and external events. The fund recognises the significance of the operational risk inherent in all the fund's activities. Operational risk is managed within acceptable levels through implementing effective internal controls.

### Interest rate risk

The fund does not actively manage its exposure to changes in the interest rate applicable to its bank balances which carry interest at a variable rate. The bank balances of the fund are of a short-term nature and therefore the exposure is minimal. The fund is not allowed to manage available cash balances to maximise return, as the amounts in banks are essentially owed to beneficiaries and depositors.

### Compliance Risk

Compliance risk is defined as the risk of legal sanctions, material financial loss, or loss to reputation the fund may suffer as a result of its failure to comply with laws, regulations, codes of conduct and standards of best/good practice.

Compliance is managed through the JAF Act, JAF Financial Instructions, JAF Financial Directives, Standard Operating Procedures and training interventions.

**14. Going concern**

We draw attention to the fact that at March 31, 2024, the fund had an accumulated surplus (deficit) of R79 593 528 and that the fund's total assets exceeded its liabilities by R79 593 528.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Management does not have knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the fund's ability to continue as a going concern.

**15. Events after the reporting date**

The JAF became aware of the following events after the reporting period.

On May 6, 2024, unauthorised transactions to the amount of R1 031 437 were processed from the department Vote Account transferring funds to an unidentified bank account. The incident has been reported to the South African Police Service and the Forensic Unit of the department. The investigations were ongoing as at the reporting date. Further controls were put in place to minimise the risk of fraud.



**THE DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT**

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