



2017/2018 ANNUAL REPORT

YOUR PARTNER IN SKILLS DEVELOPMENT





SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

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Ms GNM PANDOR
Minister of Higher Education and Training



Mr B MANAMELA
Deputy Minister of Higher Education and Training



Ms N JOLINGANA
Chairperson of the Accounting Authority

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MINISTER NM PANDOR

It is my pleasure to submit the 2017/2018 Annual Report of the Safety and Security Sector Education and Training Authority for the period 1 April 2017 to 31 March 2018, in compliance with section 14(5)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998), section 55(1)(d)(i) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), and in accordance with section 18 of the Treasury Regulations.

Ms N Jolingana
Chairperson

FOREWORD BY THE CHAIRPERSON



It is my honour and privilege, as the newly appointed Chairperson of the Accounting Authority, to present the 2017/2018 Annual Report for the Safety and Security SETA in line with the requirements of the Public Finance Management Act section 55(1).

The Minister of Higher Education appointed the Board in April and the Chairperson in June 2018. The Board is taking over an entity that was placed under administration from 2015 to 2018 due to its unsatisfactory performance in both performance and financial management. The end of the administration period does not necessarily mean that the SETA is now free of the challenges it faced in the past. The Board is therefore seized with the task to ensure the stability of the SETA going forward.

The Board is fully conscious of its responsibilities of fulfilling its mandate and ensuring that the SETA contributes towards the achievement of transformation imperatives as entailed in the National Development Plan (NDP) and the National Skills Development Strategy III (NSDS III). The Safety and Security sector is one of the major contributors to employment in the country.

The Board is committed to promoting a culture of high performance and accountability, to ensure that the SETA delivers according to the imperatives outlined in the NSDS III.

The Board brings a variety of skills and experiences that would ensure effective leadership is provided in delivering the goals of the NSDS III to ensure an increase in the skills base in the safety and security sector. This will be achieved through proactive allocation of discretionary grants to qualifying stakeholders. It will ensure that the sector responds to a clarion call that is identified in the NDP to “ensure that the people of South Africa are and feel safe”.

Going forward, the Board will continue to position the strategic framework of the SETA in the context of

opportunities and risks, while also continuing to strengthen risk management capabilities that would enable an effective response to ensuring promotion of service delivery improvement and efficient utilisation of resources to ensure the fulfilment of the SETA mandate.

We will continue to apply the knowledge and expertise, collectively as the Board and Management, to address transversal and sector specific education and training needs. This will be done through the implementation of internships, skills development programmes, addressing critical and scarce skills amongst others.

I will like to extend a word of appreciation to all the staff of SASSETA, for their dedication and commitment in ensuring that we deliver on our mandate. I believe that we can do more if together we can be able to take SASSETA to greater heights. As J.K. Rowling in Harry Potter and the Goblet of Fire would put it “*We are only as strong as we are united, as weak as we are divided*”. The peoples of South Africa depend on us to make a difference.

In conclusion, with word borrowed from one of the global icons, the late former secretary general of the UN, Kofi Annan “*Knowledge is power, information is liberating, Education is the premise of progress, in every society, in every family*”.

The SASSETA Board and Staff are all set for the road ahead and believe we shall emerge victorious. We cannot afford to fail. The people of SA cannot afford that.

A handwritten signature in black ink, appearing to read 'N. Jolingana'.

Ms Nontsikelelo Jolingana
Chairperson of the Accounting Authority



SASSETA EXECUTIVE MANAGERS

From the left

Ms Juwayria Amod, Mr Vukani Memela, Mr Ikalafeng Diale



SASSETA BOARD

From the left:

Mr. Tsundzuka Moyana, Ms Zaahira Tiry, Mr Khumbulani Moyo, Ms Mmathoto Lephadi, Ms Nontsikelelo Jolingana, Mr Stefan Conradie, Ms Thandekile Mkhize, Ms Mottalepula Molefe, Ms Ina Kuhn, Ms Delisiwe Dlodlu, Mr Paul Nephawe, Mr Pebane Selepe,

Absent:

Lieutenant General Nhlanhla Mkhwanazi, Major General Ansuyah Fakir, Mr Romeo Adams

CHIEF EXECUTIVE OFFICER'S OVERVIEW



It gives me great pleasure to table the Safety and Security Sector Education and Training Authority (SASSETA) Annual Report – five months after the administration period. It is both exciting and encouraging to see that SASSETA is moving in the right direction in all of its programmes. While we have not achieved all that we had hoped for, we are definitely seeing signs of vast improvement across the organisation.

During the year under review, SASSETA received an unqualified audit report. The overall performance of SASSETA has improved, with 91% of the annual performance plan targets achieved in 2017/2018 compared to 81% in 2016/2017. The performance result was a product of more focus and hard work for staff. We remain grateful to the commitment, dedication and energy of our staff that makes this possible!

While we have had a good year, it has been eventful with the start of the year seeing SASSETA with a newly appointed Board. This allowed for a transition from the Administrator to the Board. The Board was inducted in May 2018 and hit the road running.

Despite the improvements that have taken place in the organisation, there are still certain areas that require serious attention. In particular, the issues of information and communications technology (ICT) implementation and supply chain management. In early 2018, we have appointed a new Supply Chain Manager and new Chief Financial Officer, and it is hoped that these two new appointments will strengthen and assist us to further improve on financial performance and move us to a clean audit.

Having said that, I am of the firm belief that SASSETA's challenges also contain opportunities to improve organisational efficiency, augment projects management, upgrade our ICT infrastructure and streamline business processes.

As the main driver of skills development in the sector, SASSETA carries an enormous responsibility in ensuring that the myriad of skills challenges is not only identified but also addressed. The skills development issue in the sector is thus pertinent both at the demand and supply level, and extensive efforts to skill the workforce are required, both in quantity and quality. We are mindful of the fact that skills development is critical for our economic growth, job creation opportunities and social development. We will continue to work with all our stakeholders in offering better training opportunities and specific courses focused on addressing specific skills shortages.

In our quest to ensure our national footprint, SASSETA re-opened its regional SASSETA offices in KwaZulu-Natal, and will open more offices in more provinces in the next financial year. We hope to be able to report on Limpopo Province and the Eastern Cape offices in the near future.

Sincere thanks to all officials of the Department of Higher Education and Training. The Office of the Auditor-General has been most helpful, as always. SASSETA hereby extends its sincere gratitude to organised labour in the sector and various partner employers in the private and public sector.

Once again, I would like to thank each and every one of our staff members, for the contribution that they have made in their respective portfolios. Their sacrifices and hard work made it easy and worthwhile for all of us to serve the masses of our people through this Sector Education and Training Authority.

I would be remiss of duty if I were not to thank the Administrator – Ms Irish-Qhobosheane for her contribution to the SETA. I acknowledge and thank the advice from the Chairperson Ms Jolingana and the Board and the guidance of the Audit Committee. We look forward to another productive year in partnership with all our stakeholders as we deliver on the mandate entrusted to us.

A handwritten signature in black ink, appearing to read 'Vukani Memela', written in a cursive style.

Mr Vukani Memela
Acting Chief Executive Officer

STATEMENT OF RESPONSIBILITY

AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP standards and the relevant frameworks and guidelines issued by the National Treasury.
- The Chief Executive Officer is responsible for the preparation of the annual financial statements and for the judgments made in this information.
- The internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the annual financial statements.

External auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resource information and the financial affairs of the SETA for the financial year ended 31 March 2018.

Yours faithfully



Mr Vukani Memela
Acting Chief Executive Officer

SASSETA SCOPE OF COVERAGE

The scope of coverage for the SETA, as determined by the Minister of Higher Education and Training.

SIC CODES, SUB-SECTORS AND CONSTITUENCIES OF THE SAFETY AND SECURITY SECTOR

| SIC codes | Sub-sector | Constituency |
|------------------------------|---|---|
| 9110A* | Policing | The Independent Complaints Directorate (IPID), the Secretariat for Safety and Security, Civilian Secretariat for Police, and the South African Police Service (SAPS). |
| 91301 91302 | | Municipal and Metro Police Services, Traffic Management/Law Enforcement, and Road Traffic Management Corporation (RMTC). |
| 9110B* | Corrections | The Department of Correctional Services (DCS). Private correctional services providers. |
| | | Kutama Sinthumule Correctional Centre. Mangaung Correctional Centre. |
| | | Judicial Inspectorate for Correctional Services. Correctional Supervision and Parole Boards. |
| 9110D* | Defence | The Department of Defence (DOD). South African National Defence Force (SANDF) SA Navy, SA Air Force, and SA Military Health. |
| 9110C* | Justice | The Department of Justice and Constitutional Development (DoJCD), National Prosecuting Authority (NPA), and Special Investigations Unit (SIU). |
| 91104 | Intelligence activities | The National Intelligence Agency (NIA). |
| 91105 | | The South African Secret Service (SASS). |
| 88110 | Legal services | Legal and paralegal services. Sheriffs. |
| 88111 | | Legal Aid Services. |
| 88920 | Private security and investigation activities | Private security, investigation, and polygraph services. |

EXECUTIVE AUTHORITY OF THE SETA

SASSETA is accountable to Parliament and operates under the oversight of National Treasury in terms of performance management and financial administration. SETAs are currently licensed for the period 1 April 2011 to 31 March 2018, with a further extension to 31 March 2020.

VISION

To be the leader in skills development for safety and security.

MISSION

Education and training authority that ensures quality provision of skills development and qualifications for South African citizens in the safety and security environment through effective and efficient partnerships.

VALUES

| | |
|------------------------|--|
| Leadership | SASSETA values leadership in directing performance of others in the sector and leading the way. |
| Decisiveness | SASSETA is decisive in making decisions that are firm and beyond doubt, leading to conclusions. |
| Diversity | SASSETA embraces difference, variety or multi-formity within skills development of the various services in the sector. |
| Transparency | SASSETA programmes and services are easy to access and understand. Our decisions and actions are clear, reasonable and open to examination. |
| Professionalism | SASSETA employees are professionals, well trained in our specialities committed to service excellence. |
| Quality | SASSETA constantly seeks opportunities to improve our services and products. Quality and continuous improvements are an integral part of our daily operations. |
| Teamwork | Employees work as a team and value the contributions of each individual. We know that our people are our most important resource. |
| Integrity | SASSETA strives to be honest in our operations, conduct and discipline in the organisation's actions. |
| Equity | SASSETA commits to treat all its stakeholders equally and in an equitable way. |

SASSETA SCOPE OF COVERAGE

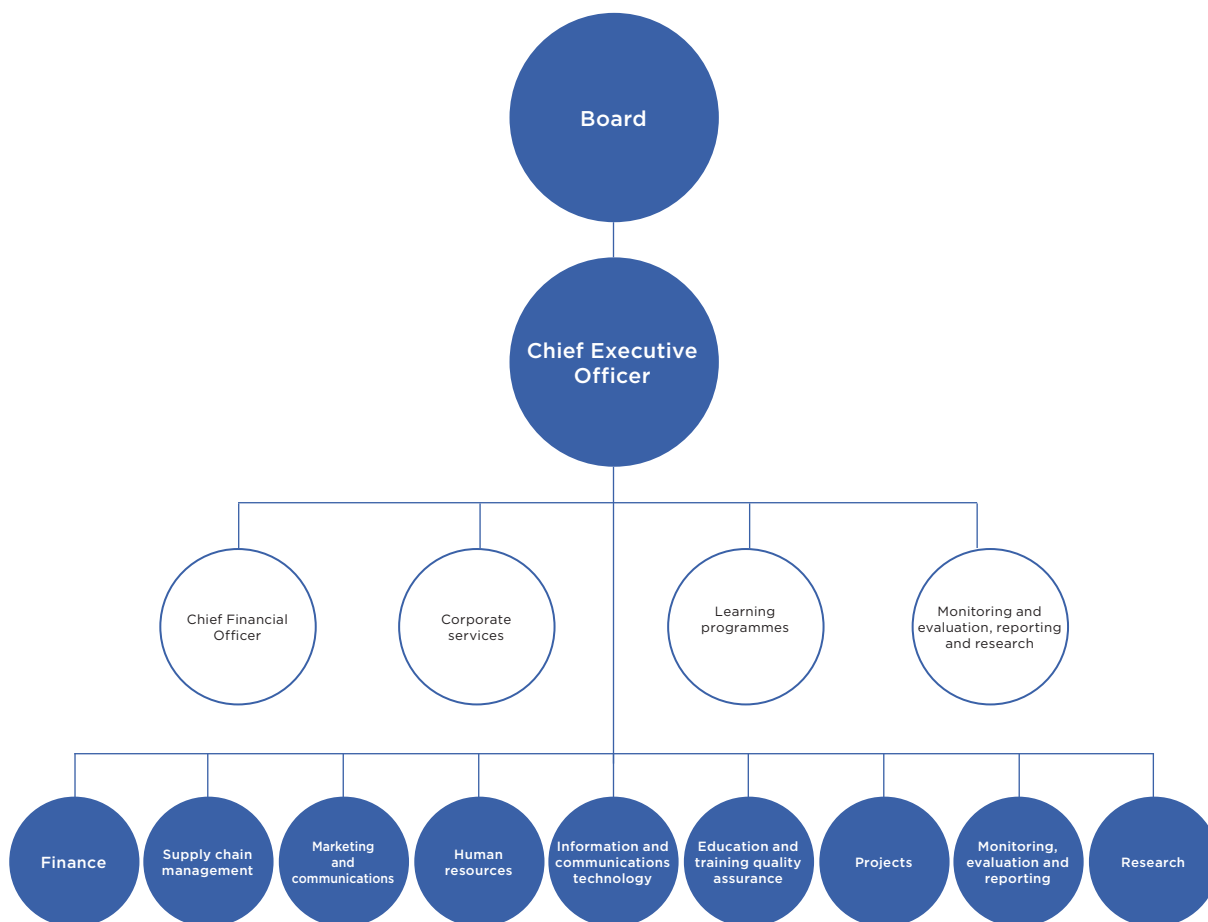
LEGISLATIVE AND OTHER MANDATES

SASSETA was established in terms of the Skills Development Act, No. 97 of 1998 with the mandate to promote and facilitate the skills development for the safety and security sector. The Minister of Higher Education and Training relicensed the SETAs for the period April 2011 to March 2018 and extended it by a further two-year period until 31 March 2020, to operate within the skills development framework articulated in the National Skills Development Strategy III (NSDS III) framework and other policies and strategies presented below.

| Legislation/policy/strategy | Description |
|---|--|
| South African Constitution 1996 | Section 29(1)(a) and (b) provides for the State to take reasonable measures to make adult and further education accessible to citizens as a human right. |
| | Section 195(1)(a)-(f) articulates the values and principles governing public administration. |
| Skills Development Act, No. 98 of 1998 | To develop the skills of the South African workforce – to improve the quality of life of workers, their prospects of work and labour mobility; to improve productivity in the workplace and the competitiveness of employers; to promote self-employment; and to improve the delivery of social services. |
| Skills Development Levies Act, No. 9 of 1999 | The Act makes provision for leviable employers to pay 1% of their payroll to the South African Revenue Service (SARS). |
| Skills Development Amendment Act, No. 26 of 2011 | To amend provisions relating to the establishment, amalgamation and dissolution of SETAs; to provide for the incorporation of a sub-sector of one SETA into another SETA; to provide for the composition of an Accounting Authority for each SETA; to regulate the eligibility to become a member of an Accounting Authority and to provide for a constitution for every SETA. |
| Public Finance Management Act, No. 1 of 1999 | SASSETA is a public entity that falls under Schedule 3A of the Public Finance Management Act, No. 1 of 1999. |
| National Development Plan 2030 | Chapter 13 of the National Development Plan 2030. |
| National Human Resource Development Strategy of South Africa | The Strategy has several commitments designed to address the priorities of the South African Government in terms of skills development that supports economic and social development, facilitating greater access to education opportunities, as well as building a capable public sector to meet the needs of a developmental state. |
| National Skills Development Strategy III (NSDS III) | The NSDS III is the key strategic guide to inform skills development interventions and sector skills planning in all SETAs to respond to skills development challenges in the country for the period 2011 to 2018. Furthermore, the NSDS III identifies seven key developmental and transformative imperatives of race, class, gender, geography, age, disability, and the HIV and AIDS pandemic that will inform the nature and scope of skills development interventions by SETAs. |
| Strategic Integrated Projects (SIPs) | The 18 SIPs focus on infrastructure development as a catalyst to facilitating the creation of five million jobs by 2020. |
| National Qualifications Framework Act, No. 67 of 2008 | SASSETA employs the provisions of Chapter 5 of the National Qualifications Framework Act, No. 67 of 2008 (NQF) to design training programmes, to carry out quality assurance, assess learner achievement and accredit training providers. |
| White Paper on Post-School Education and Training | The White Paper on Post-School Education and Training aims to establish a vision for the type of post-school education and training system that the Department of Higher Education and Training (DHET) desires by 2030 (DHET, 2013). |
| National Skills Accord | The National Skills Accord is a multi-constituency agreement between business, organised labour, community constituents at the National Economic and Development Labour Council (NEDLAC), and Government. It was signed to support the New Growth Path target of creating five million jobs by 2020. The Accord identifies eight commitments in relation to training and skills development that need to be implemented by the constituencies to achieve the New Growth Path. |

| Legislation/policy/ strategy | Description |
|---------------------------------|---|
| Youth Employment Accord | The Youth Employment Accord has six commitments that include education and training; access to work exposure; increase the number of young people employed in the public service; youth target set-asides; youth entrepreneurship and youth co-operatives; and to develop private sector youth absorption programmes. SASSETA has and continues to support Government's drive to empower the youth by facilitating access to its skills development opportunities and programmes that include learnerships, internships, workplace learning and bursaries. SASSETA has also facilitated access for the unemployed youth to such skills development opportunities. |

ORGANISATIONAL STRUCTURE



PERFORMANCE INFORMATION

INTRODUCTION

The Safety and Security Sector Education and Training Authority (SASSETA) is one of the 21 sector education and training authorities in South Africa. It is responsible for skills development and implementation within the safety and security sector. Its mandate is drawn from the Skills Development Act, the National Skills Development Strategy and other subsidiary legislative frameworks.

According to the National Treasury Framework, public entities are expected to develop a five-year strategic plan and an Annual Performance Plan with achievable targets. Furthermore, the SASSETA is obliged to report quarterly to its executive authority on its performance against the Annual Performance Report (APP). One of SASSETA's indicators in the financial year under review was to produce an annual performance report.

The focus of this report is on the progress made for the period 1 April 2017 to 30 March 2018. The aim of the APP is to assess progress on the set targets at

output level, and then to determine where these outputs are sufficiently on track to contribute to the goals and objectives detailed in the five-year strategy.

It therefore reports on the extent to which interventions undertaken have led in achieving the targets detailed in the APP.

This report includes:

- Performance against targets on the key activities under each strategic objective
- Programme implementation and attainment of targets

SASSETA has aligned itself with the DHET requirement on having four programmes, namely:

- Programme 1: Administration
- Programme 2: Skills Planning, Research, Monitoring, Reporting and Evaluation
- Programme 3: Learning Programme (LP)
- Programme 4: Education Training Quality Assurance (ETQA)



PROGRAMME 1: ADMINISTRATION

Programme overview

Programme purpose: To provide management, strategic and administrative support services to ensure effective delivery of learning programmes, skills planning, research, monitoring and evaluation. The programme is aimed at accelerating delivery of programmes in the 2017/2018 financial year.

The programme consists of the following sub-programmes:

- Human Resource Management ensures optimum and efficient utilisation and development of Human Capital and provides an advisory service on matters pertaining to organisational effectiveness and development, individual performance management, sound employee relations, employee health and wellness, as well as effective and efficient recruitment, selection and placement services including research and development of human resource policies and practices.
- Risk Management proactively manages/addresses risks that have a negative impact on SASSETA's performance.
- Internal Audit provides Management and the Audit Committee with independent objective assurance with a view to improving effectiveness of governance, risk management and control processes.
- Communication and Marketing disseminates and improves access to information about SASSETA.
- Information and Communications Technology provides for the ICT needs and requirements of SASSETA.
- Finance and Supply Chain Management renders effective and efficient financial management and administrative support to SASSETA.

The administration programme provides critical support to SASSETA in achieving its mandate. This is attained through strategic and operational interventions, skilled and capacitated Human Capital, a robust ICT environment, Marketing and Communications that improve the organisation's image and stakeholder relations, finance and supply chain management that provide the financial direction and effective and efficient acquisition of goods and services allowing the organisation to achieve its mandate as well as properly-managed information capital.

Overall programme performance

In the 2016/2017 financial year programme 1 achieved seven of its nine targets and progressed to achieve all six of its targets in the 2017/2018 financial year. This shows a good positive improvement in programme 1's performance.

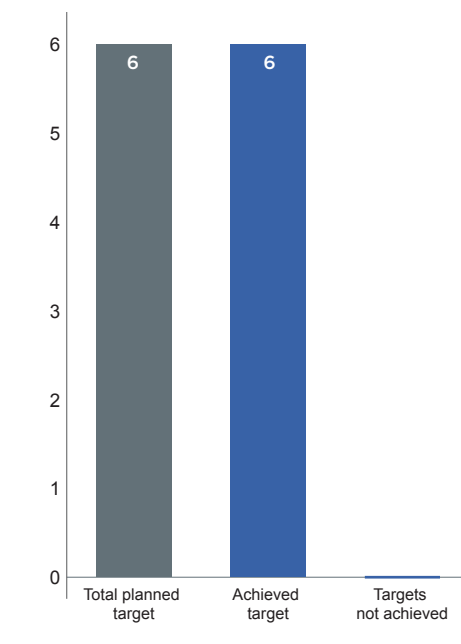
The following table illustrates improvements on the achievements of this programme over the past three financial years.

Comparative years' programme 1 performance

| | |
|-----------|------|
| 2015/2016 | 55% |
| 2016/2017 | 77% |
| 2017/2018 | 100% |

Overall programme performance

Programme 1: Administration 2017/2018



Programme 1: Administration currently has six indicators for the year under review. All six indicators were achieved.

Measures to address areas of under-performance

While targets set for the year under review were successfully achieved for programme 1, it is imperative to address operational deficiencies in the area of ICT following recommendations of the report on SASSETA ICT analysis conducted. Efforts are already in progress to effectively implement the ICT strategy and operational plan. These efforts are also intended to enhance the current ICT infrastructure and governance processes. The anticipated positive impact of this implantation will be realised in the new financial year.

Continuous monitoring of programme performance against its predetermined strategic objectives and targets was key in the successful implementation and achievement of these. This has become the SASSETA culture, geared to sustain outstanding and impactful achievement of strategic objectives and targets in the most economical, effective and efficient manner.

PERFORMANCE INFORMATION

| Ref | Strategic objective | Planned target 2017/2018 | Quarter 1 achievement | Quarter 2 achievement |
|---|---|-----------------------------|--------------------------|--------------------------|
| Strategic objective: Improved financial management across SASSETA | | | | |
| 1 | Percentage of non-compliance with PFMA and SDLA resolved annually | 100% | - | - |
| 2 | Percentage of budget committed against the APP annually | 100% | 23.7% | 42% |
| Strategic objective: Improved governance, leadership and management across SASSETA | | | | |
| 3 | Percentage compliance with performance management policies and procedures | 100% | 0 | 0 |
| 4 | Annual review and implementation of the ICT Master System Plan | 80% | 25% | 10% |
| 5 | Percentage implementation of the SETA's Marketing and Communications Strategy | 80% | 20% | 20% |
| 6 | Improved Risk Management maturity level annually | Level 5 | - | - |

Finance and supply chain sub-programme

As at 31 March 2018, SASSETA had committed 105% of its budget. This over-spending was due to the following issues:

Revenue

- These departments contribute monthly based on actual basic salary figures, which are affected by the resignation and appointments in the relevant departments during the year.
- Another Government department's contribution represented 89% of the amount budgeted for.

Expenditure

- The job grading process was completed and implemented in March 2018 which contributed to a slight rise in the administration expenditure.
- SASSETA also increased a medical aid benefit to staff members below management to a maximum of R2 760.
- R53.5 million of new contracts were signed off in the last month of the financial year, i.e. March 2018.

Considerable effort was made over the past three years since the organisation was placed under administration to stabilise the financial situation of SASSETA. At the reporting date the organisation was financially healthy.

Skills development levy income

- Private levies received were R19.4 million more than the budgeted. Penalty and interest due to late payment by the employers contributed significantly to the performance.
- Penalty and interest on SDL was R3.4 million (35%) more than the budget.
- Contributions from government departments were R5.3 million lesser than the budget. Most government departments can only afford to contribute on the 10% basis. Six (6) government organs contributed at 30% basis, although contributions from three (3) organs is less than R2 million added together.

| | Quarter 3 achievement | Quarter 4 achievement | Term achievement | Deviation from planned targets to actual achievement for 2017/2018 | Comment on deviation |
|--|-----------------------|-----------------------|------------------|--|---|
| | - | 100% | 100% | No deviation | |
| | 77% | 105% | 105% | +5% | The reported achievement represents a slight over-commitment at face value against the targets planned. The following factors restore the extent of closing commitment balance providing context to the reported over-commitment: <ul style="list-style-type: none"> • Write-backs due to learner drop-outs • Savings from efficient project implementation |
| | 81% | 100% | 100% | No deviation | |
| | 25% | 80% | 80% | No deviation | |
| | 20% | 20% | 80% | No deviation | |
| | - | Level 5 | L5 | No deviation | |

Commitments: At the end of 2015/2016, SASSETA was able to reduce its over-commitment from R292 million (2014/2015) to R13 million. In 2016/2017, SASSETA was in a position to eradicate its over-commitment and was able to commence the 2017/2018 financial year without having to carry forward any over-commitment and this was sustained by the end of the financial year.

Irregular expenditure: The organisation implemented processes to mitigate the occurrence of irregular expenditure instances. As a result, irregular expenditure was drastically reduced since then. In the 2016/2017 financial year the organisation recorded irregular expenditure amounting to R1.12 million and R2.39 million in the 2017/2018 financial year.

R1.55 million of the irregular expenditure reported in the year under review was as a result of expenditure recorded in the year which relates to processes concluded in the preceding year. Other irregular

expenditure incurred in the 2017/2018 financial year related to the following:

- Supply chain management processes not adequately followed on the acquisition of goods and services.
- Extension of a contract over the allowable 15% threshold.
- Deviation without adequate motivation.

Fruitless and wasteful expenditure: The organisation incurred fruitless and wasteful expenditure amounting to R53 thousand as a result of cancellation of the conference booking and interest on late payment of rental.

PERFORMANCE INFORMATION

Compliance with laws and regulations: One of the reasons that contributed to SASSETA being placed under administration was non-compliance with relevant legislation, including the Skills Development Levies Act. There were broadly three areas of non-compliance in the 2014/2015 financial year:

- Non-payment by SASSETA of its skills development levy dating back to 2008.
- Over-spending on the administration programme leading to irregular expenditure.
- Non-compliance with prescripts regarding the approval and payment of mandatory grants.

Measures to address under-performance of the sub-programme

With the exception of instances of irregular and fruitless and wasteful expenditure reported, SASSETA sustained compliance with aspects of the Skills Development Levies Act.

- Improve stakeholder engagements to ensure that Government departments commit to paying their levy contribution on time to avoid uncertainty on whether payment will be received.
- Ensure that supply chain management processes are complied with in the acquisition of goods and services.

Changes to the planned targets for these sub-programmes

There were no changes to planned targets during the 2017/2018 financial year.

Information and communications technology sub-programme

For the year under review and in particular on ICT governance, SASSETA developed and approved the ICT Strategy (Master System Plan). This is the foundation for integration of systems with SASSETA to ensure a holistic view of the information needs of the organisation. A number of policies to manage the ICT intervention were developed and approved including Information Security, Email and Internet Use, IT Change Management, Backup and Restore and Acceptable Use Policies.

The upgrading of IT equipment in the form of laptops and PCs commenced with over 50% of the ICT equipment replaced during the year under review thus providing the staff with effective and efficient tools of trade. The management of the service level agreement with the ICT service providers has improved significantly leading to efficient use of the system and infrastructure supplied by the service providers, in particular the SETA Management Systems and the Internet and Telecommunications services.

- Measures to address under-performance of the sub-programme.
- The development and approval of the ICT governance framework.

- The development and implementation of the Business Continuity Plan and the ICT Disaster Recovery Plan.
- Constant monitoring of ICT security threats, prevention of cybercrime and protection of personal information held by SASSETA in line with the POPI Act.
- The continuous upgrading of systems will be a priority.
- Reduced reliance on paper as SASSETA strives to digitise its documentation handling processes and support eco-friendly initiatives.

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2017/2018 financial year.

Human resource management sub-programme

Human Capital is the most valuable asset in SASSETA. For SASSETA to achieve its organisational strategic objectives, it needs employees with the necessary skills and competencies. Thus, greater emphasis is placed on capacity building programmes for employees at all levels. The HR sub-programme has made considerable progress in implementing the Performance Management System (PMS) which was successfully implemented for the third consecutive year.

Measures to address under-performance of the sub-programme

There was no under-performance in the achievement of targets for the human resource management sub-programme.

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2017/2018 financial year.

Risk management sub-programme

Risk management activities undertaken, ensured that the organisation's maturity assessment is maintained at a level 5 achievement (100%). The following enablers enhanced the risk management and related control environment:

- Risk capability, behaviour and culture is strengthened;
- Risk Strategy is aligned to the entity's Strategic Plan;
- Ensured compliance to PFMA and its Regulations; King IV; and all applicable transcripts;
- Ensured that policies and procedures, standards, guidelines and frameworks are developed and implemented; and
- Strengthened risk identification, mitigation and/or risk response strategies.

Measures to address under-performance of the sub-programme

There was no under-performance in the achievement of targets for the risk management sub-programme.

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2017/2018 financial year.

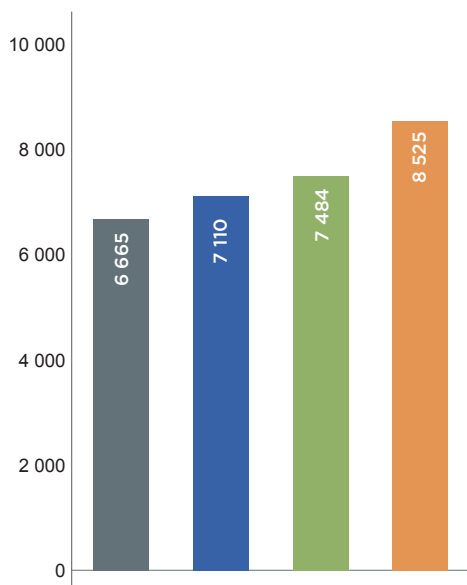
Marketing and communications sub-programme

Digital marketing

Digital marketing promotions increased market response to newspaper advertisements (Mandatory Grants, WSP deadlines) and provided cost-effective, personal communication with our target markets.

For the year under review, SASSETA increased its presence on Facebook as the main platform of real-time communication with audience sectors. Facebook followers increased from 6 665 in April 2017 to 8 525 end March 2018 denoting a 70% increase in the number of individuals following SASSETA on this social media.

Facebook followers: 2017/2018



In practical terms this means that we were successful in reaching our intended audience and communicated relevant messages.

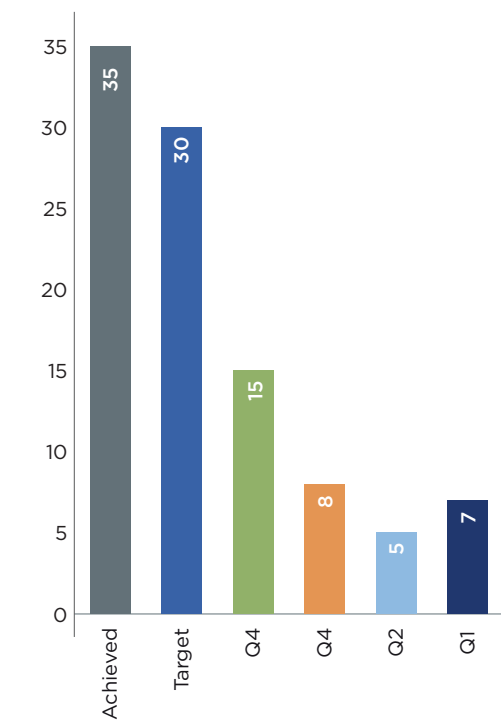
Customer service improvement

The SASSETA Call Centre is an inbound and outbound client-care facility that receives and resolves client queries. To enhance customer satisfaction, Call Centre consultants freely share their knowledge gained through interaction with knowledge experts in the organisation, thus facilitating faster and more professional query resolution while improving overall organisational efficiency.

Career guidance

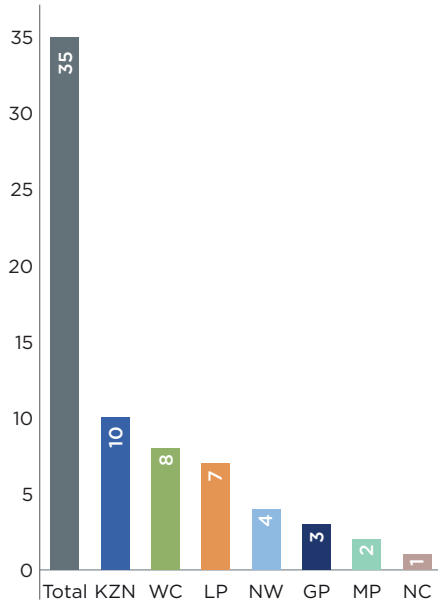
The DHET target of 30 career guidance events per annum was over-achieved by 16%.

Career guidance target achievement 2017/2018



PERFORMANCE INFORMATION

Number of events per province 2017/2018



In an effort to capacitate this sub-programme, several tenders will be issued for the implementation of internal and external communications projects including the re-engineering of the website and intranet, corporate communications to create a strong online and print awareness, the upgrading of Call Centre software and hardware and the installation of a customer-centric CRM package to track customer activity and query resolution. To this end, it is envisaged that MARCOM sub-programme will be in a position to significantly increase its contribution to the overall corporate objectives in 2018 to 2029 and beyond.

Measures to address under-performance of the sub-programme

There was no under-performance in the achievement of targets for the marketing and communications sub-programme.

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2017/2018 financial year.

Future activities

To start the new financial year, the approved Corporate Structure for this sub-programme will be implemented with the appointment of a Communications Practitioner to manage internal and external communications and customer service. In addition, the Registry department will move to this sub-programme so that more attention can be given to the customer service aspect of mail management.

Furthermore, the responsibility of career guidance for secondary schools and TVETs will transfer to the Learning department (in line with all other SETAs) which will allow the Marketing and Communications to concentrate on increasing brand visibility and awareness and, with Management's assistance, implement the Service Delivery Improvement framework.

PROGRAMME 2: SKILLS PLANNING, RESEARCH, MONITORING, REPORTING AND EVALUATION

Programme overview

Programme purpose: To provide evidence-based strategic direction through research, monitoring and evaluation to inform a credible skills planning mechanism in the safety and security sector.

Programme 2 contributes to the following strategic objectives:

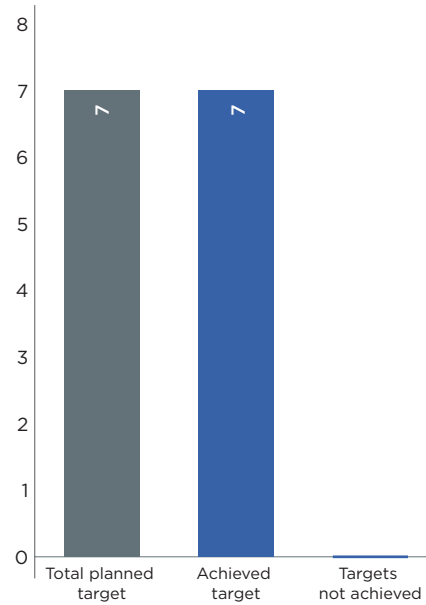
- Institutionalised robust planning towards achievement of the SASSETA Mandate;
- Improved identification and understanding of the scarce and critical skills needs across the safety and security sector; and
- Increased integrity of M&E information for planning and decision-making and accountability.

The programme consists of the following sub-programmes:

- Planning, Monitoring and Evaluation; and
- Research.

Overall programme performance

Programme 2: Skills planning, research, monitoring, reporting and evaluation



Programme 2 had seven indicators and targets for the 2017/2018 financial year. All indicators and targets were achieved.

Measures to address areas of under-performance

None; all planned targets were achieved for this programme.



PERFORMANCE INFORMATION

| Ref | Strategic objective | Planned target 2017/2018 | Quarter 1 achievement | Quarter 2 achievement |
|---|---|---|--------------------------|--------------------------|
| Strategic objective: Institutionalised robust planning towards achievement of the SETA Mandate | | | | |
| 7 | Completion and submission of the Sector Skills Plan (SSP) by 30 September 2017 | 2017/2018 Sector Skills Plan update | - | August 17 |
| 8 | Strategic Plan (SP) and Annual Performance Plan (APP) finalised and submitted to DHET by 30 November 2017 | 2018/2019 Strategic Plan (SP) and Annual Performance Plan (APP) | - | - |
| 9 | Number of WSPs received, evaluated and approved by 31 August 2017 | 600 | - | 687 |
| Strategic objective: Increased integrity of M&E information for planning and decision-making and accountability | | | | |
| 10 | Mid-year review report on both financial and non-financial performance information completed by November 2018 | 2017/2018 Mid-year review report | - | - |
| 11 | Number of relevant impact assessments conducted by March 2018 | 3 | - | - |
| Strategic objective: Improved identification and understanding of the scarce and critical skills needs across the safety and security sector | | | | |
| 12 | Number of relevant research studies conducted in support of the safety and security sector by March 2018 | 3 | - | - |
| 13 | Number of relevant research studies published in support of the safety and security sector by March 2018 | 2 | - | - |

| | Quarter 3 achievement | Quarter 4 achievement | Term achievement | Deviation from planned targets to actual achievement for 2017/2018 | Comment on deviation |
|--|---|-----------------------|------------------|--|---|
| | | | August 2017 | No deviation | |
| | 15-Nov | | - | No deviation | |
| | | | 687 | +87 | The expected number of 600 target was tailored around past submission as well as low participation on levy-paying entities within the sector. However, we do not have control over which companies should or should not submit. Furthermore, the security industry fluctuates in terms of paying levies depending on the contracts they have. Therefore, if they get more contracts the submissions become high, hence our over-achievement in 2017/2018. |
| | Completed and signed-off 2017/2018 Mid-Year Review Report on 30 November 2017 | | - | No deviation | |
| | - | 3 | - | No deviation | |
| | - | 3 | - | No deviation | |
| | - | 2 | - | No deviation | |

PERFORMANCE INFORMATION

Monitoring, evaluation and reporting sub-programme

Organisational performance has improved compared to the last financial years, as a result of dedicated SASSETA staff. During the monitoring, it was found that stakeholders are complying with SASSETA requirements on the execution of projects. There were no major findings during monitoring. However, there are some new entrants that need support where there are certain challenges. In the 2017/2018 financial year, 224 projects were monitored to ensure compliance and support during the implementation.

SASSETA has established a Monitoring and Evaluation Committee which will be effective in the 2018/2019 financial year. This committee will oversee all the monitoring and evaluation aspects and advise accordingly.

The Department of Higher Education and Training (DHET) directs SETAs to conduct impact studies and SASSETA conducted three impact studies during the year under review. In the year under review, SASSETA conducted and completed three impact studies, namely:

1. The employability of learners who completed learnerships in 2014/2015 to 2016/2017.
2. The articulation of the internship programme in SASSETA.
3. Tracer study on Learner Dropouts.

Two of the above evaluation studies were conducted internally and one was outsourced. It has been noted that there is a shortage of capacity in the sub-programme regarding evaluation. SASSETA has created a post of Evaluation Specialist to deal with this challenge. This post will be filled in the 2018/2019 financial year.

Both DHET and Internal Audit validated and cleared this sub-programme's performance on all indicators.

The SETMIS (the Sector Education and Training Management Information System) introduced by DHET proposes challenges for all SETAs and will be discussed with DHET in the new financial year. DHET conducts quarterly validations on performance information. All the four quarters came clean without findings. Internal Audit has conducted its audits in all indicators and there were no negative findings during that process.

Measures to address under-performance of the sub-programme

There was no under-performance in the achievement of targets for the monitoring, evaluation and reporting sub-programme.

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2017/2018 financial year.

The research sub-programme

The research sub-programme is responsible for leading the development and coordination of the research agenda, research strategy and integrative technical support. The sub-programme is also enjoined to execute and/or manage research activities tasked with the execution.

The research sub-programme also participates in knowledge research and innovation on strategic development themes. Key outputs of the sub-programme for the 2017/2018 financial year included updating the Sector Skills Plan as well as completion and publication of one research report and two monographs. This represents 100% achievement of the annual performance target as per the 2017/2018 Annual Performance Plan. The sub-programme envisages to intensify its efforts as the knowledge hub of the SETA through identifying, concluding and managing strategic partnerships with key stakeholders, amongst others.

Measures to address under-performance of the sub-programme

There was no under-performance in the achievement of targets for the research sub-programme.

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2017/2018 financial year.

PROGRAMME 3: LEARNING PROGRAMME

Programme overview

Programme purpose: To reduce the scarce and critical skills gap in the safety and security sector through the provisioning of quality learning programmes.

Programme 3 is a core department of SASSETA which comprises learning programmes and projects funded through the discretionary grant processes (including bursaries, learnerships, work integrated learning, internships, graduate placements, skills programmes and artisan training).

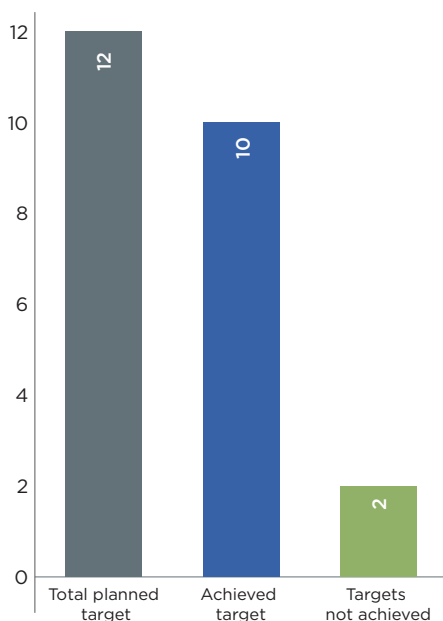
Learning programmes is divided into two main sub-programme, namely learner registration and learning programme implementation. Learning programme implementation comprises five programmes, namely:

- Learnerships,
- Skills Programme,
- Bursaries,
- Artisans; and
- WIL (covering University Graduate Placements, Placement of TVET students and Internships).

The focus of this programme is to implement learning intervention programmes across the sector that address the skills gaps and shortages identified in the sector. Learning programmes are responsible for facilitating skills development in the safety and security sector and to ensure that skills needs identified in SASSETA's SSP as well as other national skills priorities are addressed through a number of initiatives by SASSETA and the sector.

Overall programme performance

Programme 3: Learning programme



Programme 3 had 12 targets in total. However, only 10 targets were achieved. Two targets were not achieved (artisans completed and percentage of unemployed learners employed). This was due to employers not being able to absorb all learners due to a lack of vacant positions. Learning programmes achieved 83% of its programme indicators. This is an improvement from the previous year's performance of 82% in the 2016/2017 and 70% in the 2015/2016 financial year.

SASSETA's approach is to support learners at school with career guidance. Thereafter, these learners are encouraged to apply for, and are awarded SASSETA bursaries, that would enable them to complete their tertiary studies. With unemployed learners, SASSETA makes several learnerships available to unemployed youth. During this period, SASSETA paid the training provision costs associated with the learnerships, and it also gave the learners a monthly allowance/stipend so that learners have funds to travel to and from classes/practical training and for meals. With employees already working in the sector, SASSETA funds various learning programmes to enable them to further upskill themselves.

Measures to address areas of under-performance

The Learning Programmes sub-programme embarked on an employer stakeholders' revival process geared to persuading employers to absorb agreed upon numbers of unemployed learners into available vacancies. This will also entail proactive forward planning of learner placements with employers into possible anticipated vacancies.

PERFORMANCE INFORMATION

| Ref | Strategic objective | Planned target 2017/2018 | Quarter 1 achievement | Quarter 2 achievement |
|--|---|--------------------------|-----------------------|-----------------------|
| Strategic objective: Reduced critical and scarce skills gap in the safety and security sector through the provisioning of quality learning programmes | | | | |
| 14 | Number of unemployed learners entering learnerships | 3 000 | 0 | 729 |
| 15 | Number of workers entering learnerships | 2 500 | 20 | 582 |
| 16 | Number of unemployed learners entering bursaries | 150 | 0 | 50 |
| 17 | Number of workers entering bursaries | 360 | 0 | 31 |
| 18 | Number of unemployed learners entering skills programme | 2 500 | 91 | 111 |
| 19 | Number of workers entering skills programme | 3 500 | 235 | 704 |

| | Quarter 3 achievement | Quarter 4 achievement | Term achievement | Deviation from planned targets to actual achievement for 2017/2018 | Comment on deviation |
|--|-----------------------|-----------------------|------------------|--|--|
| | 183 | 2 090 | 3 002 | +2 | The over-achievement is due to learner dropouts, who were replaced with other learners. Learners who dropped out of a programme while the programme was being implemented were replaced and the replaced learners were reported on. This happened at two security companies. |
| | 449 | 1 459 | 2 510 | +10 | There was a huge demand for employed learnerships from the private security sub-sector. During the course of the year, it was realised that there would be under-spending on certain administrative costs, hence why these funds were rolled over to the Discretionary Grant Funding and were used to fund additional employed learnerships. |
| | 77 | 23 | 150 | No deviation | |
| | 103 | 226 | 360 | No deviation | |
| | 289 | 2 014 | 2 505 | +5 | The over-achievement is due to learner dropouts, who were replaced with other learners. Learners who dropped out of a programme while the programme was being implemented were replaced and the replaced learners were reported on. This happened in one NPO. |
| | 1 019 | 1 547 | 3 505 | +5 | The over-achievement is due to learner dropouts, who were replaced with other learners. Learners who dropped out of a programme while the programme was being implemented were reported on. This happened at two employers (one Government and one private sector company). |

PERFORMANCE INFORMATION

| Ref | Strategic objective | Planned target 2017/2018 | Quarter 1 achievement | Quarter 2 achievement |
|-----|---|--------------------------|-----------------------|-----------------------|
| 20 | Number of artisans entered | 50 | 27 | 0 |
| 21 | Number of artisans completed | 250 | 0 | 23 |
| 22 | Number of unemployed learners entering internships | 400 | 0 | 234 |
| 23 | Number of TVET student placements | 800 | 324 | 45 |
| 24 | Number of university student placements | 250 | 6 | 38 |
| 25 | Percentage of unemployed learners entering learnerships in 2016/2017 and placed for employment in 2017/2018 | 30% | - | - |

| | Quarter 3 achievement | Quarter 4 achievement | Term achievement | Deviation from planned targets to actual achievement for 2017/2018 | Comment on deviation |
|--|-----------------------|-----------------------|------------------|--|---|
| | 0 | 33 | 60 | +10 | There was a huge demand for employed learners from the SAPS. During the course of the year, it was realised that there would be under-spending on certain administrative costs, hence why these funds were rolled over to the Discretionary Grant Funding and were used to fund additional employed artisans. This is in light of huge demand for artisans in the country (Decade of Artisans). |
| | 3 | 34 | 60 | (190) | SASSETA is funding an artisan programme in partnership with the Department of Defence and the Department of Defence gave SASSETA the assurance that learners would be completing their trade tests during the 2017/2018 financial year. However, this did not materialise and most learners will be trade tested in the 2018/2019 financial year. |
| | 64 | 102 | 400 | No deviation | |
| | 158 | 273 | 800 | No deviation | |
| | 103 | 106 | 253 | +3 | There was a high demand for placement of university students. Not all qualified applications were initially approved due to constraints and budget. In January 2018, unused administrative funds were rolled over to the Discretionary Grant Funding and were used to place students. |
| | - | 774/3 002 = 26% | 26% | (4%) | Employers were not able to absorb all learners as they did not have sufficient vacancies; however, they indicated they will employ the balance of learners as vacancies arise. |

PERFORMANCE INFORMATION

During the period under review, learning programmes management implemented measures to firmly entrench an ethical tone throughout the fulfilling their roles and responsibilities adequately, as well as ensuring compliance with the sub-programmes' policies and procedures. As a result, risks were reduced and appropriate action was taken by the learning programmes management team to ensure sustainability, with the staff and stakeholders in delivering learning programmes.

Oversight responsibility of the learning programmes management and the accountability was adequate throughout the reporting period, including financial reporting and related internal controls. Appropriate levels of review of the information reported on in the quarterly reports were undertaken to ensure the information is valid, accurate and complete.

There has been an improved advertising mechanism to reach a wider scope within the sector in addressing the scarce and critical skills. Furthermore, there has been a significant achievement in the set targets and the exploration of the co-funding method with stakeholders implementing their own programmes. The collaboration with the Skills Planning, Monitoring, Evaluation, Reporting and Research sub-programme has enhanced the tracking of performance progress against the set targets. The execution of our stakeholder learning programmes has improved the quality and quantity of learners' outputs, as well as strengthening the integrity of monitoring, evaluation and reporting on performance information and accountability.

Programme 3 contributes to the following strategic objective:

Reduced critical and scarce skills gap in the safety and security sector, through the provisioning of quality learning programmes.

Learnerships sub-programme

SASSETA has many learnerships registered with the Department of Higher Education and Training. All registered learnerships are geared towards providing learners with the necessary knowledge required for the various occupations in the safety and security sub-sector. During the year under review, SASSETA supported 3 002 unemployed and 2 510 employees across the sector with learnerships.

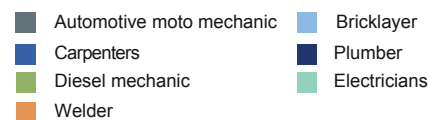
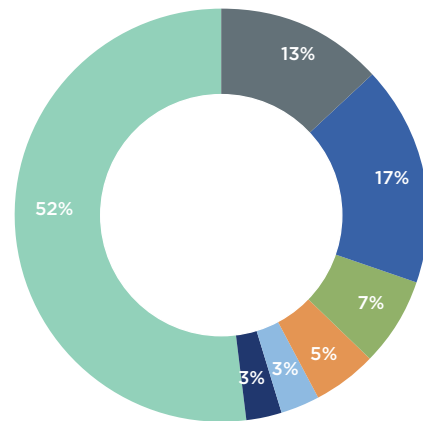
Artisan programmes

The year under review saw 60 learners being enrolled in various artisan-related learning programmes.

In compliance with DHET requirements that only learners who had successfully completed trade tests can be reported as completed artisans, 60 learners being funded by SASSETA successfully completed trade tests and were issued with trade test certificates by the QCTO.

The skills being taught are set out in the graph below:

Percentage of artisans awarded for different fields of study



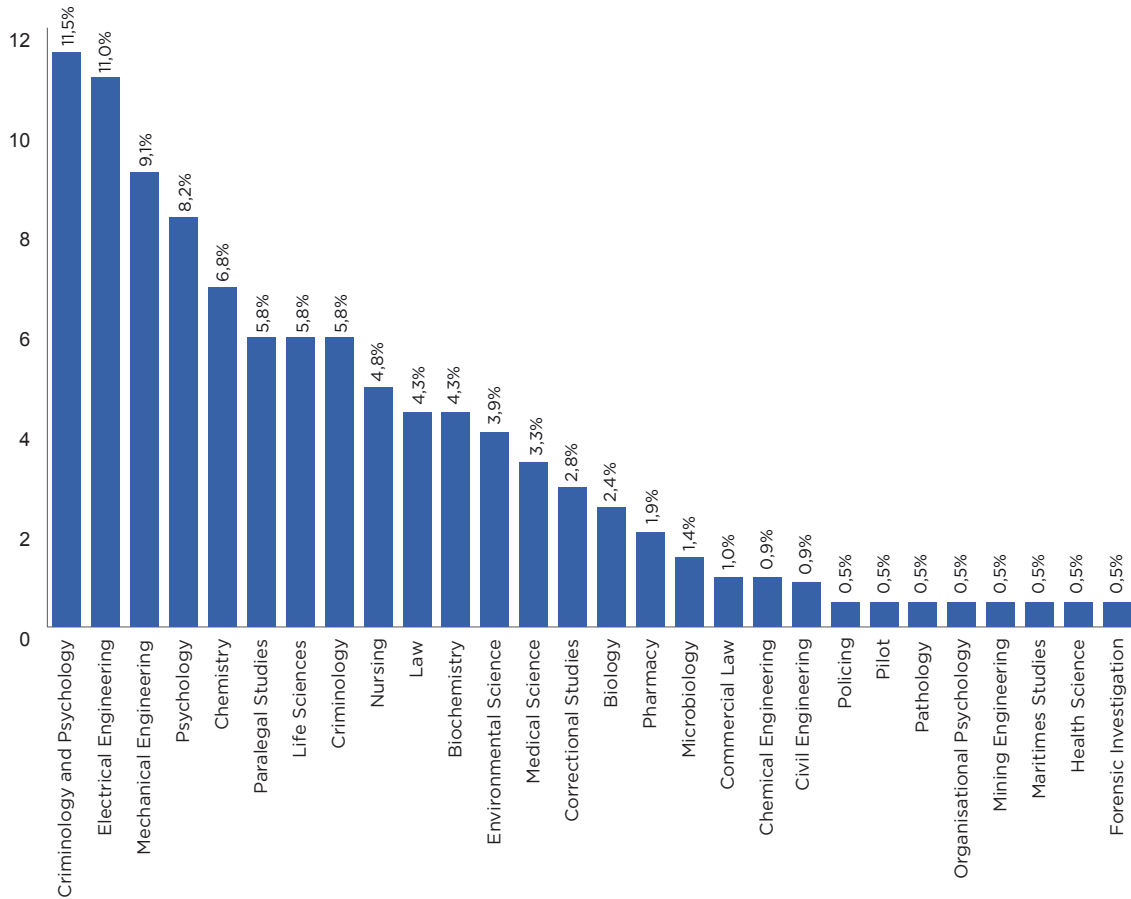
Bursaries for the unemployed learners sub-programmes

Three hundred new unemployed learners, studying in fields of scarce and critical skills in the safety and security sector, have been funded. All new learners funded are studying at Public Institutions in line with SASSETA Policies and Processes. SASSETA has also established good working relationships with major public universities including:

- Cape Peninsula University of Technology
- Central University of Technology
- Mangosuthu University of Technology
- Durban University of Technology
- North West University
- Tshwane University of Technology
- Sefako Makgatho Health Sciences University (SMU)
- University of South Africa (UNISA)
- University of Venda
- University of Cape Town
- University of Fort Hare
- University of Free State
- University of Johannesburg
- University of KwaZulu-Natal
- University of Limpopo
- University of North West
- University of Pretoria
- University of Witwatersand
- Vaal University of Technology

Below is a graph depicting the fields of study supported by SASSETA under unemployed bursaries:

Artisan programmes



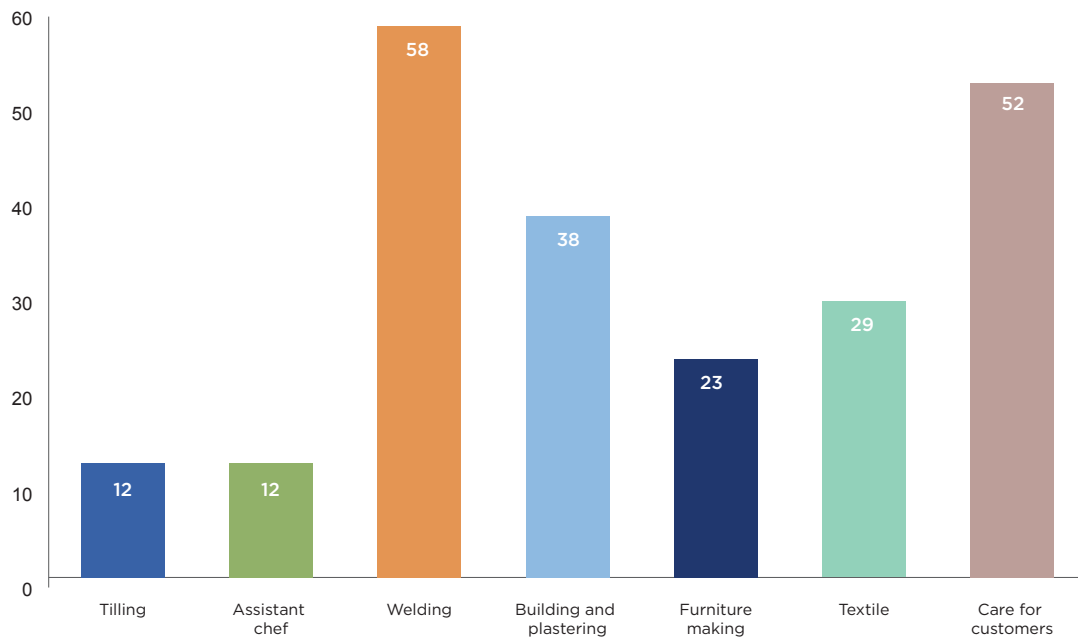
Skills programmes sub-programme

In line with new identified priorities for skills programmes for unemployed individuals, SASSETA embarked on funding training for inmate skills programmes. SASSETA continued to implement various skills programmes for employees and unemployed learners in the sector.

Some of the interventions included incarcerated individuals whom are about to be released from correctional facilities nationally. The training also equipped the inmates with entrepreneurship skills so that they could set themselves up as small businesses once released from prison, should they not be able to find employment.

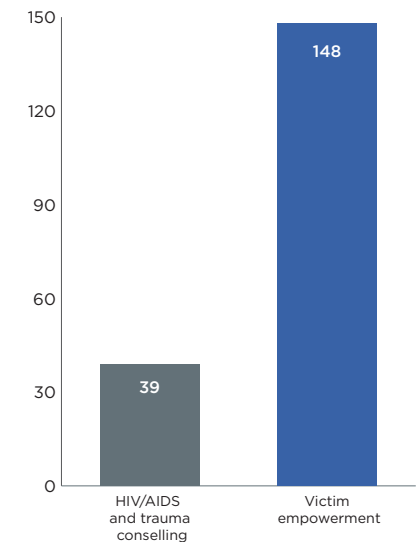
PERFORMANCE INFORMATION

Inmate skills programmes



SASSETA trained unemployed individuals with the aim of enabling the provision of support to victims of crime. This assisted in restoring the dignity, rights of victims, to protect and to ensure that the victim is empowered and not subjected to secondary victimisation by the inefficiency of the members of the criminal justice system.

Programmes empowering victims of crime



The purpose was to address the four basic elements of victim empowerment:

- Emotional support;
- Practical support;
- Providing information; and
- Referral to professional support services.

Work Integrated Learning (WIL) sub-programme

Under WIL, SASSETA has supported learners through university placements, TVET placements and internships. SASSETA pays learners a monthly allowance to enable them to gain practical training experiences at various employers, universities or TVET Colleges.

Learners were placed in line with the WIL sub-category in various fields as follows:

- For up to 24 months at workplaces for serving articles;
- For up to 18 months at workplaces for TVET graduates; and
- For up to 12 months at workplaces for internships and all are dependent on their qualification requirements.

Measures to address under-performance for programme 3 sub-programmes

The programme is under-capacitated and human resources should be allocated to the unit to ensure that all targets are met. With regards to the awards of discretionary grant agreements that are withdrawn by successful applicants, further strategic approaches have been planned for SASSETA to re-allocate these awards in terms of the discretionary grant policy. Furthermore, the SETA will ensure that learning programmes that are not quality assured by SASSETA that the SISTER SETAs are engaged at initiation phase of the agreement to try and avoid extension of time in addressing the delayed implementation of awarded learning programmes, such extensions are limited to the first half of the financial year. This will enable SASSETA to timeously complete other learning programmes and report these before the end of the financial year.

PROGRAMME 4: EDUCATION TRAINING QUALITY ASSURANCE (ETQA)

Changes to the planned targets for the programme

There were no changes to planned targets during the 2017/2018 financial year.

Programme overview

Programme purpose: The SASSETA ETQA functions are encapsulated under programme 4, in the financial year under review. This move was a directive from DHET to all SETAs so that there is alignment across all SETAs in this regard. The functional areas include, but are not limited to, the accreditation of skills development providers, registration of Assessors and Moderators and evaluation of learning material for the purpose of accreditation.

Learner certification is also housed under programme 4. Learner certification functions entail monitoring of learner assessments and verification of learner results to enable endorsement of learner results and to ensure SASSETA's learner certification processes are open, fair and transparent in the safety and security sector.

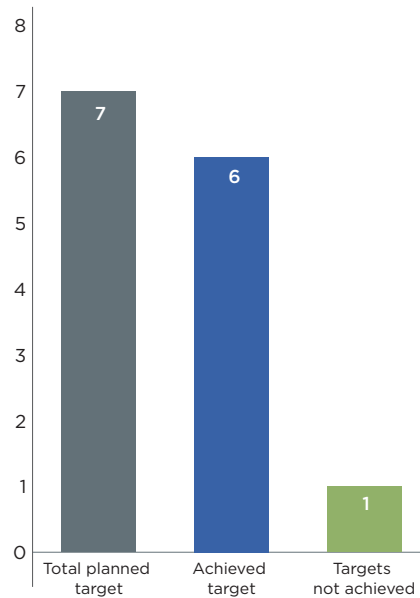
The purpose of this programme is to execute the delegated functions by the QCTO with regards to the curriculum of the occupational qualification or part qualification of the learnerships and to ensure the quality assurance function is carried out effectively.

The sub-programme consists of the following:

- Quality Assurance; and
- Certification.

Overall performance of programme

Programme 4: ETQA



ETQA currently has seven indicators and targets for 2017/2018. The programme managed to achieved six targets. One target was not achieved due to delays in the qualification re-alignment and development process and DHET approval of the OFO code for the change of occupational qualifications. In addition, the occupational qualification development process was quite new and stakeholder understanding was not at an optimal level.

The ETQA has achieved a GREEN status at 84.3% on the league table for Quality Assurance Functionaries' (QAFs) compliance of the South African Qualifications Authority (SAQA) in the financial year under review.



PERFORMANCE INFORMATION

| Ref | Strategic objective | Planned target 2017/2018 | Quarter 1 achievement | Quarter 2 achievement |
|---|--|--|-----------------------|-----------------------|
| Strengthen efficacy in SASSETA's discharge of the quality assurance function | | | | |
| 26 | Registered Assessors in compliance with SASSETA ETQA Assessor Policy | All Assessors in compliance with SASSETA ETQA Assessor Policy registered | 46/52 | 76/85 |
| 27 | Registered Moderators in compliance with SASSETA ETQA Moderator Policy | All Moderators in compliance with SASSETA ETQA Moderator Policy registered | 24/27 | 48/50 |
| 28 | Accredited Providers in compliance with SASSETA ETQA Accreditation Policy | All Providers in compliance with SASSETA ETQA Provider Policy registered | 27/28 | 26/28 |
| 29 | Number of approved programmes by SASSETA for public institutions | 8 | 1 | 2 |
| 30 | Turnaround time to deliver learner certificates to Training Providers from receipt of complete and correct documentation | 40 days | 0-35 days | 0-32 days |
| 31 | All learners certified by SASSETA | All learners certified by SASSETA | 0 | 2 071 |
| 32 | Number of qualifications re-aligned to skills priorities and submitted to QCTO | 6 | - | 0 |

| | Quarter 3 achievement | Quarter 4 achievement | Term achievement | Deviation from planned targets to actual achievement for 2017/2018 | Comment on deviation |
|--|-----------------------|-----------------------|------------------|--|--|
| | 47/56 | 49/57 | 218/250 | No deviation | |
| | 25/26 | 36/37 | 133/140 | No deviation | |
| | 38/39 | 35/35 | 126/130 | No deviation | |
| | 2 | 4 | 9 | +1 | Target over-achieved by +1; TVET Colleges were responsive to negotiations and offered to be accredited with SASSETA programmes. |
| | 0-35 days | 0-36 days | 0-36 days | +4 days | Target over-achieved; more SASSETA Providers were in compliance with the certification processes and procedures in submitting learner results information for learner certification. |
| | 1 106 | 1 168 | 4 345 | No deviation | |
| | 1 | 1 | 2 | (4) | Target not achieved due to delays in the qualification re-alignment and development process and DHET approval of the OFO code for the change of occupational qualifications. |

PERFORMANCE INFORMATION

List of TVETs accredited for the 2017/2018 financial year

In the current financial year, SASSETA's TVETs collaboration and accreditation was successful. The following TVETs were accredited:

- Umfolozi TVET College
- Tshwane North College
- Tshwane South TVET College ODI Campus
- Sedibeng TVET College
- Tshwane South TVET College Atteridgeville Campus
- Capricorn TVET College
- Nkangala TVET College
- Sedibeng TVET College - Heidelberg
- Sedibeng TVET College - Sebokeng

Quality Council for Trades and Occupations (QCTO) transitional arrangements

Accreditation of Skills Development Providers

The Skills Development Providers accredited with SASSETA are deemed to be accredited with the QCTO, as the accreditation process is implemented in conjunction with the QCTO. The DHET database has been established from quarterly accreditation lists and reports forwarded to the QCTO in terms of reporting on the delegated function.

Accredited private Skills Development Providers, accredited on full qualifications and part qualifications, including unit standards, are compelled to register with DHET. The registration was to be completed by 1 January 2018; however, the DHET registration period was extended to accommodate Providers' late registrations and challenges of registration requirements experienced by some Accredited Providers.

Quality Council of Trades and Occupations (QCTO) occupational qualifications re-aligned

Historical occupational qualifications were identified by the SASSETA ETQA and underwent the re-alignment process which was completed by the end of the financial year. The following qualifications were re-aligned into occupational qualifications and were submitted to the QCTO for approval and subsequent recommendation to SAQA:

- National Certificate: Close Protection (58696)
- National Certificate: Policing (50122)
- National Certificate: General Security Practices (58577)

Quality Council of Trades and Occupations (QCTO) artisan trade and learner certification sub-programme

The QCTO has launched a new process for artisan trade certification, where SASSETA receives Training Providers' requests for artisan trade test generation of serial numbers. The ETQA conducts artisan verification and approval for allocation and generation of serial numbers. Providers arrange for artisan trade tests and trade test results are submitted to the NAMB for recommendation of the QCTO artisan trade certification.

Measures to address under-performance for programme 4 sub-programmes

Strengthen engagements with stakeholders and DHET to expedite the qualification re-alignment and development process and DHET approval of the OFO code for the change of occupational qualifications.

Changes to the planned targets for the programme

There were no changes to planned targets during the 2017/2018 financial year.

GOVERNANCE

INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held accountable. In addition, legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance with regards to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and with the principles contained in the King Report on Corporate Governance.

SASSETA is a Schedule 3A public entity that reports to the Department of Higher Education and Training. The Minister of Higher Education and Training is the Executive Authority. The Administrator is the Accounting Authority, as gazetted in Government Notice No. 38469.

Operations of SASSETA are aligned with sound corporate governance structures and processes that conform to the Skills Development Act, 97 of 1998 (as amended), and are supported by the Skills Development Levies Act, 97 of 2003, the Public Finance Management Act of 1999 (as amended) and Treasury regulations, all of which enable SASSETA to achieve its National Skills Development Strategy (NSDS) III imperatives.

PORTFOLIO COMMITTEES

Four interaction meetings were held by the Portfolio Committee of the Department of Higher Education and Training to deliberate on governance matters relating to the education and training portfolio.

ACCOUNTING AUTHORITY

The Board of SASSETA was disbanded when SASSETA was placed under administration. The Administrator presented the following reports to the Executive Authority and Portfolio Committee in the 2017/2018 financial year:

- Annual Performance Plan 2018/2019
- Strategic Plan 2015/2016 – 2019/2020
- Sector Skills Plan 2017
- Annual Report 2016/2017
- Four Quarterly Monitoring Reports
- Four Quarterly Performance Reports
- Annual Performance Reports
- Four Quarterly Financial Reports
- Annual Financial Statements
- Four Quarterly (Financial and Non-Financial) Performance Reports to the National Treasury
- Four Compliance to Governance Standards/ Implementation of the SETA Governance Charter Reports.

The Administrator

The SASSETA Board was suspended on 12 February 2015 as directed by the Minister of Higher Education and Training in terms of Section 15(1) and (2) of the Skills Development Act. On 12 February 2016, the Department of Higher Education and Training extended the SASSETA administration period for another year to 13 February 2017. The administration period was again extended on 8 February 2017 for six months effective from 12 February 2017 to 12 August 2017 and was further extended from 12 August 2017. During the year under review, the role of the Accounting Authority continued to be executed by the Administrator.

The Administrator's responsibilities and accountability for the public entity's performance and strategic direction is outlined below:

- Take over the role of Accounting Authority of the SASSETA as provided for in the Public Finance Management Act, 1999 (Act No. 1 of 1999) and the relevant regulations until the extension of the administration period closes on 12 August 2017;
- Establish, if necessary, with the Minister's approval, chambers as provided for in Sections 12 and 13 of the Skills Development Act;
- Review the terms and conditions of employment of the Chief Executive Officer, Chief Financial Officer and other employees of SASSETA where necessary;
- Review general governance policies of SASSETA in terms of any applicable law;
- Suspend, institute disciplinary proceedings or replace, where it is necessary, any of the officials of SASSETA for reasons as contemplated in terms of relevant legislation;
- Consult widely with the relevant stakeholders within the sector in order to adopt a standard Constitution of SASSETA in terms of Section 13 of the Skills Development Act and other relevant legislation for approval and publication by the Minister of Higher Education and Training;
- Facilitate the appointment of a new SASSETA Accounting Authority;
- Ensure that the management of SASSETA funds are aligned with the Department of Higher Education and Training using relevant provisions of the Skills Development Act as provided for in the Public Finance Management Act, 1999 and the relevant regulations;
- Set rules relating to SASSETA and chamber meetings, financial matters, general procurement and administrative matters which are in accordance with the provisions of the Constitution of the Republic of South Africa, 1996, the Skills Development Act or any other applicable law; and
- Ensure dispute resolution, as well as the management of legal issues as required.

GOVERNANCE

The duties of the Administrator were as follows:

- Perform the functions of SASSETA in terms of the Skills Development Act, the Public Finance Management Act, 1999 and other relevant legislation;
- Ensure the management of the National Skills Development Strategy within SASSETA;
- Ensure, on a monthly basis, the submission of progress reports regarding the effective functioning of SASSETA to the Director-General: Higher Education and Training;
- Ensure sufficient funding of all the processes and activities pertaining to the powers and duties as an Administrator from the SASSETA budget in terms of the relevant legislative requirements;
- Perform any such other functions as may be delegated or instructed by the Minister or Director-General: Higher Education and Training from time to time; and
- Facilitate the overall process and attend to dispute resolutions as well as the management of legal issues as required, and submit a final close-out report for the project at the end of the six-month period of appointment.

The following committee meetings were held in 2017/2018:

| Committee | Number of meetings held | Number of members | Names of members | Designation in the committee |
|--|-------------------------|-------------------|---|--|
| ETQA Committee | 4 | 6 | Ms M Plasket Ms J Amod Mr V Memela Mr M Mosito Mr L Ngxola Ms M Matlala | Chairperson Acting Senior Manager: Learning Programmes Senior Manager: SPR M&E Acting HOD: Learning Programmes HOD: M&E HOD: ETQA |
| Discretionary Grant Bid Evaluation Committee | 36 | 9 | Ms M Plasket Ms J Amod Mr V Memela Mr M Mosito Ms M Matlala Mr S Mahopo Mr R Adviser Mr L Thibakoane | Chairperson Acting Senior Manager: Learning Programmes Senior Manager: SPR M&E Acting HOD: Learning Programmes HOD: ETQA Data Analyst Management Accountant Assistant Accountant - (Alternative member) |
| Audit and Risk Committee | 8 | 4 | Mr F Docrat Mr H Hlomane Mr R Nke Mr E Mayet | Chairperson Member Member Member |
| Bid Adjudication Committee | | 6 | T Xulu Ms X Lukhalo Mr L Matli Mr L Ngxola Ms J Amod Mr M Khakhathiba | Chairperson Admin Advisor: Corporate Affairs Admin Advisor: Supply Chain Management HOD: M&E SPR M&E Acting Senior Manager: Learning Programmes HOD: Finance |

| Committee | Number of meetings held | Number of members | Names of members | Designation in the committee |
|---------------------------|-------------------------|-------------------|------------------------|--|
| ITC Steering Committee | 4 | 11 | Mr H Hlomane | Chairperson |
| | | | Ms X Lukhalo | Admin Advisor: Corporate Affairs |
| | | | Mr V Memela | HOD: Research |
| | | | Mr L Lebeko* | HOD: HRM Strategic support |
| | | | Mr R Ngcobo | HOD: HRM Employee Benefits |
| | | | Mr L Ngxola | Acting Senior Manager: SPR M&E |
| | | | Mr M Mosito | Acting HOD: Learning Programmes |
| | | | Ms M Matlala | HOD: ETQA |
| | | | Mr M Khakhathiba | Acting HOD: Finance |
| | | | Mr L Matli | Admin Advisor: Supply Chain Management |
| | | | Mr W Nkuna | HOD: ICT |
| Employee Equity Committee | 4 | 17 | Ms X Lukhalo | Chairperson |
| | | | Mr L Lebeko* | HOD: HRM Strategic support |
| | | | Mr R Ngcobo | HOD: HR Employee Benefits |
| | | | Ms K Mbuli | Rep: People living with disabilities |
| | | | Ms M Matlala | Rep: Management |
| | | | Mr R Govender | Rep: Indian males |
| | | | Ms A Sibanda | Rep: Unskilled staff |
| | | | Ms X Mhinga | Rep: Administrators |
| | | | Mr M Mosito | Rep: Union |
| | | | Mr R Adviser | Rep: Coloured males |
| | | | Mr V Memela | Rep: Senior Management |
| | | | Ms A Boshomane | Rep: African females |
| | | | Ms I Bowden | Rep: White females |
| | | | Ms N Ngoepe | Rep: Practitioners |
| | | | Ms A Bezuidenhout | Rep: Coloured females |
| | | | Ms W Moosa | Rep: Indian females |
| Mr C Tlabela | Rep: African males | | | |
| Management Committee | 8 | 16 | Ms J Irish-Qhobosheane | Chairperson |
| | | | Ms M Moroka | Chief Executive Officer |
| | | | Ms X Lukhalo | Admin Advisor: Corporate Affairs |
| | | | Mr Z Mnisi | Admin Advisor: M&C |
| | | | Ms A Mamabolo | Admin Advisor: Planning, Monitoring and Evaluation, Reporting, Governance, Risk and Compliance and Finance |
| | | | Mr V Memela | Senior Manager: SPR M&E |
| | | | Mr L Lebeko* | HOD: HRM Strategic Support |
| | | | Mr R Ngcobo | HOD: HRM Employee Benefits |
| | | | Mr L Ngxola | HOD: M&E |
| | | | Mr M Mosito | Acting HOD: Learning Programmes |
| | | | Ms M Matlala | HOD: ETQA |
| | | | Ms M Plasket | Admin Advisor: Skills Development |
| | | | Mr M Khakhathiba | Acting HOD: Finance |
| | | | Mr L Matli | Admin Advisor :Supply Chain Management |
| | | | Mr W Nkuna | HOD: ICT |
| | | | Ms J Amod | Acting Senior Manager: Learning Programmes |

GOVERNANCE

| Committee | Number of meetings held | Number of members | Names of members | Designation in the committee |
|--------------------------------------|-------------------------|-------------------|--|--|
| Mandatory Grant Committee | 2 | 4 | Mr M Khakhathiba Mr V Memela Mr J Netshituni Ms J Amod | Chairperson Senior Manager: SPR M&E Finance Bookkeeper Acting Senior Manager: Learning Programmes |
| Quarterly Performance Review | 4 | 21 | Ms J Irish-Qhobosheane Ms X Lukhalo Mr R Ngcobo Mr L Lebeko* Ms J Amod Mr M Mosito Ms C Skhontya* Mr Z Mnisi Mr T Monotoe Mr S Mahopo Mr.E. Ndawo Ms L Machobane Mr L Matli Mr M Khakhathiba Mr M Memela Mr L Ngxola Ms I Bowden Ms M Matlala Ms M Plasket Ms Asnath Mamabolo | Chairperson Admin Advisor: Corporate affairs HOD: HR Employee Benefits HOD: HR Strategic Support* Acting Senior Manager: Learning Programmes Acting HOD: Learning Programmes Governance, Compliance and Risk Officer Admin Advisor: Marketing and Communication Monitoring and Evaluation Monitoring and Evaluation Monitoring and Evaluation Monitoring and Evaluation Admin Advisor: Supply Chain Management Acting HOD: Finance HOD: Research Acting Senior Manager: SPR M&E HOD: Marketing HOD: ETQA Admin Advisor: Skills Planning and Research Admin Advisor: Planning, Monitoring and Evaluation, Reporting, Governance, Risk & Compliance and Finance |
| Human Resource Development Committee | 4 | 6 | Mr L Lebeko* Mr R Ngcobo Mr M Khakhathiba Mr T Monotoe Ms A Setsetse Mr M Mosito | Chairperson Interim Chairperson HOD: Finance Staff Representative Staff Representative Union Representative |

* Member resigned during the 2017/2018 financial year

RISK MANAGEMENT

SASSETA's Risk Management Strategy, which was reviewed and approved during the 2017/2018 financial year, lays out the guiding principles for the SETA's management of risk on an enterprise risk management (ERM) basis. The monitoring of organisational risk is the responsibility of the risk manager; however, the implementation of the mitigating factors relating to the risk lies with all SASSETA managers.

The Risk Management Policy promotes a standard approach to enterprise risk management at SASSETA to ensure that all risks that could affect the SETA's reputation, business processes and systems, financial and environmental performance are identified, assessed and mitigated to an acceptable level.

In order to improve the risk management culture within the SETA, the following policies and procedures were reviewed, approved and implemented during the 2017/2018 financial year:

- Risk Management Strategy;
- Risk Management Policy;
- Risk Management Plan;
- Risk Management Procedures;
- Risk Appetite and Tolerance Framework;
- Whistle Blowing Policy;
- Fraud Prevention Policy;
- Fraud Prevention Plan;
- Ethics Policy; and
- Combined Assurance Model.

Risk assessment

The exercise of conducting risk assessment is undertaken annually within SASSETA. This process strives to achieve the identification of the critical risks SASSETA may face, to enable it to formulate appropriate risk strategies and action plans to respond and mitigate these risks where necessary. The annual assessment exercise for 2017/2018 was linked to the strategic planning of the SETA; strategic risks were identified and included in the SETA's Annual Performance Plan and Strategic Plan. These risks were prioritised based on the probable impact following an occurrence, as well as the likelihood of occurrence.

The Risk Management unit monitors and reports on an ongoing basis to Management, the Audit and Risk Committee (ARC) and the Accounting Authority, regarding the risks facing SASSETA.

Risk Management Committee

The Risk Management Committee (RMC), which is a sub-committee of the Audit and Risk Committee, was re-established during 2017/2018 to, amongst others, identify, respond and monitor risks within SASSETA. The committee aimed to enhance joint planning arrangements between Management, Internal Audit

and business units through a Combined Assurance Model.

Risk maturity assessment

The SETA planned and achieved a level 5 risk maturity assessment level conducted by National Treasury as at 31 March 2018. Furthermore, quarterly reports on the risk response and mitigation plans were submitted to National Treasury.

Fraud prevention

SASSETA commits itself to a zero-tolerance attitude towards any form of fraud, corruption and maladministration related to activities in its operations. The SETA further commits to fully investigate, within the ambits of the law, such duly reported activities while respecting and protecting the rights of all parties involved without casting aspersions against anyone involved. A Fraud Prevention Plan and a Fraud Prevention Policy were reviewed, approved and implemented to encourage an anti-fraud culture within SASSETA where all employees, the public and relevant stakeholders continuously behave ethically in their dealings with, or on behalf of SASSETA.

INTERNAL AUDIT

SASSETA does not have an in-house Internal Audit function; however, it has outsourced this function to an external service provider. The Internal Audit function reports administratively to the Chief Executive Officer and functionally to the Audit and Risk Committee on the approved Internal Audit Plan, and other matters as requested by Management and the Audit and Risk Committee.

Key activities and objectives of the Internal Audit function include:

- Reviewing the adequacy and effectiveness of internal control, risk management and governance processes;
- Providing reasonable assurance on the integrity and reliability of financial and non-financial information;
- Reviewing compliance with applicable laws, regulations, policies and procedures;
- Providing a source of information as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities; and
- Evaluating the effectiveness of the entire system of risk management and providing recommendations for improvement.

Internal Audit carried out its audit assignments during the year in line with the approved Internal Audit Plan, and provided assurance in the following areas:

- Review of Internal Audit Charter;
- Audit of predetermined objectives;
- ICT general controls review;

GOVERNANCE

- Audit of project contracts and commitments;
- Annual financial statement review;
- Annual performance report review;
- Annual report review;
- Whistle blower allegations;
- Fixed assets verification;
- Follow up and address internal and external audit findings; and
- Evaluation of Audit and Risk Committee effectiveness.

AUDIT AND RISK COMMITTEE REPORT

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51 (1)(a)(ii) of the PFMA, Treasury Regulation 27.1 and other relevant prescripts. The committee also reports that it has adopted an appropriate formal terms of reference as its Audit and Risk Committee Charter that has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

| Members | Number of meetings attended |
|--|-----------------------------|
| Mr F Docrat (Chairman - External member) | 7 |
| Mr E Mayet (External member) | 7 |
| Mr H Hlomane (External member) | 4 |
| Mr R Nke (External member) | 3 |

Meetings held requiring Audit and Risk Committee members:

- Audit and Risk Committee
- Risk Management Committee
- ICT Steering Committee
- Quarterly Performance Review Committee
- Moderation Committee

Effectiveness of internal controls

The Internal Audit findings, based on the risk assessment of the entity, revealed certain weaknesses, which were raised with the Administrator and Management in the following areas:

- Supply chain management
- Learning programmes

The system of internal controls was adequate and partially effective for the year under review. Deficiencies in the system of internal controls, relating to commitments, accruals and supply chain processes were reported by the internal auditors and AGSA. The Audit and Risk Committee, however, based on the reports of internal and external auditors, is of the opinion that the system of internal controls continue to improve.

The following internal audit work was completed during the year under review:

- Review of Internal Audit Charter
- Audit of predetermined objectives
- ICT general controls review

- Audit of project contracts and commitments
- Annual financial statement review
- Annual performance report review
- Annual report review
- Whistle blower allegations
- Fixed assets verification
- Evaluation of Audit and Risk Committee effectiveness

While considerable improvement had been noted in the overall control environment, the following areas of concern emerged and/or were identified:

- Project management in relation to grants, related accruals and commitment schedule
- Supply chain management
- Information and communications technology
- Compliance

In-year management and monthly/quarterly report

As a public entity, SASSETA reports monthly and quarterly to the Executive Authority and National Treasury, as is required by the PFMA. The Audit and Risk Committee reports its satisfaction with the content and quality of the monthly and quarterly reports, prepared and submitted by SASSETA during the year under review, to the Executive Authority.

Evaluation of financial statements

ARC reviewed the annual financial statements prepared by SASSETA and discussed:

- The audited financial statements to be included in the Annual Report with Management and AGSA
- AGSA's Management report and Management's response thereto
- Significant adjustments resulting from the audit

Auditor's report

SASSETA's action plan was reviewed for audit issues raised in the prior year, and the ARC is satisfied that the matters have been adequately resolved.

The Audit and Risk Committee concurs and accepts the conclusions of the external auditor on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the auditor's report.



Faizal Docrat

Chairman of the Audit and Risk Committee
SASSETA

31 July 2018



GOVERNANCE

COMPLIANCE WITH LAWS AND REGULATIONS

SASSETA has put in place the Regulatory Compliance Universe, and developed policies and procedures to guide operations. These policies and procedures were reviewed during this financial year to ensure compliance with laws and regulations.

Independent assurance of compliance with laws and regulations is obtained through the work of Internal Audit, and compliance audits conducted by other Government institutions such as DHET, NT, QCTO, as well as the regulatory audit conducted by AGSA. New developments and changes to skills development legislation are also communicated to the broader stakeholder base through workshops, stakeholder forums' bulk email, SASSETA's website, and so on.

FRAUD AND CORRUPTION

SASSETA has a Fraud Prevention Policy and Plan, where responsibilities are assigned for prevention and detection of fraud within the SETA, and procedures for reporting fraud are outlined.

A dedicated toll free number is managed independently for the purpose of reporting suspected or known fraud and irregularities. Cases reported through the independent whistle blower were followed up during the period under review and a forensic investigation launched regarding one case reported.

SASSETA also has three fraud/corruption cases that have been reported to the South African Police Service:

- I. A case involving R500 000.00, where the bank details of a service provider were changed, and the money paid into a third party's account. This matter was reported to the SAPS and working with the police, SASSETA was able to recover R340 000.00 of the money paid out. Seven suspects have been arrested and appeared in court. Five of these seven suspects were granted bail and two have been refused bail. (The case relates to the 2015/2016 financial year.)
- II. A case involving R200 million possible fraud and corruption (based on the forensic audits conducted in 2015/2016) was laid with the Anti-Corruption Task Team (ACTT) - a multi-agency working group which was set up by the Minister of Finance to coordinate and investigate corruption in the Government sphere.

- III. A case of fraud and corruption was opened with the DPCI involving over R8 million paid out for a forensic audit in 2014/2015 prior to the body being placed under administration. This money relates to an irregular contract issued to Grant Thornton in December 2013 and to the subsequent payment of over R8 million to a third party using the contract issued to Grant Thornton.

MINIMISING CONFLICTS OF INTEREST

SASSETA requires all staff members to disclose their financial interests on an annual basis. To minimise the risk of conflicts of interest with stakeholders across the board, a declaration of interest form is circulated to members of committees before the commencement of the meetings, and employees declare any interest they might have in relation to transactions entered into with service providers. SASSETA's Supply Chain Management and Risk Management and Human Resource policies outline the process to be followed where a conflict of interest has been identified. There were no identified cases of conflict of interest during the year under review.

CODE OF CONDUCT

SASSETA's Code of Conduct Policy ensures that the business of the SETA is conducted in the interests of SASSETA, and conforms with the Constitution of SASSETA as well as with the legislation and regulations governing the SETA's activities and business practices. The code of conduct is applicable to all employees.

SOCIAL RESPONSIBILITY

SASSETA acknowledges that good governance and solid stakeholder relations create internal and external value. During the year under review, SASSETA strengthened this value through vastly promoting corporate governance, enhancing relationships with key stakeholders and implementing applications to promote a coherent culture within the organisation. The SETA continuously strives for the highest ethical standards so that our corporate reputation as a leader in the safety and security industry can flourish.

HUMAN RESOURCE MANAGEMENT

INTRODUCTION

The Human Resource sub-programme is at the centre of sound employment practices through the advisory and guidance service it provides to Management and employees. It ensures optimum and efficient utilisation and development of Human Capital. It places a strong emphasis on effective Human Capital management by incorporating best Human Resource practices in its daily activities.

It provides an advisory service on matters pertaining to organisational effectiveness and development and all other issues falling within the Human Resource area. This includes conducting research and development/review of Human Resource policies and practices.

Some of the key functions performed by the Human Resource Department include Performance Management of staff, Human Resource Development, Recruitment and Selection, Staff Retention, Employee Benefits, Employee Wellness, Leave Administration and Occupational Health and Safety.

DELIVERABLES

Performance management of staff

The Performance Management System (PMS) was successfully implemented for the third consecutive year.

Human Resource Development (Staff Training)

The sub-programme complied with the requirements of the Skills Development Act, 97 of 1998 by submitting the 2017/2018 Workplace Skills Plan (WSP) to the Services SETA (affiliating SETA) for the first time since the 2008/2009 financial year. The WSP was subsequently implemented through various staff training interventions. The Annual Training Report (ATR) was also prepared and submitted accordingly to the Services SETA.

New organisation structure

The new organisation structure was approved after wide consultation with the relevant stakeholders. All employees retained their employment status and there were no retrenchments.

Job grading

The job grading process which started in the 2015/2016 financial year, was completed during the year under review. This process was linked to the new job descriptions developed for all staff and was aimed at addressing salary discrepancies that historically existed within the organisation. This process is geared to allow for greater transparency and accountability on staff salaries within the organisation. It will provide guidance and ensure consistency when appointing staff. The job grading report was finalised in consultation with the trade union that represents SASSETA staff for implementation in the new year.

Grading of salaries

A salary grading process was completed during the 2017/2018 financial year and implemented with effect from April 2018.

Human Resource Development Committee

Employee education and study assistance was aligned to the employees' personal development plans (PDPs), and increased knowledge in their particular work environments. The new SASSETA HRD Plan also served to simplify the implementation of Affirmative Action measures within the organisation. A total of 32 employees were funded for various academic studies.

Restructuring of committees

During the 2017/2018 financial year, a number of the Human Resource processes and committees were reviewed which also included the Employment Equity Committee. This was done to ensure that these committees are properly structured and represented.

Recruitment processes

The following critical appointments were made during the year under review: Chief Financial Officer, Supply Chain Manager and Research Manager. It is anticipated that the Senior Manager: Corporate Services vacancy will be filled during the 2018/2019 financial year.

Policy development

During 2016/2017, SASSETA embarked on a process of reviewing and enhancing its Human Resource policies. This process was completed during the 2017/2018 financial year and the policies were also implemented.

HUMAN RESOURCE MANAGEMENT

FOCUS AREAS FOR 2018/2019

Climate survey/staff satisfaction

The organisation was under administration for three consecutive years. A climate survey will be conducted to assess employees' perceptions and views towards the organisation and most importantly to determine the intervention required.

Large scale appointments of staff

Following the approval of a new organisation structure, all critical positions will be filled in the 2018/2019

financial year to enable the organisation to deliver its mandate with an adequate workforce.

Skills audit

A comprehensive skills audit is planned to assess the adequacy of skills within the organisation versus the required skills and most importantly to fill all identified skills gaps accordingly.

HUMAN RESOURCE OVERSIGHT STATISTICS

Human Resource expenditure per programme

| Programme | Total expenditure for the entity (R'000) | Personnel expenditure (R'000) | Personnel expenditure as a % of total expenditure |
|--|--|-------------------------------|---|
| Administration | 71 593 | 26 125 | 7% |
| Skills planning, monitoring, evaluation and research | 64 736 | 10 660 | 3% |
| Learning programmes | 193 238 | 9 935 | 3% |
| Education, training and quality assurance | 11 810 | 10 252 | 3% |
| Total | 341 379 | 56 972 | |

Personnel cost by salary band

| Level | Personnel expenditure (R'000) | % of personnel exp. to total personnel cost |
|---|-------------------------------|---|
| Senior and Top Management | 7 401 | 13% |
| Professional qualified (Practitioners and Senior Practitioners) | 20 910 | 37% |
| Skilled (Administrators and Clerks) | 27 621 | 48% |
| Semi-skilled (Auxiliary Services) | 1 039 | 2% |
| Total | 56 972 | 100% |

Performance rewards ((2015/2016 and 2016/2017))

| Programme | Performance rewards (R'000) | Personnel expenditure (R'000) | % of performance rewards to total personnel cost |
|---|-----------------------------|-------------------------------|--|
| Senior and Top Management | 507 | 7 401 | 1% |
| Professional qualified (Practitioners and Senior Practitioners) | 1 646 | 20 910 | 3% |
| Skilled (Administrators and Clerks) | 2 056 | 27 621 | 4% |
| Semi-skilled (Auxiliary Services) | 103 | 1 039 | 0% |
| Total | 4 312 | 56 972 | |

Employment and vacancies at 31 March 2018

| Programme/activity/objective | Number of employees | % of staff complement | Current vacancies |
|---|---------------------|-----------------------|-------------------|
| Programme 1: Administration | 38 | 38% | 17 |
| Programme 2: Planning, Monitoring, Evaluation, Reporting and Research | 22 | 12% | 3 |
| Programme 3: Learning Programme | 31 | 31% | 8 |
| Programme 4: ETQA | 19 | 19% | 1 |
| Total | 110 | 100% | 29 |

Number of employees by occupational level for the 2017/2018 financial year

| Employee level | Number of employees | % of staff complement |
|---|---------------------|-----------------------|
| Senior and Top Management | 15 | 13% |
| Professional qualified (Practitioners and Senior Practitioners) | 22 | 20% |
| Skilled (Administrators and Clerks) | 68 | 62% |
| Semi-skilled (Auxiliary Services) | 5 | 5% |
| Total | 110 | 100% |

Number of employees by occupational level for the 2017/2018 financial year

| Salary band | Employment at beginning of period | Appointments | Terminations | Employment at end of period |
|---|-----------------------------------|--------------|--------------|-----------------------------|
| Senior and Top Management | 12 | 3 | 3 | 12 |
| Professional qualified (Practitioners and Senior Practitioners) | 26 | 1 | 0 | 27 |
| Skilled (Administrators and Clerks) | 66 | 1 | 1 | 66 |
| Semi-skilled (Auxiliary Services) | 4 | 1 | 0 | 5 |
| Total | 108 | 6 | 4 | 110 |

Reasons for employees leaving

| | Number |
|--------------------|----------|
| Death | - |
| Resignation | 3 |
| Dismissal | 1 |
| Retirement | - |
| Ill health | - |
| Expiry of contract | - |
| Other | - |
| Total | 4 |

HUMAN RESOURCE MANAGEMENT

Labour relations: misconduct and disciplinary action

| Nature of disciplinary action | Number |
|-------------------------------|----------|
| Verbal warning | - |
| Written warning | - |
| Final written warning | 1 |
| Dismissal | 1 |
| Total | 2 |

Equity target and Employment Equity status

| Levels | Female | | | | | | | |
|---|-----------|--------|----------|--------|----------|--------|----------|--------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Senior and Top Management | 3 | 7 | - | 3 | 1 | 3 | 1 | 3 |
| Professional qualified (Practitioners and Senior Practitioners) | 9 | 13 | - | 4 | - | 4 | - | 4 |
| Skilled (Administrators and Clerks) | 57 | 41 | 1 | 2 | 1 | 2 | - | - |
| Semi-skilled | 3 | 1 | - | - | - | - | - | - |
| Total | 72 | | 1 | | 2 | | 1 | |

| Levels | Male | | | | | | | |
|---|-----------|--------|----------|--------|----------|--------|----------|--------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Senior and Top Management | 7 | 10 | - | 2 | - | 2 | - | 1 |
| Professional qualified (Practitioners and Senior Practitioners) | 11 | 6 | 1 | 2 | 1 | 2 | - | 1 |
| Skilled (Administrators and Clerks) | 7 | 4 | 1 | 2 | - | 2 | - | 1 |
| Semi-skilled | 2 | 1 | - | - | - | - | - | - |
| Total | 27 | | 2 | | 1 | | - | |

Disabled staff

| Levels | Disabled staff | | | |
|---|----------------|----------|---------|---------|
| | Male | Female | Indian | White |
| | Current | Current | Current | Current |
| Senior and Top Management | | | | |
| Professional qualified (Practitioners and Senior Practitioners) | | | | |
| Skilled (Administrators and Clerks) | | 1 | | |
| Semi-skilled (Auxiliary Services) | | | | |
| Total | | 1 | | |

LIST OF ABBREVIATIONS

| | | | |
|----------------|---|----------------|---|
| AGSA | Auditor-General of South Africa | NQFA | National Qualifications Framework Act |
| APP | Annual Performance Plan | NSDSIII | National Skills Development Strategy III |
| ATR | Annual Training Report | NT | National Treasury |
| BAC | Bid Adjudication Committee | PFMA | Public Finance Management Act |
| BBBEE | Broad-Based Black Economic Empowerment | QALA | Quality Assurance of Learner Achievements |
| BCEA | Basic Conditions of Employment Act | QCTO | Quality Council for Trades and Occupations |
| CA(SA) | Chartered Accountant South Africa | QDF | Qualification Development Facilitator |
| CEO | Chief Executive Officer | RPL | Recognition of Prior Learning |
| CFO | Chief Financial Officer | SAPS | South African Police Services |
| CIA | Certified Internal Auditor | SAQA | South African Qualifications Authority |
| CJS | Criminal Justice System | SASSETA | Safety and Security Sector Education and Training Authority |
| CORBIT | Control Objectives for Information and Related Technology | SCM | Supply Chain Management |
| CPF | Community Policing Forum | SDF | Skills Development Facilitator |
| DHET | Department of Higher Education and Training | SDLA | Skills Development Levy Act |
| DoJCD | Department of Justice and Constitutional Development | SETA | Sector Education and Training Authority |
| DQP | Degree Qualification Profile | SETMIS | Sector Education and Training Management Information System |
| ERM | Enterprise Risk Management | SMME | Small Medium and Micro Enterprises |
| ETQA | Education and Training Quality Assurance | SSP | Sector Skills Plan |
| HRD-SA | Human Resources Development Strategy for South Africa | TAU | Technical Assistance Unit (National Treasury) |
| ICT | Information and Communications Technology | TID | Technical Indicator Description |
| JCPS | Justice Crime Prevention and Security cluster | TR | Treasury Regulations |
| LPQA | Learning Programmes Quality Assurance | TVET | Technical Vocational and Educational Training Institutions |
| MEC | Member of Executive Council | WIL | Workplace Integrated Learning |
| MERSETA | Manufacturing Engineering and related Services Seta | WSP | Workplace Skills Plan |
| MoU | Memorandum of Understanding | | |
| MTEF | Medium Term Expenditure Framework | | |
| MTSF | Medium Term Strategic Framework | | |
| NAMB | National Artisan Moderating Body | | |
| NC | National Certificate | | |
| NDP | National Development Plan | | |
| NGO | Non-government Organisation | | |
| NMMU | Nelson Mandela Metropolitan University | | |
| NPO | Non-Profit Organisation | | |
| NQF | National Qualifications Framework | | |

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

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REPORT OF THE ACCOUNTING AUTHORITY

as at 31 March 2018

The annual financial statements for the year ended 31 March 2018, set out on pages 52 to 83, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:



Mr V Memela
Acting Chief Executive Officer



Ms N Jolingana
Board Chairperson

REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY (SASSETA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Safety and Security Sector Education and Training Authority set out on pages 52 to 83 which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and comparison to the budget for the year then ended, as well as the 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 Safety and Security Sector Education and Training Authority as at 31 March 2018, 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 requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA) and Skills Development Act of South Africa, 1998 (Act No 97 of 1998) (SDA).

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 Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the 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 19 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the public entity at, and for the year ended 31 March 2018.

Other matters

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

SETA Administration

9. On 12 February 2015 the Director-General of the Department of Higher Education and Training placed the SASSETA under administration, as per the Government Gazette Notice No 38469. As at 31 March 2018, the Seta administration has ended and the public entity has appointed a new board and an interim chief executive officer.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and SDA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing SASSETAS' 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 accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives as selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

| Programmes | Pages in the annual Performance report |
|---|--|
| Programme 2 – Skills planning, research monitoring reporting and evaluation | 17 – 20 |
| Programme 3 – Learning programmes | 21 – 28 |
| Programme 4 – Education training qualifications authority | 29 – 32 |

17. I performed procedures to determine whether the report performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 – Skills planning, monitoring, evaluation and research
 - Programme 3 – Learning programmes
 - Programme 4 – Education training qualifications authority

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 10 to 32 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
24. Material misstatements on commitments and the related accruals identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

25. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulations 16A6.1.

REPORT OF THE AUDITOR-GENERAL continued

Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R2 068 000 as disclosed in note 30 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-adherence to the procurement processes.

OTHER INFORMATION

27. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit and risk committee's report and the accounting authority's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion on any form of assurance conclusion thereon.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in findings on compliance with legislation included in this report.

Leadership

32. Sufficient internal controls were not implemented to ensure proper project management and compliance with laws and regulations which have negatively affected the accounting for discretionary commitments and compliance with laws and regulations.

Financial and performance management

33. The public entity did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework and this resulted in misstatement made on discretionary grants commitments and related accruals which were subsequently corrected in the annual financial statements.

Auditor-General

Auditor-General

Pretoria

31 July 2018



ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. 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 programmes and on the entity’s compliance with respect to the selected subject matters.

Financial statements

2. 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 risk, 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 entity’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority’s 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 related to events or conditions that may cast significant doubt on the Safety and Security Seta’s ability 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 the 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 an entity to cease continuing as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. 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.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2018

| | Note | 2017/18 R'000 | Restated 2016/17 R'000 |
|---|----------|------------------|------------------------------|
| REVENUE | | | |
| Non-exchange transactions | | | |
| Skills development levy: Income | 2 | 389 098 | 365 053 |
| Skills development levy: Penalties and interest | 3 | 13 088 | 8 796 |
| Exchange transactions | | | |
| Investment income | 4 | 24 919 | 13 422 |
| Other income | 5 | – | 19 |
| Total revenue | | 427 105 | 387 290 |
| EXPENSES | | | |
| Employer grant and project expenses | 6 | (246 477) | (184 561) |
| Administration expenses | 7 | (94 902) | (77 294) |
| Total expenses | | (341 379) | (261 856) |
| Net surplus for the year | 1 | 85 727 | 125 434 |

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

| | Note | 2017/18 R'000 | Restated 2016/17 R'000 |
|---|------|------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7,2 | 2 356 | 2 747 |
| Intangible assets | 8 | 341 | 339 |
| | | 2 696 | 3 087 |
| Current assets | | | |
| Accounts receivable from non-exchange transactions | 9 | 8 807 | 7 778 |
| Accounts receivable from exchange transactions | 9 | 5 845 | 2 794 |
| Inventory | 10 | 1 006 | 589 |
| Cash and cash equivalents | 11 | 380 950 | 277 226 |
| | | 396 608 | 288 387 |
| Total assets | | 399 304 | 291 473 |
| EQUITY AND LIABILITIES | | | |
| Non-current liabilities | | | |
| Finance lease obligations | 12 | – | – |
| | | – | – |
| Current liabilities | | | |
| Trade and other payables from non-exchange transactions | 13 | 3 692 | 6 369 |
| Trade and other payables from exchange transactions | 13 | 50 593 | 26 001 |
| Current portion of finance lease obligation | 12 | – | – |
| Provisions | 14 | 11 421 | 11 229 |
| | | 65 706 | 43 599 |
| Total liabilities | | 65 706 | 43 599 |
| Net assets | | 333 598 | 247 874 |
| Funds and reserves | | | |
| Administration reserve | | 2 696 | 3 087 |
| Employer grant reserve | | 923 | 706 |
| Discretionary reserve | | 329 978 | 244 081 |
| Unappropriated surplus | | – | – |
| Total funds and reserves | | 333 598 | 247 873 |
| Total net funds and liabilities | | 399 304 | 291 473 |

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2018

| | Notes | Administration reserve R'000 | Employer grant reserve R'000 | Discretionary reserve R'000 | Unappropriated surplus R'000 | Total R'000 |
|--|----------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------|----------------|
| Restated balance as at 1 April 2016 | | 3 184 | 42 | 119 042 | – | 122 268 |
| Net surplus as per statement of financial performance | | – | – | – | 125 434 | 125 434 |
| Net impact on the SDL levy income | | – | – | 171 | – | – |
| Allocation of unappropriated surplus | 1 | 49 106 | 17 065 | 59 263 | (125 434) | – |
| Excess reserves transferred to Discretionary reserve | | (49 203) | (16 401) | 65 604 | – | – |
| Balance at 31 March 2017 | | 3 087 | 706 | 244 081 | – | 247 874 |
| Restated balance as at 31 March 2017 | | 3 087 | 706 | 244 081 | – | 247 874 |
| Net surplus per statement of financial performance | | – | – | – | 85 727 | 85 727 |
| Allocation of unappropriated surplus | 1 | 28 828 | 16 523 | 40 376 | (85 727) | – |
| Excess reserves transferred to Discretionary reserve | | (29 216) | (16 305) | 45 521 | – | – |
| Balance at 31 March 2018 | | 2 696 | 923 | 329 978 | – | 333 598 |

An amount of R923 000 (2016/17: R706 000) is disclosed in the employer grant reserve refer to note 16.1 for details.

CASH FLOW STATEMENT

for the year ended 31 March 2018

| | Note | 2017/18 R'000 | Restated 2016/17 R'000 |
|---|-----------|------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Cash receipts from stakeholders | | | |
| Levies, interest and penalties received | | 396 339 | 402 096 |
| Payments | | | |
| Grants and project payments | | (249 154) | (195 234) |
| Compensation of employees | | (43 698) | (38 547) |
| Payments to suppliers and other | | (23 423) | (36 610) |
| Net cash inflow from operating activities | 15 | 80 064 | 131 704 |
| Interest income | | 24 919 | 13 425 |
| Finance costs | | (11) | (1) |
| Cash generated from operating activities | | 104 972 | 145 128 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment and intangible assets | 7,2/8 | (1 346) | (1 304) |
| Proceeds from sale of asset/insurance proceeds | | 100 | |
| | | (1 246) | (1 304) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payments relating to finance lease payments | | – | (123) |
| | | – | (123) |
| Net increase in cash and cash equivalents | | 103 724 | 143 702 |
| Cash and cash equivalents at beginning of year | 11 | 277 226 | 133 524 |
| Cash and cash equivalents at end of year | 11 | 380 950 | 277 226 |

STATEMENT OF FINANCIAL PERFORMANCE COMPARISON TO THE BUDGET

for the year ended 31 March 2018

| | Note | Actual 2017/18 R'000 | Approved budget 2017/18 R'000 | Adjustments 2017/18 R'000 | Revised approved budget 2017/18 R'000 | Variance between actual and final approved budget Favourable (unfavourable) |
|--|------|----------------------------|--|---------------------------------|---|---|
| REVENUE | | | | | | |
| Skills development levy: Private companies | | 283 641 | 277 946 | (10 605) | 267 341 | 16 300 |
| Administration (10.5%) | | 37 151 | 36 480 | (1 392) | 35 089 | 2 063 |
| Discretionary (49.5%) | | 176 728 | 171 979 | (6 562) | 165 417 | 11 311 |
| Employer grants (20%) | | 69 761 | 69 487 | (2 651) | 66 835 | 2 926 |
| Skills development levy: Government departments | | 105 457 | 130 669 | (23 480) | 107 189 | (1 732) |
| Donor funding income | | – | – | – | – | – |
| Skills development levy: Penalties and interest | 2 | 13 088 | 9 061 | 635 | 9 696 | 3 392 |
| Other income | 5 | – | – | – | – | – |
| Investment income | 4 | 24 919 | 11 137 | 16 182 | 27 319 | (2 400) |
| Total revenue | | 427 105 | 428 813 | (17 267) | 411 546 | 15 560 |
| EXPENDITURE | | | | | | |
| Employer grants | 6 | (53 238) | (52 280) | (2 826) | (55 106) | 1 868 |
| Discretionary grants expenses | 6 | (193 239) | (301 594) | 49 936 | (251 658) | 58 419 |
| Administration expenses | 7 | (94 902) | (74 939) | (29 843) | (104 782) | 9 881 |
| Total expenditure | | (341 379) | (428 813) | 17 267 | (411 546) | 70 167 |
| Net surplus for the year | 1 | 85 727 | – | – | – | 85 727 |

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

The principle accounting policies adopted in the preparation of these annual financial statements are set out below and are, in all material aspects, consistent with those of the prior year except as otherwise indicated. In both the current and prior years, the cash flow statement was been prepared according to the direct method.

1. BASIS OF PREPARATION

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

The cash flow statement has been prepared in accordance with the direct method.

Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
 - (b) taxes and transfers payable;
 - (c) trade and other payables from non-exchange transactions;
- is presented separately on the statement of financial position.

The financial statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the relevant accounting standard.

The amount and nature of any restrictions on cash balances is required to be disclosed.

- (a) The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise stated.

They are presented in South African Rand.

All amounts are rounded to R'000.

Summaries of significant accounting policies are disclosed below.

2. REVENUE RECOGNITION

2.1 Revenue from non-exchange transactions

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

Measurement

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

When, as a result of a non-exchange transaction, SASSETA recognises as 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 also required to recognise a liability. Where a liability is required to be recognised it will be measured at 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

2.2 Levy income

The accounting policy for the recognition and measurement of skills development levy income has been amended based on a revised interpretation of the Skills Development Act, Act No 97 of 1998 as amended and the Skills Development Levies Act, Act No 9 of 2001.

Skills Development Levy (SDL) transfers are recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, whichever comes first, to the Seta, as required by section 8 of Skills Development Levies Act, 1999 (Act No 9 of 1999).

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No 9 of 1999) as amended, registered member companies of the Seta pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an Annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.

Skills Development Levies Act specifically excludes government departments from participating in the levies contribution scheme. This circular requires the government departments to set aside a minimum of 1% of their payroll cost to be allocated to their affiliate SETA.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

2. REVENUE RECOGNITION continued

2.2 Levy income continued

Where a government department contributes their levies at 30% (95%) of the 1% of their payroll cost, an affected SETA shall utilise the levies as follows:

- 1/3 (one-third) – Administration purposes
- 2/3 (two-thirds) – Discretionary grant purposes

Where a government department contributes their levies at 10% (95%) of the 1% of their payroll cost, SASSETA will revert to the Guidelines on Public Service as A Training Space for treatment. Their entire 10% levies contributed will be used for administration purposes.

In terms of Skills Development Circular 9/2013 – SETA should transfer all unclaimed refunds under section 190(1)(b) of the Tax Administration Act if such refunds are not claimed within five years of self-assessment. These refunds will be treated in terms of the SETA Grant Regulations read in line with the Skills Development Levies Act.

80% of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund). The Seta was not in a position to verify that SARS has collected all potential skills levy income.

Levy income is recognised on the accrual basis.

Revenue is adjusted for inter-seta transfers due to employers changing Seta's. Such adjustments are separately disclosed as inter-seta transfers. The amount of the inter-seta adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the Seta and these benefits can be measured reliably. This occurs when the Department makes an allocation to the SASSETA, as required by section 8 of the Skills Development Levies Act, 1999 (Act No 9 of 1999) as amended.

When a new employer is transferred to the Seta, the levies transferred by the former Seta are recognised as revenue and allocated to the respective category to maintain its original identity.

2.3 Interest and penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

2.4 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the Seta as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

2.5 Government grants and other donor income

Conditional government grants and other conditional donor funding received is recorded as deferred income when they become receivable and is then recognised as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

2.6 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the Seta and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

2.7 Investment income

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

3. GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the Skills Development Act, 1998 as amended Seta Grant Regulations regarding monies received and related matters (The Seta Grant Regulations).

3.1 Mandatory grants

A registered company may recover a maximum mandatory grant of 20% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act 1999 (Act No 9 of 1999).

3.2 Discretionary project expenditure

The funding for discretionary grants and projects comprise 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the SETA.

A Seta allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the Seta under the terms of the contract.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

3.3 Retrospective adjustments by SARS

The Seta refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are more than the amount the Seta is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

4. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

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

- The PFMA; and
- The Skills Development Act (the Act), 1998 (Act No 97 of 1998) as amended

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged to write off the costs of the assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is calculated on the straight line-method to write off the cost of each asset to estimated residual value over its estimated useful life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.) Gains and losses on disposal of Property, plant and equipment are determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating profit.

In the application of the Seta's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

5. PROPERTY, PLANT AND EQUIPMENT continued

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The Seta reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period for the carrying values of property, plant and equipment.

Management determined, consistent with the prior year, that the useful life of assets should not be limited by the Seta's establishment. Management's determination of useful life also impacts the determination of the residual value of assets.

The following useful lives are used in the calculation of depreciation

| | |
|------------------------|---------------|
| Computer equipment | 3 to 10 years |
| Computer server | 3 to 10 years |
| Furniture and fittings | 5 to 16 years |
| Office equipment | 5 to 16 years |
| Vehicles | 5 to 10 years |

The following factors were considered to determine the useful life of the asset:

- Expected usage of the asset;
- Expected physical wear and tear of the asset;
- Technical obsolescence; and
- Legal or other limits on the use of the asset.

The Seta has reviewed the residual values used for the purposes of depreciation calculations. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

In line with Directive 7 of the GRAP standards assets for which historical cost information is not available will be capitalised/ added on using the deemed cost method. SASSETA opts for a depreciated replacement cost method to determine the asset value of those items which were acquired prior to the measurement date.

6. INTANGIBLE ASSETS

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged to write off the cost of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.)

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

Useful lives of Intangible assets

The Seta reviews the estimated useful lives of Intangible assets at the end of each annual reporting period for the carrying values of Intangible assets.

The following useful life is used in the calculation of amortisation

| | |
|-------------------|---------------|
| Computer software | 2 to 10 years |
|-------------------|---------------|

The Seta has reviewed the residual values used for the purposes of depreciation/amortisation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

7. LEASING

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the statement of financial performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

8. RETIREMENT BENEFITS

SASSETA operates on a cost to company salary structure plus medical aid contribution for non-management employee. The entity operates a defined contribution plan, the assets of which are held in an administered funds. The plan is funded by payments from the entity and the employees. The entity carries no financial obligations after the retirement of the employee.

9. PROVISIONS

Provisions are recognised when the Seta has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the statement of financial position date. Provisions included in the statement of financial position are provisions for leave, overtime, performance bonus as well as other provisions.

10. CONTINGENCIES

A contingent asset is not recognised but disclosed where an inflow of economic benefits/service potential is probable.

A contingent liability is not recognised, but only disclosed. However, disclosure is not required if payment is remote.

Management further relies on inputs from the lawyers in assessing the probability of matters of a contingent nature.

Contingencies are disclosed in note 16.

11. GRANTS AND PROJECTS

Mandatory and discretionary grant payments

A liability is recognised for grant payments once the specific criteria set out in the Seta Grant Regulation has been complied with by member companies and it is probable that the Seta will approve the payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount of levies received.

Discretionary projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as approved and allocated for future projects in the notes to annual financial statements.

Commitments are disclosed where the Seta has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment.

12. FINANCIAL INSTRUMENTS

Recognition

Financial assets and financial liabilities are recognised on the Seta's statement of financial position when the Seta becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value or net of transaction cost except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets can be classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held to maturity investments, available for sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets of the Seta were categorised as loans and receivables.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest will be immaterial.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

12. FINANCIAL INSTRUMENTS continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities.

Account and other payables do not bear interest and are stated at their nominal value.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

All financial liabilities of the Seta were classified as other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, plus of transaction costs.

Other financial liabilities are subsequently measured at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period.

13. RESERVES

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No 97 of 1998) as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No 97 of 1998).

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

| | 2017/18 % | 2016/17 % |
|--|--------------|--------------|
| Administration costs of the Seta | 10.5 | 10.5 |
| Employer grant fund levy | 20 | 20 |
| Discretionary grants and projects | 49.5 | 49.5 |
| Received by the Seta | 80 | 80 |
| Contribution to the national skills fund | 20 | 20 |
| | 100 | 100 |

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund the Seta's administration costs.

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above table.

Surplus funds are moved to the discretionary fund reserve from the administration reserve based on unspent funds at year-end and from the mandatory grant based on unclaimed grants after the prescribed time-frames have elapsed.

14. COMPARATIVE FIGURES

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

15. TAXATION

No provision has been made for taxation, as the Seta is exempt from income tax in terms of section 10 of the Income Tax Act, 1962 (Act No 58 of 1962).

16. VALUE ADDED TAXATION

The Revenue Laws Amendment Act 2003 (Act No 45 of 2003) commenced on 22 December 2003. Previously the definition of enterprise placed Setas listed in schedule 3A within the scope of VAT. The amendment Act however, has amended this definition of enterprise and effectively places the public entity outside the scope of VAT effective 1 April 2005.

The amount reflected as VAT due to or from the South African Revenue Services is in accordance with the dispensation prescribed by the South African Revenue Service. In accordance with this, the Seta is therefore deregistered for VAT with effect 1 April 2005, as a result SASSETA is VAT exempt.

17. CONSUMABLE INVENTORY

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of acquisition. It is subsequently recognised in surplus or deficit as it is consumed. Subsequent to initial recognition inventory is measured at lower of cost and current replacement cost.

18. COMMITMENTS

Commitments comprise those future expenses that SASSETA has committed itself to contractually or by an award letter, but for which a present obligation for the payment thereof does not exist at the reporting date. Accordingly, these commitments are not recognised as liabilities but are disclosed in the notes to the annual financial statements. Please refer to note 17.

19. SEGMENT REPORTING

Segments are identified by the way in which information is reported by management, both for purposes of assessing performance and making decisions about how future resources will be allocated to various activities undertaken by SASSETA. The major classification of activities identified in budget information reflect the segments for which SASSETA reports information.

Segment information is presented based on services provided. Service segments relate to distinguishable components within SASSETA that provides specific outputs or achieve particular operating objectives that are aligned to the entities overall mission. SASSETA's service segments are mandatory, discretionary and administrative activities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. ALLOCATION OF NET SURPLUS FOR THE CURRENT YEAR TO RESERVES

| | Total per statement of financial performance 2016/17 R'000 | Total per statement of financial performance 2017/18 R'000 | Administration reserve R'000 | Mandatory grant reserves R'000 | Discretionary grant reserves R'000 |
|---|---|---|------------------------------------|---|---|
| Total revenue | 387 290 | 427 105 | 123 730 | 69 761 | 233 614 |
| Skills development levy transfer from non-exchange transactions: | | | | | |
| Levy transfer administration (10.5%) | 126 384 | 123 730 | 123 730 | – | – |
| Levy transfer discretionary/ employer grants (69.5%) | 238 669 | 265 368 | – | 69 761 | 195 607 |
| Skills development levy penalties and interest from non-exchange transactions | 8 796 | 13 088 | – | – | 13 088 |
| Investment income | 13 422 | 24 919 | – | – | 24 919 |
| Other income | 19 | – | – | – | – |
| Total expenses | 261 855 | 341 379 | 94 902 | 53 238 | 193 239 |
| Administration expenses | 77 294 | 94 902 | 94 902 | – | – |
| Employer grants and project expenses | 184 561 | 246 477 | – | 53 238 | 193 239 |
| Net (deficit)/surplus per statement of financial performance allocated | 125 435 | 85 727 | 28 828 | 16 523 | 40 376 |

2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| The total levy transfer per the statement of financial performance is as follows: | | |
| Levy transfer: Administration | 123 730 | 126 384 |
| Levies received from private companies | 37 151 | 33 717 |
| Levies received from government departments | 86 578 | 92 667 |
| Inter-seta transfers in | – | – |
| Levy transfer: Employer grants | 69 761 | 63 687 |
| Levies received from private companies | 69 761 | 63 687 |
| Inter-seta transfers in | – | – |
| Levy transfer: Discretionary grants | 195 607 | 174 982 |
| Levies received from private companies | 176 728 | 159 605 |
| Levies received from government departments | 18 879 | 15 377 |
| Inter-seta transfers in | – | – |
| Total | 389 098 | 365 054 |
| 3. SKILLS DEVELOPMENT LEVY | | |
| Penalties and interest | 13 088 | 8 796 |
| 4. INVESTMENT INCOME | | |
| Interest received from the banks | 24 919 | 13 422 |
| | 24 919 | 13 422 |

5. OTHER INCOME

| | Notes | 2017/18 R'000 | Restated 2016/17 R'000 |
|---|-------|------------------|------------------------------|
| Other income comprises: | | | |
| Revenue from supporting services rendered by other: | | – | – |
| | | – | 19 |
| Profit on disposal/take-on of assets | | – | 19 |
| Firearm income | | – | – |
| Total | | – | 19 |

6. EMPLOYER AND DISCRETIONARY GRANT EXPENSES

| | | | |
|---|--------------|----------------|----------------|
| Mandatory grants | | 53 238 | 46 621 |
| Disbursed/provisions and accruals | | 53 238 | 46 621 |
| Discretionary grants | 6.1 | 193 239 | 137 940 |
| Disbursed/provisions and accruals | | 193 239 | 137 940 |
| Total | | 246 477 | 184 561 |
| 6.1 Discretionary grants | | | |
| Project expenditure | | 181 074 | 124 483 |
| Non-pivotal | | 1 253 | 437 |
| Project administration costs | 6.1.1 | 10 912 | 13 020 |
| | | 193 239 | 137 940 |
| 6.1.1 Project administration costs | | | |
| Salaries related | | 9 935 | 9 047 |
| Travel and subsistence | | 659 | 1 069 |
| Other | | 318 | 2 904 |
| | | 10 912 | 13 020 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 31 March 2018

7. ADMINISTRATION EXPENSES

| | Notes | 2017/18 R'000 | 2016/17 R'000 |
|--|-------|------------------|------------------|
| Advertising, marketing and promotions, communication | | 1 135 | 1 015 |
| Bad debts | | 1 768 | 7 809 |
| Depreciation/amortisation and impairment | | 1 602 | 1 408 |
| External auditor's remuneration | | 3 245 | 2 732 |
| Impairment losses on property, plant and equipment | | – | – |
| (Profit)/loss on disposal of property, plant and equipment | | 34 | – |
| Operating lease rentals (minimum lease payments) | | 4 069 | 3 525 |
| Cost of employment | 7.1 | 47 037 | 37 336 |
| Consulting fees – Administration | | 7 693 | 6 021 |
| Consulting fees – Legal | | 9 252 | 3 542 |
| IT maintenance | | 3 452 | 3 814 |
| Legal fees | | 3 246 | 50 |
| Utilities, maintenance, repairs and running costs | | 1 323 | 1 238 |
| Remuneration to members of the accounting authority | | – | – |
| Remuneration to members of the audit committee | | 456 | 244 |
| Remuneration to members of other committees | | – | – |
| Staff training and development | | 1 044 | 985 |
| Travel and subsistence | | 278 | 580 |
| Other | | 9 269 | 6 994 |
| Other expenses | | 2 569 | 1 660 |
| QCTO funding | | 1 423 | 1 230 |
| Bank charges | | 214 | 137 |
| Employees assistance programme | | 34 | 55 |
| Postage | | – | 50 |
| Security | | 556 | 487 |
| Insurance | | 85 | 173 |
| Meetings and workshops | | 22 | – |
| Telephone costs | | 1 081 | 835 |
| Interest paid | | 11 | 1 |
| Recruitment costs | | 384 | 134 |
| Stationery, printing and consumables | | 924 | 496 |
| Subscription and publications | | 34 | 31 |
| Accommodation and meals | | 204 | 238 |
| Assessor moderators and verifiers | | 1 092 | 811 |
| Internal Audit fees | | 637 | 653 |
| Total | | 94 902 | 77 294 |
| 7.1 Cost of employment | | | |
| Salaries and wages | | 32 040 | 25 779 |
| Basic salaries | | 26 506 | 21 842 |
| 13th cheque | | 667 | 711 |
| Performance bonus – provision | | 2 874 | 1 520 |
| Leave | | 1 048 | 843 |
| Overtime | | 945 | 864 |
| Social contributions | | 4 499 | 3 456 |
| Medical aid contributions | | 1 097 | 893 |
| Provident fund contributions | | 3 251 | 2 428 |
| UIF | | 151 | 135 |
| Pay as you earn | | 9 931 | 7 475 |
| Tax expense | | 9 931 | 7 475 |
| Skills development levies expenditure | | 499 | 440 |
| SDL expenditure | | 499 | 440 |
| COIDA | | | |
| Compensation assessment | | 67 | 185 |
| Total | | 47 037 | 37 336 |
| Average number of employees | | 110 | 110 |

7.2 Property, plant and equipment

| | Cost R'000 | Accumulated depreciation R'000 | Closing carrying amount R'000 |
|----------------------------------|---------------|--------------------------------------|--|
| Year ended 31 March 2018 | | | |
| Computer server | 2 568 | (2 282) | 286 |
| Computer equipment | 4 942 | (3 876) | 1 066 |
| Office furniture and fittings | 3 985 | (3 410) | 575 |
| Office equipment | 589 | (262) | 327 |
| Leased assets – Office equipment | – | – | – |
| Motor vehicles | 361 | (258) | 103 |
| Balance at end of year | 12 443 | (10 088) | 2 355 |
| Made up as follows: | | | |
| – Owned assets | 12 443 | (10 088) | 2 355 |

| | Cost R'000 | Restated Accumulated depreciation R'000 | Closing carrying amount R'000 |
|----------------------------------|---------------|--|--|
| Year ended 31 March 2017 | | | |
| Computer server | 2 293 | (2 153) | 140 |
| Computer equipment | 5 065 | (3 817) | 1 247 |
| Office furniture and fittings | 3 986 | (3 125) | 862 |
| Office equipment | 446 | (186) | 260 |
| Leased assets – Office equipment | – | – | – |
| Motor vehicles | 497 | (258) | 239 |
| Balance at end of year | 12 287 | (9 539) | 2 747 |
| Made up as follows: | | | |
| – Owned assets | 12 287 | (9 539) | 2 747 |

Movement summary 2018

| | Carrying amount 2017 R'000 | Additions R'000 | Disposals R'000 | Depreciation charge R'000 | Accumulated depreciation on disposal R'000 | Carrying amount 2018 R'000 |
|-------------------------------------|-------------------------------------|--------------------|--------------------|---------------------------------|---|-------------------------------------|
| Computer server | 140 | 285 | – | (139) | – | 286 |
| Computer equipment | 1 247 | 522 | (645) | (614) | 555 | 1 066 |
| Office furniture and fittings | 862 | 80 | (82) | (365) | 80 | 575 |
| Office equipment | 260 | 155 | (13) | (87) | 11 | 327 |
| Leased assets – Office equipment | – | – | – | – | – | – |
| Motor vehicles | 239 | – | (137) | (95) | 95 | 102 |
| Balance at end of year | 2 748 | 1 042 | (877) | (1 299) | 741 | 2 355 |

Movement summary 2017

| | Carrying amount 2016 R'000 | Additions R'000 | Disposals R'000 | Depreciation charge R'000 | Accumulated depreciation on disposal R'000 | Carrying amount 2017 R'000 |
|-------------------------------------|-------------------------------------|--------------------|--------------------|---------------------------------|---|-------------------------------------|
| Computer server | 251 | – | – | (111) | – | 140 |
| Computer equipment | 1 000 | 865 | (135) | (606) | 124 | 1 247 |
| Office furniture and fittings | 1 219 | 100 | (163) | (431) | 137 | 862 |
| Office equipment | 322 | 18 | – | (80) | – | 260 |
| Leased assets – Office equipment | 19 | – | (2 158) | (19) | 2 158 | – |
| Motor vehicles | 338 | – | – | (99) | – | 239 |
| Balance at end of year | 3 149 | 983 | (2 456) | (1 347) | 2 419 | 2 747 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 31 March 2018

Change in accounting estimate

The main assumption for the reassessment is:

During the period the useful lives of property, plant and equipment as well as the useful lives of intangible assets were re-assessed in line with the requirements of GRAP 17 and GRAP 31.

Following the reassessment, the remaining useful lives of property, plant and equipment remaining useful lives were assessed at two years while the remaining useful lives of intangible assets were assessed at one year.

The additional information that became available has resulted in a change in the useful lives of the assets of SASSETA, which constitutes a change in accounting estimate in accordance with GRAP 3. The impact of the change in accounting estimate is a reduction in the annual depreciation and amortisation expenses. It is expected that this trend may continue in future periods. Future depreciation will amount to R194 000.

The depreciation and amortisation expenses have increased/(decreased) as follows for the 2018 financial year:

| | Before change in estimate R'000 | After change in estimate R'000 | Net increase/ (decrease) R'000 |
|--------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| Depreciation: Computer equipment | 262 | 131 | (131) |
| Depreciation: Office equipment | 6 | 3 | (3) |
| Depreciation: Furniture and fittings | 105 | 53 | (52) |
| Depreciation: Computer servers | 16 | 8 | (8) |
| | 389 | 195 | (194) |

8. INTANGIBLE ASSETS

| | Cost R'000 | Accumulated amortisation R'000 | Closing carrying amount R'000 |
|---------------------------------|---------------|--------------------------------------|--|
| Year ended 31 March 2018 | | | |
| Computer software | 531 | (191) | 341 |
| Balance at end of year | 531 | (191) | 341 |
| Made up as follows: | | | |
| – Owned assets | 531 | (191) | 341 |
| Year ended 31 March 2017 | | | |
| Computer software | 1 259 | (920) | 339 |
| Balance at end of year | 1 259 | (920) | 339 |
| Made up as follows: | | | |
| – Owned assets | 1 259 | (920) | 339 |

Movement summary 2018

| | Carrying amount 2017 R'000 | Additions R'000 | Disposals R'000 | Amortisation charge R'000 | Accumulated amortisation of disposed assets R'000 | Carrying amount 2018 R'000 |
|-------------------------------|-------------------------------------|--------------------|--------------------|---------------------------------|---|-------------------------------------|
| Computer software | 339 | 304 | – | (302) | – | 341 |
| Balance at end of year | 339 | 304 | – | (302) | – | 341 |

Movement summary 2017

| | Carrying amount 2016 R'000 | Additions R'000 | Disposals R'000 | Amortisation charge R'000 | Accumulated amortisation of disposed assets R'000 | Carrying amount 2017 R'000 |
|-------------------------------|-------------------------------------|--------------------|--------------------|---------------------------------|---|-------------------------------------|
| Computer software | 80 | 320 | – | (61) | – | 339 |
| Balance at end of year | 80 | 320 | – | (61) | – | 339 |

9. TRADE AND OTHER RECEIVABLES

| | 2017/18 R'000 | 2016/17 R'000 |
|---------------------------------|------------------|------------------|
| Non-exchange transactions | | |
| Employer receivables | 10 641 | 9 390 |
| Skills development levy debtors | 7 216 | 6 161 |
| Admin levy debtors | 7 216 | 6 161 |
| Employer grant levy debtors | – | – |
| Discretionary grant debtors | – | – |
| Provision for doubtful debts | (9 050) | (7 774) |
| Total | 8 807 | 7 778 |

During the current financial year South African Police Services (SAPS) gave a firm commitment regarding their levy contribution to SASSETA. The amount was R7.2 million (2017: R6.1 million). The amount was deposited shortly after year end. SAPS contribute its levies at 10% of 1% of their payroll cost towards the administration cost of the Seta.

Provision for doubtful debts in the current year relates to grant receivables. This was based on management scepticism about the collectability of such receivables.

| | 2017/18 R'000 | 2016/17 R'000 |
|------------------------------|------------------|------------------|
| Exchange transactions | | |
| Rental deposit | 910 | 877 |
| Interest receivable | 2 593 | 915 |
| Staff debtors | 7 | 6 |
| Prepayments | 2 334 | 393 |
| Sundry receivables | – | 659 |
| | 5 845 | 2 848 |
| Provision for doubtful debts | – | (54) |
| Total | 5 845 | 2 794 |

There was no provision for impairment in the current year relating to trade debtors. Prior year provision for doubtful debts was R54 000. This was based on management scepticism about the collectability of such receivables.

10. INVENTORY

| | 2017/18 R'000 | 2016/17 R'000 |
|---------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 589 | 618 |
| Amount utilised | (924) | (509) |
| Purchases | 1 340 | 479 |
| Balance at the end of the year | 1 006 | 589 |

11. CASH AND CASH EQUIVALENTS

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| Cash at bank and in hand | 42 966 | 173 217 |
| Cash at bank | 42 966 | 173 217 |
| Cash in hand | – | – |
| Short-term investments/instruments | 337 984 | 104 009 |
| Cash and cash equivalents at end of year | 380 950 | 277 226 |

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The average interest rate on fixed-term bank deposits were 8.1% (2016/17: 7.6%).

Cash and cash equivalents comprise cash held by SASSETA, fixed deposits with the Investec Private Bank and Nedbank as well as short-term bank deposits on call. The carrying amount of these assets approximates their fair values.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 31 March 2018

12. LEASING

Finance lease

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| Reconciliation between the total of the minimum lease payments and the present value | | |
| Up to one year | | |
| Future minimum lease payments | - | - |
| Finance costs | - | - |
| | - | - |

Summary disclosure note

Total payments

| | 2017/18 | | | 2016/17 | | |
|--------------------|------------------------|---------------------|-------|------------------------|---------------------|-------|
| | No later than one year | Later than one year | Total | No later than one year | Later than one year | Total |
| Photocopy machine | - | - | - | - | - | - |
| Video conferencing | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |

Capital portion

| | 2017/18 | | | 2016/17 | | |
|--------------------|------------------------|---------------------|-------|------------------------|---------------------|-------|
| | No later than one year | Later than one year | Total | No later than one year | Later than one year | Total |
| Photocopy machine | - | - | - | - | - | - |
| Video conferencing | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |

There was no finance lease transaction during the under review.

Operating lease – as lessee

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| Total minimum lease payments due | | |
| Not later than one year | 5 170 | 1 703 |
| Later than one year but not later than five years | - | - |
| Total | 5 170 | 1 703 |

Operating lease relates to premises used for office accommodation. The lease arrangement was entered into from 1 September 2017 to 31 March 2018. National Treasury issued a permission note to SASSETA to occupy the premises with the current landlord for a period of 12 months from 1 April 2018. Total minimum lease payments disclosed relates to such period.

13. TRADE AND OTHER PAYABLES

| | 2017/18 R'000 | 2016/17 R'000 |
|---------------------------------------|------------------|------------------|
| From non-exchange transactions | | |
| Employer grant – Accrual | - | 4 074 |
| Employer grant – Payable | 3 692 | 2 290 |
| DOL control SDL | - | 5 |
| | 3 692 | 6 369 |
| From exchange transactions | | |
| Trade creditor | 17 461 | 15 847 |
| Accruals | 28 559 | 8 685 |
| Income received in advance | 917 | 917 |
| Employee cost related | 3 657 | 318 |
| Straight-lining – Leases | - | 234 |
| | 50 593 | 26 001 |

14. PROVISIONS

| | Performance | | | | | Total |
|--------------------------------|-------------|--------------|--------------|--------------|----------|---------------|
| | Overtime | bonus | Leave pay | 500K | Other | |
| Open carrying amount | 138 | 4 312 | 2 340 | 4 439 | – | 11 229 |
| Amounts utilised | (470) | (4 312) | (575) | (708) | (197) | (6 261) |
| Change in estimate | 431 | 3 597 | 1 048 | 1 180 | 197 | 6 453 |
| Closing carrying amount | 99 | 3 597 | 2 813 | 4 912 | – | 11 421 |

In terms of Skills Development Circular No 09/2013 issued by the DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190(4) of the Tax Administration Act. These funds have been transferred to the discretionary reserve as per the requirements of the above circular.

15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| Net surplus/(deficit) as per statement of financial performance | 85 727 | 125 434 |
| Adjusted for non-cash items: | | |
| Depreciation and amortisation | 1 602 | 1 408 |
| Loss/(profit) on disposal of property, plant and equipment | 33 | (10) |
| Prior year error adjustments | | 177 |
| Other income | 1 768 | – |
| Other income – Interest income | | |
| Acquisition of leased assets | – | – |
| Adjusted for items separately disclosed | | |
| Investment income | (24 919) | (13 425) |
| Finance charges | 11 | 1 |
| Movement of provisions | 192 | (4 991) |
| Adjusted for working capital changes: | 15 650 | 23 111 |
| (Increase)/decrease in receivables | (5 848) | 36 055 |
| (Increase)/decrease in inventory | (418) | 29 |
| (Decrease)/increase in payables | 21 915 | (12 973) |
| Cash generated by operations | 80 064 | 131 704 |

16. CONTINGENCIES

16.1 Contingent liabilities

For the following cases, further evidence surfaced before the annual financial statements were authorised for issue:

1 CASE NUMBER 5555/16: Breach of contract and damages – MASTOFUSION (PTY) LTD

This is a civil claim instituted against SASSETA by MASTOFUSION (Pty) Ltd. MASTOFUSION is suing SASSETA for an estimated total amount of R5 838 630. The amount is broken down as follows: R5 688 630 and R150 000, for breach of contract and damages, and legal fees, respectively. SASSETA's legal counsel estimates that the litigation process will be finalised in 2019. The matter is still pending. SASSETA was granted costs for the interlocutory application. We have been served with an application for leave to amend Plaintiff's Particulars of Claim which are opposing. Counsel has been briefed to settle the opposing documents. We will be preparing a Bill for the costs awarded. The estimated cost for now excluding disbursements and/or Counsel's fees is R200 000.

2 CASE NUMBER 40751/16: Claim for payment of invoices – Discretionary Grant agreement (HAZOEMA)

HAZOEMA is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R950 000. SASSETA's legal counsel estimates that the litigation process will be finalised in 2019. The matter was in court on 24 April 2018, the court referred the matter to oral evidence and granted us costs for the application, a bill will also be prepared for the costs awarded. The matter has now been referred to trial for oral evidence, meaning that it is going to take longer than anticipated and at this stage we do not how many witnesses will be called by the other side. Estimated fees excluding disbursements and Counsel's fees is R150 000.

3 CASE NUMBER 580/16: Claim for payment of invoices – Discretionary Grant agreement (SANAMIK)

SANAMIK is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R405 000. SASSETA's legal counsel estimates that the litigation process will be finalised in 2019. The matter is still dormant for now, the last communication came from new attorneys who have not filed a Notice of Acting and therefore are not properly before the court. We are preparing to have the matter set down and apply for the dismissal of the claim, depending on whether the other side decides to file further documents. Estimated fees are R90 000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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for the year ended 31 March 2018

16. CONTINGENCIES continued

16.2 First Time Employer registrations

The skills development legislation allows for an employer, registering for the first time, six months to submit an application for mandatory grants.

At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R923 000 (2015/16: R706 000) will be payable. The amount is contingent on the number of submissions received and approved.

16.3 Surplus funds

Cash surplus

In terms of section 53(3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. National Treasury Issued Instruction No 6 of 2017/18 further defines what constitutes cash surplus. There was no net cash surplus in the current year.

16.4 Contingent assets

1 CASE NUMBER 7094/16: Claim for payment of invoices – Discretionary Grant agreement (NAFBI)

The case was in court Durban High Court, order granted in favour of SASSETA with a cost order. A bill of costs still needs to be prepared for the recovery of the costs. A contingent assets will be disclosed on the basis of the refund of legal cost. However, the cost is yet to be estimated.

17. COMMITMENTS

As at 31 March 2018, SASSETA had discretionary grant reserves of R329.9 million to utilise against a commitment closing balance of R318.5 million.

A. Definite commitment

Definite commitment represents all commitments with valid contracts/extension/addendums.

| Project classification | Opening balance – 1 April 2017 | Subsequent adjustment to the initial contract amount | New contract in 2017/18 financial year | Annual expenditure | Write-back/savings and cancellations | Closing balance – 31 March 2018 |
|--------------------------------------|--------------------------------|--|--|--------------------|--------------------------------------|---------------------------------|
| Artisan Workers entering bursaries | 67 451 | – | 1 518 | (10 817) | – | 58 152 |
| Unemployed entering bursaries | 8 106 | 486 | 19 598 | (6 626) | (1 484) | 20 080 |
| Unemployed entering internships | 11 220 | – | 20 350 | (9 916) | (1 429) | 20 224 |
| Workers entering learnerships | 20 288 | (288) | 20 964 | (19 917) | (6 653) | 14 394 |
| Unemployed entering learnerships | 21 683 | 72 | 35 326 | (17 340) | (1 714) | 38 026 |
| Workers entering skills programme | 57 752 | 540 | 76 107 | (62 910) | (2 778) | 68 711 |
| Unemployed entering skills programme | 11 263 | 1 013 | 21 254 | (19 094) | (741) | 13 694 |
| TVET student placement | 10 441 | – | 28 304 | (13 490) | (1 046) | 24 208 |
| University student placement | 3 079 | 15 750 | 18 090 | (15 346) | (989) | 20 584 |
| | – | – | 44 484 | (4 897) | (996) | 38 591 |
| | 211 281 | 17 573 | 285 995 | (180 355) | (17 830) | 316 664 |

B. Not definite commitment

Not definite commitment is represented by the following instances:

- Award based on offer to contract accepted by the third party
- Extension of time not yet signed by all parties

| Project classification | Opening balance – 1 April 2017 | Subsequent adjustment to the initial contract amount | New contract in 2017/18 financial year | Annual expenditure | Write-back/savings and cancellations | Closing balance – 31 March 2018 |
|--|--------------------------------|--|--|--------------------|--------------------------------------|---------------------------------|
| Artisan Workers entering bursaries | – | – | 773 | – | – | 773 |
| Unemployed entering learnerships | 486 | (486) | – | – | – | – |
| Workers entering skills programme | – | – | 1 176 | (719) | – | 457 |
| TVET student placement | – | – | 578 | – | – | 578 |
| | 15 750 | (15 750) | – | – | – | – |
| | 16 236 | (16 236) | 2 527 | (719) | – | 1 808 |
| Total: Definite/not definite commitment | 227 517 | 1 337 | 288 522 | (181 074) | (17 830) | 318 472 |

18. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

18.1 Irregular expenditure

| | 2017/18 R'000 | 2016/17 R'000 |
|--|---------------|---------------|
| Opening balance | 1 118 | 64 555 |
| Add: Irregular expenditure current year | 2 069 | 798 |
| Less: Amounts condoned | – | (64 225) |
| Less: Amount written-off | (798) | – |
| Less: Amounts recoverable | – | (10) |
| Irregular expenditure awaiting condonation | 2 388 | 1 118 |
| Details of irregular expenditure | | |
| Incidents | | |
| Extension of contract over the allowable 15% threshold | 200 | 8 |
| Bids advertised not longer than 21 days in the government gazette | 1 433 | 748 |
| Bidders with non-compliant tax status awarded bids | – | 42 |
| Newspaper deviation without adequate motivation | 343 | – |
| Contract incorrectly awarded to the second highest bidder | 71 | – |
| Contract awarded to a service provider with incomplete SBD8 document | 21 | – |
| | 2 069 | 798 |

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18. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE continued

18.1 Irregular expenditure continued

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| Included in the balance above are the following items: | | |
| Extension of contract over the allowable 15% threshold | 200 | 8 |
| Contract incorrectly awarded to the second highest bidder | 71 | – |
| Bids advertised not longer than 21 days in the government gazette | 1 433 | 748 |
| Bidders with non-compliant tax status awarded bids | – | 42 |
| Newspaper deviation without adequate motivation | 343 | – |
| Contract awarded to a service provider with incomplete SBD8 document | 21 | – |
| Unauthorised expenditure/overtime paid to the former CFO | 70 | – |
| The award made to a bidder who scored the second highest | 80 | – |
| Award made to a provider who submitted a quotation three months before the closure of the RFQ | 21 | – |
| Supplier awarded a purchase order despite non-recommendation | 25 | – |
| Award made to a provider who submitted a quotation two days prior to advertisement date | 124 | – |
| | 2 388 | 798 |
| Analysis of expenditure awaiting condonation per age classification | | |
| Current year | 2 069 | 798 |
| Prior years | 320 | 320 |
| Total | 2 388 | 1 118 |

18.2 Fruitless and wasteful expenditure

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| Opening balance | 3 681 | 3 155 |
| Add: Fruitless expenditure current year | 53 | 107 |
| Add: Prior period fruitless expenditure | 19 | 2 092 |
| Less: Amounts condoned | – | – |
| Less: Amounts recovered | (664) | (1 673) |
| Fruitless and wasteful expenditure awaiting condonation | 3 089 | 3 681 |
| Details of fruitless expenditure | | |
| Incidents | | |
| Penalty and interest on late payment of rental amount | 8 | – |
| Duplicate advertisement cost – times media | – | – |
| Cancellation fee – conference booking | 44 | – |
| Loss due to fraud on the travel card | – | 20 |
| Interest paid due to late payments | – | 15 |
| Penalty and Interest due to late payment on SDL | – | 23 |
| Fruitless expenditure due to travel costs | – | 4 |
| Unrecoverable amounts paid for ex-employees medical aid | – | 13 |
| Unrecoverable amount paid to interns incorrectly | – | 33 |
| Penalty and interest on last payment of compensation assessment | – | 19 |
| | 53 | 126 |

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| Included in the balance above are the following items: | | |
| Penalty and interest on late payment of rental amount | 8 | – |
| Duplicate advertisement cost – times media | – | – |
| Cancellation fee – conference booking | 44 | – |
| Penalty and interest on last payment of compensation assessment | 19 | 19 |
| Interest paid due to late payment of rent and electricity in the 2016/17 financial year | 15 | 15 |
| Fruitless expenditure incurred due to travel cancellations in the 2016/17 financial year | 4 | 4 |
| Losses incurred to fraud on the travel credit card in the 2016/17 financial year | 20 | 20 |
| Irrecoverable amounts paid for ex-employee's medical aid in the 2016/17 financial year | 13 | 13 |
| Irrecoverable amount paid to interns incorrectly in the 2015/16 financial year | 33 | 33 |
| Provider closed doors prior to project completion in the 2014/15 financial year | 1 163 | – |
| Staff training not attended by staff members as scheduled in the 2014/15 financial year | 72 | – |
| Interest paid due to late payment of rent and electricity in the 2015/16 financial year | 17 | – |
| Penalty and Interest due to late payment on SDL in the 2016/17 financial year | 23 | 23 |
| Fruitless payment made to Involve regarding an asset verification process in 2015/16 financial year | 132 | – |
| Interest and penalties paid due to non-payment of SDL levies dating back to 2008 (net of refund) | 1 428 | – |
| Service provider paid for services rendered however did not pay main supplier in 2015/16 financial year | 98 | – |
| | 3 089 | 127 |
| Analysis of expenditure awaiting condonation per age classification | | |
| Current year | 53 | 107 |
| Prior years | 3 036 | 3 574 |
| Total | 3 089 | 3 681 |

18.3 Matters under investigation

There were no matters under investigation during the year under review.

18.4 Material loss due to criminal conduct

During the 2015/16 financial year, a payment of R540 000 meant for Midrand Academy was diverted to an outside unauthorised account. This incident was indicative of a syndicate behaviour; hence it was reported to the law enforcement. R346 000 of the amount was recovered on time. SASSETA suffered a material financial loss of R194 000 due to this incident. The case is on-going but SASSETA has assessed the probability of recovering the amounts as NIL.

| | 2017/18 R'000 | 2016/17 R'000 |
|---|------------------|------------------|
| Analysis of the loss due to criminal conduct | | |
| Opening balance | 194 | – |
| Loss during the current year | – | 540 |
| Less: Recovered/written-off | – | (346) |
| Closing balance | 194 | 194 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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19. PRIOR YEAR ERRORS

Prior period error is due to correcting various accounting transactions in 2017/18 financial year. The net impact in the statement of financial performance is R4.27 million.

The impact is narrated below but not limited to:

Property, plant and equipment

- Net increase of R9 000 was due to the derecognition of assets and recognition of new-found assets

Provisions

- Net decrease of R3.2 million was due to reversal of excess provision of performance bonus, R500 000 and other discretionary related provisions.

Trade and other payables – exchange transactions

- Net decrease of R988 000 was due to various transactions such as refund from SARS, reversal of unpaid 13th cheque and salaries.

Trade and other receivables – exchange transactions

- A decrease of R50 000 was due to a refund of previously paid staff bursary.

Trade and other receivables – non-exchange transactions

- An increase of R7.8 million was due doubtful debts provision on the grant receivables amount.

Provision – performance bonus

- Increase in R5 000 resulting from recognition of levies relating to prior scheme years

| | 2016/17 R'000 |
|---|---------------------------|
| Impact on the statement of financial performance | |
| Surplus/(deficit) as previously stated | 129 813 (4 379) |
| Increase in administration expenditure | (5 837) |
| Decrease in discretionary grants expenditure | 2 080 |
| Increase in other income | 19 |
| Decrease in investment income | (3) |
| Decrease in revenue | (637) |
| Adjusted (surplus)/deficit | 125 434 |
| Impact on the statement of financial position | (4 379) |
| Increase in property, plant and equipment | 9 |
| Decrease in provisions | 2 428 |
| Decrease in trade and other payables – exchange transactions | 903 |
| Increase in trade and other receivables – exchange transactions | 50 |
| Increase in trade and other receivables – non-exchange transactions | (7 769) |

20. FINANCIAL INSTRUMENTS

Interest rate risk

The Seta manages its interest rate risk by effectively investing Seta surplus cash in short term deposits with different financial institutions according to the Seta's investment policy.

The SETA limits its counterparty exposure by only dealing with well-established financial institutions approved by National Treasury. The Seta's exposure is continuously monitored by the Chief Financial Officer. Credit risk in respect of South African Revenue Services (SARS) is limited as it is a government entity of sound reputation.

The Seta's exposure to interest rate risk and the effective interest rates on financial instruments at reporting sheet date are as follows:

| | Floating rate | | Non-interest-bearing | |
|---|-----------------|----------------------------|----------------------|----------------|
| | Amount R'000 | Effective interest rate | Amount R'000 | Total R'000 |
| Year ended 31 March 2018 | | | | |
| Cash | 380 950 | 8.1% | – | 380 950 |
| Trade and other receivable – exchange | – | | 5 845 | 5 845 |
| Trade and other receivable – non-exchange | – | – | 8 807 | 8 807 |
| Total financial assets | 380 950 | | 14 652 | 395 602 |
| Year ended 31 March 2017 | | | | |
| Cash | 277 226 | 7.60% | – | 277 226 |
| Trade and other receivable – exchange | – | | 2 794 | 2 794 |
| Trade and other receivable – non-exchange | – | | 7 778 | 7 778 |
| Total financial assets | 277 226 | | 10 572 | 287 798 |
| Trade and other payables – exchange | – | | 26 001 | 26 001 |
| Trade and other payables – non-exchange | – | | 6 369 | 6 369 |
| Total financial liabilities | – | | 32 370 | 32 370 |

Credit risk Financial assets which potentially subject the Seta to the risk of non-performance by counter parties and thereby subject the Seta to credit concentration of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The Seta's concentration's of credit risk is limited to the Safety and Security sector in which it operates. No events occurred in the Safety and Security industry during the financial period that may have an impact on the accounts receivable that has not been adequately provided for. The Seta is exposed to a limited concentration of the credit risk, as significant amounts are owed by SARS. This concentration of risk is limited, as SARS is a government entity with a good reputation.

The Seta managed to limit its treasury counterparty exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of our investment policy in terms of Treasury Regulations. The Seta's exposure is continuously monitored by the finance committee. Credit risk with respect to levy paying employers is limited due to the nature of the income received. The Seta does not any material exposure to any individual or counterparty. The Seta's concentration of credit risk is limited to the industry (Safety and Security industries) in which the SETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivables that has not been adequately provided for.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The Seta does not have any material exposure to any individual or counterparty. The Seta's concentration of credit risk is limited to the industry (Policing, Security, Legal, Corrections, and the Justice department) in which the Seta operates. No events occurred in the industry (Policing, Security, Legal, Corrections, and Justice department) during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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20. FINANCIAL INSTRUMENTS continued

The ageing of trade and other receivables – exchange:

| | 2017/18 | | 2016/17 | |
|-----------------------|--------------|------------|--------------|-------------|
| | Gross | Impairment | Gross | Impairment |
| Not past due | – | – | – | – |
| Past due 0 – 30 days | 2 978 | – | 1 499 | – |
| Past due 31 – 90 days | – | – | 21 | – |
| Past due 90 and above | 2 867 | – | 1 328 | (54) |
| | 5 845 | – | 2 848 | (54) |

The ageing of cash and cash equivalents:

| | 2017/18 | | 2016/17 | |
|---------------------|----------------|------------|----------------|------------|
| | Gross | Impairment | Gross | Impairment |
| Not past due | 380 950 | – | 277 226 | – |

In line with the Finance Policy, long outstanding debts are written off. There was no provision for impairment in the current year. Prior year provision for impairment of debts was R54 000. This was based on management scepticism about the collectability of such receivables.

Liquidity risk

The Seta manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained. In case of liquidity problems funding resources are available in terms of DHET and National Treasury approval for borrowing requirements in the open market.

The ageing of trade and other payables (exchange):

| | 2017/18 | | 2016/17 | |
|-----------------------|---------------|------------|---------------|------------|
| | Gross | Impairment | Gross | Impairment |
| Not past due | – | – | – | – |
| Past due 0 – 30 days | 45 105 | – | 11 335 | – |
| Past due 31 – 90 days | 2 455 | – | 2 876 | – |
| Past due 90 and above | 3 033 | – | 11 790 | – |
| | 50 593 | – | 26 001 | – |

Market risk

The Seta is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the Seta is aware of.

Fair values

The Seta's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Seta and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximate their fair value.

Accounts receivable

The carrying amount of accounts receivable is net of allowance for any doubtful debt, estimated by the accounting authority based on prior experience. The carrying amount of these assets approximates their fair value.

Investments

The fair value of debt securities is determined using the discounted cash flow method (only if applicable). The fair value of publicly traded investments is based on quoted market prices for those investments.

Borrowings

The fair value of interest-bearing borrowings is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (only if applicable). The fair value of the interest-bearing borrowings with variable interest rates approximates their carrying amounts.

Accounts payable

The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

21. RELATED PARTIES AND RELATED PARTY TRANSACTION

21.1 Transactions with entities under common control

Controlling entity: Department of Higher Education and Training (DHET)

Entities under common control: Due to the fact that SASSETA is a National Public Entity reporting directly the DHET as the Executive Authority, it is considered related to other Setas, the QCTO and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.

| | Transfers in/ (out) during the year 2017/18 R'000 | Receivable/ (payables) 2017/18 R'000 | Transfers in/ (out) during the year 2016/17 R'000 | Receivable/ (payables) 2016/17 R'000 |
|---|---|---|---|---|
| Inter-seta | – | – | – | (263) |
| CETA | – | – | – | (263) |
| Other common control entity | (1 423) | 1 927 | (1 230) | – |
| Quality Council for Trade Occupations (QCTO) | (1 423) | 1 927 | (1 230) | – |
| Total | (1 423) | 1 927 | (1 230) | (263) |

An amount of R1.9 million represents advance payment made to QCTO.

21.2 Audit committee remuneration

The fees were paid to the audit committee members for preparation and attendance of meeting of the audit committee meetings including other sub-committees.

| | 2017/18 R'000 | | | Total |
|--------------|------------------|----------------|------------|------------|
| | Meeting fees | Travel expense | Other | |
| F Docrat | 93 | 5 | 72 | 169 |
| H Hlomane | 65 | 8 | 19 | 92 |
| R Nke | 24 | 9 | 24 | 57 |
| M Fisher | – | – | – | – |
| E Mayet | 110 | 4 | 24 | 138 |
| Total | 292 | 25 | 139 | 456 |

| | 2016/17 R'000 | | | Total |
|--------------|------------------|----------------|------------|------------|
| | Meeting fees | Travel expense | Other | |
| F Docrat | 29 | 6 | 86 | 121 |
| H Hlomane | 12 | 4 | 24 | 39 |
| R Nke | 7 | 3 | 14 | 24 |
| M Fisher* | 5 | – | 10 | 14 |
| E Mayet | 15 | 1 | 29 | 45 |
| Total | 68 | 13 | 163 | 244 |

* M Fisher resigned effectively on the 31 July 2016.

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21. RELATED PARTIES AND RELATED PARTY TRANSACTION continued

21.3 Remuneration of key management

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of the SETA are:

- Members of the accounting authority
- Members of the senior management group.

Since 12 February 2015, SASSETA (in terms of government gazette 38469) was placed under administration. All board's rights and responsibilities have since been revoked. The administration process ended on the 31 March 2018.

| Name | Basic salary | Performance bonuses | 2017/18 | | Total |
|-----------------------|--------------|---------------------|------------|------------------------|--------------|
| | | | R'000 | Employer contributions | |
| M Moroka | 1 989 | – | 2 | 242 | 2 233 |
| J Irish-Qhobosheane | 1 748 | – | 2 | 12 | 1 761 |
| I Diale ¹ | 293 | – | 49 | 12 | 355 |
| J Amod | 1 466 | 290 | 2 | 8 | 1 766 |
| V Memela ² | 926 | 217 | 135 | 127 | 1 405 |
| L Ngxola | 870 | 36 | 131 | 29 | 1 066 |
| Total | 7 291 | 543 | 321 | 431 | 8 585 |

¹ Mr I Diale's appointment as CFO effective from January 2018.

² Mr V Memela's appointment as Senior Manager: SPRM is effective May 2017.

² Mr V Memela was also appointed in an Acting Chief Executive Officer capacity from 17 March 2018.

³ Mr L Ngxola acted as Senior Manager: SPRM for the month of April 2017.

| Name | Basic salary | Performance bonuses | 2016/17 | | Total |
|---------------------|--------------|---------------------|------------|------------------------|--------------|
| | | | R'000 | Employer contributions | |
| M Moroka | 1 825 | – | 2 | 12 | 1 839 |
| J Irish-Qhobosheane | 1 706 | – | 2 | 12 | 1 720 |
| G Gulston | 1 609 | – | 2 | 64 | 1 675 |
| J Amod | 1 231 | – | 2 | 246 | 1 479 |
| L Ngxola | 819 | – | 123 | 123 | 1 065 |
| Total | 7 190 | – | 130 | 458 | 7 778 |

22. NEW ACCOUNTING PRONOUNCEMENTS

GRAP standards approved and not yet effective

At the date of authorisation of these annual financial statements, the following standards, directives and interpretations were in issue but not yet effective:

| GRAP number | Title | Date of issue | Effective date |
|--------------|--|----------------|---|
| GRAP 20 | Related Party Disclosures | June 2011 | 1 April 2019 |
| GRAP 32 | Service Concession Arrangements: Grantor | August 2013 | 1 April 2019 |
| GRAP 108 | Statutory Receivables | September 2013 | 1 April 2019 |
| IGRAP 17 | Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset | August 2013 | No effective date has been determined by the Minister of Finance* |
| Directive 12 | The Selection of an Appropriate Reporting Framework by Public Entities | August 2015 | 1 April 2018 |
| GRAP 109 | Accounting by Principals and Agents | July 2015 | 1 April 2019 |

23. STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS

Notes

23.1 Skills development levy income

- Private levies received were R19.4 million more than the budgeted. Penalty and interest due to late payment by the employers contributed significantly to the performance.
- Penalty and interest on SDL was R3.4 million (35%) more than the budget.
- Contributions from government departments were R5.3 million less than the budget. Most government departments can only afford to contribute on the 10% basis. Six (6) government organs contributed at 30% basis, although contributions from three (3) organs is less than R2 million added together.

23.2 Investment income

- Unutilised cash reserves were invested with both Nedbank and Investec banks at better negotiated rates. On average the rate of return on investment is 7.89%.
- Late servicing of commitment/projects ensure that there were sufficient cash reserves for longer term investments.
- Monthly cash forecasting techniques assisted in determining the monthly required cash.

23.3 Administration expenditure

- Though cost containment was adhered to administration expenditure was R12.3 million below the budget.
- The following factors contributed towards a lesser performance:
 - (i) Late implementation of the job grading process.
 - (ii) Missed opportunity to upgrade the ICT infrastructure.
 - (iii) Inefficient procurement process at user department levels.
- Most cost drivers remained relatively unchanged.

23.4 Mandatory grant

- Mandatory grant expenditure amounted to R1.9 million (3.4%) below budget.
- Any unutilised amount will be transferred to discretionary grant revenue.

23.5 Project/discretionary spending

- All awarded projects were subject to the DGBEC and BAC evaluation and adjudication process.
- Late advertisement of funding windows resulted in late awarded and implementation of projects.
- The discretionary grant expenditure was driven by the servicing of commitments that were awarded at the later part of 2016/17 financial year.
- Project expenditure amount to R193.2 million which was R58.4 million below budget.
- Included in the R167.6 million is R1.2 million for non-pivotal and R10.9 million used for project administration expenditure.
- SASSETA also had co-funded projects where possible.

23.6 Surplus/(deficit)

- SASSETA's operating surplus for the year amounted to R85.7 million when compared to a restated surplus of R134.1 million in the prior year.

23.7 Budget revision

- SASSETA revenue split exercise was enforced by the following guiding documents:
 - (i) HR Directive 1 of 2013
 - (ii) Guidelines on public service as a training space
- Investment income was to change significantly based on the new investment technique.
- Information relating to government contributions became available at a later stage.
- Budget trends also had to reflect the lifting of spending moratorium which was imposed in prior years.

24. GOING CONCERN

The financial statements have been prepared on the going concern basis, as SASSETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern for the next 24 months. The current licence period of SASSETA expires on 31 March 2020 based on the recently gazetted extension of the NSDS III license period of the Seta's. The future existence and landscape of the Seta's after the above date will be based on a proclamation by the Minister of Higher Education and Training based on the future National Skills Development Strategy and landscape.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 31 March 2018

25. SUBSEQUENT EVENTS

On 30 May 2018, Segaole and SASSETA agreed to settle the K53 matter involving 150 learners at R13 750 per learner less any amount previously paid. The amount is in the accrual balance.

26. SEGMENT INFORMATION

Information about the surplus/(deficit), assets and liabilities for the year ended 31 March 2018.

| | 2017/18 R'000 | | | | Total |
|---|------------------|-----------------|------------------|----------------|------------------|
| | Administration | Mandatory | Discretionary | Unallocated | |
| REVENUE | | | | | |
| Non-exchange transactions | 123 730 | 69 761 | 208 696 | | 402 186 |
| Skills development levy: Income | 123 730 | 69 761 | 195 607 | | 389 098 |
| Skills development levy: | | | | | |
| Penalties and interest | | | 13 088 | | 13 088 |
| Exchange transactions | – | – | 24 919 | | 24 919 |
| Investment income | – | – | 24 919 | | 24 919 |
| Other income | – | – | – | | – |
| Total segment revenue | 123 730 | 69 761 | 233 614 | | 427 105 |
| EXPENSES | | | | | |
| Employee cost | (47 037) | | | | (47 037) |
| Depreciation/amortisation | (1 602) | | | | (1 602) |
| Mandatory grant expenditure | | (53 238) | | | (53 238) |
| Discretionary grant expenditure | | | (193 239) | | (193 239) |
| Other administration expenditure | (46 263) | | | | (46 263) |
| Total segment expenditure | (94 902) | (53 238) | (193 239) | – | (341 379) |
| Total (deficit)/surplus | 28 828 | 16 523 | 40 376 | – | 85 727 |
| ASSETS | | | | | |
| Accounts receivable from non-exchange transactions | 7 216 | 1 591 | | | 8 807 |
| Accounts receivable from exchange transactions | 5 845 | | | | 5 845 |
| Inventory | 1 006 | | | | 1 006 |
| Cash and cash equivalents | | | | 380 950 | 380 950 |
| Property, plant and equipment | 2 356 | | | | 2 356 |
| Intangible assets | 341 | | | | 341 |
| Total assets | 16 764 | 1 591 | – | 380 950 | 399 305 |
| LIABILITIES | | | | | |
| Trade and other payables from non-exchange transactions | – | (3 692) | | | (3 692) |
| Trade and other payables from exchange transactions | (22 796) | | (27 797) | | (50 593) |
| Provisions | (6 509) | (4 912) | – | | (11 421) |
| Total liabilities | (29 305) | (8 604) | (27 797) | – | (65 706) |

| | 2016/17 R'000 | | | | |
|--|------------------|-----------------|------------------|----------------|------------------|
| | Administration | Mandatory | Discretionary | Unallocated | Total |
| REVENUE | | | | | |
| Non-exchange transactions | 126 384 | 63 687 | 183 778 | – | 373 850 |
| Skills development levy: Income | 126 384 | 63 687 | 174 982 | | 365 054 |
| Skills development levy: Penalties and interest | | | 8 796 | | 8 796 |
| Exchange transactions | 19 | – | 13 422 | – | 13 440 |
| Investment income | | | 13 422 | | 13 422 |
| Other income | 19 | | | | 19 |
| Total segment revenue | 126 403 | 63 687 | 197 200 | – | 387 290 |
| EXPENSES | | | | | |
| Employee cost | (37 336) | | | | (37 336) |
| Depreciation/amortisation | (1 408) | | | | (1 408) |
| Mandatory grant expenditure | | (46 621) | | | (46 621) |
| Discretionary grant expenditure | | | (137 940) | | (137 940) |
| Other administration expenditure | (38 550) | | | | (38 550) |
| Total segment expenditure | (77 294) | (46 621) | (137 940) | – | (261 856) |
| Total (deficit)/surplus | 49 109 | 17 066 | 59 260 | – | 125 434 |
| ASSETS | | | | | |
| Accounts receivable from non-exchange transactions | 6 161 | 1 616 | – | | 7 778 |
| Accounts receivable from exchange transactions | 2 794 | | | | 2 794 |
| Inventory | 589 | | | | 589 |
| Cash and cash equivalents | | | | 277 226 | 277 226 |
| Property, plant and equipment | 2 747 | | | | 2 747 |
| Intangible assets | 339 | | | | 339 |
| Total assets | 12 631 | 1 616 | – | 277 226 | 291 474 |
| LIABILITIES | | | | | |
| Trade and other payables from non-exchange transactions | | (6 369) | | | (6 369) |
| Trade and other payables from exchange transactions | (17 316) | | (8 685) | | (26 001) |
| Provisions | (6 790) | (4 439) | – | | (11 229) |
| Total liabilities | (24 106) | (10 808) | (8 686) | – | (43 599) |



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