



SASSETA 2016/17 ANNUAL REPORT

YOUR PARTNER IN SKILLS DEVELOPMENT



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LIST OF ABBREVIATIONS

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

SASSETA 2016/17 ANNUAL REPORT



DR BLADE NZIMANDE

Minister of Higher Education and Training
The Republic of South Africa



MR MDUDUZI MANANA

Deputy Minister of Higher Education and Training
The Republic of South Africa



MS JENNIFER IRISH-QHOBOSHEANE

Administrator
SASSETA

Honourable Minister it is my pleasure and privilege to present to you the Annual Report of SASSETA for the financial year ended 31 March 2017

ADMINISTRATOR'S

Jennifer Irish-Qhobosheane
Administrator



The Safety and Security Education and Training Authority (SASSETA) is one of 21 SETA's established in terms of the Skills Development Act, (Act 97, 1998). SASSETA is responsible for facilitating skills development in the safety and security sector.

This is particularly important because the safety and security sector is not only one of the major contributors to employment in South Africa, but is also responsible for addressing safety issues and for implementing a vision that will result in a situation where "all people are and feel safe".

When SETA's were first established, and just after SASSETA merged with POSLECSETA, SASSETA was considered one of the best performing SETA's. However, in the years proceeding and during, 2014/15 the body went from being one of the best performing SETA's to become one of the worst performing SETA.

The worsening situation at SASSETA eventually resulted in the body being placed under administration on the 12 of February 2015. The Minister and Director General of Higher Education and Training took this decision based on the performance of SASSETA, irregularities identified and non-compliance with the Skills Development Act, 1998 and other relevant legislation.

Since being placed under administration, there have been significant achievements and improvements in both SASSETA's financial and non-financial performance.

By the end of the year under review SASSETA succeeded in:

- Eradicating its over-commitment completely, from R292 million in 2014/15 and R13 Million in 2015/16 to zero in 2016/17. This achievement allows SASSETA to start the 2017/18 financial year on a healthy financial footing for the first time in a number of years.
- Dramatically reducing the amount of irregular expenditure from R278 million in 2014/15 to R798 thousand in 2016/17. This represents a 277.3% decline in the amount of irregular expenditure incurred compared to the 2014/15 year.
- Decreasing the amount of fruitless and wasteful expenditure incurred, from R25.6 million in 2014/15 to R2.2 million in 2016/17 financial year, of which R2.1 million related to prior year.
- Improving SASSETA's non-financial performance, from 38% (of targets achieved) in 2014/15 to 81% in 2016/17, an improvement of 113% over two years.

FOREWORD

The above was achieved, by and largely through various strategic interventions aimed at not only addressing the fundamental problems facing the body, but also ensuring that these interventions foster sustainability and will carry the body forward post administration. Therefore, parallel to these interventions, we have also focused on building institutional capacity that will enhance and enable the body to carry out its functions optimally.

Over the last two years, collectively as the administration team, management of SASSETA and staff, we focussed on ensuring that the body complied with all the necessary legislation and prescripts governing the public entity.

Another critical intervention we embarked on was to strengthen cooperation with stakeholders within the safety and security sector. This was a vital move based on the fact that, wittingly or unwittingly, there was a breakdown in relations between SASSETA and some of its stakeholders at the time the body was placed under administration.

The improvements place SASSETA on stronger footing to effectively implement the mandate of the Skills Development Act, the National Skills Development Strategy III and the National Development Plan.

However, while the improvements in SASSETA are important, there is still considerable work that needs to be done. SASSETA must strive to ensure that in the 2017/18 financial year SASSETA not only shows improvements in its audit status, but the intention

must be to work to receive a clean audit. The body must build on its non-financial performance, and the target should be to achieve over 90% performance against its set targets. The improvement made in the financial sphere also needs to be built on, and SASSETA needs to continue to reduce its irregular expenditure and build on its good financial standing.

In conclusion, I wish to extend my heartfelt thanks to all staff at SASSETA, who have not only embraced and supported the administration, but whose hard work has ensured that the continuous improvements that have been developed and implemented become entrenched in the daily operations of the organisation.

Equally, I wish to thank the Minister and Director General of the Department of Higher Education and Training for their continuous and unwavering support and assistance over the last two years that the body has been under administration. They continue to provide strategic leadership to ensure that SASSETA implements its mandate and more importantly, that SASSETA does not regress to its previous state.



Administrator
Jennifer Irish-Qhobosheane
SASSETA

29 July 2017

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Principles and standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control, and has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2017.

Yours faithfully,



Administrator
Jennifer Irish-Qhobosheane
SASSETA
29 July 2017

STRATEGIC OVERVIEW

The Administrative team and Management ensure that the organisation operates in a way that is consistent with its vision, mission (or purpose) and values (or ethical principles). The vision, mission and values form the basis for planning, monitoring and reviewing all activities, expenditures, policies and decision-making.

1.1 VISION

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

1.2 MISSION

To be the 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.

1.3 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 successful outcomes.
Diversity	SASSETA embraces difference, variety and diversity 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 their specialities and committed to service excellence.
Quality	SASSETA constantly seeks opportunities to improve services and products. Quality and continuous improvements are an integral part of daily operations.
Teamwork	Employees work as a team and SASSETA values the contributions of each individual.
Integrity	SASSETA strives to be honest in operations, conduct and discipline.
Equity	SASSETA commits to treat all its stakeholders equally and in an equitable way.

1.4 LEGISLATIVE AND OTHER MANDATES

SASSETA is established in terms of the Skills Development Act, 1998 (Act No 97 of 1998) as amended. It is also required to operate within various legislative mandates:

1.4.1 Constitutional Mandates

The following sections within the Constitution of the Republic of South Africa, 1996 (Act no. 108 of 1996) are combined as the foundation of the operations of SASSETA:

- Rendering an accountable, transparent and development-orientated administration;
- Responding to people's needs;
- Providing service impartially, fairly, equitably and without bias; and
- Promoting and maintaining high standards of ethics.

1.4.2 Key policy developments and legislative matters

The major change in legislation that took place in the year under review was the extension of the administrative period to August 2017. (Section 15 of Skills Development Act 1998). The other laws and mandates that impact SASSETA operations are as follows:

Skills Development Act 1998 (Act No. 97 of 1998) as amended	<ul style="list-style-type: none"> • Develop and implement Sector Skills Plan. • Establish and promote learning programmes. • Register agreements for learning programmes. • Perform any functions delegated by the QCTO. • Collect and disburse skills development levies.
Public Finance Management Act 1999, (Act No. 29 of 1999)	<ul style="list-style-type: none"> • Submit a Strategic Plan and Annual Performance Plan within the framework of the Act. • Appoint internal auditors.
Skills Development Levies Act, 1999 (Act No. 09 of 1999)	<ul style="list-style-type: none"> • Receive and distribute levies paid into its account by constituencies.
Grants Regulations Act	<ul style="list-style-type: none"> • Implement Grant Regulations to manage the disbursement of Discretionary and Mandatory grants. • Control expenditure and encourage the retention of surplus. • Adhere to the percentage that has to be transferred to QCTO on an annual basis.
National Qualifications Framework Act 2008, (Act No. 67 of 2008)	<ul style="list-style-type: none"> • Register learners on the National Database. • Develop Learning programmes that are accredited and outcomes based.

<p>Employment Equity Act, 1998 Act No. 55 of 1998</p>	<ul style="list-style-type: none"> • Establish an Employment Equity Committee. • Develop and implement an Employment Equity Plan. • Submit the Employment Equity Report to the Department of Labour. • Prohibit unfair discrimination in the workplace. • Promote advancement of job opportunities for previously disadvantaged people. • Implement Affirmative Action measures. • Ensure equal pay for work of equal value.
<p>Labour Relations Amendment Act No. 26 of 2014</p>	<ul style="list-style-type: none"> • Ensure fair labour practices for all employees. • Ensure existence and functioning of a collective bargaining forum. • Create awareness among employees about dispute resolution mechanisms. • Settle disputes arising during the employment relationship.
<p>Basic Conditions of Employment Act No. 75 of 1997</p>	<ul style="list-style-type: none"> • Comply with regulated hours of work. • Comply with minimum leave provision. • Retain particulars of employment and remuneration. • Avoid employing children and practicing forced labour. • Avoid exchanging employment for a bribe. • Avoid making unauthorised deductions from the remuneration of an employee.
<p>Occupational Health and Safety Act No. 85 of 1993</p>	<ul style="list-style-type: none"> • Ensure health and safety awareness of all workers in the workplace. • Appoint health and safety representatives and establish a Health and Safety Committee.

The policies that impact on the work of SASSETA are detailed below:

The National Development Plan (NDP):

The National Development Plan (NDP) envisages the building of the state's capabilities to achieve an expansive national development agenda so that South Africans can attain a decent living standard. Among the key objectives are to build safer communities where people feel secure, live without the fear of crime and have confidence in the police and criminal justice system.

Another key intervention area highlighted by the NDP is the professionalisation of the public service and the strengthening of the public service skills base with additional technical and managerial skills. There is a need to develop and make available, key technical and specialist professional skills to enhance public service provision. The NDP also requires improving education, training and skills planning as well as the capacity for skills production to ensure that relevant skills are supplied to the labour market.

The Medium-term Strategic Framework (MTSF) 2014 – 2019:

The South African government has adopted a strong national planning framework which seeks to drive coherence and impact throughout the education and training system. MTSF outlines government's key strategic priorities for economic growth and social development for the period 2014-2019. The MTSF provides a guide for planning and resource allocation across all spheres of government. SASSETA will support and align its programmes (Annual Performance Plan and Strategic Plan) with MTSF priority outcome, "A skilled and capable workforce to support an inclusive growth path."

The seven-point plan to strengthen the criminal justice system:

Following the Review of the Criminal Justice System, Government adopted a seven-point plan in 2008. The plan outlined a framework to establish a single, integrated, seamless and modern criminal justice system, while also addressing critical issues of public trust and confidence.

White Paper for Post-schooling Education and Training in South Africa:

The White Paper for Post-School Education and Training (DHET, November 2013) outlines a vision for integrated post-school education and training system in South Africa. It asserts that "if the provision of education and training is to be better coordinated with the needs of society and the economy, central information about skills needs is required". It suggests that "identifying current and future skills demand as accurately as possible is extremely important if the goals of the National Development Plan, the New Growth Path and the Industrial Policy Action Plan are to be achieved".

National Skills Development Strategy (NSDS) III: The National Skills Development Strategy III is the key policy driver that has to be implemented by all the SETAs. SASSETA has adopted the NSDS III goals as its strategic outcome oriented goals. The Sector Skills Plans for the SETA is aligned with the NSDS III outcomes, government imperatives and industry development initiatives on education and skills development. The NSDS III is the key policy driver that has to be implemented by all education and training bodies such as SASSETA.

The New Growth Path (NGP):

The New Growth Path is a bold, imaginative and effective strategy to create the millions of new jobs South Africa needs. The strategy sets out critical markers for employment creation and growth and identifies where viable changes in the structure and character of production can generate a more inclusive and greener economy over the medium to long term.

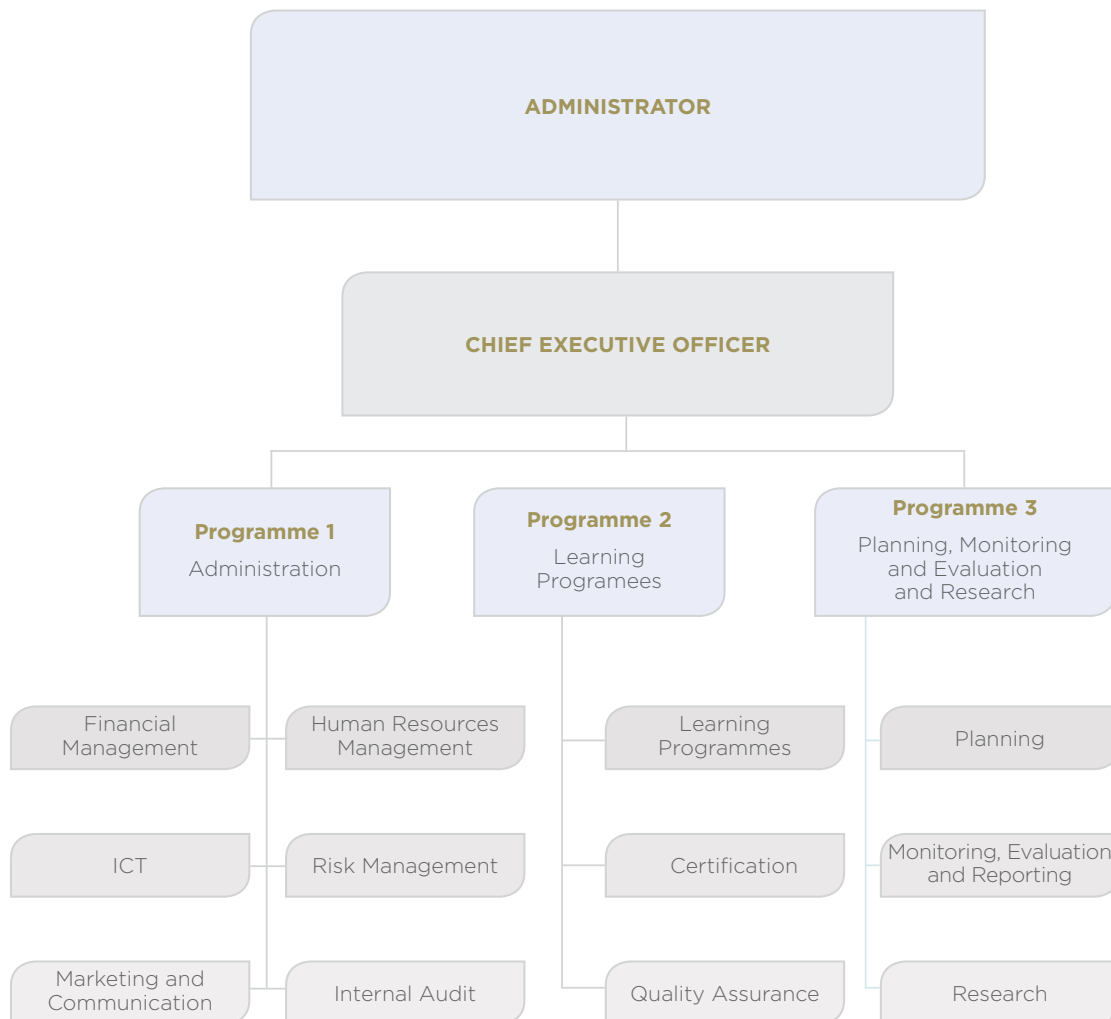
The Human Resource Development Strategy of South Africa (HRDSA) 2010 - 2030 (RSA, 2009):

The Human Resource Development Strategy for South Africa (HRDS-SA) (2010-2030) is a macro-overarching strategy which seeks to locate education and training within the broader developmental agenda of the country and building a capable and stable citizenry. It also drives the alignment of various government programmes in addressing human capital and skills shortages. It emphasises the need for a national "scarce skills list" which is aligned to South Africa's social and economic priority goals.

1.5 STRATEGIC OUTCOME ORIENTATED GOALS

Strategic outcome orientated goal I	Optimally functioning Institutional mechanism
Goal statement	<p>The goal is to ensure that the SASSETA is fully established, well-resourced and is a high performance institution by 31 March 2020.</p> <p>The goal will be measured annually through the following:</p> <ul style="list-style-type: none"> • Implementation of effective policies, strategies and plans that comply with legislation, good corporate governance principles and improved organisational performance standards. • Efficient and effective fiscal, infrastructure and human resource planning and management to support the sustainability of the SETA. • Optimal functioning institutional mechanism for skills planning in the safety and security sector.
Strategic outcome orientated goal II	A capable skilled workforce
Goal statement	<p>The goal is to ensure that the learning programmes and services of the SASSETA are relevant and adequate to address the needs and the skills gaps across the safety and security sector. This goal will be measured through the following:</p> <ul style="list-style-type: none"> • The design and quality of accredited programmes through a curriculum framework responding to the safety and security needs, career pathing and life long learning. • The implementation of learning programmes. • The increase of a skilled and capable workforce in the safety and security sector.
Strategic outcome orientated goal III	Improved Learning and Development Opportunities influenced by impactful research, strategic diagnosis and monitoring and evaluation
Goal statement	<p>The goal is to improve the learning and development opportunities offered by SASSETA responding to the skills gaps identified within the sector. This will be done through:</p> <ul style="list-style-type: none"> • The implementation of effective research, knowledge management and skills planning strategies to inform needs and opportunities across the sector. • The implementation of an effective monitoring and evaluation framework to monitor the quality of the different interventions and evaluate the interventions.

1.6 ORGANISATIONAL STRUCTURE



PERFORMANCE INFORMATION

2.1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa currently performs the necessary audit procedures on the performance information, to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance - against predetermined objectives - is included in the report to management, with material findings being reported under the report on the audit of the annual performance report of the auditor's report. The Auditor's Report is published as Part E: Financial Information.

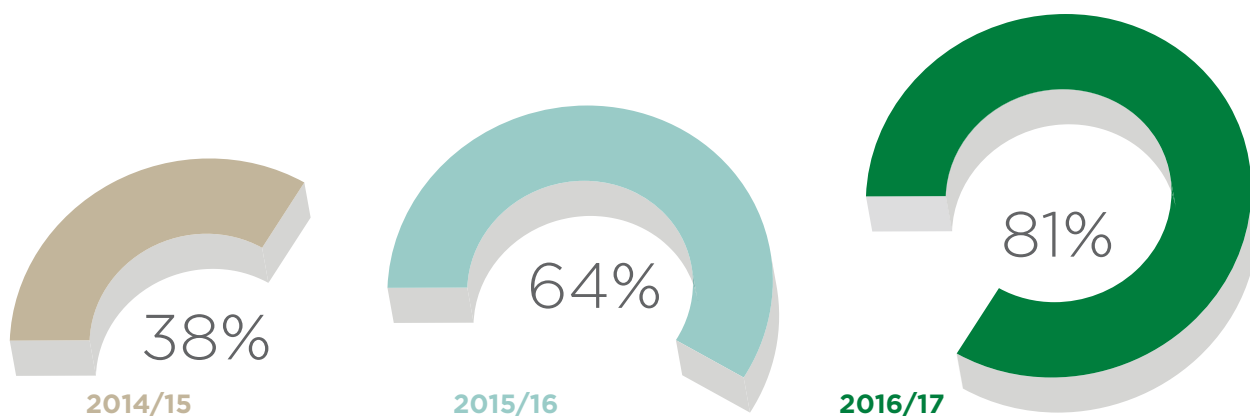
2.2 OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

One of the challenges faced by SASSETA when it was placed under administration was to address the weak service delivery performance environment.

2.2.1 Comparative service delivery improvements in the 2016/17 financial year

SASSETA's financial non-performance was one of the factors that contributed to SASSETA being placed under administration at the end of the 2014/15 financial year. Over the last two years the body has placed significant emphasis on addressing this under-performance and by the end of the 2016/17 financial year, it was able to achieve 81% of the targets set in its Annual Performance Plan.

Figure 1: Percentage of APP targets achieved 31 March 2015 to 31 March 2017



The financial performance of SASSETA also improved dramatically over the last two financial years and at the end of the 2016/17, financial year had reduced the 2014/15 R292 million over-commitment to a position where by 31 March 2017 the body no longer had any over-committed funds.

2.3 SERVICE DELIVERY PERFORMANCE ENVIRONMENT

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.

2.3.1 Breakdown of the Safety and Security Sector

It is important for SASSETA to understand the needs and the profile of the safety and security sector within the context of South Africa with reference to the associated issues which traverse the geo-political and socio-economic spheres in order for it to succeed in its mandate of supporting the skills development needs of the sector.

The safety and security sector in South Africa is both public and private. The public security sector consists of government security agencies and law enforcement bodies, whose role is to protect and serve the public and the interests of the state. The private sector element of the security sector comprises of those companies and bodies who provide security and legal services to paying clients.

The government has identified 2015/20 MTSF cycle **Outcome 3: All people in South Africa are and feel safe**, which incorporates the following outputs:

- i. Reduction of overall levels of serious crimes and in particular contact crime.
- ii. An effective Criminal Justice System (CJS).
- iii. Reduction of corruption within the JCPS cluster to enhance its effectiveness and its ability to serve as a deterrent against crime.
- iv. Improved perceptions of safety through crime being effectively reduced.
- v. Improved investor perception through reduced levels of corruption leading to trust and willingness to invest in South Africa.
- vi. Effective and integrated border management.
- vii. Cybercrime reduction.

SASSETA has grouped its constituencies into seven sub-sectors: Policing, Corrections, Defence, Justice, Intelligence Activities, Legal Services, Private Security and Investigation Activities. A large number of trade unions represent the interests of workers in the safety and security sector.

The South African government spent R158 692.8 million on its defence, public order and safety function in the 2015/16 financial year. However, the budgets for the defence, public order and safety function are now under pressure. This is evident in the declining proportion of the total government budget that is allocated to this function, as well as in the declining annual increases.

The latest figure of 12.8% of total consolidated government expenditure represents a decline from the proportional allocation of 13.3% of the total budget in 2011/2012. Looking forward over the next three years, government estimates show that by 2017/18, spending on the defence, public order and safety function will have increased to a total R 186 529.2 million, but proportionally this amount will have declined further to only 11.9% of the total government expenditure. While the recent and reliable economic information is available through government budget reports on the economic performance of the state portion of the safety and security sector, recent information on the private portion of the sector is difficult to assess accurately. The Private Security sub-sector is said to be one of the largest employers in the country and one of the fastest growing local industries. The number of registered active security officers in the sub-sector increased from 411 109 in 2010/11 to 487 058 in 2013/14, which is an average annual growth of 8.9% over the period. Despite this, it is difficult to find detailed and/or recent figures of the sub-sector's economic performance.

In 2012, it was estimated that the South African private security industry was worth between R50 and R55 billion, and from 2011 it was suggested that the sub-sector contributed around 2% of South Africa's GDP in the preceding years. In 2010 the legal services sub-sector generated a total income of R17 244 million which represented a similar 0.65% of GDP.

The safety and security sector employs 758 748 people, of which almost half (368 214) are employed in the Private Security sub-sector. Policing is the second largest sub-sector, and the largest of the state safety and security departments, employing just more than one quarter of the sector's employees (194 824). Defence employs 10% of the sector's employees (78 707), with Legal Services (51 786) and Corrections (41 476) employing 6% and 5%, respectively. The Justice sector is the smallest sub-sector, employing 23 741 people or 3% of total sector employment.

The safety and security sector employs 3 170 people with disabilities. This represents 0.4% of the total sector employment. Considering that the Legal Services sub-sector and the Private Security and Investigation Activities sub-sectors have predominantly private organisations, while the remaining sub-sectors have predominantly public organisations, the private portion of the safety and security sector employs 56% of the sector's workforce, while the public portion employs 44%.

In the safety and security sector, the overwhelming majority of employees (70%) are Service and Sales Workers, with Clerks (9%) being the next largest category, followed by Technicians and Associate Professionals (6%). In the sector as a whole, the categories of Professionals, and Legislators, Senior Officials and Managers respectively, constitute 5% and 4% of total employment. This overall picture is highly influenced by the large Private Security sub-sector, in which 90% of employees are classified as Service and Sales Workers.

In respect of gender, the sector as a whole has 70% male employees and 30% female employees, a picture which is again influenced significantly by the profile of the Private Security sub-sector, where 79% of employees are male. Around two thirds of employees are male in Policing (66%), Corrections (69%) and Defence (71%), while females dominate the Justice (58%) and Legal Services (63%) sub-sectors. Overall 47% of the sector's employees are youth under the age of 35, while only 5% are over the age of 55. The research suggests that factors such as globalisation and technological advancements, are changing the patterns of crime, which impact on safety and security in South Africa. This compels the role players in the criminal justice system and

in the broader Safety and Security sector to re-define their focus to address the changing face of crime, and re-aligning their objectives to serve national imperatives. The need to professionalise the sector, as highlighted in the NDP, is also influencing the way services are delivered, and the skills base required for the sector, such as; criminologists, detectives/investigators, forensic and specialised skills. The latter includes; medical services, linguistics, forensic services, investigation, cybercrime skills, management and leadership skills.

The occupational diversity in the sector shows the importance of cross-cutting occupations, including concentrations in the medical services profession, information technology, engineers, chemists, psychologists and vocational counsellors, social workers, finance and related professionals, logistical support and related professionals, language practitioners, interpreters, and other communication, automotive and technical professionals.

The nature and extent of skills supply in the sector is drawn from various education and training bodies such as; schools (private and public schools), Universities and University of Technologies (private and public universities), TVET colleges (private and public TVET colleges), SETA supported training programmes, and private providers as well as, very significantly, state-owned institutions within government departments.

SASSETA has identified a number of strategic partnerships with Universities, TVET Colleges and other institutions, with the purpose of enhancing quality and responsiveness of skills training interventions in the sector and labour market at large. Existing partnerships will be strengthened, and new ones developed to support the priorities identified in the SSP.

SASSETA will be working hand-in-hand with the sector, to provide necessary training in order for the JCPS cluster to achieve the above objectives. In addition, SASSETA has identified the following skills development priorities to inform its five year strategic plan. SASSETA has to find balance between sector based priorities and national priorities.

These priorities are:

(i) **Partnership with sector training institutions and academies:** the sector has numerous in-house training institutions and academies. SASSETA will need to strengthen its partnerships with these in-house sector training institutions, both public and private, in order to enrich skills supply in the sector. These partnerships will be focusing on achieving the following objectives; infrastructure development, capacity building of trainers, curriculum development and co-funding.

(ii) **Transformation and professionalisation of the sector:** the major thrust of education and training intervention in the sector must deepen professionalisation, and address the transformation agenda in the sector. The SETA will position its strategy and programmes to advance professionalisation and transformation across the sector.

(iii) **Information Communication and Technology (ICT):** shortages of skills and lack of urgency in implementing measures to tackle cybercrime are still a challenge in South Africa. Technological advancements and data protection laws are driving the need for specialist IT technicians and IT professionals as well as the operational IT skills needed by all attorneys. The Criminal Justice Revamp plan will also drive particular IT skills needs, as well as skills required by operational personnel who will be required to make use of new IT processes. Within the private security sector, special skills will be driven by an environment where IT is playing an increasing central role in the provision of effective security services.

v) **Technical and specialised skills:** the safety and security sector is a labour intensive sector, and requires more technical and specialised skills to deliver on its multi-faceted demands and mandate. Technical skills in the sector are in high demand and need to be addressed. The SETA is planning to use the Recognition of a Prior Learning (RPL) system in addressing some of these challenges, however there is also a need to develop approaches to specific specialised skills such as forensic, medical and investigative skills.

Also critical, is the need to align our artisan programmes and skills with the demands of the sector including; infrastructure development and maintenance, IT maintenance and motor repairs. There is also a need for the development of specialisations within the criminal justice cluster, such as specialists in public order policing or specialists in sexual offenses. This specialisation will require that ongoing dedicated training initiatives take place.

vi) **Building active citizenry:** the NDP emphasises the need to build an active citizenry as an important element of realising Vision 2030. Beyond the development of workforce and creating a pipeline of new entrants to the safety and security sector, there are other skills needs to be addressed. A key component of the crime prevention model is aimed at changing the way communities react to crime and violence. Such a model involves community patrollers, Community Policing Forums, as well as other volunteer programmes.

Facilitating meaningful citizen participation in crime prevention, through enhancing skills development of these groups, particularly in relation to skills such as negotiation and mediation, is required. In addition, another skills need relates to supporting the DCS's programme aimed at reducing reoffending through rehabilitation and reintegration, inclusive of the provision of education and training to inmates. The skills needs are varied across vocational learning and general education.

2.3.2 Key Policies affecting the sector

The White Paper for Post-School Education and Training (DHET, November 2013) is a vision for an integrated post-school education and training system in South Africa. It asserts that "if the provision of education and training is to be better coordinated with the needs of society and the economy, central information about skills needs is required". It suggests that "identifying current and future skills demand as accurately as possible is extremely important, if the goals of the National Development Plan, the New Growth Path and the Industrial Policy Action Plan are to be achieved".

The White Paper (DHET, November 2013) further notes that the identification of skills needs can be used to inform human resource planning, funding allocations, programme development, and immigration strategies. The roles of SETAs are re-defined to “mediate between educations and work” with their main focus on developing the skills of the existing workforce and to provide the skills pipeline to existing workplaces.

The National Skills Development Strategy III is the key policy driver that has to be implemented by all the SETAs.

The National Development Plan (NDP) identifies the need for expanded systems of further education and training to offer clear, meaningful education and training opportunities particularly, for young people.

The National Development Plan (NDP) envisages the building of the state’s capabilities to achieve an expansive national development agenda so that South Africans can attain a decent living standard. Among the key objectives are to build safer communities where people live without the fear of crime, and have confidence in the police and criminal justice system.

The South African government has adopted a strong national planning framework which seeks to drive coherence and impact throughout the education and training system. The Medium Term Strategic Framework (MTSF) outlines the government’s key strategic priorities for economic growth and social development for the period 2014-2019. The MTSF provides a guide for planning and resource allocation across all spheres of government. SASSETA will support and align its programmes (APP and Strategic Plan) with the MTSF priority outcome, “A skilled and capable workforce to support an inclusive growth path.”

The government has identified 2015/20 MTSF cycle Outcome 3: All people in South Africa are and feel safe, which incorporates the following outputs:

- i.** Reduce overall levels of serious crimes and in particular contact crime.
- ii.** Create an effective Criminal Justice System (CJS).
- iii.** Combat corruption within the Justice Crime Preventions and Security (JCPS) cluster to enhance its effectiveness and its ability to serve as a deterrent against crime.
- iv.** Manage perceptions of crime among the population and improve perceptions of safety.
- v.** Reduce levels of corruption improving investor perception, trust and willingness to invest in South Africa.
- vi.** Create effective and integrated border management.
- vii.** Combat cybercrime.

Following the Review of the Criminal Justice System, Government adopted a seven-point plan in 2008. The plan outlined a framework to establish a single, integrated, seamless and modern criminal justice system, while also addressing critical issues of public trust and confidence. A central feature of the plan was multi-agency and multi-department cooperation, through a coordinating and management structure at every level, from national to local. In particular, the plan calls for greater cooperation between the judiciary and the magistracy, the SAPS, prosecutors, correctional services and Legal Aid South Africa.

In essence, the seven-point plan spans and integrates the core mandate of four departments (Police, DoJCD, the Judiciary and Corrections), the NPA and several other role-players (e.g. Legal Aid South Africa) (DoJCD. 2008: 3-21). In 2012, the NDP endorsed the vision of the seven-point plan to render a more efficient and effective criminal justice system, and recommended that renewed efforts be made to implement the plan.

The White Paper on Safety and Security and the White Paper on Policing were approved by Cabinet in April 2016. The White Papers are aligned to the NDP and the Constitution of the Republic of South Africa (Act 108 of 1996).

The White Paper on Safety and Security is premised on an integrated and developmental approach to safety, crime and violence prevention, requiring broader and complimentary initiatives. It focuses on six themes, namely:

- An effective criminal justice system;
- Early intervention to prevent crime and violence and promote safety;
- Victim support;
- Effective, integrated service delivery for safety, security and violence and crime preventions;
- Safety through environmental design; and
- Active public and community participation.

Giving effect to the vision of the White Paper will require close cooperation of all sectors involved in addressing the fundamental causes of crime, both within and outside government. Implementation of the 2016 White Paper on Policing requires a comprehensive skills development plan across policing which would be informed by the internal audit the police leadership will undertake.

2.3.3 Key Change Drivers in the sector

High crime levels, the growth of transnational organised crime, as well as multiple national policies and national policy mandates, influence the planning cycle as well as the service provision in the public sector components of the Safety and Security Sector.

According to the South African Police Service (SAPS) crime statistics for 2015, the overall statistics paint a negative outlook for crime in the country: of the 27 crime categories presented in the data, only 11 had decreases in reported criminal activity from 2014 to 2015. The remaining 16 categories saw crime levels rise. A total of 2 206 million crimes were committed over the period, up marginally – 0.09% – from the 2 204 million reported in 2014.

Furthermore, factors such as globalisation and technological advancements are changing the patterns of crime, by creating more complex challenges for law-enforcement and citizens in general. This has necessitated the criminal justice system to constantly re-evaluate its strategies and plans in order to remain ahead of the criminal syndicates. These developments have, in a way, also

highlighted the skills deficit required in mitigating and tackling the crime challenges in South Africa. There is a need to upskill the sector.

The following are the change drivers for the safety and security sector:

- Continuous population growth, and increasing migration of people from neighbouring countries and the rest of Africa result in a greater demand for justice, safety and security services in South Africa. This in turn drives the need for service infrastructure and skills for effective service provision by departments in Government's Justice, Crime Prevention and Security (JCPS) Cluster (DoJCD, 2015: 20).

The increase in facilities to accommodate both the population growth and the need to address historical infrastructure discrepancies, has led to an increase in the number of public/private spaces (i.e. spaces that are privately or state owned but which are frequented by the public such as hospitals, clinic, schools and shopping complexes). The increase has also led to an escalation in the demand for security at these public/private spaces, which corresponds with the increase in the demand for private security guards.

- According to Statistics South Africa, South Africa's unemployment rate slightly decreased to 26.6 percent in the first quarter of 2016 from 26.7 percent in the three months to March. The number of unemployed, fell by 1.6 percent and employment went down 0.8 percent. Unemployment rate in South Africa averaged 25.31 percent from 2000 until 2016, reaching an all-time high of 31.20 percent in the first quarter of 2003 and a record low of 21.50 percent in the fourth quarter of 2008. High unemployment, fosters potential for social unrest and, this lead to an activation of the services and resources of the justice sub-sector. In recent years, the country experienced an increase in violent public protests fuelled by concerns such as dissatisfaction with public service delivery, wage strikes and labour unrest, and xenophobia. (DoJCD, 2015: 22-23).

- Adverse socio-economic conditions also often give rise to an increase in social crime and domestic violence, as well as an increase in the non-payment of maintenance by parents. Rising levels of gender-based violence, and violence within families, are increasing the demand for interventions by role-players in the Safety and Security Sector (DoJCD, 2015: 22). This has resulted in the need to enhance specialised capacity within the public security sector to address gender based crime. Government has re-established the specialised Family Children and Sexual offences (FCS) unit in the police and the re-establishment of sexual offenses courts in conjunction with the Sexual Offences Community Affairs unit of the NPA (DoJCD 2015:20).
- In the eight years between 2003 and 2011, there was a reduction in levels of crime overall. Yet, rates of crime and violence in South Africa remain extremely high. The changing patterns of crime and increasing levels of serious and violent crimes are driving the need for the speedy and effective administration of justice. Newham (2015) points out that violent crimes of murder, sexual offences and robberies have the biggest impact on people's lives, especially on the poor and vulnerable. In 2013/14, the number of murder victims increased to reach 17 068, which represents an increase of 1 459 from 2011/12.

Commercial crime, including so called 'white-collar crime' and corruption in the private and public sectors pose huge risks to the entire economy and impact the poor in particular (National Planning Commission. 2012). Statistical analysis reveals that commercial crime such as corruption, fraud, money laundering, embezzlement and forgery increased by 70% since 2004.

- Apart from the overall increase in crime rates, the South African law enforcement agencies have identified the need to deal effectively with complex crimes including cybercrime and other organised crimes, which often involve cross-border and trans-national activities. Various aspects of globalisation are changing

the patterns of crime, and pose challenges to the capacity and resources of the criminal justice system. In order to deal effectively with these crimes, new types of investigative and technology skills are required.

- Since 1994, an important role for the SANDF has come to the fore: participation in peacekeeping operations and the requirements for stabilisation of the region and continent. These have necessitated the SANDF to participate in a wide range of peace support operations on the continent. Since 1994, the SANDF has also taken part in peacekeeping and peace-support operations in, for example, Burundi, the Democratic Republic of the Congo, the Sudan, Ethiopia and Eritrea.
- South Africa is currently ranked number one in Africa and ninth in the world in terms of prison population with over 160 000 inmates (Ndebele 2013). A scan of the criminal justice literature shows that discussions of recidivism almost always state the recidivism rate in South Africa to be between 80% and 90% (OSF: 2013).
- Crime needs to be managed comprehensively, which means going beyond an exclusive focus on policing and the justice system. It warrants in-depth problem-solving to address the causal factors which provide opportunities for crime and limit the likelihood of detection (NCPS: 1996). International research over the last 50 years highlighted the need for states to introduce methods to prevent crime, based on the premise that crime cannot be reduced using only law enforcement and criminal justice responses (Rauch, 2012).

Crime prevention models need to invoke partnerships with other government departments (including provincial and local government), communities, and civil society organisations. In many instances however, partners outside the traditional defined security sector lack the capacity and resources required to effectively partner with the security sector.

2.3.4 SASSETA's role

SASSETA has taken a number of steps to support national strategies and plan in terms of strategic partnerships, for example, signing MoUs with all government departments to address transformation and intensify professionalisation of the sector. MOUs have also been signed with a number of trade unions operating in the sector, as well as with other employer stakeholders.

SASSETA has also prioritised a number of areas where the SETA can play an important role. These areas are outlined below:

- a. The safety and security sector has many in-house training institutions and academies that SASSETA can build on, as it advances its mandate. SASSETA has therefore prioritised this area. It seeks to build and to strengthen partnerships with these in-house sector training institutions - both public and private - to grow the skills supply in the sector and to direct the training towards the skills needed by industry. These partnerships seek to ensure that the sector needs are taken care of, by aligning the skills production of the sector. The partnerships focus on infrastructure development, capacity building of trainers, curriculum development and co-funding.
- b. SASSETA seeks to contribute to transformation and professionalisation of the Safety sector. This priority area seeks to make sure that SASSETA, together with the sector, adheres to the sector transformation and professionalisation agenda. SASSETA has positioned its strategies and programmes to advance skills development interventions that will boost transformation and professionalisation across the sector.
- c. Shortages of skills and a lack of urgency in implementing measures to confront the scourge of cyber-crime, remains a challenge in South Africa. Technological advancements and data protection laws drive the need for specialist IT technicians and IT professionals, as well as the operational IT skills needed by all attorneys. The Criminal Justice Revamp plan will also drive particular IT skills needs, as well as skills required by operational personnel who will be required to make use of new IT processes. Within the private security sector, special skills will be driven by the environment where IT is playing an increasingly central role in the provision of effective security services. This then requires SASSETA to find ways of working with different stakeholders to address ICT skills and capacity building needs.



- d. The safety and security sector is a labour intensive sector, and requires more technical and specialised skills to deliver on its multi-faceted demands and mandate. The SASSETA is using Recognition of a Prior learning (RPL) to address some of these challenges, however there is also a need to develop new approaches to specific specialised skills such as forensic and medical skills. It should be noted, however, that some critical and specialised skills such as detective work are addressed through government institutions themselves.
- e. Also critical is the need to align SASSETA artisan programmes and skills with the demands of the sector including infrastructure development and maintenance, IT maintenance and motor repairs. There is also a need for specialisation within the criminal justice cluster, such as specialists in public order policing or specialists in sexual offenses. This specialisation requires the implementation of ongoing and dedicated training initiatives.
- f. The NDP emphasises the need to build an active citizenry as an important element of realising Vision 2030. A key component of the crime prevention model is aimed at changing the way communities react to crime and violence. Such a model involves Community Patrollers, Community Policing Forums, as well as other community programmes.

Facilitating meaningful citizen participation in crime prevention, through enhancing skills development of these groups - particularly in relation to skills such as negotiation and mediation - is required. In addition, another skills need relates to supporting the DCS's programme aimed at reducing reoffending through rehabilitation and reintegration, inclusive of the provision of education and training to inmates. The skills needs are varied across vocational learning and general education.

2.4 ORGANISATIONAL PERFORMANCE

2.4.1 Organisational Environment

SASSETA went under administration at the end of the 2014/15 financial year. As a result, the body realigned its programme budget structure over the last two financial years, to ensure compliance with the SETA Grant Regulations and the Skills Development Levies Act. (Gazette 35940, December 2013).

The realignment of this budget programme structure has also allowed for greater transparency and accountability. This process has resulted in SASSETA having three distinct programmes namely;

Programme 1: Administration,

Programme 2: Learning Programmes

Programme 3: Planning, Monitoring and Evaluation, and Research.

However it needs to be noted, that as part of DHET's move to align the organisational environments of SETAs, SASSETA will need to, in the 2017/18 financial year, increase the number of programmes to four (4) programmes. The change in the number of programmes will not have any serious impact on the organisational structure of SASSETA, as the change will only relate to Programme 3 which currently comprises of both ETQA and Skills Implementation functions (each of which operates as a specific sub-programme under programme 3). From the beginning of 2017/18, each of these sub-programmes will operate as a full programme with no changes to the actual work being carried out by the different sub-programmes or to the staffing structure.

Prior to SASSETA being placed under administration, there was no formal signed off organisational structure that was being implemented within the body. This led to the need for SASSETA to put processes and measures in place to address this problem. During the 2015/16 financial year, SASSETA worked on developing an approved

functional structure that could then be used for the development of an official organisational structure for the body. This organisational structure would also be linked to the job grading process as well as to a skills audit of all staff. The functional structure was approved at the end of the 2015/16 financial year. During 2016/17, an organisational structure was developed. Both the job grading and the skills audit were started in the 2015/16 financial year and the skills audit was completed in 2016/17 financial year. Sasseta is still in consultation with the trade union to finalise the job grading. The skills audit informs the current development plan to cater for skills inefficiency identified from the skills audit. This new organisational structure will be implemented in 2017/18 financial year after the sign-off of the job grading report by SASSETA's internal trade union.

As part of the body being placed under administration, it became necessary to address the extent of irregularities occurring at SASSETA. This then led to a number of staff members, particularly senior managers, facing disciplinary actions. Others, resigned before the investigations were completed and disciplinary actions instituted. Most disciplinary cases were finalised by the end of the 2015/16 financial year. However, the disciplinary case against the CEO was not finalised by the end of the financial year and will only be finalised in 2017/18 year.

2.5 PROGRAMME 1: ADMINISTRATION

Programme Purpose: 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 2016/17.

This programme contributes to the following Strategic Objectives of SASSETA:

- Improved financial management across SASSETA.
- High productivity levels across SASSETA.
- Improved strategic oversight across SASSETA.

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 resources policies and practices.
- **Risk Management:** pro-actively manages and addresses risks that have a negative impact on the 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 Communication Technology:** provides for the Information and Communications Technology (ICT) needs and requirements of SASSETA.
- **Finance:** renders effective and efficient financial management and administrative support to SASSETA and also manages the supply chain functions.

Corporate Services 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 improves the organisation's image and stakeholder relations, as well as properly-managed information capital.

In the year under review, Corporate Services and Finance undertook the processes of overhauling their strategic and operational interventions, which have contributed to improved effectiveness and efficiency.

2.5.1 Overall Performance of Programme 1

During the 2015/16 financial year programme 1 achieved 5 of its 9 targets. However, during the 2016/17 financial year there were significant improvements in programme 1's performance and 7 of the 9 targets were achieved.

This is a marked improvement on the achievements of this programme compared to the previous two financial years.

Figure II: Comparative years Programme 1 performance



2.5.2 Overall budget linked to performance - Programme 1

Sub programme	Final budget R'000	Actual expenditure R'000	(Over)/Under Expenditure R'000
Human Resources	8 195	8 081	114
Finance & Supply Chain	30 492	30 395	97
ICT	5 479	5 159	320
Communications & Marketing	2 929	2 725	204
Governance (Incl. risk management)	17 496	17 355	141

2.5.3 Performance of the Finance and Supply chain sub-programme

SASSETA achieved two of the three targets set by this sub-section. The target was not achieved related to delayed implementation of projects. As at 31 March 2017, SASSETA had committed 96.1% of its budget. This under-spending was due to three issues:

1. SASSETA only received one of the government's payments by 27 March 2017. When this levy contribution had not been received by the end of January 2017, and it appeared that the contribution might not be paid, SASSETA adjusted its expenditure forecast to accommodate a situation where the levy contribution might not be paid before year end.
2. An amount of R3 million was budgeted for upgrading SASSETA ICT servers but due to delays in the finalisation of the tender processes, the money was not committed by year end.
3. During 2016/17 financial year, SASSETA was able to finalise the cancellation (through legal processes) of some of the outstanding irregular contracts entered into in 2014/15.

One of the key challenges facing SASSETA prior to the body being placed under administration, was maladministration of SASSETA finances and a complete absence of proper supply chain processes.

Since being placed under administration over the last two years, considerable work has been done in stabilising the financial situation within SASSETA.

- Operational Deficit: At the end of 2014/15, period SASSETA recorded a R174 million operational deficit. Since going under administration, SASSETA has been able to ensure that in both 2015/16 and 2016/17 the body has not recorded any operational deficits.
- Over commitment: At the end of 2014/15 SASSETA recorded an over-commitment

(debt) of R292 million. In 2015/16, SASSETA was able to reduce this over-commitment from R292 million to R13 million. In 2016/17, SASSETA was in a position to completely eradicate any over-commitment and will be able to commence the 2017/18 financial year without having to carry forward any over-commitment.

- Irregular expenditure: During the 2014/15 financial year SASSETA incurred R278.3 million in irregular expenditure. In 2016/17 based on processes put in place over the last two years, SASSETA was able to reduce the amount incurred as a result of irregular expenditure to this further, and only incurred R798 thousand on irregular expenditure. This represents a 277% percentage reduction in irregular expenditure since the body was placed under administration. The irregular expenditure that SASSETA did incur in the 2016/17 financial year related to the following;
 - i. Providers were issued with non-complaint tax clearance on National Treasury Central Supplier Database (even though their tax clearances were valid).
 - ii. The contract for the SASSETA internal private security service provider took longer to approve than the tender process allowed, and SASSETA had to extend the existing contract pending this finalisation.
 - iii. Two tenders were awarded and payment made to the value of R748 thousand on these tenders. This occurred where SASSETA advertised these tenders in the government tender bulletin, the SASSETA website and the newspapers. However, the advert that appeared in the government tender bulletin appeared for less than 21 days due to late submission to the Government Printing Works.
- Fruitless and wasteful expenditure: During 2014/15, SASSETA incurred R25.6 million in fruitless and wasteful expenditure and as a result of internal control measures introduced, SASSETA was able to significantly reduce this

expenditure over the last year. In 2015/16, the amount of fruitless and wasteful expenditure incurred was R596 thousand. In 2016/17, this was increased to R2.2 million of which R2.1 million related to prior year in respect of penalties and interest that had to be paid to SARS as a result of SASSETA not paying its own skills development levy dating back to 2008. This represents a 85.6% reduction in fruitless and wasteful expenditure from the 2014/2015 amount. The fruitless and wasteful expenditure incurred in the year under review related to the following:

- i. Interest and penalties paid for late payments.
 - ii. Fraud on SASSETA travel credit card committed by persons outside SASSETA who clearly cloned SASSETA's travel credit card (processes are currently underway to ensure the affected airlines refund SASSETA.) Unfortunately this had not been finalised by year end.
 - iii. Over-payment of two SASSETA interns that was not recovered by year end.
- Compliance with the Skills Development Levies Act: one of the issues 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 2014/15 financial year:
 - i. Non-payment by SASSETA of its skills development levy dating back to 2008.
 - ii. Over-spending on administration (programme 1) leading to irregular expenditure.
 - iii. Non-compliance with prescripts regarding the approval and payment of mandatory grants.

Over the last two financial years, SASSETA has put measures in place to ensure that it complies with the Skills Development Levies Act and in the year under review the body was able to comply with all aspects of the Act.

Measures to address under-performance of the sub-programme

Measures being taken to ensure that SASSETA is able to spend its entire budget going forward include:

1. Ensuring that government departments commit to paying their levy contribution on time to avoid uncertainty on whether payment will be received.
2. Ensuring that tender processes are finalised timeously so that money budgeted for such processes are able to be committed within the financial year.

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2016/17 year.

2.5.4 Human Resource Management Sub-programme

Human Resource Management: ensures optimum and efficient utilisation and development of Human Capital. It 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. This includes research and development of human resources policies and practices.

The sub-programme achieved the target set. The Performance Management System (PMS) was successfully implemented for the second year in a row.

In addition to achieving this target, the sub-programme also focused on the following areas during the 2016/17 financial year:

- **Skills audit:** At the end of 2015/16 financial year SASSETA undertook a skills audit of all employees and this process was completed and finalised during the 2016/17 period as part of the process of matching and placing staff in line with the functional structure.

- **Job grading:** The job grading process, which started in the 2015/16 financial year, was completed during the year under review. This job grading was linked to the new job descriptions developed for all staff and was aimed at addressing the serious salary discrepancies that have historically existed within SASSETA. The new job grading will also allow for greater transparency and accountability with regard to staff salaries within SASSETA. It will also be utilised in ensuring guidance and consistency when appointing new staff to SASSETA. The job grading report is now being finalised with the trade union that represents SASSETA staff and will be implemented early in early 2017/18.
- **Human Resource Development committee:** The Human Resources Development (HRD) committee was re-established in the 2016/17 financial year to ensure that staff development links to the overall organisational strategy. Employee education and study assistance should be aligned to the employees' personal development plans (PDPs), and to ensure increased knowledge in their particular work environments. The new SASSETA HRD plan has also served to simplify the implementation of Affirmative Action measures in SASSETA. A total of 32 employees were funded for various academic studies.
- **Restructuring of committees:** During the 2016/17 year, a number of the Human Resource process and committees were reviewed including the Employment Equity Committee. This was done to ensure that these Committees are properly structured and comprise of the necessary representatives.
- **Recruitment processes:** It was agreed that only critical posts would be filled pending the finalisation of the job grading and organisational structure. The following critical

appointments were made during the year under review: ICT Manager; Supply Chain Manager; Payroll Administrator and Data Capturers. All new staff have now been put on probation with regular probation performance meetings being held prior to permanent appointments.

- **Induction of new staff:** Effective performance management begins with induction of all newly recruited employees. All staff members who were appointed during the year under review were inducted. This was done to ensure that they understand the functions of SASSETA as an organisation and also what their roles will be in the bigger picture.
- **Policy Development:** During 2015/16, SASSETA embarked on a process to redraft all its Human Resource Policies and to try as far as possible to align these with the policies adopted within the public service. This process was completed at the end of 2016/17 and pending final consultations with the trade union representing staff, will be implemented in 2017/18.

Measures to address under-performance within the sub programme

Seven (7) out of nine (9) targets were archived. Monitoring of levy contributors will be strengthened throughout the year ensuring that all anticipated contributors are received timeously.

Changes to the planned targets of the sub-programme

There were no changes to planned targets during the 2016/17 financial year.

2.5.5 Performance of the ICT sub-programme

For the first time in the last three years SASSETA achieved its ICT target.

This was largely due to the concerted focus on ICT which included:

- The appointment of an ICT manager.
- The resolution of the majority of the ICT AGSA audit findings.
- The approval of an effective ICT governance framework.

In addition, SASSETA established a proper ICT Steering Committee which was able to monitor and accelerate progress and advise on all aspects of ICT management.

During the year under review, SASSETA upgraded a considerable amount of its ICT infrastructure. This has laid the foundation for further infrastructure improvement to take place in the 2017/18 financial year.

In the past, there was a prevalent problem with SASSETA to hold its ICT service providers accountable due to weak service level agreements. During the year under review, the service provider service level agreement process was completely overhauled and this has resulted in greater accountability and value for money.

Measures to address under performance within the sub programme

All targets were achieved.

Changes to the planned targets

There were no changes to planned targets during the 2016/17 year.

2.5.6 Performance of the Marketing and Communication sub-programme

The Marketing and Communications department is responsible for strengthening SASSETA's Corporate Reputation through measurable Integrated Marketing Communications (IMC) programmes and campaigns, aimed at enhancing and communicating SASSETA's strategic business objectives.

For the year under review, the marketing and communications focus was on the organisation's Sector Skills Plan, Strategic Plan, Annual Performance Plan and the Service Level Agreement between SASSETA and the Department of Higher Education, through the following interventions:

1. Digital

SASSETA's stakeholder base has seen an increase as some of the emerging role-players, who traditionally were not serviced by SASSETA, came on board. These included stakeholders such as the Road Traffic Management Corporation and a number of trade unions. This growth in clientele, necessitated SASSETA to improve its marketing and communications approach with particular emphasis on customer relations.

One of the approaches was the development of a holistic digital marketing strategy that encompassed online registration of events, email and SMS correspondence. Digital marketing promotions increased market response to newspaper advertisements (Mandatory Grants, WSP deadlines) and provided cost effective, personal communication with our target markets. In the new financial year the unit will, using applicable software, enhance the SETA's digital marketing reach to learners nationwide.

2. Social media

For the year under review, SASSETA increased its presence on Facebook as the main platform of real time communication with audience sectors.

Figure VII illustrates a *64 per cent growth in SASSETA's Facebook membership during 2016/2017 to 6200 from 4000 in the previous financial year. In addition, our response time to queries has decreased from 24 hours to the current 1.5 hour response time (Figure VIII)*. In practical terms this means that we are reaching more of our audience, more often, and resolving their queries faster resulting in a higher satisfaction level. Plans are in place to integrate and promote the SASSETA presence on other social media platforms, such as LinkedIn, to ensure that we promote the SASSETA brand in the business sectors.

Fig: III: Increase in Facebook members

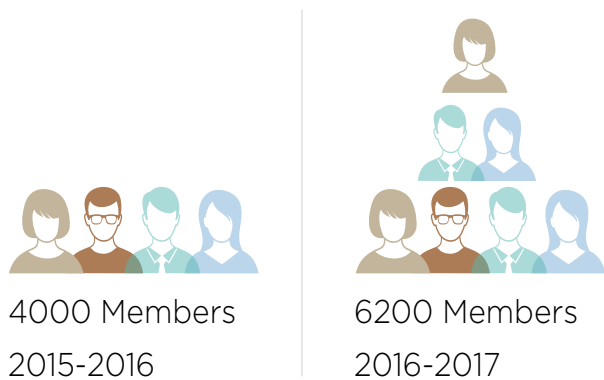
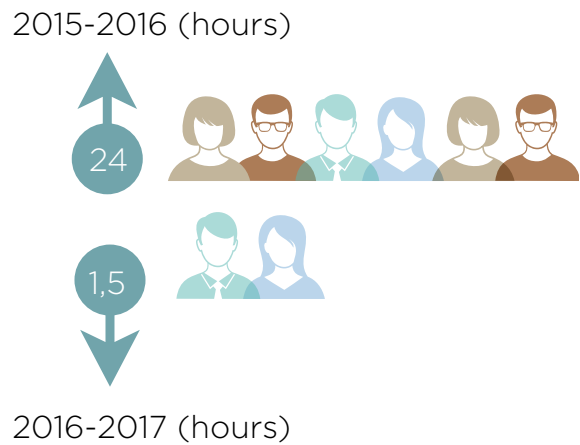


Fig: IV: Decrease in Facebook Response times



3. Website

The re-launch of the SASSETA website was halted for some time during the past financial year pending the finalisation of contractual details with the potential supplier. The new website will launch in Q2 of 2017/2018.

4. 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.

The re-direction of the marketing budget to assist the organisation to improve on APP target achievement, meant that SASSETA’s plan to introduce and implement dedicated Customer Relationship software was postponed to the next financial year. CRM will enable call centre agents to track client call history and query resolution in real-time and escalate intricate problems to top management more efficiently. This will greatly enhance service levels not only in the call centre, but throughout the organisation. To this end, customer care education will be conducted throughout the organisation in the new financial year to impress upon employees their service responsibility towards SASSETA clients.

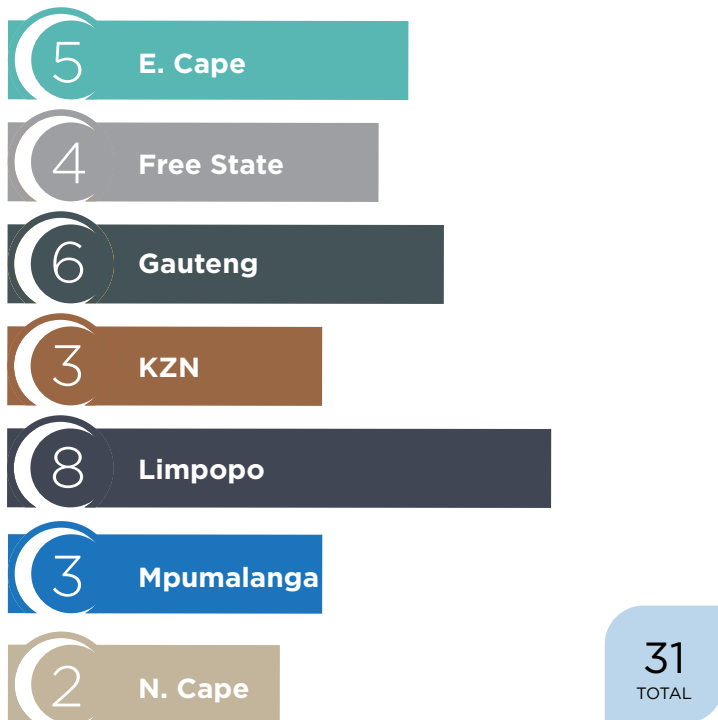
5. Stakeholder engagement

The Marketing and Communications department conceptualised various stakeholder programmes aimed at strengthening relations that were mutually-beneficial to SASSETA and its stakeholders. At the end of the financial year, SASSETA embarked on a series of Workplace Skills Programmes (WSP) and Annual Training Report (ATR) road shows to familiarise Skills Development Facilitators with the online WSP template.

6. Skills Development Programmes

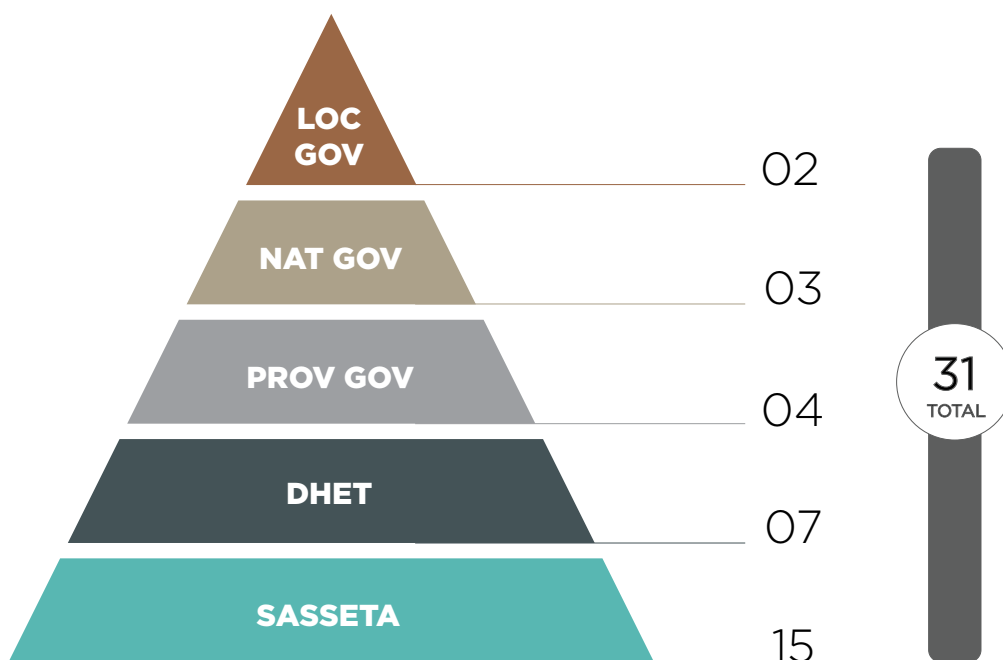
The target set by the Department of Higher Education and Training (DHET) for 30 career guidance events hosted by SASSETA nationally, was met this year. To increase the quality of career information to learners, the Marketing and Communications department worked closely with Learning Programmes to develop a new career guide that is freely available on the website, and is distributed to all learners who attend SASSETA career guidance events. The guide was developed taking into account many of the learner queries relating to career choices within the safety and security sector.

Figure V: Breakdown of Career Guidance Events 2016/2017



It is clear from the graph that, budget permitting, we need to concentrate more effort in the Western Cape and North West Provinces in the new financial year.

Figure VI: Breakdown of career guidance initiators



SASSETA initiated 48 per cent of the events attended in the past financial year with DHET, National, Provincial and Local Government led career guidance, being responsible for 52 per cent of the national career guidance footprint. The aim in the next financial year is to concentrate on providing more SASSETA initiated career guidance events to balance the scale of SASSETA personalised guidance and government mass career guidance.

To increase the reach of career guidance, SASSETA developed a career guidance video that is available for general viewing on YouTube, posted in sections on Facebook and LinkedIn and is screened at career guidance events. This will provide SASSETA an opportunity to communicate general career guidance information on careers in the safety and security sector to more learners without having to increase the career guidance budget. The videos are also sent to selected school principals who have the facilities to screen the video for their learners.

With the increase in desktop and mobile streaming, the video will become more accessible over time. Regular updates of the video content will ensure up to date information being disseminated on a national scale.

Measures to address under performance in the sub-programme

There were no areas of under-performance linked to the targets set.

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2016/17 year. There were however, some changes made to the technical indicators to ensure they comply with the SMART principles.

2.5.7 Performance of the Risk Management and Internal Audit Sub-Programme

This sub-programme achieved two out of the three targets set with the target on internal controls not being fully achieved.

During the year under review, strategic and operational risk assessments were conducted. The results were then monitored on a monthly basis and reported quarterly.

The Risk Management Committee, which was previously not operational, was re-established. This contributed to increased awareness and accountability of management in managing the risks identified for their specific sections.

A compliance database was established. This allowed SASSETA to monitor how the body was performing with regard to compliance. The compliance database also included monitoring compliance with regard to governance structures.

At the beginning of the year under review, a new internal audit firm was appointed to perform internal audit functions within SASSETA. The new audit team conducted their work in line with a three year rolling audit plan approved by the Audit and Risk Committee. The new internal audit team contributed significantly in identifying any internal control deficiencies and this allowed SASSETA to put in place measures to address these deficiencies. In most instances, follow up audits were conducted to monitor progress on the implementation of these measures.

Measures to address under performance within the sub-programme

The one target not met, related to internal control deficiencies and this related predominantly to policies that were outdated and in need of review. Most of these policies have since been reviewed and implementation will be monitored closely in the 2017/18 financial year.

Changes to the planned targets of sub-programme

There were no changes to planned targets during the 2016/17 year.

2.5.8 PROGRAMME 1: Administration

Key performance indicators, planned targets and actual achievements

Ref	Strategic Objective	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned targets to actual achievement for 2016/2017	Comment on deviation
STRATEGIC OBJECTIVE: Improved financial management across the SASSETA						
1.	Percentage of non-compliance with PFMA and SDLA resolved annually	-	100%	100%		
2.	Percentage of budget committed against the APP annually	74%	100%	96.1%	-3.9%	SASSETA only received the levy contribution of DSC on 27 March 2017. Based on anticipation of payment by end of January 2017 and after non-payment by that date, cut backs were implemented. Also R3 million was budgeted for the refurbishing of the SASSETA's ICT servers and was not spent due to delays in the finalisation of the tender processes.
3.	Percentage compliance with SCM policies and procedures	25%	100%	100%		
Strategic objective: Increased productivity levels across the SASSETA						
4.	Improve the SETA's performance based on the Management Performance Tool	100%	100%	100%		
Strategic objective: Increased availability of the ICT system						
5.	Annual review and implementation of the ICT Master Systems Plan	55%	80%	80%	-	

Ref	Strategic Objective	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned targets to actual achievement for 2016/2017	Comment on deviation
Strategic objective: Increase SASSETA's visibility through access to career exhibitions and vocational guidance						
6.	SASSETA's Marketing and Communication strategy approved and implemented as per the M&C plan by March 2017	-	80%	83%	+3	The over-achievement of the target can be attributed to moving forward 2017/2018 planned projects to enable us to better serve our learners.
Strategic objective: Improved governance, leadership and management across the SASSETA						
7.	Improved SASSETA annual governance rating/maturity level	Level 1	Level 1	Level 2		
8.	Percentage compliance with internal controls across SASSETA	77%	100%	84%	-16	During the internal audit process a few internal control deficiencies were identified with regard to SASSETA internal controls. While these were subsequently addressed they resulted in SASSETA not being able to report 100% compliance.
9.	Improved SASSETA annual Risk Management level	Level 4	Level 5	Level 5		

2.6 PROGRAMME 2: LEARNING PROGRAMMES

The purpose of Skills Planning Research, and Monitoring, Reporting and Evaluation is to provide strategic direction and leadership on these areas to the SETA.

The work undertaken by this programme is central to the core mandate of the SETA's vision *'to be the leaders in skills development for safety and security'*.

Programme 2 contributes to the following strategic objectives:

- Increased efficacy in SASSETA's discharge of the QA function.
- Reduced critical and scarce skills gap in the safety and security sector, through the provisioning of quality learning programs.

Programme 2 is broken into two sub-programmes:

- a. ETQA sub-programme.
- b. Skills Learning and Implementation sub-programme.

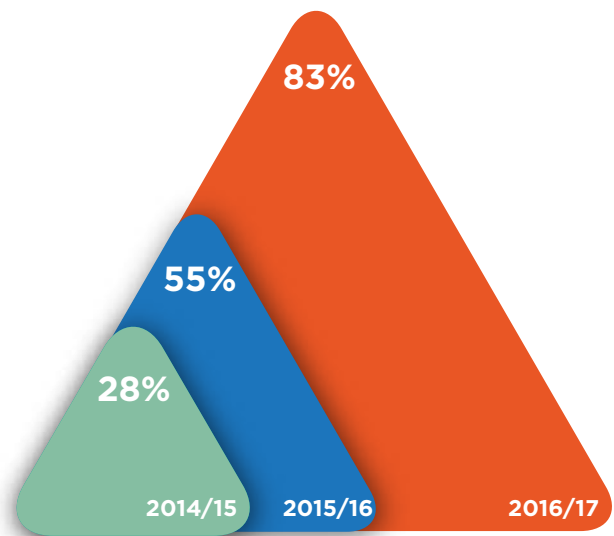
Learning Programmes is a core department of SASSETA which comprises programmes and projects funded through the discretionary grant processes (including bursaries, learnerships, work integrated learnerships, internships, graduate placements, skills programmes and artisan training). It is also supported by the Education Training Quality Assurance (ETQA) systems (including certification, material development, accreditation, verification and moderation). The programme has two distinct sub-programmes; namely sub-programme learning programme implementation, and sub-programme ETQA.

Part of the purpose of Programme 2 is to execute the functions delegated by the Quality Council for Trades and Occupations (QCTO), with regards to the quality assurance of curricula for occupational qualifications or part-qualifications or learnerships.

2.6.1 Overall performance of Programme 2

Learning Programmes achieved 83% of its programme indicators. This is an improvement from the previous two years' performance of 55% in 2015/16 and 28% in the 2014/15 financial year.

Figure VII: Percentage of targets achieved over the last three years



2.6.2. Overall budget linked to performance - Programme 2

Sub programme	Final budget R'000	Actual expenditure R'000	(Over)/Under Expenditure R'000
ETQA	6 245	4 768	1 477
Skills Learning Implementation & Development	279 570	140 020	139 550

2.6.3. Performance of the ETQA sub-programme

The purpose of this programme is to execute the delegated functions by the QCTO, with regard to the curricula of the occupational qualification, part-qualification and learnerships, and to ensure that the quality assurance functions are carried out effectively.

The sub-programme consists of the following;

- Quality Assurance
- Certification

The Education Training and Quality Assurance (ETQA) sub-programme entails accreditation of providers, and monitoring of accredited providers to ensure compliance and adherence to quality assurance requirements and standards.

The registration of assessors and moderators registration is essential to promote legal accountability of assessment decisions made against learners' qualifications. Learning programmes and learning material development is evaluated to ensure qualifications comply with current regulations. Verification and certification of learner results are crucial roles performed by the ETQA department.

SASSETA's management of the learner records database is linked to the South African Qualifications Authority (SAQA) National Learner Record Database (NLRD). New occupational qualifications have been developed, while existing qualifications are re-aligned through the Quality Council of Trade and Occupations (QCTO) processes.

In the previous two financial years, this sub-programme achieved below 35% of the set targets. However, due to a concerted focus that was placed on this sub-programme, during the 2016/17, the sub-programme was able to achieve 83 % of its targets.

Also during the year under review, the sub-programme implemented stringent provider accreditation methods when evaluating competencies and credentials of Training Providers, so as to ensure that accredited providers are in compliance with accreditation requirements. The pool of SASSETA Assessors and Moderators registered has increased due to demands for SASSETA qualification learner uptake.

- **Accreditation of Providers:** In the 2016/17 financial year, training providers' accreditation requirements were tightened to ensure compliance with accreditation standards. Training providers upheld high training standards for quality training and development. The number of accredited training providers has increased in compliance with the new requirements.
- **Accredited Providers' Registration with Department of Higher Education (DHET):** The SASSETA providers were notified of the urgency and necessity to register with the Department of Higher Education and Training (DHET), for qualifications and/or part-qualifications on the Occupational Qualification Sub-Framework (OQSF). This means private education and training providers must be registered with the state to keep education training and development standards on the same high level as public institutions.

The opportunity for accredited providers to register with the Department of Higher Education (DHET) was offered on the basis of institution standards comparison. The point of departure was the National Qualification Framework (NQF) vis-à-vis Occupational Qualification Sub Framework (OQSF) managed by the Quality Council for Trades and Occupations (QCTO).

- **Accreditation of Public Institutions - TVET Colleges:** Seven (7) TVET colleges have been accredited with full approval as Education and Training Providers for qualifications within the SASSETA scope. They are listed below:

- i. South West Gauteng TVET College
- ii. Buffalo City College
- iii. Tshwane South TVET College Pretoria West
- iv. Orbit TVET College
- v. Tshwane South TVET College
- vi. Goldfield TVET College
- vii. Majuba TVET College

In the next financial year ETQA will continue to promote public institutions offering SASSETA accredited qualifications aiming to ensure quality training and protect learners from poor quality programmes.

- **Occupational Qualifications Re-alignment/ Development through QCTO process:** The ETQA re-alignment of occupational qualifications through the Quality Council for Trades and Occupations (QCTO) process entailed various stakeholder engagements characterised by participation, involvement and buy in. This encouraged valuable stakeholder contributions to be harnessed. Subject matter experts were identified as part of working groups for occupational qualifications re-alignment. The process enabled the commencement of the re-alignment of five occupational qualifications.

In the next financial year the ETQA will focus on increasing the number of re-aligned occupational qualifications to cover a wide spectrum of qualifications as per SASSETA's scarce and critical skills.

- SASSETA occupational qualifications developed through the Quality Council for Trades and Occupations (QCTO) and registered by the South African Qualifications Authority (SAQA) are as follows:

- i. Occupational Certificate: Prison Officer (Correctional Official) NQF Level 05;
- ii. Occupational Certificate: Parole Board Member (Offender Placement and Release Practitioner) NQF Level 06.

- **Certification:** Services to training providers and learners improved tremendously and evidence was produced to substantiate ETQA performance being adequately aligned to the Annual Performance Plan (APP) and technical indicators.

Major effort went into the collection, storage and retrieval of performance information. The learner certification processes and internal controls put into place have proven to be efficient and effective, as the turnaround time to deliver learner certificates from receipt of application to the certificate printing and issuance has drastically improved.

Measures to address under performance within the sub programme

MOUs have been signed with QCTO for the three qualifications not finalised, and these will be fast tracked in the new financial year.

Changes to the planned targets

There were no changes to planned targets. However, there were amendments made to the technical indicators to ensure that these indicators align with SMART principles.

2.6.4 Performance of the Skills Learning and Implementation sub-programme

Learning Programmes achieved 82% of its programme indicators which is an improvement on the previous two years performance of 70% in 2015/16 and 28% in the 2014/15 financial year.

The learning programme implementation unit further improved upon its policies and processes to

ensure the streamlined implementation of learning programmes. These Policies and Standard Operating Procedures were fully implemented during the 2016/17 financial year.

The three rural development projects for unemployed youth that started in the previous financial year (beneficiaries from Hammanskraal, Umgungundlovu, Nyandeni, Port St John's, Ingquza Hills and Umhlonto), were successfully completed with over 80% of students being certified as competent. A further highlight is that most of these learners have already been absorbed into employment. Others are due to commence employment in June 2017.

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 learners to complete their tertiary studies. Learners are thereafter directed to prospective employers who will employ qualified learners. With unemployed learners, SASSETA makes several learnerships available to unemployed youth. During this period SASSETA paid the training provision costs associated with the learnership, 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.

i. Learnerships

SASSETA has 36 learnerships registered with the Department of Higher Education and Training. All registered learnerships are geared towards providing learners with necessary knowledge required for the various occupations in the safety and security sub-sector. In the 2016/2017 financial year, SASSETA and the South African Police Service identified a need to register a learnership pertaining to the newly revised basic police training. This learnership was accordingly registered by the Department of Higher Education and Training on 27 March 2017.

During the year under review, SASSETA supported 3 003 unemployed and 2 000 employees across the

sector with learnerships. These learnerships were in line with the SASSETA scarce and critical skills. The year under review saw SASSETA partnering with the Justice College in implementing the Legal Interpreting Learnership NQF 5 (a two year diploma) for the very first time. This diploma was traditionally only implemented through universities. The Public Sector Accounting Learnership NQF 4 was also implemented in a bid to ensure that support staff working with finance in the South African Police Services are provided with additional finance related skills.

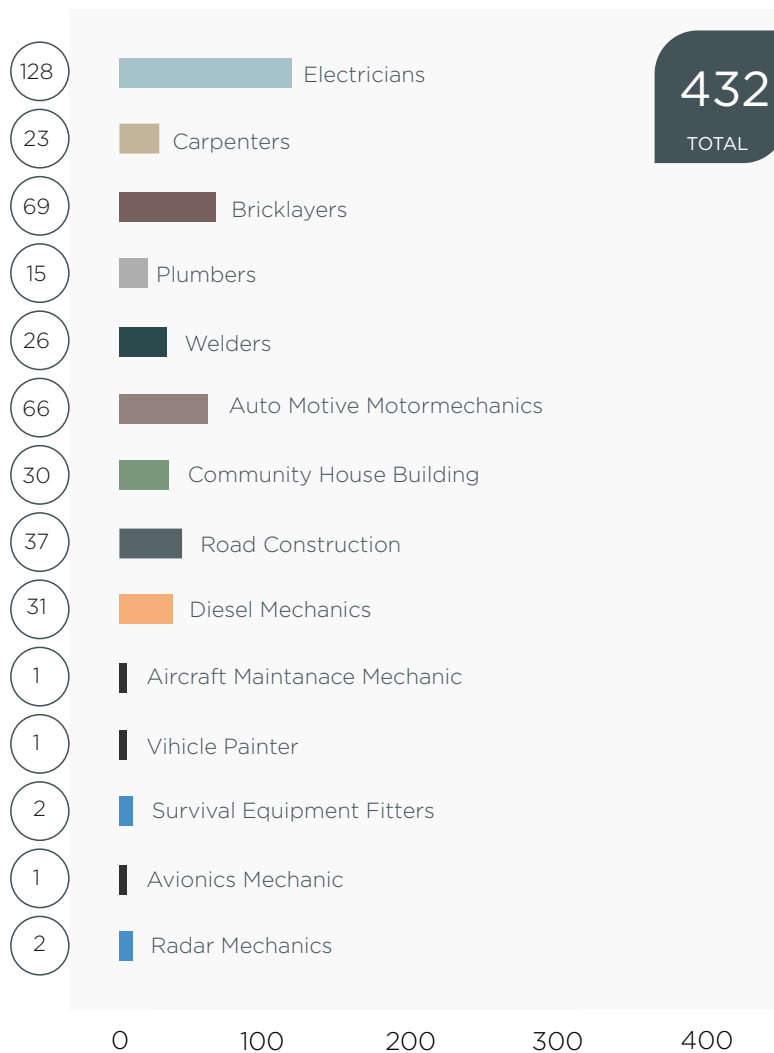
SASSETA implemented the ODETDP (Occupationally Directed Education and Training Development) Learnership as part of its goal in relation to lecturer development. One hundred lecturers from the South African Police Colleges have been trained through the ODETDP Learnership, and now have additional knowledge on issues pertaining to curriculum development, assessment and moderation.

ii. Artisans

The year under review saw 432 learners being enrolled in various artisan related learning programmes. Two hundred and sixty-six (266) learners are unemployed youth, while 166 learners are employees of the Department of Defence. The skills being taught include:

- Electrical work;
- Carpentry;
- Community House Building;
- Road Construction;
- Plumbing;
- Welding;
- Automotive Motor Mechanics;
- Diesel Mechanics;
- Bricklaying;
- Aircraft Maintenance Mechanics;
- Vehicle Painting;
- Survival Equipment Fitting;
- Avionics Mechanics;
- Radar Mechanics.

Figure VIII: Depiction of the spread of learners per trade:



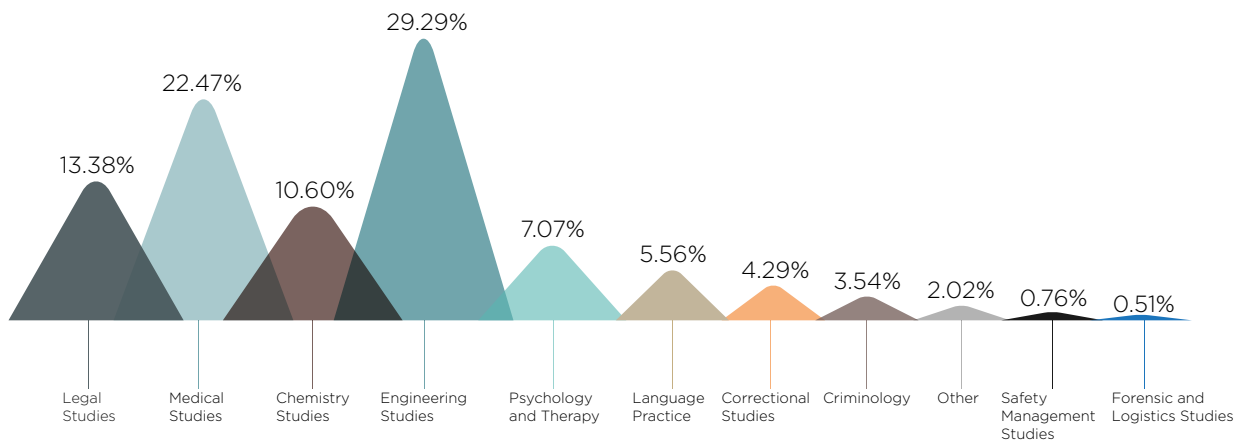
With regard to artisan training, SASSETA has also been involved in the recommendation of workplaces for approval by the National Artisan Moderating Body (NAMB).

In the year under review, for the first time since the establishment of SASSETA, the body was in compliance with DHET requirements whereby only learners who had successfully completed trade tests could be reported as completed artisans. In this regard, 118 artisan learners were reported as fully completed having done their trade tests and being issued with trade test certificates by the QCTO.

iii. Bursaries for the Unemployed Learners

Some 396 new unemployed learners, studying fields of scarce and critical skills of 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 University of Venda, University of the Free State, University of Kwa-Zulu Natal, University of Zululand, Cape Peninsula University of Technology, University of Western Cape, University of Cape Town, University of Pretoria and University of South Africa (UNISA).

Figure IX: Percentage of bursaries awarded in 2016/2017



In the 2017/18 financial year, SASSETA will be ringfencing some of the bursaries for awarding to dependants of police officers and SANDF members, who died in the line of duty as long as these dependants are studying areas that fall within SASSETA identified critical or scarce skills areas.

iv. Skills Programmes

SASSETA implemented a vast array of new skills programmes for employees in the sector. These were:

- Offensive Driving;
- Defensive Driving;
- Access Control Patrol Security;
- Skills Development Facilitating;
- Security Fundamentals;
- Asset and Reaction.

There was a significant over-achievement on this indicator and this was due to the fact that one of the 2014/2015 irregular projects was regularised.

In line with new identified priorities for skills programmes for unemployed individuals, SASSETA has embarked on funding training for three skills programmes. The first skills programme has 728 members of Community Policing Forums who are being given skills on civilian oversight issues, to enable them to understand their role as a 'forum' and to improve communication between the CPFs and the SAPS.



The second skills programme has 40 offenders, who are on the last leg of their sentences and soon to be released. They are being trained so as to enable them to have a skill to establish their own businesses in textiles and agriculture after release from prison. A skills programme has been delivered to 100 military veterans and their dependants, and they are now able to install digital televisions. They are in the process of registering co-operatives, which will be sub-contracted to install digital television in rural areas.

v. Co-funding

SASSETA continued with its co-funding approach to learnerships. Large private security companies have supported this initiative, and SASSETA will continue with co-funding in future financial years. It has been found that there is much more commitment and compliance from employers who are co-funding learning programmes. The amount of co-funded projects increased from 25% in the 2015/2016 financial year to 26% in the 2016/2017 financial year; as depicted in the graphs below.

Figure X: Co-funding in the prior year (2015/16)

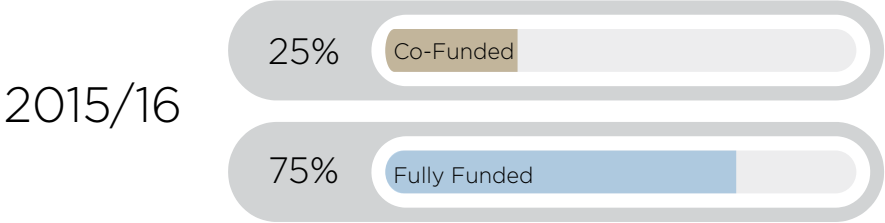
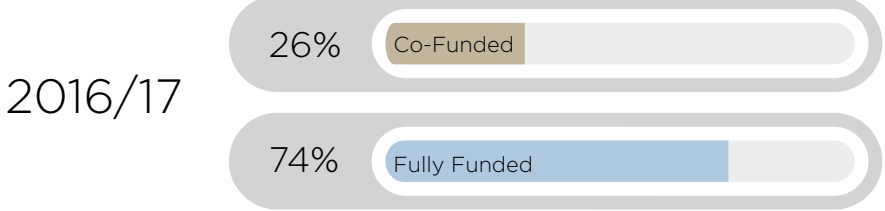


Figure XI: Co-funding in the year under review (2016/17)



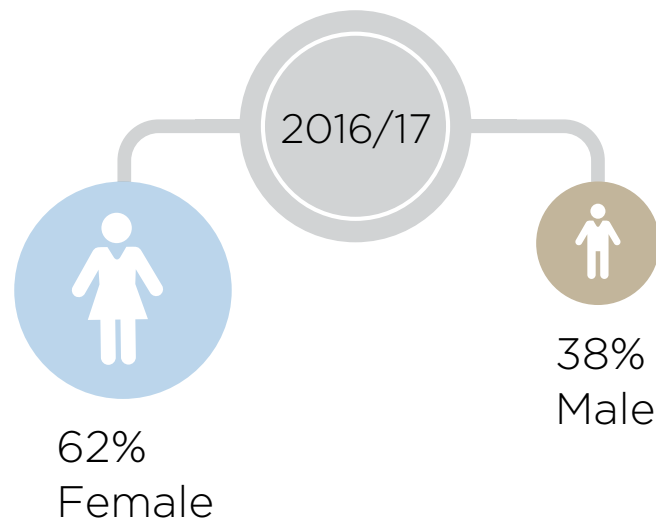
vi. Work Integrated Learning (WIL)

Under WIL, SASSETA has supported learners via 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 are placed for up to 24 months at workplaces; depending on their qualification requirements.

SASSETA has placed learners in various fields, including but not limited to the Candidate Attorneys programme, Human Resources, Administration, Office Management, Business Management, Information Technology, Academic Support and Financial Administration.

There has been an outcry in the country regarding the fact that workspaces were not open for women to do their articles of clerkship, which is a pre-requisite for them to qualify as attorneys. SASSETA has accordingly set aside special funding to be given to legal firms who uptake women candidate attorneys. Some 110 candidate attorneys were funded under university placements. Some 68 learners were women and 42 learners male. This translates to 62% of the candidates being women as depicted in the graph below. Of the 68 women learners, 53 were black learners and 15 were white learners.

Figure XII: Candidate Attorney's funded 2016/17



Measures to address under-performance within the sub-programme

Work is already under-way to ensure that the two missed learning programme targets are fully achieved in the next financial year. The TVET target has since been re-aligned to tally with the actual forecasted budget of the SETA. Due to SASSETA's financial position, SASSETA cannot afford to take on a huge number of learners under this indicator.

With regards the Unemployed Skills Programmes, further strategic approaches have been planned for SASSETA to make its mark in terms of capacitating unemployed learners. Furthermore, the SETA will ensure that where extensions are requested in respect of delayed implementation of awarded

learning programmes, such extensions are limited to the first half of the financial year. This will enable SASSETA to timeously re-advertise other skills programmes and implement these before the end of the financial year.

Changes to the planned targets of the sub-programme

There were no changes to planned targets during the 2016/17 year. There were however changes made to the technical indicators to ensure they comply with the SMART principles.

2.6.5. Achievements sub-programme ETQA

Key performance indicators, planned targets and actual achievements

Ref	Strategic Objective	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned targets to actual achievement for 2016/2017	Comment on deviation
Strategic objective: Increased efficacy in SASSETA's discharge of the QA function						
10.	Percentage of assessors in compliance with SASSETA ETQA Assessor policy	-	80%	90% Registered 129 Received 144	+10%	Target achieved. 10% variance. Target achieved. Assessor applications received were more compliant with registration requirements.
11.	Percentage of moderators in compliance with SASSETA ETQA Moderator policy	60%	65%	95% Registered 59 Received 62	+30%	Target achieved. 30% variance. Target achieved. Moderators applications received were more compliant with registration requirements.
12.	Percentage of Training Providers in compliance with SASSETA ETQA Accreditation Policy	-	60%	69% Accredited 125 Received 181	+9%	Target over achieved by 9% due to provider applications received were more compliant with registration requirements.

Ref	Indicator	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned targets to actual achievement for 2016/2017	Comment on deviation
Strategic objective: Increased efficacy in SASSETA's discharge of the QA function						
13.	Turnaround times to deliver learner certificates from receipt of complete and correct documentation	-	50 days	47 days	-3 days	The over achievement is due to the concerted focus that has been placed on certification over the last two years since the body was placed administration.
14.	Number of new qualifications aligned to skills priorities	4	5	2	-3	The process took longer than anticipated due to the stakeholder engagement.
Strategic objective: Increased responsiveness of Public TVET Colleges to the needs of the Safety and Security Sector						
15.	Number of Public TVET's with SASSETA approved programmes	-	7	7	-	

2.6.6 Achievements of the Skills Learning and Implementation Sub-programme:

Key performance indicators, planned targets and actual achievements

Ref	Indicator	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned targets to actual achievement for 2016/2017	Comment on deviation
Strategic objective						
16.	Number of unemployed learners entering learnerships	2528	3000	3003	+3	This over achievement was due to learner drop out and replacements.
17.	Number of workers entering learnerships	1553	2000	2000	-	
18.	Number of unemployed learners receiving bursaries	382	396	396	-	

Ref	Indicator	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned targets to actual achievement for 2016/2017	Comment on deviation
Strategic objective: Reduced critical and scarce skills gaps in the safety and security sector through the provisioning of quality learning programmes						
19.	Number of workers receiving bursaries	309	320	321	+1	PSIRA who awarded 5 learners requested that we fund 1 more learners within same allocated budget (ie at no additional cost to SASSETA).
20.	Number of unemployed learners entering skills programmes	-	1800	982	-818	Projects were awarded to the Department of Correctional Services for 800 inmates and to the Department of Community Services for 1000 learners. Both recipients could not recruit the required number of learners despite their assurances to SASSETA over the last few months that they will give SASSETA the required number of learners.
21.	Number of workers entering skills programmes	-	3000	3893	+893	The over achievement was due to the regularisation and condonement of 2014/15 project and the need to accommodate learners that were recruited for this programme.
22.	Number of artisans entering skills programmes	503	428	432	+4	Some learners who affected by the cancellation of irregular contracts in the 2014/15 still had to be accommodated as they could not be left without training and qualifications.

Ref	Indicator	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned targets to actual achievement for 2016/2017	Comment on deviation
Strategic objective: Reduced critical and scarce skills gaps in the safety and security sector through the provisioning of quality learning programmes						
23.	Number of artisans completing skills programmes	-	118	118	-	
24.	Number of unemployed learners entering internships	306	350	350	-	
25.	Number of TVET student placements	1810	2000	116	-1884	Insufficient funding to implement training for all 2000 learners. Also a contract was award to the department of Justice Department but they failed to recruit the learners before year end. Equally, SAPS was awarded a contract to host TVET students but they asked that the contract only be implemented in the 2017/18 year.
26.	Number of university student placements	102	200	200	-	

2.7 PROGRAMME 3: SKILLS PLANNING, RESEARCH, MONITORING, REPORTING AND EVALUATION

The purpose of Skills Planning, Research, Monitoring, Reporting and Evaluation is to provide strategic direction and leadership on these areas to the SETA.

The work undertaken by this programme is central to the core mandate of the SETA's vision: *'to be the leaders in skills development for safety and security'*.

Programme 3 contributes to the following strategic objectives:

- Institutionalised robust planning towards achievement of the SETA 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

2.7.1 Overall programme performance

The programme achieved 9 out of 11 of its annual targets set in the Annual Performance Plan. Key outputs for 2016/17 included reviews of the Sector Skills Plan (SSP), Strategic Plan (SP), the Annual Performance Plan (APP), evaluation of workplace skills plan (WSPs) and annual training reports (ATRs) from our stakeholders. It also included the compilation of four quarterly monitoring reports and a mid-year review report on the APP targets and the implementation of the discretionary grant projects.

2.7.2 Performance per sub-programme

a. The Planning sub-programme is responsible for driving and facilitating organisational strategy development, and coordinating organisational strategic reporting and monitoring processes. Key outputs for 2015/16 included the 2016/17 Year Planner, the new/reviewed Sector Skills Plan (2016/17), approved/reviewed Strategic Plan

(2015/16–2019/20), new Annual Performance Plan (2016/17), and the management and evaluation 2016/17 of WSPs/ATRs.

The sub-programme has achieved 3 out of 5 of its annual targets scheduled in the annual performance plan. Of the two targets that were not achieved, the first related to WSP submission by our small levy and large paying companies because the target was not aligned with the actual number of levy paying companies in the sector. The target has since been reviewed and in the 2017/18 financial year, the sub-programme will also embark on an extensive national campaign to encourage our levy paying companies to claim mandatory grants.

The second target that was not achieved relates to the Year Planner target. Although the meetings scheduled in the Year Planner took place, other organisational priorities resulted in staff not always adhering to the planned dates stipulated in the calendar, which meant that the scheduled meetings happened outside the dates set in the Year Planner Calendar.

b. The Research sub-programme is responsible for leading the development and coordination of research agenda, research strategy and activities and integrative technical support. It also participates in knowledge research and innovation on key development themes. Key outputs for 2016/17 included the development of two research studies and six research publications. The sub-programme has achieved 100% of its annual targets as scheduled in the annual performance plan.

c. The Monitoring, Reporting and Evaluation sub-programme is responsible for the monitoring and evaluation of all SETA programmes and projects, as well as the compilation of quarterly reports on organisational performance against the set targets. Key outputs for 2016/17 included the required four quarterly reports on organisational performance, annual report (2016/17), APP mid-year review report, and three evaluation reports. The sub-programme has achieved 100% of its annual targets as scheduled in the Annual Performance Plan.

2.7.3 Measures to address areas of under performance

At the end of the 2016/17 financial year and in the lead up to the 2017/18 WSP submissions, SASSETA has embarked on an outreach campaign that is aimed at assisting companies, particularly small companies, with the processes around the submission of WSPs.

2.7.4 Changes to the planned targets

There were no changes to planned targets during the 2016/17 year.

2.7.5 Linking performance with budget

Sub-programme	Final budget R'000	Actual expenditure R'000	(Over)/Under Expenditure R'000
Mandatory Grants	49 088	46 621	2 467
Research	2 120	1 583	537
Monitoring, Reporting, and Evaluation	1 512	1 392	120



2.7.6 PROGRAMME 3: Skills Planning, Research, Monitoring, Reporting and Evaluation

Key performance indicators, planned targets and actual performance/achievements

Ref	Indicator	Actual Achievement 2015/2016	Planned target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviation
STRATEGIC OBJECTIVE 6: Institutionalised robust planning towards achievement of the SETA mandate.						
27.	Percentage compliance with SETA Year Plan	100%	100%	72%	28%	Not all activity holders (sub-programmes) complied with their set activities.
28.	Completion of the Sector Skills Plan by the 30 September 2016	30-Sep	30-Sep	30-Sep	-	
29.	Completion Strategic Plan submitted by 30 November 2016	13-Nov	15-Nov	15-Nov	-	
30.	Completion Annual Performance Plan submitted by the 30 November 2016	13-Nov	15-Nov	15-Nov	-	
31.	Number of WSP approved by 31 August 2016	-	700	414	-286	Although the target was not met by August 2016, by year end a total of 786 WSP had been approved with 372 of these being approved after 31 August 2016. This was due to problems with submission, queries during processing as well as subsequent approvals for non- levy payers.

Ref	Indicator	Actual Achievement 2015/2016	Planned target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviation
STRATEGIC OBJECTIVE 7: Increased integrity of M&E information for planning and decision-making and accountability.						
32.	Percentage compliance with the QMR and QPR requirements	100%	100%	100%	-	
33.	Mid-year report on both financial and non-financial performance information completed by target date	Completed	16-Nov	16-Nov	-	
34.	Annual review report on both financial and non-financial performance information completed by target date	-	April	April	-	
35.	Number of relevant impact assessments conducted	5	3	3	-	
STRATEGIC OBJECTIVE 8: Improved identification and understanding of the scarce and critical skills needs across the safety and security sector						
36.	Number of relevant research studies conducted in support of the safety and security sector	-	2	2	-	
37.	Number of relevant research studies published in support of the safety and security sector	-	6	6	-	

GOVERNANCE

3.1 INTRODUCTION

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

3.2 PORTFOLIO COMMITTEES

Two (2) interaction meetings were held by the Portfolio Committee on the Department of Higher Education and Training to deliberate on governance matters relating to the education and training portfolio.

3.3 ACCOUNTING AUTHORITY

The Board of SASSETA was disbanded when SASSETA was placed under administration. The Administrator presented the following reports to Government in the 2016/17 financial year:

- Annual Performance Plan 2016/2017;
- Strategic Plan 2015/2016 - 2019/2020
- Sector Skills Plan 2016;
- Annual Report 2015/2016;
- Four (4) Quarterly Monitoring Reports;
- Four (4) Quarterly Non-Financial Performance Reports;
- Four (4) Quarterly Financial Performance Reports;
- Four (4) Quarterly (Financial and Non-Financial) Performance Reports to the National Treasury;
- Four (4) Compliance to Governance Standards/ Implementation of the SETA Governance Charter" Reports.

3.3.1 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 Administrative period for another year to 13 February 2017. The Administration period was further extended on 08 February 2017 for six months effective from 12 February 2017 to 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 Administrative period closes on 12 August 2017;
- Establish if necessary, with the Minister's approval, chambers as provided for in section 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 provision of the Constitution of the Republic of South Africa, 1996, the Skills Development Act or any other applicable law;
- Ensure dispute resolution, as well as the management of legal issues as required.

The duties of the Administrator are 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;
- 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 (6) month period of appointment.

The following committee meetings were held in 2016/2017:

Committee	Number of Meetings Held	Number of Members	Names of Members	Designation in the committee
Accreditation 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 HOD: Research Acting HOD: Learning Programmes Acting Senior Manager SPRM & E HOD: ETQA
Discretionary Grant Bid Evaluation Committee	31	9	Ms. M Plasket Ms. J Amod Mr. V Memela Mr. M Mosito Mr. M Khakhathiba Ms. M Matlala Mr. S Mahopo Mr. R Adviser Mr. L Thibakoane	Chairperson Acting Senior Manager: Learning programmes HOD : Research Acting HOD: Learning Programmes Acting HOD: Finance HOD: ETQA Data Analyst Management Accountant Assistant Accountant - (Alternative member)
Audit and Risk Committee	6	5	Mr. F Docrat Mr. H Hlomane Mr. R Nke Mr. E Mayet Mr. M Fisher	Chairperson Member Member Member Member*
Bid Adjudication Committee	11	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 Acting Senior Acting Senior Manager SPRM & E Acting Senior Manager: Learning programmes Acting HOD: Finance

Committee	Number of Meetings Held	Number of Members	Names of Members	Designation in the committee
ICT Steering Committee	2	11	Mr. H Hlomane Ms. X Lukhalo Mr. V Memela Mr. L Lebeko Mr. R Ngcobo Mr. L Ngxola Mr. M Mosito Ms. M Matlala Mr. M Khakhathiba Mr. L Matli Mr. W Nkuna	Chairperson Admin Advisor Corporate Affairs HOD Research HOD: HRM Strategic support HOD: HRM Employee Benefits Acting Senior Manager SPRM & E Acting HOD: Learning Programmes HOD: ETQA Acting HOD: Finance Admin Adviser Supply Chain Management HOD: ICT
Employee Equity Committee	3	12	Ms. X Lukhalo Mr. L Lebeko Ms. K Mbuli Ms. M Matlala Ms. M Makgalemele Mr. A Sampson Ms. T Nyamathe Mr. M Mosito Mr. T Netshituni Mr. R Ngcobo Ms. W Moosa Ms. I Bowden	Chairperson HOD: HRM Strategic support Rep: Staff Rep: Management Rep: Staff Rep: Staff Rep: Staff Rep: Union Rep: Finance department HOD: HR Employee benefits Rep Staff Rep: Staff
Management Committee	10	15	Ms. I Qhobosheane Ms. X Lukhalo Mr. Z Mnisi Ms. A Mamabolo Mr. V Memela Mr. L Lebeko Mr. R Ngcobo Mr. L Ngxola Mr. M Mosito Ms. M Matlala Ms. M Plasket Mr. M Khakhathiba Mr. L Matli Mr. W Nkuna Ms. J Amod	Chairperson Admin Advisor Corporate Affairs Admin advisor M& C Admin Advisor: Planning, Monitoring & Evaluation, Reporting, Governance, Risk & Compliance and Finance HOD Research HOD: HRM Strategic support HOD: HRM Employee Benefits Acting Senior Manager SPRM & E Acting HOD: Learning Programmes HOD: ETQA Admin Advisor Skills Development Acting HOD: Finance Admin Adviser Supply Chain Management HOD: ICT Acting Senior Manager: Learning programmes

Committee	Number of Meetings Held	Number of Members	Names of Members	Designation in the committee
Mandatory Grant Committee	2	9	Mr. G Gulston Ms. C Skhontya Ms. M Matlala Mr. V Memela Mr. R Govender Ms. M Plasket Mr M Mosito Mr. M Khakhathiba Mr. L Ngxola	Chairperson* Risk Officer HOD: ETQA HOD: Research Registry Practitioner Admin Advisor Acting HOD: Learning Programmes Acting HOD: Finance Acting Senior Manager SPRM & E
Quarterly Performance Review	4	22	Ms. J Irish- Qhobosheane Ms. M Moroka 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 Mr. Gulston Ms. M Plasket Ms. Asnath Mamabolo	Chairperson Chief Executive Officer Admin Advisor Corporate affairs HOD: HR Employee benefits HOD: HR Strategic support Acting Senior Manager: Learning Programmes Acting HOD: Learning Programmes Risk Officer 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 SPRM & E HOD: Marketing HOD: ETQA Chief Financial Officer* Admin Advisor: Skills Planning and Research. Admin Advisor: Planning, Monitoring & Evaluation, Reporting, Governance, Risk & Compliance and Finance
Human Resource Development Committee	7	5	Mr. L Lebeko Mr. M Khakhathiba Mr. T Monotoe Ms. A Setsetse Mr. M Mosito	Chairperson Acting HOD: Finance Staff Staff Union

* - Member resigned during the 2016/17 financial year.

3.4 RISK MANAGEMENT

SASSETA's Risk Management Strategy, which was effectively implemented during the 2016/17 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 managers.

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 mitigate and respond to these risks where necessary. As such, the annual assessment exercise was conducted during the 2016/17 financial year, and strategic and operational risks were identified. These were prioritised based on the probable impact following an occurrence, as well as the likelihood of the occurrence happening.

The Risk Management Department monitors and reports on an ongoing basis to management, the Audit and Risk Committee and the Accounting Authority, regarding the risks facing SASSETA.

3.5 INTERNAL AUDIT

SASSETA does not have an in-house internal audit function, however, it has outsourced the function to Outsourced Risk & Compliance Assessment (ORCA). The internal auditors reports administratively to the Accounting Authority and functionally to the Audit and Risk Committee on the internal audit purpose,

authority, responsibility, and performance related to its plan, including significant risk exposures and internal controls identified, corporate governance and other matters as requested by 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 procedures; and
- 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: Risk Management, Performance Information, Discretionary Grant Funded Projects, Supply Chain Management, Human Resources and Payroll, ETQA, IT General Controls Review, Mandatory Grants, Fixed Assets, Finance Review and commitment register and follow up and address internal and external audit findings.

3.6. AUDIT AND RISK COMMITTEE

3.6.1 Audit and Risk Committee Meetings

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	No. of Meetings attended
F. Docrat	IoDM, IRMSA-AS, CISA,CGEIT, CISM,MBA	External	n/a	21/05/15	n/a- active	6
H. Hlomane	Masters in IT, BSc-Mathematical Science	External	n/a	21/05/15	n/a- active	6
E. Mayet	B.Compt	External	n/a	24/02/16	n/a- active	6
R. Nke	B Juris, LLB, H. Dip Tax Law and Co Law, Postgraduate Diploma in Cyber Law	External	n/a	24/02/17	n/a- active	6
M. Fisher	Qualifications: CA (SA), Bcompt (Hon)	External	n/a	21/05/2015	09/06/2016	3

3.6.2 Audit Chairperson's report

Audit and Risk Committee Responsibilities

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted 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, except that it has not reviewed changes in the accounting policies and practices.

Meetings held requiring Audit and Risk Committee members

- Audit and Risk Committee;
- IT Steering Committee; and
- Bonus Moderation Committee.

Effectiveness of Internal Controls

The Internal Audit findings based on risk assessment in the public entity, revealed certain weaknesses, which were raised with the Administrator and the

SASSETA management.

The system of internal control was adequate and partially effective for the year under review. Several deficiencies in the system of internal control, including deviations from it, were reported by the internal auditors and AGSA. The Audit Committee however, based on the reports of internal and external auditors, is of the opinion that the internal control system continues to improve.

The following internal audit reports were submitted to the Audit and Risk Committee:

- Performance Information Evaluation;
- Discretionary Grant Funded Projects;
- Supply Chain Management;
- Human Resources and Payroll;
- ETQA;
- IT General Controls;
- Mandatory Grants;
- Fixed Assets;

- Commitment Register; and
- Follow Up of Internal and External audit findings.

While considerable improvement had been noted in the overall control environment, the following were areas of concern:

- The IT Environment;
- Supply Chain Management; and
- ETQA.

In-Year and Monthly/Quarterly Reporting

As a public entity, SASSETA reports monthly and quarterly to the Executive Authority and National Treasury, as required by the PFMA. The Audit and Risk Committee reported 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 the SASSETA, and discussed:

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

Evaluation of Financial Statements

ARC is aware of repeat findings regarding Commitments and Provisions emanating from prior years. However ARC is satisfied with significant improvement in all other areas of internal controls.

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 report of the auditor.



Faizal Docrat
Chairperson of the Audit and Risk Committee
SASSETA
29 July 2017

3.7. COMPLIANCE WITH LAWS AND REGULATIONS

SASSETA has put in place the Regulatory Compliance Framework, 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, by means of compliance audits conducted by other government institutions such as SAQA/QCTO, DHET etc, as well as the regulatory audit conducted by the AGSA. New developments and changes to skills development legislation are also communicated to the broader stakeholder base through workshops, bulk email, SASSETA's website, and so on.

3.8. 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, a forensic investigation was launched regarding one case reported (the case relates to allegations of corruption that occurred in the 2014/15 financial year).

SASSETA also has three fraud/corruption cases that have been reported to 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 SAPS. 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 2015/16 financial year).
- ii. A case involving R200 million possible fraud and corruption (based on the forensic

audits conducted in 2015/16) 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 Directorate for Priority Crime Investigation (DPCI) involving over R8 million paid out for a forensic audit in 2014/15 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.

3.9. 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 in Supply Chain proceedings, a declaration of interest form is circulated to members of bid committees before the commencement of the meetings, and Supply Chain Management (SCM) employees are required to declare any interest they might have in relation to transactions entered into with service providers.

SASSETA's SCM Policy outlines the process to be followed where conflict of interest has been identified. There were no identified cases of conflict of interest during the year under review.

3.10 CODE OF CONDUCT

SASSETA's code of conduct 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 applicable laws and regulations governing the SETA's activities and business practices. The code of conduct is applicable to all employees.

3.11 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 improving corporate governance, enhancing relationships with key stakeholders and implementing applications to promote a green culture throughout 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

4.1 INTRODUCTION

The Human Resources sub-programme is at the centre of sound employment practices through the advisory and guidance service it provides to management and employees. Some of the key functions performed by the Human Resources Department include: Remuneration and Benefits, Training and Development, Performance Management, Employee Wellness, Leave Administration, Recruitment and Selection, as well as Occupational Health and Safety. It places a strong emphasis on employees by incorporating best Human Resources practices in its daily activities.

4.2 DELIVERABLES

The jobs and salary grading process commenced during the year under review, and it shall be completed in 2017/2018 financial year end. It is expected to go a long way towards putting jobs at the correct levels while addressing past salary discrepancies.

The Human Resources Development (HRD) Committee was re-established in the 2016/17

financial year to ensure that staff development links to the overall organisational strategy. Employee education and study assistance is aligned to the employees' personal development plans (PDPs), to ensure increased knowledge and competencies in their particular work environments. The new SASSETA HRD plan also served to simplify the implementation of Affirmative Action measures in SASSETA.

The following critical appointments were filled during the year under review:

- ICT Manager; and
- Supply Chain Manager.

Induction of new staff members was completed. A new employee wellness contract was signed with the relevant service provider. A total of 32 employees were funded for various academic studies.

The composition of the Employment Equity (EE) Committee was reviewed. The EE Report was prepared and submitted to the Department of Labour.



4.3 HUMAN RESOURCE OVERSIGHT STATISTICS

Programme	Total expenditure for the Entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure
Administration	71 458	35 270	14%
Learning programmes	140 020	11 336	4%
Planning, monitoring, evaluation, research & reporting	46 621	3 956	2%
TOTAL	258 099	50 562	20%

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost
Senior and Top Management	14 911	30%
Professional qualified (Practitioners and Senior Practitioners)	15 377	30%
Skilled (Administrators and Clerks)	19 209	38%
Semi-skilled (Auxiliary Services)	1 065	2%
TOTAL	50 562	100%

Performance Rewards

Staff performance rewards for 2015/16 and 2016/17 shall be paid after due processes have been followed. Currently, an amount of R2.8 million and R2.9 million has been set aside for performance rewards respectively. (Please refer to Note 14: Provisions in the annual financial statements).

Training Costs for 2016/2017

Programme	Training Expenditure (R'000)	No. of Employees Trained	Ave. Training cost Per Employee (R'000)
BCom Honours	23	1	23
BCompt	16	1	16
MBA	39	1	39
BA Social Science	11	1	11
Advanced Business English	10	1	10
Advanced Diploma in Project Management	59	1	59
Higher Certificate in Project Management	275	6	46
BA Policy Studies	12	1	12
BCom (HRM)	18	1	18
BTech HRM	122	2	61
National Certificate ODETDP	242	8	30
National Diploma ODETDP	30	1	30
Advanced Programme in Risk Management	10	1	10
Corporate Governance	19	1	19
Certificate in Practical Project Management	39	1	39
Short course in Project Management	13	1	13
Office Administration Certificate	42	1	42
Computer Course	12	1	12
Risk and Corporate Training	25	1	25
Total	1 017	32	

The total training cost represent 2% of the total employment cost of R50.6 million.

Employment as at 31 March 2017

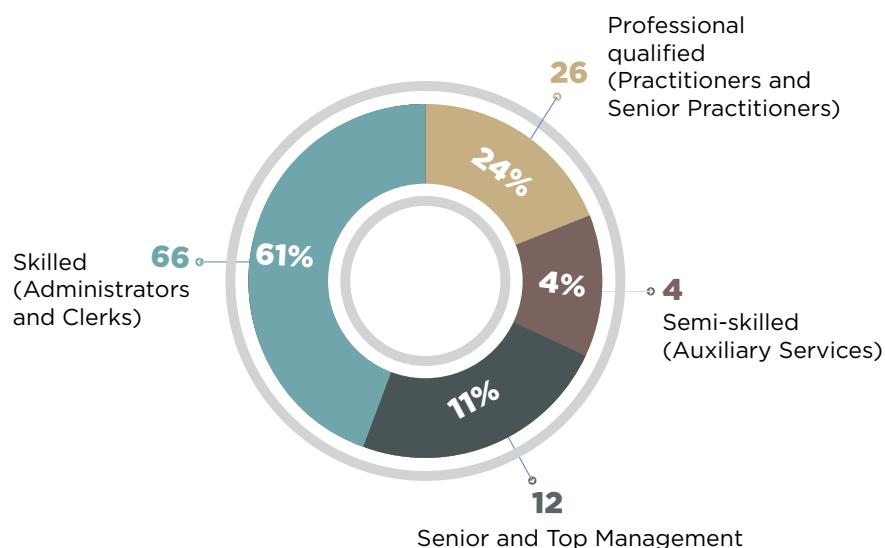
Programme	No. of Employees	% of Staff Complement
Programme 1: Administration	41	38%
Programme 2: Learning Programmes	45	42%
Programme 3: Planning, Monitoring, Evaluation, Reporting and Research	22	20%
TOTAL	108	100%

Number of employees by occupational level for the 2016/2017 financial year

Employee Level	2016/2017 No. of Employees	% of Staff Complement
Senior and Top Management	12	11%
Professional qualified (Practitioners and Senior Practitioners)	26	24%
Skilled (Administrators and Clerks)	66	61%
Semi-skilled (Auxiliary Services)	4	4%
TOTAL	108	100%

The organisational structure has been developed and is currently in the process of being approved by the executive authority. Vacant positions are therefore being filled based on the critical needs of the entity, therefore overall vacancy rate could not be determined at year end.

Figure XIII: Number of employees by occupational level for the 2016/2017 financial year.



Employment changes

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at end of Period
Senior and Top Management	11	2	1	12
Professional qualified (Practitioners and Senior Practitioners)	26	2	2	26
Skilled (Administrators and Clerks)	53	15	2	66
Semi-skilled (Auxiliary Services)	5	0	1	4
TOTAL	95	19	6	108

Reasons for staff leaving

At end of the year under review, a total of 6 employees had left the employ of SASSETA. There were no resignations in the Semi-skilled category.

Reason for Leaving	Number
Death	1
Resignation	3
Dismissal	1
Retirement	1
Ill health	-
Expiry of contract	-
Other	-
TOTAL	6

Labour Relations: Misconduct and disciplinary action

As at 31 March 2017 one employee was dismissed. No disciplinary action was taken against any other employees.

Nature of Disciplinary Action	Number
Verbal Warning	-
Written Warning	-
Final Written warning	-
Dismissal	1

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	-	-	-	1	-	1	-
Professional qualified (Practitioners and Senior Practitioners)	12	-	-	-	-	-	-	-
Skilled (Administrators and Clerks)	56	-	1	-	1	-	-	-
Services	3	-	-	-	-	-	-	-
TOTAL	74		1		2		1	

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior and Top Management	6	-	-	-	-	-	-	-
Professional qualified (Practitioners and Senior Practitioners)	10	-	1	-	1	-	-	-
Skilled (Administrators and Clerks)	10	-	1	-	-	-	-	-
Semi-skilled (Auxiliary Services)	1	-	-	-	-	-	-	-
TOTAL	27		2		1		-	

Report of the auditor-general to Parliament on the Safety and Security Sector Education and Training Authority

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 (Sasseta) set out on pages 74 to 116, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information 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 Sasseta as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA 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, 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 my report.
4. I am independent of the public 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 matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 19, to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2017.

Irregular and fruitless and wasteful expenditure

8. As disclosed in note 18.1 to the financial statements, irregular expenditure to the amount of R748 407 was incurred as a result of non-compliance to treasury regulation 16A6(c) and 16A3.2.
9. As disclosed in note 18.2 to the financial statements, the entity incurred fruitless expenditure amounting to R2 115 000 for penalties and interest due to non-payment of skills levies in previous periods.

Other matter

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

Seta administration

11. On 12 February 2015 the director-general of the Department of Higher Education and Training

placed the Sassetta under administration, as per the Government Gazette Notice No. 38469, thereby suspending all members of the accounting authority as well as the seta's constitution. On 8 February 2017 the director-general of the Department of Higher Education and Training extended the administration period for a further six months ending 12 August 2017, as stipulated in the Government Gazette Notice No. 40602.

Responsibilities of the accounting authority for the financial statements

- 12. The accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with SA 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.
- 13. In preparing the financial statements, the accounting authority is responsible for assessing the Sassetta's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the public entity or cease operations, or there is no realistic alternative but to do so.

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

- 14. 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 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.

- 15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

- 16. 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 for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 17. My procedures address the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators 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.
- 18. 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 public entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 - learning programmes	43 - 47
Programme 3 - planning, monitoring, evaluation and research	50 - 51

19. I performed procedures to determine whether the reported 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.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 2: learning programmes
 - Programme 3: planning, monitoring, evaluation and research.

Other matters

21. I draw attention to the matter below.

Achievement of planned targets

Refer to the annual performance report on pages 43 to 47; 50 to 51 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Report on audit of compliance with legislation

Introduction and scope

22. 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.
23. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework in all instances, as required by section 55(1)-(b) of the PFMA. Material misstatements in provisions; accumulated surplus and discretionary grants commitments identified in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

25. Invitations for competitive bidding were not always advertised for a required minimum period, as required by treasury regulation 16A6.3(c).
26. A contract was awarded to a bidder that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and preferential procurement regulation due to the objective criteria not clearly applied in evaluating a tender.

Other information

27. Sassetta's accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting authority's report and audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the 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 or 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Leadership

31. There was insufficient oversight by the accounting authority and management in the areas of financial reporting to ensure accurate financial information and that compliance with laws and regulations that relate to procurement and financial statements were effective to prevent and detect material misstatements and non-compliance issues.

32. Insufficient monitoring of the implementation of the developed action plan to address previously raised internal control deficiencies resulted in material misstatements and non-compliance.

Financial and performance management

33. The entity did not have sufficient monitoring and review controls to maintain reliable and credible information that supports the financial information contained in the financial statements. This resulted in material adjustments to commitments, provisions and accumulated surplus. Further, non-compliances could have been prevented had procurement been properly planned.

Auditor - General.

Auditor-General
Pretoria
31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 public entity’s compliance with respect to the selected subject matters.

Financial statements

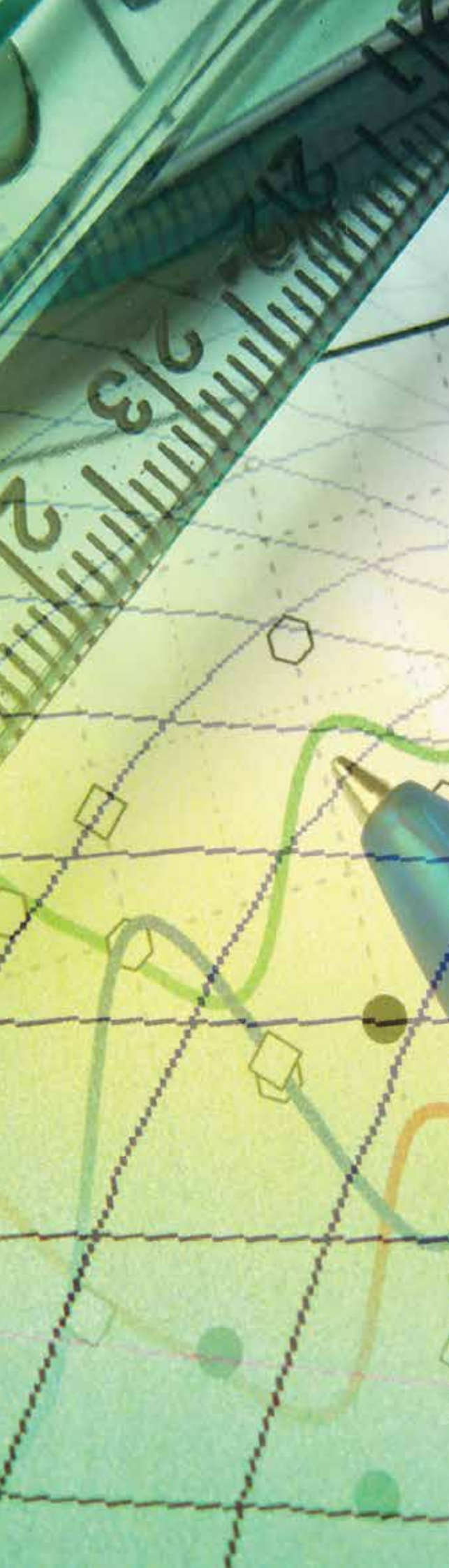
2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made 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 Sassetta’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 the auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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.



ANNUAL FINANCIAL STATEMENTS 31 MARCH 2017

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SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2017

AUDITED

The Annual Financial Statements for the year ended 31 March 2017, set out on pages **74** to **116**, 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:



Administrator
Jennifer Irish-Qhobosheane
SASSETA
29 July 2017

SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016/17 R'000	Restated 2015/16 R'000
REVENUE			
Non-exchange transactions			
Skills Development Levy: Income	2	365,691	346,165
Skills Development Levy: Penalties and interest	3	8,796	8,051
Exchange transactions			
Investment income	4	13,425	5,352
Other income	5	-	126
Total Revenue		387,912	359,694
EXPENSES			
Employer grant and project expenses	6	(186,641)	(249,917)
Administration expenses	7	(71,458)	(70,393)
Total Expenses		(258,098)	(320,310)
NET (DEFICIT) / SURPLUS FOR THE YEAR	1	129,813	39,384

SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2016/17 R'000	Restated 2015/16 R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	7.2	2,738	3,104
Intangible assets	8	339	80
		3,078	3,184
Current Assets			
Accounts receivable from non-exchange transactions	9	15,547	44,752
Accounts receivable from exchange transactions	9	2,744	1,875
Inventory	10	589	618
Cash and cash equivalents	11	277,226	133,523
		296,106	180,768
Total Assets		299,183	183,952
EQUITY AND LIABILITIES			
Non-Current Liabilities			
Finance lease obligations	12	-	-
		-	-
Current Liabilities			
Trade and other payables from non-exchange transactions	13	6,369	17,041
Trade and other payables from exchange transactions	13	26,905	28,302
Current portion of finance lease obligation	12	-	123
Provisions	14	13,657	16,220
		46,930	61,686
Total Liabilities		46,930	61,686
NET ASSETS		252,253	122,266
Funds and Reserves			
Administration reserve		3,078	3,184
Employer grant reserve		706	42
Discretionary reserve		248,469	119,042
Unappropriated surplus		-	-
TOTAL FUNDS AND RESERVES		252,253	122,268
TOTAL NET FUNDS AND LIABILITIES		299,183	183,952

SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2017

		Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Reserve R'000	Unappropriated surplus R'000	Total R'000
	Notes					
Restated balance as at 1 April 2015		6,457	372	76,055	-	82,884
Net surplus as per Statement of Financial Performance					39,384	39,384
Allocation of unappropriated surplus	1	2,532	13,980	22,872	(39,384)	-
Excess reserves transferred to Discretionary reserve		(5,805)	(14,310)	20,115	-	-
Balance at 31 March 2016		3,184	42	119,042	-	122,268
Restated balance as at 31 March 2016		3,184	42	119,042	-	122,268
Net surplus per Statement of Financial Performance		-	-	-	129,813	129,813
Net impact on the SDL levy income*		-	-	171	-	-
Allocation of unappropriated surplus	1	54,927	17,065	57,822	(129,813)	0
Excess reserves transferred to Discretionary reserve		(55,033)	(16,401)	71,434	-	-
Balance at 31 March 2017		3,078	706	248,469	-	252,253

An amount of R706' (2015/16 - R42') is disclosed in the employer grant reserve refer to note 16.1 for details.

*This amount was erroneously accounted both in the trial balance as well as the statement of changes in net assets resulting in double accounting

SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY
ANNUAL FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016/17 R'000	Restated 2015/16 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts from stakeholders		402,823	317,111
Levies, interest and penalties received	2	402,823	317,111
Payments			
		(271,107)	(311,847)
Grants and project payments		(186,641)	(249,916)
Compensation of employees		(39,225)	(35,827)
Payments to suppliers and other		(45,241)	(26,105)
Net cash inflow from operating activities	15	131,716	5,264
Interest income		13,425	5,352
Finance costs		(9)	(85)
Cash generated from operating activities		145,131	10,531
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment & Intangible assets	7.2	(1,305)	(541)
		(1,305)	(541)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments relating to finance lease payments		(123)	(1,235)
		(123)	(1,235)
Net increase in cash and cash equivalents		143,703	8,755
Cash and cash equivalents at beginning of year	11	133,524	124,769
Cash and cash equivalents at end of year	11	277,227	133,524

SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE-COMPARISON TO THE BUDGET
FOR THE YEAR ENDED 31 MARCH 2017

	ACTUAL	APPROVED BUDGET	ADJUSTMENTS	REVISED APPROVED BUDGET	VARIANCE BETWEEN ACTUAL REVISED APPROVED BUDGET
Note	2016/17 R'000	2016/17 R'000	2016/17 R'000	2016/17 R'000	Favourable (unfavourable)
REVENUE					
Skills Development Levy: Private Companies	257 647	249 209	(11 759)	260 968	(3 321)
Administration(10.5%)	33,717	32 709	1 543	34 252	(535)
Discretionary(49.5%)	160 243	154 198	7 276	161 474	(1 231)
Employer(20%)	63 687	62 302	2 940	65 242	(1 555)
Skills Development Levy: Government Departments	108 044	100 000	22 693	122 693	(14 649)
Donor Funding Income	-	-	-	-	-
Skills Development Levy: penalties and interest	2 8 796	11,035	(2 027)	9,008	(212)
Other Income	5 -	-	-	-	-
Investment Income	4 13 425	5 051	5 406	10 457	2 968
			-		
TOTAL REVENUE	387 912	365 295	(37 831)	403 126	(15 214)
			-		
EXPENDITURE					
Employer Grants Expenses	6 (46 621)	(53 777)	3 488	(50,289)	3 668
Discretionary Grants Expenses	6 (140 020)	(252 930)	(29 057)	(281 987)	141 967
Administration Expenses	7 (71 458)	(58 588)	(12 262)	(70,850)	(607)
TOTAL EXPENDITURE	(258 098)	(365 295)	(37 831)	(403 126)	145 028
NET SURPLUS/(DEFICIT) FOR THE YEAR	1 129 813	-	-	-	129 813

SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY
ANNUAL FINANCIAL STATEMENTS
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

The principle accounting policies adopted in the preparation of these Annual Financial Statements are set out below and are, in all material respects, consistent with those of the prior year except as otherwise indicated. In the current year, the cash flow statement has been prepared according to the direct method and the prior year comparison which was prepared in the indirect method, has been adjusted accordingly.

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 an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it 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 on the basis of a revised interpretation of the Skills Development Act, (Act No 97 of 1998) as amended and the Skills Development Levies Act (SDLA), (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 occurs 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 SDLA 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.

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 5 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 interSeta transfers due to employers changing Seta's. Such adjustments are separately disclosed as interSeta transfers. The amount of the interSeta 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 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.

SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY
ANNUAL FINANCIAL STATEMENTS
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

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 and Seta Grant Regulations regarding monies received and related matters (The Seta Grant Regulations).

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).

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;
- such other costs as are specifically chargeable to the Seta under the terms of the contract; and
- such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

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 in excess of 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,
- 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 so as 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 of 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.

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 whose 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 so as 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 estimates accounted for on a prospective basis.

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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. 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 legal 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.

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.

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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, net 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 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:

	2016/17 %	2015/16 %
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 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 of 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.

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

	Total per Statement of Financial Performance 2015/2016 R'000	Total per Statement of Financial Performance 2016/2017 R'000	Administration Reserve R'000	Employer Grants Reserve Mandatory Grant R'000	Discretionary Reserve Discretionary Grants R'000
Total Revenue	359 694	387,912	126,384	63,686	197,840
Skills Development Levy transfer from non - exchange transactions:					
Levy transfer Administration (10.5%)	116,004	126,384	126,384	-	-
Levy transfer Discretionary/ Employer Grants (69.5%)	229,675	239,307	-	63,687	175,620
Skills Development Levy penalties and interest from non - exchange transactions	8,051	8,796	-	-	8,796
Investment Income	5,352	13,425	-	-	13,425
Other income	126	-	-	-	-
Total Expenses	320 310	258,098	71,458	46,621	140,020
Administration expenses	70,393	71,458	71,458	-	-
Employer grants and project expenses	249,917	186,641	-	46,621	140,020
Net (deficit)/surplus per Statement of Financial Performance allocated	39 384	129,813	54,927	17,065	57,820

2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

The total levy transfer per the Statement of Financial Performance is as follows:

	2016/17 R'000	Restated 2015/16 R'000
Levy transfer: Administration	126,384	116,004
Levies received from Private Companies	33,717	31,842
Levies received from Government Departments	92,667	83,991
Inter-seta transfers in	-	171
Levy transfer: Employer grants	63,687	62,339
Levies received from Private Companies	63,687	62,013
Inter-seta transfers in	-	326
Levy transfer: Discretionary grants	175,620	167,823
Levies received from Private Companies	160,243	148,930
Levies received from Government Departments	15,377	18,087
Inter-seta transfers in	-	806
	365,690	346,166

3. SKILLS DEVELOPMENT LEVY: PENALTIES AND INTEREST

	8,796	8,051
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4. INVESTMENT INCOME

Interest received from the banks

	13,425	5,352
	13,425	5,352

5. OTHER INCOME

Other income comprises:

Revenue from supporting services rendered by other:

	-	-
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Profit on disposal/take-on of assets

	-	109
Firearm Income	-	17
	-	126

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6. EMPLOYER AND DISCRETIONARY GRANT EXPENSES

		2016/17	Restated
		R'000	2015/16
			R'000
Mandatory grants		46,621	48,274
Disbursed/provisions and accruals		46,621	48,274
Discretionary grants	6.1	140,020	201,642
Disbursed/provisions and accruals		140,020	201,642
		186,641	249,916

6.1 DISCRETIONARY GRANTS

Project expenditure		126,563	185,964
Non-pivotal		437	-
Project administration costs	6.1.1	13,020	15,678
		140,020	201,642

6.1.1 PROJECT ADMINISTRATION COSTS

Salaries related		10,553	12,707
Travel and subsistence		1,069	1,287
Leave provision		182	219
Overtime		601	724
Other		615	740
		13,020	15,678

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	Note	2016/17 R'000	Restated 2015/16 R'000
7. ADMINISTRATION EXPENSES			
Advertising, marketing and promotions, communication		1,017	995
Bad Debts		35	87
Depreciation/Amortisation and Impairment		1,399	3,406
External auditor's remuneration		2,732	2,263
(Profit)/Loss on disposal of Property, plant and equipment		-	475
Operating lease rentals (minimum lease payments)	7.1	3,525	4,730
Cost of employment		39,225	35,827
Consulting Fees - Administration		6,011	7,048
Consulting Fees - Legal		3,542	2,553
IT Maintenance		3,814	3,713
Legal fees		80	827
Maintenance, repairs and running costs		1,238	1,741
Remuneration to members of the audit committee		244	184
Remuneration to members of other committees		-	144
Staff training and development		1,017	139
Travel and subsistence		580	391
Other		6,999	5,871
Other Expenses		1,641	128
QCTO Funding		1,230	864
Bank Charges		137	158
Employees Assistance Programme		55	120
Postage		50	27
Security		487	657
Insurance		173	146
Meetings and workshops		-	95
Telephone costs		835	751
Interest paid		9	85
Recruitment costs		134	109
Stationery, printing and consumables		509	488
Subscription and publications		34	110
Firearm expenses		-	-5
Accommodation and meals		238	213
Assessor Moderators and Verifiers		811	1,361
Internal Audit Fees		653	563
		71,458	70,393

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7.1 COST OF EMPLOYMENT

	2016/17 R'000	Restated 2015/16 R'000
Salaries and wages	27,847	27,012
Basic salaries	22,503	21,221
13th Cheque	738	1,023
Performance bonus - provision	2,897	2,792
Leave	844	1,064
Overtime	864	912
Social contributions	3,456	3,409
Medical aid Contributions	893	876
Provident Fund contributions	2,428	2,405
UIF	135	128
Pay As You Earn	7,482	4,916
Tax Expense	7,482	4,916
Skills Development Levies Expenditure	440	490
SDL Expenditure	440	490
	39,225	35,827
Average number of employees	110	116

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7.2 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2017	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Computer Server	2,293	(2,153)	140
Computer equipment	5,080	(3,835)	1,245
Office furniture and fittings	4,059	(3,198)	861
Office equipment	435	(181)	253
Motor vehicles	497	(258)	239
Balance at end of year	12,364	(9,626)	2,738
Made up as follows:			
- Owned assets	12,364	(9,626)	2,738

	Restated		
Year ended 31 March 2016	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Computer Server	2,293	(2,042)	251
Computer equipment	4,310	(3,323)	987
Office furniture and fittings	4,002	(2,807)	1,195
Office equipment	413	(98)	315
Leased Assets - Office Equipment	2,158	(2,140)	18
Motor vehicles	497	(159)	338
Balance at end of year	13,673	(10,569)	3,104
Made up as follows:			
- Owned assets	11,515	(8,429)	3,086

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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)	-	139
Computer equipment	987	865	(104)	(602)	100	1,245
Office furniture and fittings	1,196	102	(65)	(427)	55	861
Office equipment	314	18	-	(79)	-	253
Leased Assets - Office Equipment	19	-	(2,158)	(19)	2,158	0
Motor vehicles	338	-	-	(99)	-	239
Balance at end of year	3,104	985	(2,327)	(1,337)	2,313	2,737

Movement Summary 2016

	Restated					
	Carrying amount 2015 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Accumulated Depreciation on Disposal R'000	Carrying amount 2016 R'000
Computer Server	506	66	(347)	(212)	238	251
Computer equipment	2,221	119	(1,897)	(1,157)	1,701	987
Office furniture and fittings	2,098	13	(874)	(692)	651	1,196
Office equipment	40	344	-	(70)	-	314
Leased Assets - Office Equipment	1,125	-	-	(1,106)	-	19
Motor vehicles	437	-	-	(99)	-	338
Restated Balance at end of year	6 427	541	(3,118)	(3,336)	2,590	3,104

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8. INTANGIBLE ASSETS

Year ended 31 March 2017

Computer Software
Balance at end of year
Made up as follows:
- Owned assets

	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
	1,259	(920)	339
	1,259	(920)	339
	1,259	(920)	339

Year ended 31 March 2016

Computer Software
Balance at end of year
Made up as follows:
- Owned assets

Restated			
	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
	962	(882)	80
	962	(882)	80
	962	(882)	80

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

Movement Summary 2016

	Carrying amount 2015 R'000	Additions R'000	Disposals R'000	Amortisation charge R'000	Accumulated Amortisation of Disposed Assets R'000	Carrying amount 2016 R'000
Computer Software	150	-	-	(70)	-	80
Restated Balance at end of year	150	-	-	(70)	-	80

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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 102.

Following the reassessment the remaining useful lives of property, plant and equipment remaining useful lives were assessed at 2 years while the remaining useful lives of intangible assets were assessed at 1 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. The depreciation and amortisation expenses have increased/(decreased) as follows for the 2017 financial year:

	Before change in estimate R'000	After change in estimate R'000	Net Increase / (Decrease) R'000
Depreciation: Computer equipment	178	59	(118)
Depreciation: Office equipments	4	1	(3)
Depreciation: Furniture & fittings	174	58	(116)
Amortisation: Computer software	56	28	(28)
	412	146	(265)

9. TRADE AND OTHER RECEIVABLES

Non-exchange Transactions

	2016/17 R'000	2015/16 R'000
Employer receivables	9,390	7,699
Skills Development Levy debtors	6,157	37,053
Admin levy debtors	6,157	12,351
Employer grant levy debtors	-	-
Discretionary grant debtors	-	24,702
Provision for doubtful debts	-	-
	15,547	44,752

During the current financial year the South African Police Services and the Department of Defence gave a firm commitment regarding their levy contribution to SASSETA. The amount was R6.1m (2016: R37.1m). This entailed a breakdown of the amount receivable including the date on which the deposit will be made. These amounts were deposited shortly after year end. Both these departments contribute their skills levies at 10% of 1% of their payroll cost towards the administration cost of the SETA.

Exchange Transactions

Rental deposit	877	917
Interest receivable	915	305
Staff debtors	6	189
Prepayments	393	365
Sundry receivables	609	186
	2,798	1,962
Provision for doubtful debts	(54)	(87)
	2,744	1,875

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	2016/17 R'000	2015/16 R'000
10. INVENTORY		
Balance at the beginning of the year	618	417
Amount utilised	(509)	(511)
Purchases	479	712
Balance at the end of the year	589	618

11. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	173,217	75,283
Cash at bank	173,217	75,283
Cash in hand	-	-
Short term investments/instruments	104,009	58,240
Cash and cash equivalents at end of year	277,226	133,523

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 was 7.6% (2015/16: 5.5%).

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.

12. LEASING

	2016/17 R'000	2015/16 R'000
Finance Lease		
Reconciliation between the total of the minimum lease payments and the present value		
Up to 1 year		
Future minimum lease payments	-	123
Finance costs	-	(1)
	-	122

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Summary Disclosure Note

Total Payments	2016/17 R'000			2015/16 R'000		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	-	-	-	81	-	81
Video Conferencing	-	-	-	42	-	42
	-	-	-	123	-	123

Capital Portion	2016/17 R'000			2015/16 R'000		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	-	-	-	81	-	81
Video Conferencing	-	-	-	42	-	42
	-	-	-	123	-	123

Finance leases relates to the printing machines and the video-conferencing equipment which commenced effectively on 1 May 2014 (lease period - 24 months) and 1 August 2014 (lease period - 22 months), respectively. Both leases end in the 2016/17 financial year.

Operating Lease - as lessee

	2016/17 R'000	2015/16 R'000
Total minimum lease payments due		
Not later than one year	1,703	3,961
Later than one year but not later than five years	-	1,703
	1,703	5,664

Operating lease relates to premises used for office accommodation. The lease agreement was entered into effective from 01 September 2012 to 31 August 2017. The lease arrangement has an escalation clause of 8% effected annually at the anniversary of the lease.

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	2016/17 R'000	Restated 2015/16 R'000
13. TRADE AND OTHER PAYABLES		
From Non-Exchange transactions		
Employer Grant - Accrual	4,074	5,011
Employer Grant - Payable	2,290	12,026
DOL Control SDL	5	5
	6,369	17,042
From Exchange transactions		
Trade Creditor	16,002	11,720
Accruals	8,740	13,469
Income Received In Advance	917	913
Employee Cost Related	1,012	1,529
Straight Lining - Leases	234	670
	26,905	28,301

14. PROVISIONS

	R'000					
	Overtime	Performance Bonus	Leave pay	500K	Other	Total
Open carrying amount	452	2,792	2,335	3 404	7,237	16 220
Amounts utilised	-	-	(888)	(631)	(5 097)	(6 616)
Change in estimate	(314)	2 897	893	1 024	(448)	4 053
Closing carrying amount	138	5,689	2,340	3,797	1,693	13,657

Other provisions also includes successful plaintiff' claim in which the court ruled against SASSETA, as well as the cost of their legal representation. 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 5 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.

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

	2016/17 R'000	Restated 2015/16 R'000
Net Surplus/ (deficit) as per Statement of Financial Performance	129,813	39,384
Adjusted for non-cash items:		
Depreciation and Amortisation	1,399	3,406
Loss / (Profit) on disposal of Property, plant and equipment		475
Prior year error adjustments		
Other Income	-	
Other Income - Interest Income		
Acquisition of Leased Assets	-	-
Adjusted for items separately disclosed		
Investment Income	(13,425)	(5,352)
Finance Charges	9	85
Movement of provisions	(2,563)	9,203
Adjusted for working capital changes:	16,483	(41,937)
(Increase)/ Decrease in receivables	28,336	(37,231)
(Increase)/ Decrease in inventory	29	(201)
(Decrease)/Increase in payables	(11,883)	(4,505)
<i>Cash generated by operations</i>	131,716	5,264

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16. CONTINGENCIES

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

- 1 CASE NUMBER 5555/16: Breach of contract & 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 838 630.13. The amount is broken down as follows: R5 688 630.13 and R150 000.00, for breach of contract and damages, and legal fees, respectively. SASSETA's legal counsel estimates that the litigation process will be finalised in 2018.
- 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 000.00. SASSETA's legal counsel estimates that the litigation process will be finalised in 2018.
- 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 000.00. SASSETA's legal counsel estimates that the litigation process will be finalised in 2017.
- 4 CASE NUMBER S223AFSA: Claim for payment of invoices - Discretionary Grant agreement (SEGOALE)**
SEGOALE is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R1 720 000.00. SASSETA's legal counsel estimates that the litigation process will be finalised in 2017.
- 5 CASE NUMBER 7094/16: Claim for payment of invoices - Discretionary Grant agreement (NAFBI)**
NAFBI is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R1 220 000.00. SASSETA's legal counsel stated that the litigation process is not determinable as at the authorisation of the financial statement for issue.

First Time Employer registrations

The Skills Development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants.

At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R706 354 (2015/16: R41 857) will be payable. The amount is contingent on the number of submissions received and approved.

16.2 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.

SASSETA has a cash surplus of R21.6 million. SASSETA has requested the Executive Authority to retain the surplus cash.

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17. COMMITMENTS

17.1 Discretionary Reserve

As at 31 March 2017, SASSETA had discretionary grant reserves of R248.4 million to utilise against a commitment closing balance of R227.5 million.

A. Definite Commitment

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

Project classification	R'000					
	Opening balance - 1 April 2016	Subsequent adjustment to the initial contract amount	New contract in 2016/17 financial year	Annual expenditure	Write-back/ Savings and Cancellations	Closing balance - 31 March 2017
Abet	-	260	-	(144)	(116)	-
Artisans Entered	33,813	4,498	57,584	(17,855)	(10,588)	67,451
Workers Entering Bursaries	10,806	(2,943)	8,456	(4,863)	(3,350)	8,106
Unemployed Entering Bursaries	16,794	2,570	18,800	(15,472)	(11,472)	11,220
Unemployed Entering Internships	13,090	(220)	17,808	(18,218)	(549)	11,912
Workers Entering Learnerships	13,687	652	33,658	(14,022)	(4,113)	29,862
Unemployed Entering Learnerships	26,147	13,280	82,679	(42,826)	(16,333)	62,946
NGO	50	-	-	-	(50)	-
Non-Pivotal	43	-	-	-	(43)	-
Workers Entering Skills Programme	15,550	(885)	2,208	(8,964)	(4,389)	3,519
Unemployed Entering Skills Programme	3,964	(314)	10,656	(597)	(3,706)	10,004
TVET Student Placement	646	(8)	2,385	(876)	(638)	1,509
University Student Placement	588	1,989	5,808	(585)	(3,048)	4,752
	135,179	18,880	240,042	(124,423)	(58,397)	211,281

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Not Definite Commitment is represented by the following instances:

- Unresolved legal disputes
- Project under investigations
- Service delivered within the contractual period but still outstanding valid documents
- Letters of intent of cancel
- Extension of time not yet signed by all parties

R'000

Project classification	Opening balance - 1 April 2016	Subsequent adjustment to the initial contract amount	New contract in 2016/17 financial year	Annual expenditure	Write-back/ Savings and Cancellations	Closing balance - 31 March 2017
Workers Entering Bursaries	1,050	433	750	(1,746)	-	486
Unemployed Entering Skills Programme	-	394	-	(394)	-	-
TVET Student Placement	-	-	22,500	-	(6,750)	15,750
	1,050	826	23,250	(2,140)	(6,750)	16,236
Total: Definite/Not definite commitment	136,229	19,706	263,292	(126,563)	(65,147)	227,517

*LSE1315 was incorrectly classified under project type - Skills Programme: Employed as opposed to Learnerships: Employed. This reclassification will affect the opening balance of the project types but not the total opening balance in the commitment schedule.

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

18.1 Irregular Expenditure

	2016/17 R'000	2015/16 R'000
Opening balance	64,555	139,710
Add: Irregular expenditure current year	798	282
Add: Prior period irregular expenditure	-	138,622
Less: Amounts condoned	(64,225)	(194,332)
Less: Amounts recoverable (not condoned)	(10)	-
Less: Prior period errors		
- Irregular expenditure relating to the discretionary grant projects	-	(19,727)
Irregular expenditure awaiting condonation	1,118	64,555

Analysis of expenditure awaiting condonation per age classification

Current year	798	282
Prior years	319	64,273
Total	1,118	64,555

Details of Irregular Expenditure

Incidents for 2016/17

Bidders with Non Compliant Tax Status awarded bids	42
Bids advertised not longer than 21 days in the government gazette	748
Extension of Contract over the allowable 15% threshold	8
	798

Incidents for 2015/16

Bidder who scored less points awarded the bid, without documenting reasons for the award	80
Quote from one bidder received 3 months before RFQ date	145
RFQ issued before final approval for procurement was approved	11
Bidder recommended for bid before bid closing date of the RFQ	21
No proof of initial request for procurement from the end user	25
	282

**Analysis of Irregular Expenditure closing balance
Included in the balance above are the following items:**

Irregular expenditure awaiting condonation at year end:	
Overtime pay authorised by and paid to the former CFO	70
Relating to the 2014/15 financial year. Awaiting condonation from National Treasury	250
Procurement non-compliances as identified in the current financial year	798
	1,118

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18.2 Fruitless and wasteful expenditure

	2016/17 R'000	2015/16 R'000
Opening balance	3,155	25,616
Add: Fruitless expenditure current year	107	596
Add: Prior period fruitless expenditure	2,092	-
Less: Amounts condoned	(1,673)	(23,057)
Fruitless & wasteful expenditure awaiting condonation	3,681	3,155

Details of Fruitless Expenditure

Incidents for 2016/17

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
	107

Incidents for 2015/16

Service provider paid for services rendered however did not pay Main Supplier	98
Interest Paid due to late payments	41
Fruitless Expenditure due to legal Fees	15
Fruitless payment made to Involve regarding an asset verification process	132
Fruitless Expenditure due to uncancelled mobile phone and data contracts	310
	596

Incidents related to prior periods

Interest and penalties paid due to non payment of SDL levies dating back to 2008	2,092
	2,092

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Included in the balance above are the following items:

R'000

Interest paid due to late payment of rent and electricity in the 2016/17 financial year	15
Fruitless expenditure incurred due to travel cancellations in the 2016/17 financial year	4
Losses incurred due to fraud on the travel credit card in the 2016/17 financial year	20
Irrecoverable amounts paid for ex-employees medical aid in the 2016/17 financial year	13
Irrecoverable amount paid to interns incorrectly in the 2015/16 financial year	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	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	2,092
Service provider paid for services rendered however did not pay Main Supplier in 2015/16 financial year	98

Analysis of Fruitless and Wasteful Expenditure closing balance

Analysis of expenditure awaiting condonation per age classification

Current year	107
Prior years	3,574
Total	3,681

****An amount of R2.092m relating to interest and penalty on late payment of Skills Development Levy was erroneously omitted from the 2015/16 financial year fruitless and wasteful expenditure note.***

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 2015/17 financial year, a payment of R540' 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' of the amount was recovered on time. SASSETA suffered a material financial loss of R194' due to this incident. The matter is still under investigation.

Analysis of the loss due to criminal conduct

	2016/17 R'000	2015/16 R'000
Opening balance	194	-
Loss during the current year	-	540
Less: Recovered	-	(346)
Closing balance	194	194

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19. PRIOR YEAR ERRORS

Prior period error is due to the incomplete and incorrect accounting of various transactions in 2015/16 financial year, which were subsequently corrected. The net impact in the Statement of Financial Performance is R3.08 million.

The impact is narrated below but not limited to:

Salaries Control Account

- Net Increase of R789' due to shortfall of acting allowances for prior years and other salary matters.

Trade Creditors

- Net increase of R254' due to creditors reconciliation exercise carried out during the year under review.

Intangible Assets

- Software license fees of R24' was incorrectly classified as prepaid expense but have been rectified and capitalised in prior year.

Provision - Performance Bonus

- R2.8 million was made available for the performance bonuses of 2015/16 financial year.

Impact on the Statement of Financial Performance

	R'000
(Surplus)/Deficit as previously stated	43,106
	(3,721)
Increase in Employee Cost Related	(3,682)
Increase in Communications Expenditure	(2)
Decrease in Discretionary Grant Expenses	2,005
Decrease in Repairs/Maintenance/Running Cost	77
Decrease in Skills Development Levy: Income	(2,402)
Increase in Travel Expenditure	(148)
Increase in Audit Committee Allowances	(30)
Decrease in Consultants Fees	132
Decrease in Other Expenditure	275
Decrease in IT Maintenance	46
Decrease in Marketing & Advertising	27
Decrease in Subscriptions & Publications	7
Increase in Depreciation/Amortisation	(27)
Adjusted (Surplus)/Deficit	39,385

Impact on the Statement of Financial Position

	3,721
Increase in Salaries Control Account	(789)
Decrease in Trade Creditor	254
Increase in Provisions	(3,258)
Increase in Petty Cash	3
Increase in Property, Plant and Equipment/Intangible Assets	93
Decrease in Prepaid Expenses	(24)

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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 counter - party 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	Total R'000
	Amount R'000	Effective interest rate	Amount R'000	
Year ended 31 March 2017				
Cash	277 226	7.80%	-	277,226
Trade and other receivable - exchange	-		2,744	2,744
Trade and other receivable - non-exchange	-	-	15,547	15,547
<i>Total financial assets</i>	277 226		18 291	295 517
Trade and other payables - exchange	-		26,905	26,905
Trade and other payables - non-exchange	-		6,369	6,369
<i>Total financial liabilities</i>	-		33 273	33 273
Year ended 31 March 2016				
Cash	133 523	5.50%	-	133,523
Trade and other receivable - exchange	-		1,875	1,875
Trade and other receivable - non-exchange	-		44,752	44,752
<i>Total financial assets</i>	133,523		46,627	180,150
Trade and other payables - exchange	-		28,301	28,301
Trade and other payables - non-exchange	-		17,042	17,042
<i>Total financial liabilities</i>	-		45 343	45 343

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Credit risk

Financial assets which potentially subject the Seta to the risk of non-performance by counter parties and thereby subjecting 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 counter-party 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 counter-party. 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 counter-party. 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.

The ageing of trade and other receivables - exchange:

	2016/17 R'000		2015/16 R'000	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 0 - 30 days	1,449	-	1,571	-
Past due 31 - 90 days	21	-	216	-
Past due 90 and above	1,328	(54)	175	(87)
	2,798	(54)	1,962	(87)

The ageing of cash and cash equivalents:

	2016/17 R'000		2015/16 R'000	
	Gross	Impairment	Gross	Impairment
Not past due	277 226	-	133 523	-

Trade and other receivables are all considered for impairment. R54' (2015/16: R98'). Impairment was provided for in the 2016/17. This is based on management scepticism about the collectability of such receivables.

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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 aging of trade and other payables (exchange):

	2016/17 R'000		2015/16 R'000	
	Gross	Impairment	Gross	Impairment
Not past due		-	-	-
Past due 0 - 30 days	12,238	-	24,993	-
Past due 31 - 90 days	2,876	-	1,796	-
Past due 90 and above	11,790	-	1,512	-
	26,904	-	28,301	-

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, other receivables 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 comprises of 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 approximates 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.

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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.

	2016/17 R'000	2016/17 R'000	2015/16 R'000	2015/16 R'000
	Transfers in/ (out) during the year	Receivable / (Payables)	Transfers in/ (out) during the year	Receivable / (Payables)
Inter-SETA	-	(263)	1 370	-
FASSET	-	-	1 370	-
CETA	-	(263)	-	-
Other common control entity	(1 230)	-	(864)	-
Quality Council for Trade Occupations (QCTO)	(1 230)	-	(864)	-
Total	(1 230)	(263)	506	-

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.

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

*M. Fisher resigned effectively on the 31 July 2016.

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	2015/16 R'000			
	Meeting Fees	Travel Expense	Other	Total
Docrat, F	26	2	35	63
Hlomane, H	11	1	26	39
Nke, R	5	1	10	15
Fisher, M	14	-	30	44
Mayet, E	5	0	10	14
Boltman, T	2	0	6	8
	63	5	116	184

*T. Boltman resigned effectively on the 2 December 2015.

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.

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

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Name	2015/16 R'000				
	Basic Salary	Performance Bonuses	Employer contributions	Other benefits	Total
Moroka, M	1,765	-	2	-	1,766
Irish-Qhobosheane, J	1,582	-	2	11	1,595
Tembe, P	1,367	-	2	-	1,369
Tsotetsi, P	720	-	1	-	721
Gulston, G	534	-	1	-	535
Amod, J	1,133	-	2	198	1,333
Ngxola, L	748	-	117	76	941
Mangena, T	522	-	46	17	584
Sekhonyane, P	439	-	47	-	486
	8,809	-	220	301	9,330

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 No	Title	Date of Issue	Effective Date
GRAP 20	Related Party Disclosures	June 2011	No effective date has been determined by the Minister of Finance*
GRAP 32	Service Concession Arrangements: Grantor	August 2013	No effective date has been determined by the Minister of Finance*
GRAP 108	Statutory Receivables	September 2013	No effective date has been determined by the Minister of Finance*
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	No effective date has been determined by the Minister of Finance*
GRAP 109	Accounting by Principals and Agents	July 2015	No effective date has been determined by the Minister of Finance*

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23. STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS

NOTES

23.1 Skills Development Levy Income:

- Private levies received were only R3.3 million lesser than the budgeted amount. This was due to an earlier SARS adjustment. This variance is immaterial and reasonable.
- Levies received from the government departments were R14.6 million lesser than anticipated. Most government departments could only contribute on the 10% basis. There were only 2 government departments that contributed on the 30% basis. At this stage the 30% contribution basis is only a recommendation and no punitive measures can be applied to non-participating departments.
- Interest and penalties on SDL were R212 thousands lesser than the budgeted amount. This balance is reasonable and immaterial. However, this will be due to most levy paying companies complying with the SDL Act contribution requirements.

23.2 Investment Income:

- Unutilised cash revenue were invested with both Nedbank and Investec banks at better negotiated rates.
- Late servicing of commitment/projects ensure that there were sufficient cash reserves at SASSETA' disposal.

23.3 Administration Expenditure:

- SASSETA adhered to a general cost containment throughout the year, however, the following exceptions were noted:
 - I. There was a need to increase the funding for staff development and training. The initial budget was not sufficient.
 - II. QCTO funding almost double when compared to the prior year.

23.4 Mandatory Grant:

- Included in the Mandatory Grant spending of R46.6 million is R4.1 million accrual based on the last employer file which has not yet being paid.
- The additional R3.3 million had to be adjusted downwards as it seems to have disregarded the approval status of the WSP/ATR.

23.5 Project/Discretionary Spending:

- SASSETA' delayed implementation of projects was due to its prudent approach ensuring that all newly awarded contracts are regular and valid. Discretionary grant contracts are awarded based on the recommendation of the DG Bid Evaluation/Adjudication Committees.
- The total project expenditure of R139.8 million included project admin expenditure of R13 million covered under the 7.5% project management cost.
- Some of SASSETA discretionary grant projects were entered into on a co-funding basis.
- There were delays in the implementation of the funding windows due to internal admin matters.

23.6 Surplus/(Deficit):

- SASSETA' surplus for the year amounted to R129.8 million. This was a significant improvement when compared to a restated surplus of R39.4 million in the prior year.

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23.7 Budget Revision

- The original budget was taken at face value as provided in the Annual Performance Plan.
- The original budget did not accurately reflect SASSETA's annual requirements.
- Some budgetary items were better informed by valuable information which emerged later, such as:
 - I.** Investment Income - This was based on better negotiated interest rates due to longer investment periods.
 - II.** Government Department Levies - Some government departments had indicated a contribution of 30%.
- The original budget did not factor the following relevant and significantly important matters:
 - I.** Participation in the payment of skills development levies.
 - II.** Performance bonus has never been provided for. This is important seeing that SASSETA's operational performance had improved dramatically.
- SASSETA adhered to the revenue split as determined and enforced by the Skills Development Levies Act including HRD 1 of 2013/Guidelines regarding levy contribution from the government departments.

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 and Training based on the future National Skills Development Strategy and landscape.

25. SUBSEQUENT EVENTS

- An employee's prior year acting allowance in dispute was resolved after financial year end but before the date of authorisation of the Annual Financial Statements.
- Financial impact amounted to R185.3 thousands.

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26. SEGMENT INFORMATION

Information about the surplus/(deficit), assets and liabilities for the year ended 31 March 2017.

	2016/17 R'000				
	Administration	Mandatory	Discretionary	Unallocated	Total
REVENUE					
Non-Exchange Transactions	126,384	63,687	184,416	-	374,488
Skills Development Levy: Income	126,384	63,687	175,620	-	365,691
Skills Development Levy: Penalties and interest			8,796		8,796
Exchange transactions	-	-	13,425	-	13,425
Investment income	-	-	13,425	-	13,425
Other income	-	-	-	-	-
Total segment revenue	126,384	63,687	197,841	-	387,912
EXPENSES					
Employee cost	(39,225)				(39,225)
Depreciation/Amortisation	(1,399)				(1,399)
Mandatory grant expenditure		(46,621)			(46,621)
Discretionary grant expenditure			(140,020)		(140,020)
Other administration expenditure	(30,834)				(30,834)
Total segment expenditure	(71,458)	(46,621)	(140,020)	-	(258,098)
Total (deficit)/surplus	54,927	17,066	57,821	-	129,814
ASSETS					
Accounts receivable from non-exchange transactions	-	9,390	6,157		15,547
Accounts receivable from exchange transactions	2,744				2,744
Inventory	589				589
Cash and cash equivalents				277,226	277,226
Property, plant and equipment	2,738				2,738
Intangible assets	339				339
Total assets	6,410	9,390	6,157	277,226	299,183
LIABILITIES					
Trade and other payables from non-exchange transactions	-	(6,369)			(6,369)
Trade and other payables from exchange transactions	(19,143)		(7,761)		(26,905)
Provisions	(8,167)	(3,797)	(1,693)		(13,657)
	(27,310)	(10,166)	(9,454)	-	(46,930)

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	Restated 2015/16 R'000				
	Administration	Mandatory	Discretionary	Unallocated	Total
REVENUE					
Non-Exchange Transactions	116,004	62,339	175,874	-	354,217
Skills Development Levy: Income	116,004	62,339	167,823		346,166
Skills Development Levy: Penalties and interest			8,051		8,051
Exchange transactions	126	-	5,352	-	5,478
Investment income			5,352		5,352
Other income	126				126
Total segment revenue	116,130	62,339	181,226	-	359,695
EXPENSES					
Employee cost	(35,827)				(35,827)
Depreciation/Amortisation	(3,406)				(3,406)
Mandatory grant expenditure		(48,274)			(48,274)
Discretionary grant expenditure			(201,642)		(201,642)
Other administration expenditure	(31,159)				(31,159)
Total segment expenditure	(70,393)	(48,274)	(201,642)	-	(320,308)
Total (deficit)/surplus	45,737	14,065	-20,415	-	39,387
ASSETS					
Accounts receivable from non-exchange transactions	12,351	7,699	24,702		44,752
Accounts receivable from exchange transactions	1,875				1,875
Inventory	618				618
Cash and cash equivalents				133,523	133,523
Property, plant and equipment	3,104				3,104
Intangible assets	80				80
Total assets	18,028	7,699	24,702	133,523	183,952
LIABILITIES					
Trade and other payables from non-exchange transactions		(123)			(123)
Trade and other payables from exchange transactions	(16,341)		(11,960)		(28,301)
Provisions	(10,221)	(3,404)	(2,595)		(16,220)
Total liabilities	(26,561)	(3,527)	(14,556)	-	(44,644)





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Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Do you know any foul play at SASSETA?
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