



**YOUR PARTNER IN SKILLS  
DEVELOPMENT**

**SASSETA**  
ANNUAL REPORT  
2019 - 2020



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



■ SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

PO Box 7612  
Halfway House | 1685

■ BUILDING 2

Waterfall Corporate Campus  
74 Waterfall Drive  
Midrand

■ ANNUAL REPORT 2019/2020/SASSETA, SOUTH AFRICA

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**DR BEB NZIMANDE**  
Minister of Higher Education,  
Science and Innovation



**MR B MANAMELA**  
Deputy Minister of Higher  
Education, Science and  
Innovation



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It is my pleasure to submit the 2019/2020 Annual Report of the Safety and Security Education and Training Authority for the period 1 April 2019 to 31 March 2020, in compliance with section 14(5)(a) of the Skills Development Act, 1998 (Act no 97 of 1998), section, 55 (1) (d) (i) of the Public Finance Management Act, 1999 (Act No 1 of 1999), and in accordance with section 18 of the Treasury Regulations.

**Mr Chris Mudau**  
Chairperson of the Accounting Authority



# FOREWORD

## BY THE CHAIRPERSON OF THE ACCOUNTING AUTHORITY

1

It is indeed a pleasure to present the Chairperson's Report for the financial year ended 31 March 2020.

The financial year, 2019 /2020 was characterised by positive results in all areas of the organisation. The strong financial performance of SASSETA in the face of coping with the impact of COVID-19 towards the latter part of March 2020 and the months thereafter, required a tremendous collective effort from the Executive Management and employees of the organisation. I am proud to be associated with people of their calibre.

SASSETA plays a leading role in the education, upskilling and upliftment of thousands of South Africans and, working within the current financial constraint we will still endeavour to continue this trend, given the required budget, will continue to do so with thousands more.

The high achievement of the organisation is a measure of a good corporate governance implemented by the previous board. I look forward to leading the new SASSETA Board and management into a bright and sustainable future.

The SETA SASSETA focused on placed a lot of emphasis on improving its relationships with stakeholders. It increased delivered on its mandate to increase awareness and acceptance of the organisation in the hearts and minds of its varied target groups, specifically unemployed youth, school learners, women and artisans. The results of this sustained effort to expand learners across the country is evident in its perfor-

mance. It is clear that the challenges SASSETA faced in the past years have been overcome and that the correct stringent controls have been put in place to enable continuous improvement throughout the SETA organisation.

In the context of Executive Authority expectations, significant progress has been seen in the arena of institutional re-alignment of financial management, risk mitigation and organisational impact on its constituencies.

I acknowledge the warm welcome and good wishes expressed by the previous Board. As the new Board of SASSETA we will endeavour to walk in your footsteps towards continuous improvement

**Mr Chris Mudau**  
Chairperson of the Accounting Authority

SASSETA  
BOARD

From the left Ms Raisebe Mphela, Mr Robert Mashau, Ms Zandile Pakathi, \*Ms Motlalepula Molefe, Ms Nontobeko Luzipho, \*Mr Khumbulani Moyo, Adv Mbuso Majozi, Ms Felicia Mashoene

*\*Board Member re-appointed*

Mr Eric Tshilambavhumwa, Mr Steve Conradie, Lt. Gen. (Dr) Bongiwe Zulu, Ms Vacant positions: Labour Representatives (2), Other Representative (1)

EXECUTIVE  
MANAGERS

**Mr Vukani Memela,**  
Acting Chief Executive Officer

**Ms Juwayria Amod,**  
Executive Manager  
Learning Programmes

**Mr Chris Mudau**  
Chairperson

**Mr Ikalafeng Diale,**  
Chief Financial Officer

**Ms Sibongile Ngwenya,**  
Executive Manager  
Corporate Services

## EXECUTIVE OVERVIEW

BY THE ACTING CHIEF EXECUTIVE OFFICER

It gives me great pleasure to table the Safety and Security Sector Education and Training Authority (SASSETA) Annual Report. During the past financial year as Acting Chief Executive Officer, I have experienced the hard work and dedication of SASSETA Management and Staff whose efforts have yielded us to a total target achievement of 92%.

From an operational and governance perspective, SASSETA continued to implement rigorous compliance and governance processes and systems not only to enhance compliance with legislation, but also to prevent any possible irregularities. These interventions paid dividends in our achievement of a risk management maturity level 5 for the past two consecutive years.

In promotion of the growth of public TVET colleges, SASSETA facilitated key partnerships between the sector (professional bodies and employers) and seven public TVET colleges. Through these partnerships, SASSETA was able to facilitate the implementation of key artisan learning programmes and the placement of TVET students in work environments to enable them to acquire

relevant practical skills. We further initiated numerous skills programmes, targeting mainly youth in rural areas of our country. These skills programmes will be implemented as part of the SASSETA special projects geared at addressing the government agenda on skills development and employability of the South African youth.

Apart from numerous improvements realised within the organisation, one of the critical areas to be enhanced is the upgrading of our Information and Communication Technology (ICT) systems to enable the organisation to become more efficient and sustainable in the ever-changing ICT world. We believe adequate investment in these areas will enhance our service delivery and engagements with our stakeholders. A re-alignment of our strategy objectives with the National Skills Development Plan (NSDP) is currently under way with the aim of reprioritising activities and reorganising resources to do more with less.

The previous Board have tirelessly provided strategic leadership to ensure the implementation of our work programme, mandate and



more importantly, that we strive for enhanced excellence in all we do.

The new Board will take over the reigns, add their own expertise and leadership under which I know SASSETA will thrive.

Sincere thanks to our Audit and Risk Committee, the Department of Higher Education and Training and the Auditor General for their continued support. SASSETA also extends its sincere gratitude to organised labour in the sector and various partner employers in the private and public sector.

In conclusion I wish to extend my heartfelt gratitude to the Staff and Management of SASSETA who worked hard to overcome the challenges put before them. Their dedication hard work ensured that continuous improvements were developed and implemented to become entrenched in the SASSETA daily operations.

Yours faithfully

**Mr Vukani Memela**

Acting Chief Executive Officer

## STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

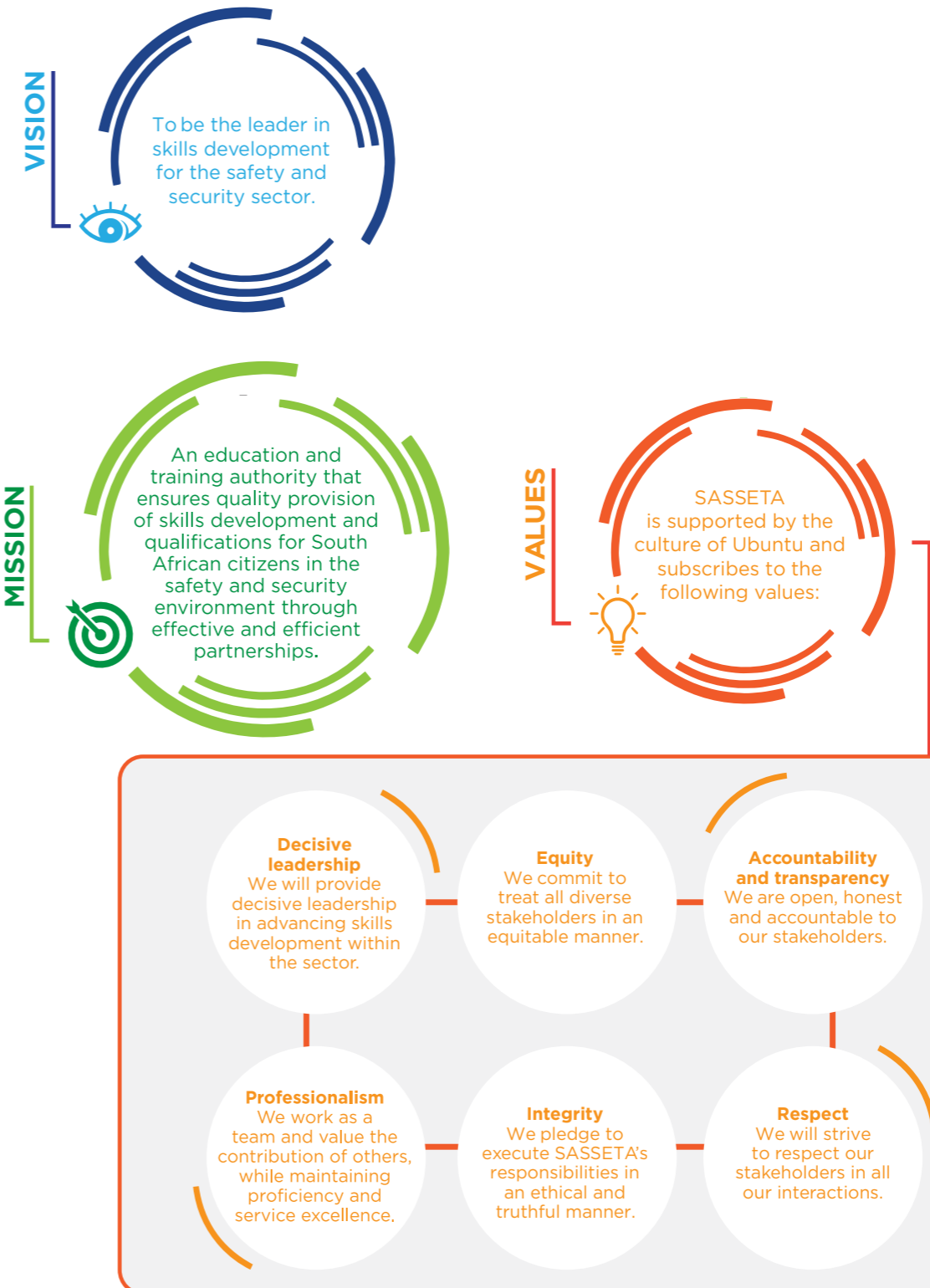
- All information and amounts disclosed throughout the Annual Report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines as issued by National Treasury.
- The annual financial statements have been prepared in accordance with the GRPA standards and the relevant frameworks and guidelines issued by the National Treasury.
- The Chief Executive Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements. External auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resource information and the financial affairs of SASSETA for the financial year ended 31 March 2020.

Yours faithfully



**Mr Vukani Memela**  
Acting Chief Executive Officer

## SASSETA VISION, MISSION & VALUES



SASSETA was established in terms of the Skills Development Act, No 97 of 1998, with the mandate to promote and facilitate skills development for the safety and security sector.

The Minister of Higher Education, Science and Innovation relicenced the SETAS until 31 March 2030 to operate within the skills development framework articulated in the National Skills Development Strategy III (NSDS III) framework and other policies and strategies as set out below:

LEGISLATION/POLICY/STRATEGY	DESCRIPTION
South African Constitution 1996	The Constitution of the Republic of South Africa, Section 29(1): The State through reasonable measures, must make progressively available and accessible adult basic and further education to all citizens as a human right. Section 22: Freedom of trade, occupation and profession – stipulates that “every citizen has the right to choose their trade, occupation or profession freely.”  Section 195(1)(a)-(f) articulates the values and principles governing public administration
Skills Development Act, No. 97 of 1998 (as amended)	To develop the skills of the South African workforce – to improve the quality of life of workers, their prospects of work and labour mobility; to improve productivity in the workplace and the competitiveness of employers; to promote self-employment; and to improve the delivery of social services. To amend provisions relating to the establishment, amalgamation and dissolution of SETAs; to provide for the incorporation of a subsector of one SETA into another SETA; to provide for the composition of the Board for each SETA; to regulate the eligibility to become a member of the Board and to provide for a constitution for every SETA.
Skills Development Levies Act, No. 9 of 1999	The Act makes provision for leviable employers to pay 1% of their payroll to the South African Revenue Service (SARS).
Public Finance Management Act, No. 1 of 1999	SASSETA is a public entity that falls under Schedule 3A of the Public Finance Management Act, No. 1 of 1999.
National Development Plan 2030	The NDP aims to eliminate poverty and reduce inequality by 2030. Chapter 13 states that South Africa needs to build a state that is capable of playing a developmental and transformative role.

National Human Resource Development Strategy of South Africa	The Strategy has several commitments designed to address the priorities of the South African Government in terms of skills development that supports economic and social development, facilitating greater access to education opportunities, as well as building a capable public sector to meet the needs of a developmental state.
National Skills Development Strategy III (NSDS III)	The NSDS III is the key strategic guide to inform skills development interventions and sector skills planning in all SETAs to respond to skills development challenges in the country for the period 2011 to 2018. The NSDS III further identifies seven key developmental and transformative imperatives of race, class, gender, geography, age, disability, and HIV and AIDS pandemic that will inform the nature and scope of skills development interventions by SETAs.
Strategic Integrated Projects (SIPs)	The 18 SIPs focus on infrastructure development as a catalyst to facilitating the creation of five million jobs by 2020.
National Qualifications Framework Act, No. 67 of 2008	SASSETA employs the provisions of Chapter 5 of the National Qualifications Framework Act, No. 67 of 2008 (NQF) to design training programmes, to carry out quality assurance, assess learner achievement and to accredit training providers.
White Paper on Post-School Education and Training	The White Paper on Post-School Education and Training aims to establish a vision for the type of post-school education and training system that the Department of Higher Education and Training (DHET) (now the Department of Higher Education, Science and Technology) desires by 2030 (DHET, 2013).
National Skills Accord	The National Skills Accord is a multi-constituency agreement between business, organised labour, community constituents at the National Economic and Development Labour Council (NEDLAC), and Government.  It was signed to support the New Growth Path target of creating five million jobs by 2020. The Accord identifies eight commitments in relation to training and skills development that need to be implemented by the constituencies to achieve the New Growth Path.
Youth Employment Accord	The Youth Empowerment Accord has six commitments that include education and training; access to work exposure; increase the number of young people employed in the public service; youth target set-asides; youth entrepreneurship and youth co-operatives; and to develop private sector youth absorption programmes.  SASSETA has and continues to support Government's drive to empower the youth by facilitating access to its skills development opportunities and programmes that include learnerships, internships, workplace learning and bursaries. SASSETA has also facilitated access for the unemployed youth to such skills development opportunities.



**Legislative and other mandates (continued)**

Medium Term Strategic Framework (MTSF)	Strategic Plan for Government for the current electoral term. It reflects the commitments made by the Government, including the commitment to implement the National Development Plan
Medium Term Expenditure Framework (MTEF)	It provides the medium -term spending plans of Government and budget allocations. It further highlights the impact of key national priorities.
New Growth Path	It is a bold, imaginative and effective strategy which seeks to create 5 million new jobs that South Africa needs.
Re-establishment of the SETA's (Gazette No: 42589, July 2019)	The SETA's have now been re-established until 31 March 2030.
Resolutions of the job summit	SASSETA will contribute towards resolutions of the presidential job summit such as expanding interventions by Public and Private sector on skills commitments for youth employment, including capacity building for young people.
Declaration of the presidential summit against gender-based violence and femicide	Government and key stakeholders to establish a multi-sectoral, coordinating structure to respond to GBV and femicide; to allocate the necessary and adequate resources required and to develop a national GBV and femicide strategy.

The scope of coverage for SASSETA, as determined by the Minister of Higher Education, Science and Technology.

**SIC Codes, and SASSETA Sub sectors and Constituencies of the safety and security sector.**

SIC CODES	SUB-SECTOR	CONSTITUENCY
9110A*	Policing	• The Independent Police Investigative Directorate (IPIID), The Provincial Secretariats for Safety and Security, Civilian Secretariat for Police, Service (CSPS) and The South African Police Service (SAPS).
91301		• Municipal and Metropolitan Police Departments, Traffic Management / Law Enforcement, and Road Traffic Management Corporation (RMTC).
91302		
9110B*	Corrections	• The Department of Correctional Services (DCS) • Private Correctional Services Providers
		• Kutama Sinthumule Correctional Centre. • Mangaung Correctional Centre.
		The Judicial Inspectorate for Correctional Services. Correctional Supervision and Parole Boards.
9110D*	Defence	• The Department of Defence (DOD). • South African National Defence Force (SANDF) (i.e. SA Navy, SA Air Force, SA Army and SA Military Health Services).
9110C*	Justice	• The Department of Justice and Constitutional Development (DoJ & CD) • National Prosecuting Authority (NPA), and Special Investigations Unit (SIU) Office of the Chief Justice of South Africa
91104	Intelligence Activities	• State Security Agency (SSA), including its branches: • The National Intelligence Agency (NIA), • The South African Secret Service (SASS), • The South African National Academy of Intelligence (SANAI), • The National Communications Centre (NCC), • The Office for Interception Centres (OIC), and • The Electronic Communications Security (Pty) Ltd (COMSEC)
88110	Legal Services	• Legal and paralegal services • Sheriffs
88111		• Legal Aid Services
88920	Private Security and Investigation Activities	• Private security, investigation, and polygraph services

The Safety and Security sector is both public and private



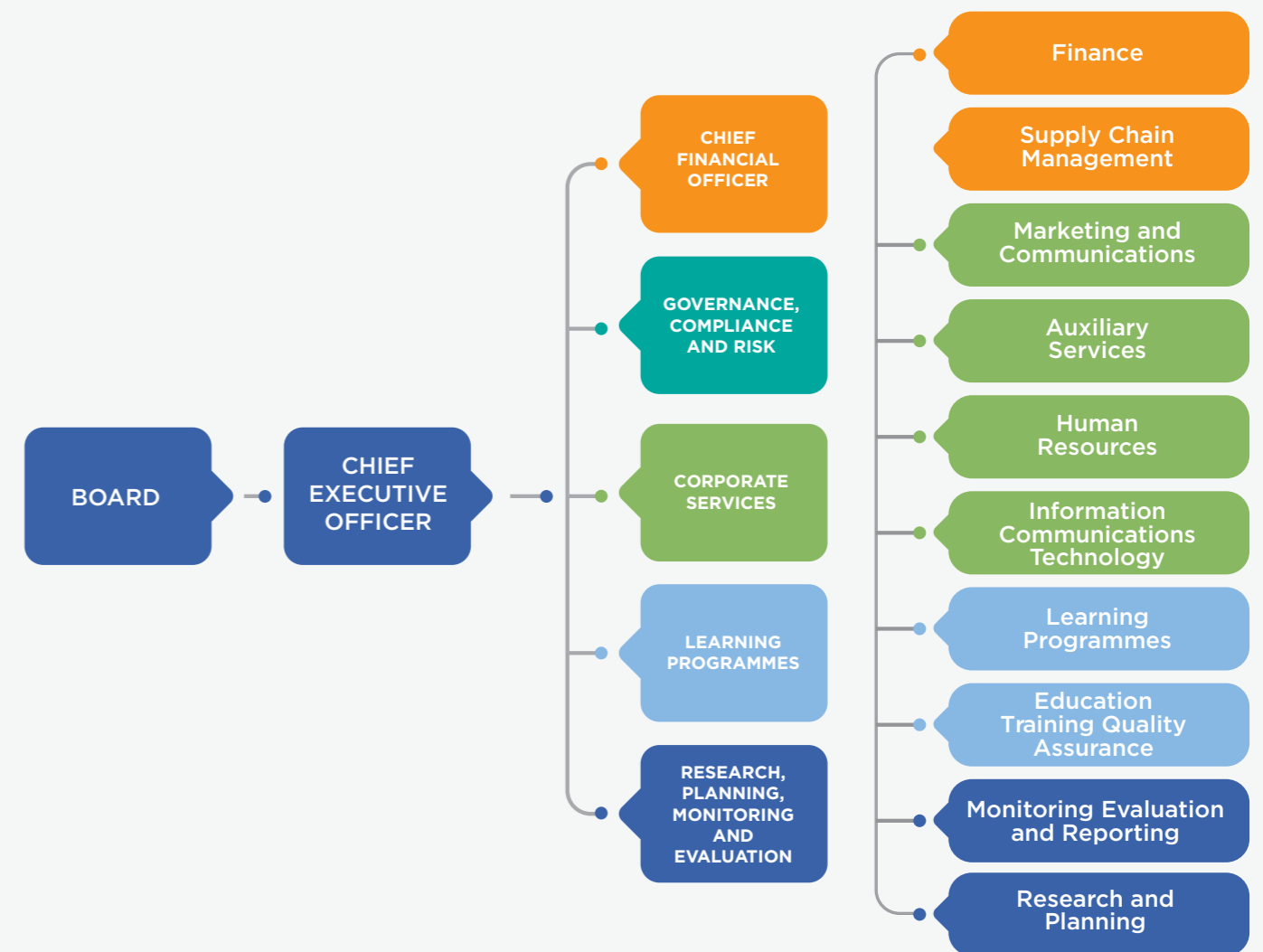
**Public Sector:**

The public sector consists of government security agencies and law enforcement bodies whose role it is to protect and serve the public and the interests of the State.



**Private Sector:**

The private sector element comprises those companies and bodies who provide security and legal services to paying clients.





#### ■ Executive Authority

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

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

Operations of SASSETA adhere to corporate governance principles and are supported by the Skills Development Levies Act, 97 of 2003, the Public Finance Management Act of 1999 (as amended) and Treasury regulations.

#### Accounting authority

- The new Board of SASSETA was appointed in April 2020 to the 31 March 2025. This appointment followed the outgoing Board whose term ended on 31 March 2020. The outgoing Board presented the following documents and reports to the Executive Authority in the 2019/2020 financial year:

- Annual Performance Plan 2020/2021
- Sector Skills Plan 2019
- Annual Report 2018/2019
- Four Quarterly Monitoring Reports 2019/2020
- Annual Performance Report
- Four Quarterly Financial Reports 2019/2020
- Annual Financial Statements 2019/2020
- Four Quarterly (Financial and Non-Financial) Performance Reports the National Treasury 2019/2020
- Four Compliance to Governance Standards/ Implementation of the SETA Governance Charter Reports 2019/2020.

During the year under review, the role of the Accounting Authority was fulfilled by the previous Board whose responsibilities and accountability for the SETA's performance and strategic direction are 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;
- Establish, if necessary, with the Minister's approval, chambers as provided for in Sections 12 and 13 of the Skills Development Act;
- Review the terms and conditions of employment of the Chief Executive Officer, Chief Financial Officer and other employees of SASSETA where necessary;
- Review general governance policies of SASSETA in terms of any applicable law;
- Suspend, institute disciplinary proceedings or replace, where it is necessary, any of the officials of SASSETA for reasons as contemplated in terms of relevant legislation;
- Consult widely with the relevant stakeholders within the sector in order to adopt a standard Constitution of SASSETA in terms of Section 13 of the Skills Development Act and other relevant legislation for approval and publication by the Minister of Higher Education, Science and Innovation.
- Ensure the management of SASSETA funds align with the Department of Higher Education and Training, using relevant provisions of the Skills Development Act as provided for in the Public Finance Management Act, 1999 and the relevant regulations;
- Set rules relating to SASSETA and chamber meetings, financial matters, general procurement and administrative matters which are in accordance with the provisions of the Constitution of the Republic of South Africa, 1996, the Skills Development Act or any other applicable law; and
- Ensure dispute resolution, as well as the management of legal issues as required.

■ **The following committee meetings were held in 2019/2020:**

Listed below are the strategic meetings that were held in the 2019/2020 financial year.

Committee	No. Meetings	No. of members	Names of members	Designation in the committee
Board	16	14	Ms N Jolingana Lt-Gen N Mkhwanazi Ms Z Tiry Mr J Selepe Mr S Conradie Ms K Tsolo* Mr K Moyo Mr P Nephawe Mr T Moyana Ms T Mkhize Ms M Molefe Ms I Kuhn Ms M Lephadi Ms D Dlodlu	Chairperson Member: Organised Employer Member: Organised Employer Member: Organised Employer Member: Organised Employer Member: Organised Employer Member: Organised Labour Member: Organised Labour Member: Organised Labour Member: Organised Labour Member: Organised Labour Member: Organised Labour Member: Community Organisation Member: Professional Bodies
Executive Committee	1	5	Ms N Jolingana Ms Z Tiry Ms T Mkhize Mr P Nephawe Mr S Conradie	Chairperson Member: Organised Employer Member: Organised Labour Member: Organised Labour Member: Organised Employer
Audit and Risk Committee	9	5	Mr F Docrat Ms M Pillay Ms P Mushwana Mr A Moyana Ms Z Tiry	Chairperson Independent Non-executive Member Independent Non-executive Member Board representative: Organised Labour Board representative: Organised Employer
Governance and Strategy	4	6	Ms D Dlodlu Ms M Lephadi Ms M Molefe Mr P Nephawe Lt-Gen N Mkhwanazi Mr S Conradie	Chairperson: Professional Bodies Member: Community Organisation Member: Organised Labour Member: Organised Labour Member: Organised Employer Member: Organised Employer

Committee	No. of members	No. Meetings	Names of members	Designation in the committee
Finance Committee	6	5	Lt-Gen N Mkhwanazi Ms I Kuhn Mr K Moyo Mr J Selepe Ms K Tsolo	Chairperson: Organised Employer Member: Organised Labour Member: Organised Labour Member: Organised Employer Member: Organised Employer
Remuneration Committee	8	6	Ms M Lephadi Ms D Dlodlu Mr K Moyo Ms T Mkhize Ms K Tsolo Mr J Selepe	Chairperson: Community Organisation Member: Professional Bodies Member: Organised Labour Member: Organised Labour Member: Organised Employer Member: Organised Employer
Corrections	3	6	Ms Z Tiry Mr T Gadisi Mr M Lambani Mr T D Venter Ms N Malinga Mr X Marimani	Chairperson South African Custodial Management Department of Correctional Services G4S Corrections Service SA Public Servants Association Police and Prisons Civil Rights Union
Policing	3	8	Ms D Dlodlu Ms E Maaga Mr P Maponyane Mr K Magagula Mr M Gaya Mr M Mahlatjie Mr V Maphalala Mr M Nthakeni	Chairperson South African Police Service Road Traffic Management Corporation African Policing Union Police and Prisons Civil Rights Union Civilian Secretariat for Police Service Independent Police Investigative Directorate Limpopo Department of Transport
Private Security	3	7	Mr T Moyana Mr I Ralioma Mr M Bhemb Prof W A Thorpe Mr V Ntshangase Mr T Dube Mr C Laubscher	Chairperson Private Security Industry Regulatory Authority South African Transport and Allied Workers Union African National Security Employer Democratized Transport Logistics & Allied Workers Union Kungwini Amalgamated Workers Union Security Association of South Africa

Justice	4	6	Mr K Moyo Mr S Viljoen Ms K Tshoke Mr C Z Nanto  Mr R Mampane Ms B Watters	Chairperson Public Servants Association Office of Chief Justice National Education, Health and Allied Workers Union  National Prosecuting Authority (Alternate) National Prosecuting Authority
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### ■ Effective Risk Management Strategy

The efficient and effective management of risk is critical to the delivery of SASSETA's Strategic Plan (SP) and the Annual Performance Plan (APP) and supports the comprehensive, organisation wide, risk management processes which were implemented in a structured and integrated manner. This was geared to support the organisational strategy and mitigating risks within acceptable risk tolerance levels.

SASSETA's risk management framework covers all areas of business and risks identified are categorised into strategic and operational risks per the respective functional areas and business processes. The SASSETA Board is accountable for all risks and delegates the responsibility for overseeing the effectiveness of risk management to the Sub-committees of the Board.

SASSETA's Risk Management Strategy, Methodology and Approach formalises the guiding principles for the SETA's management of risk. The monitoring of all organisational risks is the responsibility of Management who are in the context of SASSETA "Risk Champions", while the implementation of the mitigating factors and corresponding plans for these risks is the responsibility of all SASSETA staff.

Our risk management process encompasses risk identification and assessment, recording, reporting and ongoing monitoring and review in a proactive manner, which is supported by assurance planning, execution and reporting. This is further enhanced through a Combined Assurance Model that layers management as the first line of assurance, enterprise risk management and fraud risk management as the second line of assurance and internal audit, external auditors and other specialists as the third line of assurance.

SASSETA's Risk Management Policy promotes enterprise risk management to ensure that all risks that could affect the organisation's strategy, reputation, business processes and systems, financial and environmental performance are identified, assessed and mitigated to acceptable levels. Management and monitoring of SASSETA's processes are facilitated through regular risk assessments and reporting by the designated Risk Champions to the governance structures of the SETA, outlining the relevance, progress, and status of risks treatments.

### ■ Aligning Risk Management, Compliance and Corporate Governance

Key risk frameworks and methodologies, including policies, are enhanced to ensure consistent application across the SETA. Training and Risk awareness programmes are provided to all staff.

The Governance, Risk and Compliance (GRC) function sustained its continuous improvement journey to create a world class function that caters to SASSETA's current and future business needs in an effective and efficient manner and continued to focus on the following three pillars to achieve the desired level of risk maturity:

**Governance** – The risk bearing capacity was calculated and applied through the revised risk tolerance and appetite (RAT) framework. The risk escalation process was enhanced with stronger oversight from the Executive Management. The Terms of Reference of governance structures were revised to enhance and entrench the focus on risk management and related oversight structures.

**People** – Specialist skills were acquired, and requisite training and development was undertaken to boost the capability of the risk management function.

**Methods and practices** – the tools, policies and frameworks have been reviewed to enhance the efficiency, effectiveness, co-ordination and reporting of assurance and risk management activities and have placed greater emphasis on monitoring of the top strategic risks by the governance structures.

### ■ Risk assessment

SASSETA conducts risk assessments annually and new risks are assessed as they emerge. This process is geared to identify critical risks that SASSETA may face, to enable it to formulate the appropriate risk strategies and action plans to respond and mitigate these risks.

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

### ■ Risk Management Committee

SASSETA's Risk Management Committee (RMC), chaired by an independent member of the Audit and Risk Committee, is in place to, amongst others, identify, respond and monitor risks within SASSETA. The Committee's primary responsibility is to assist the Audit and Risk Committee in its oversight on the functioning and overall efficacy and effectiveness of the internal control systems, risk management policies, procedures, strategies, methodologies, approach and processes, maintenance and enhancement of the fraud prevention plans and ensuring SASSETA's compliance with the relevant laws and regulations.

### ■ Information, Communication and Technology Steering Committee

SASSETA's Information, Communication and Technology Steering Committee (ICT Steer-com), chaired by an independent member of the Audit and Risk Committee, is in place to, amongst others, ensure that the ICT Strategy is aligned to the organisational Strategy and compliant with best practice frameworks regarding ICT Governance and the related ICT policies as well as monitoring of ICT risks within SASSETA.

The Committee's primary responsibility is to assist the Audit and Risk Committee in its oversight on the functioning and overall performance of the ICT Infrastructure, Network and Applications environments, its security, reliability, availability and scalability and ensuring SASSETA's compliance with the relevant laws and regulations.

#### ■ Risk maturity assessment

The implementation of world class risk management business processes ensured that SASSETA continued to achieve a level 5 risk maturity assessment level from the National Treasury as at 31 March 2020.

#### ■ Fraud management and prevention

SASSETA commits itself to a zero-tolerance attitude towards any form of fraud, corruption and maladministration related to activities in its operations. SASSETA further commits to fully investigate, within the ambits of the law, such duly reported activities while respecting and protecting the rights of all parties involved without casting aspersions against anyone involved. SASSETA participates on the Public Service Commission's (PSC) national anti-corruption hotline. This is communicated through different platforms to all SASSETA staff and external Stakeholders for effective utilisation of this anti-corruption hotline.

#### ■ Internal audit

In terms of section 38 of the Public Finance Management Act of 1999, SASSETA has put in place a system of Internal Audit under the direction of the Audit and Risk Committee. The Internal Audit complies with and operates in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA.

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

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

The primary objective of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and suggest improvements regarding the effectiveness of risk management, internal controls, and governance processes.

Internal Audit, continuously follows-up on the audit findings reported, to establish the extent to which management resolves the findings raised by both Internal Audit and External Audit - (Auditor-General South Africa).

Internal Audit has evaluated and contributed to the improvement of risk management, internal controls and governance systems of SASSETA through the performance of adequate assurance and consulting activities in key areas identified in the risk assessment and by conducting audits as per the audit plan.

#### ■ Report of the Audit and Risk Committee

The Audit and Risk Committee (ARC) plays an important role in ensuring that an entity functions according to prescribed good governance (PFMA and King IV), accounting and audit standards. It also monitors and evaluates the adoption and implementation of appropriate risk, compliance and combined assurance management frameworks

#### ■ Audit and Risk Committee

The ARC provides an oversight function on governance, control and risk management processes by reviewing financial statements, reports from the Internal and External Auditors, status of internal control, compliance, combined assurance and Risk Management.

The Audit Committee amongst others reviews;

- the effectiveness of the internal control system including information technology and related security controls;
- the effectiveness of the Internal Audit function;
- the risk areas of the entity's operations to be covered in the scope of internal audits;
- the effectiveness of the monitoring systems pertaining to fraud related risks and the results of management's investigation and follow-up of alleged fraud and related matters;
- compliance with legal, statutory and regulatory provisions;
- the adequacy, completeness and effectiveness of the risk management process;
- quality of in year financial reports;
- completeness, accuracy and reliability of the performance information reports; and
- Any accounting, risk and auditing concerns identified as a result of internal or external audits.

## ■ Attendance of Audit and Risk Committee meetings by Audit Committee members

The ARC consists of the members listed below, all of whom are independent of SASSETA. The Committee should meet at least 4 times per annum as per its approved terms of reference. During the financial year under review, nine (9) meetings were held. The table below discloses relevant information on the ARC members.

Members	Qualifications / Capacity	Designation)	Number of meetings attended
Mr F Docrat (Chairman)	Chartered Director (SA), CISM, CISA, CGEIT, MBA, MAP, CRM-Prac, COPE	Independent non-executive member	9
Ms M Pillay	CA (SA)	Independent non-executive member	7
Ms P Mushwana	CISA, BSC IT	Independent non-executive member	8
Mr A Moyana	Board member	Board representative: Organised Labour*	9
Ms Z Tiry	Board member	Board representative: organised Labour**	8

\* Appointment as member of the Accounting Authority ended on 31 March 2020

+ Member appointed on the 10 July 2019 to the committee.

We are pleased to present our report for the financial year ended 31 March 2020.

## ■ Audit Committee Responsibility

The ARC reports that it has complied with its responsibilities arising from Sections 51 and 77 of the Public Finance Management Act (PFMA) and National Treasury Regulation 27.1. The ARC also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all of its responsibilities as contained therein.

## ■ In-Year Management and Monthly/Quarterly Report

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

Quarterly ARC Chairman's reports are also prepared and submitted to the Accounting Authority on any matters to be noted by the Board (as the Accounting Authority).

## ■ Evaluation of Financial Statements

The ARC has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and management;
- reviewed the AGSA's Management Report and Management's response thereto;
- reviewed accounting policies and practices as reported in the Annual Financial Statements;
- reviewed significant financial reporting judgements and estimates contained in the annual financial statements.
- Reviewed clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Reviewed the quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Reflected on unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reviewed reasons for major year-on-year fluctuations, including variances of actual versus budget.
- Reviewed specific provisions.
- Reviewed Write-offs and reserve transfers.
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues.
- reviewed adjustments resulting from the audit of the entity;
- reviewed changes to the Annual Financial Statements as presented by the entity for the year ending 31 March 2020; and
- reviewed the entity's processes for compliance with legal and regulatory provisions.

## ■ Evaluation of report on predetermined objectives

The responsibilities of the ARC include the review of performance management. The ARC has in terms of the performance of the SASSETA performed the following functions:

- Reviewed on compliance with statutory requirements and performance management best practices and standards.
- Reviewed the alignment of the annual performance plan, budget and strategic plan and compliance with the Framework for managing performance.
- Reviewed the quarterly performance reports issued by the internal audit function.
- Reviewed of the quarterly performance reports and making recommendations for improvement on performance management.



## ■ Internal Audit

The Entity has in terms of section 51 of the Public Finance Management Act of 1999, put in place a system of Internal Audit under the control and direction of the Audit and Risk Committee that complies with and operates in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA.

The primary objective of Internal Audit is to provide independent and objective assurance designed to add value and improve the SETA's operations. It helps the SETA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and recommend improvements regarding the effectiveness of risk and compliance management, internal controls, and governance processes. A risk based annual audit plan for 2019/20 was compiled and approved by the ARC. A total of ten (10) audits were conducted in the 2019/20 financial year and these included regularity audits, compliance audits, IT audits, risk and ad-hoc audits.

Internal Audit, which is outsourced, continuously followed-up on the audit findings reported, to establish the extent to which management resolved the findings raised by both Internal Audit and External Audit – the Auditor-General of South Africa. Internal Audit has evaluated and contributed to the improvement of risk management, controls, and governance systems of the entity through the performance of adequate assurance activities in key areas identified in the risk assessment and by conducting audits in areas mandated by the PFMA and Treasury Regulations.

## ■ The Effectiveness of Internal Control

The system of controls within SASSETA is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved by a risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the ARC monitoring implementation of corrective actions.

The Internal Audit findings, based on the risk assessment of the SETA, revealed that the following areas require enhancement:

- Information and Communications Technology (ICT); and
- Learning programmes.

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA), we can conclude that the system of internal control as applied over financial and non-financial matters at SASSETA is adequate, and has been further strengthened, for the year under review in most areas of business. The ARC believes that the internal control environment will continue to improve.

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

- Supply Chain Management
- Human Resources
- Annual financial statement
- Financial Controls
- ICT
- Mandatory Grants
- Audit of Performance Information
- Audit of Commitments & Projects
- Education, Training & Quality Assurance
- Risk Management

The Committee has noted management's zeal and commitment to address the lack of control effectiveness, where they exist. The Committee will be monitoring management's progress in resolving these issues on a regular basis.

We are satisfied that the Internal Audit function has operated effectively, that it has addressed the risks pertinent to SASSETA in its audits and has assisted the entity with value adding services to ensure that both financial and operational objectives are achieved.

## ■ Report of the Auditor-General South Africa

We have on a quarterly basis reviewed the entity's implementation plan for audit issues raised in the prior year and the ARC is satisfied that the matters previously reported have been adequately resolved. The ARC accepts the conclusions of the Auditor General SA on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the Auditor General's report. However, the ARC does not concur with the conclusions of the Auditor General SA on the Irregular, Fruitless and Wasteful Expenditure matters reported and their related root causes.

## ■ Appreciation

The ARC wishes to acknowledge the commitment, dedication and work performed by the Acting Chief Executive Officer, Chief Financial Officer, Executive Management, Management and Officials of the SASSETA. The ARC wishes to express its appreciation to the AGSA and the outsourced Internal Auditor for the co-operation and information they have provided to enable the ARC to discharge our responsibilities.



Mr F. Docrat – Chartered Director (SA), MBA, CISA, CGEIT, CISM, CRM-Prac, COPE, MAP  
**Chairperson of the Audit Committee**  
11 December 2020



### ■ Human Resource Performance Management

The Human Resource sub-programme is fundamental to the success of SASSETA. Through full employment practices, advisory and guidance services to management and employees, it ensures optimum and efficient utilisation and development of human capital.

Some of the key functions performed by the Human Resource sub-programme include Performance Management of staff, Human Resource Development, Recruitment and Selection, Staff Retention, Employee/Labour Relations, employee Benefits, Employee Wellness, Leave Administration and Occupational Health and Safety.

### ■ Performance Management of staff

The Performance Management System (PMS) was successfully executed for the fifth consecutive year.

### ■ Human Resource Development (Skills Development and Training)

This sub-programme complied with the requirements of the Skills Development Act, 97 of 1998 by submitting the 2019/2020 Workplace Skills Plan (WSP) to the Services SETA (affiliating SETA) and implemented the plan through various training interventions. The Annual Training Report (ATR) was also prepared and submitted accordingly to the Services SETA.

### ■ Integrated Human Resources System Employee development

A Human Resources Development (HRD) Committee was fully functional and executed its legislation mandate of implementing skills development initiatives.

A new Integrated Human Resources System was procured to improve efficiency of HR whilst, at the same time, taking 4th Industrial Revolution route. It will be implemented in 2020/2021. A total of 32 employees were funded for various academic studies.

### ■ Policy development

SASSETA embarked on a process of reviewing and enhancing its Human Resources Policies in 2018/2019 the amended policies were approved and implemented in 2019/2020.

### ■ Recruitment and selection

Following the approval of a new organisational structure, all critical positions in the year under review were filled to enable the organisation to deliver on its mandate.

### ■ Employee wellness

SASSETA's partnership with a wellness organisation in the past financial year delivered dividends by empowering employees to take control of their wellbeing, living more productive work lives and more enhanced private lives.

Employees have year-long, 24-hour access to counselling services provided in all South African languages.

### ■ Employment Equity

This sub-programme complied with the requirements of Employment Equity Act, 55 of 1998 by having a fully functional Employment Equity Committee and by submitting the annual Employment Equity Report to the Department of Labour. The Employment Equity Plan was also reviewed.

### ■ Employee Relations

Harmonious employer-employee working relationships with recognised trade unions were maintained throughout the year. This is in line with Labour Relations Act, 66 of 1995.

### ■ Climate survey: staff satisfaction

A climate survey was conducted to assess employees' perceptions and views towards the organisation and, most importantly, determine the intervention(s) required. The required interventions as informed by the results of the survey will be implemented to enhance the work environment and culture of the SETA in 2020/2021 financial year.

### ■ Skills audit

Skills audit was conducted to assess the adequacy of skills within the organisation versus the required skills.

### ■ Measures to address under performance of the sub-programme

There was no underperformance in the achievements of the targets for the Human Resources Management sub-programme.

### ■ Changes to the planned targets for the sub-programme

There were no changes to the planned target during the 2019/2020 financial year.

# HUMAN RESOURCE OVERSIGHT STATISTICS

1. Human Resource expenditure per programme			
Programme	Total expenditure for the entity (R0,000)	Personnel expenditure (R0,000)	Personnel expenditure as a % of total expenditure
Administration	87 327	26 840	8%
Research, Planning, Monitoring and Evaluation	68 309	14 638	3%
Learning Programmes	242 789	20 103	4%
Education, Training and Quality Assurance	11 725	8 853	3%
<b>Total</b>	<b>410 150</b>	<b>70 434</b>	

2. Personnel cost by salary band		
Level	Personnel expenditure (R0,000)	% of personnel expenditure to total personal costs
Top Management		
Senior Management	11 452	16%
Professionally qualified and experienced specialist	24 315	35%
Skilled technical and academically qualified	6 796	10%
Semi-skilled and discretionary decision making	24 263	34%
Unskilled and defined decision making	3 608	5%
<b>Total</b>	<b>70 434</b>	<b>100%</b>

3. Performance Awards (years)		
Level	Personnel expenditure (R0,000)	% of personnel expenditure to total personal costs
Top Management		
Senior Management	882	16%
Professionally qualified and experienced specialist	1 985	36%
Skilled technical and academically qualified	846	15%
Semi-skilled and discretionary decision making	1 609	29%
Unskilled and defined decision making	218	4%
<b>Total</b>	<b>5 540</b>	<b>100%</b>

4. Employment and vacancies at 31 March 2020			
Programme	Total expenditure for the entity (R0,000)	Personnel expenditure (R0,000)	Personnel expenditure as a % of total expenditure
Programme 1	51	26 840	38%
Programme 2	26	14 638	21%
Programme 3	54	20 103	29%
Programme 4	22	8 853	13%
<b>Total</b>	<b>153</b>	<b>70 434</b>	<b>100%</b>

5. Number of employees by occupational level for 2019/2020 financial year		
Level	Number of employees	% of employee complement
Top Management	-	-
Senior Management	4	3%
Professionally qualified and experienced specialist	8	5%
Skilled technical and academically qualified	34	22%
Semi-skilled and discretionary decision making	73	48%
Unskilled and defined decision making	7	4%
Interns	17	11%
Contract employees	10	7%
<b>Total</b>	<b>153</b>	<b>100%</b>

6. Number of employees by occupational level for 2019/2020 financial year				
Level	Employment at beginning of period	Appointments	Termination	Employment at end of period
Top Management	-	-	-	-
Senior Management	4	-	-	4
Professionally qualified and experienced specialist	9	-	1	8
Skilled technical and academically qualified	36	-	2	34
Semi-skilled and discretionary decision making	72	2	1	73
Unskilled and defined decision making	7	-	-	7
Interns	20	-	3	17
Contract employees	-	12	2	10
<b>Total</b>	<b>148</b>	<b>14%</b>	<b>9</b>	<b>153</b>

7. Reasons for employees leaving	
Level	Number
Death	1
Resignation	5
Dismissal	2
Retirement	-
Ill health	-
Expiry of contract	1
Other	-
<b>Total</b>	<b>9</b>

8. Labour relations: Misconduct and disciplinary action	
Level	Number
Verbal warning	-
Written warning	-
Final written warning	-
Dismissal	2
<b>Total</b>	<b>2</b>



9. Employee target and Employment Equity status								
Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	1	-	-	-
Professionally qualified and experienced specialist	2	-	-	-	-	-	1	-
Skilled technical and academically qualified	13	-	-	-	1	-	-	-
Semi-skilled and discretionary decision making	63	-	1	-	1	-	-	-
Unskilled and defined decision making	6	-	-	-	-	-	-	-

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	2	-	-	-	-	-	-	-
Professionally qualified and experienced specialist	5	-	-	-	-	-	-	-
Skilled technical and academically qualified	17	-	1	-	1	-	-	-
Semi-skilled and discretionary decision making	8	-	-	-	-	-	-	-
Unskilled and defined decision making	1	-	-	-	-	-	-	-

Disabled staff				
Levels	Male	Female	Indian	White
	Current	Current	Current	Current
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professionally qualified and experienced specialist	-	-	-	-
Skilled technical and academically qualified	-	-	-	-
Semi-skilled and discretionary decision making	-	1	-	-
Unskilled and defined decision making	-	-	-	-

# PERFORMANCE INFORMATION

The Safety and Security Sector Education and Training Authority (SASSETA) is one of the 21 sector education and training authorities in South Africa. We are responsible for skills development and implementation within the safety and security sector. Our mandate is drawn from the Skills Development Act, the National Skills Development Strategy and other subsidiary legislative frameworks as set out in Scope of Coverage in this document.

The National Treasury Regulations with the Skills Development Act and the Public Finance Management Act stipulates that public entities, such as SASSETA, need to develop five-year Strategic Plans and Annual Performance Plans listing their achievable targets. Furthermore, we need to report quarterly to our Executive Authority on our performance against the Annual Performance Report Plan (APP).

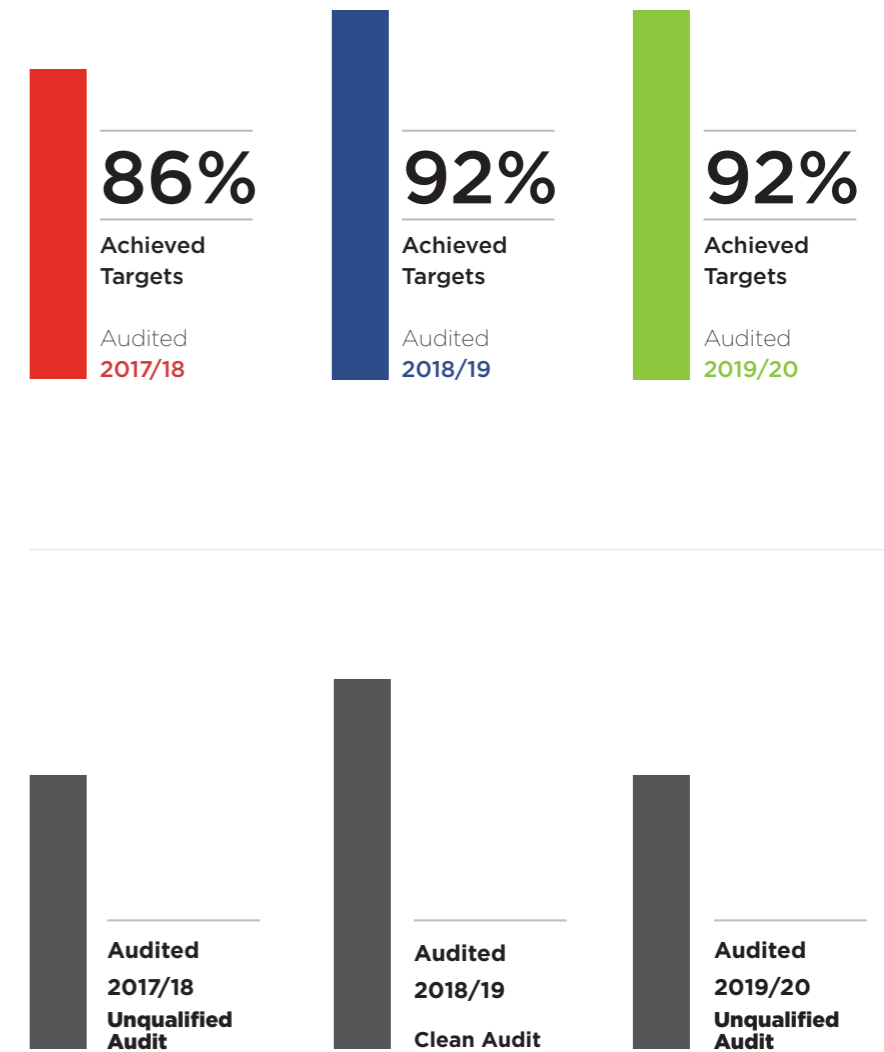
The annual report assesses and reports the progress on the set targets at output-level, and then determines where these outputs are sufficiently on track to contribute to the goals and objectives detailed in the five-year Strategic Plan. It therefore reports on the extent to which interventions undertaken have led to achieving the targets detailed in the (APP.)

SASSETA operates with four programmes, namely:

- Programme 1: Administration
- Programme 2: Research, Skills Planning & Reporting
- Programme 3: Learning Programmes
- Programme 4: Quality Assurance (ETQA)

## 2019/20 Results: Overall Performance Information

**SASSETA'S**  
performance  
over the past  
three years



# PROGRAMME 1: ADMINISTRATION

The purpose of the programme is to provide management with strategic and administrative support services to ensure effective implementation of the SASSETA's strategic goals and objectives. The programme comprises the following sub-programmes:

**Finance and Supply Chain Management** provides effective and efficient financial planning, management and administrative support to SASSETA. This includes amongst others the effective, efficient and economical acquisition of goods and services.

**Risk Management** assist with proactively managing and addressing risks that have a negative impact on SASSETA's business, reputation and performance.

**Internal Audit** provides independent, objective assurance and advisory services designed to add value and improve the department's operations. Internal Audit helps SASSETA to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

**Human Resource Management** provides leading and direction on individual performance management matters, sound employer/ employee relations, employee health and wellness, as well as effective and efficient recruitment, selection and placement services, including research and development of human resource policies and practices.

**Information and Communications Technology** seeks to provide for the integration of the IT needs and requirements of SASSETA to enable it to achieve its mission, strategic goals and objectives and pave the way for its pursuance of internal and external customer satisfaction.

**Communication and Marketing** co-ordinates corporate messages to all target groups and, in doing so, creates a client centric data-driven, communication through the synergistic delivery of advertising, media, digital marketing, eventing and stakeholder relations.

Ref	Performance Indicators	Planned target 2019/2020	Quarter 1 achievement	Quarter 2 achievement	Quarter 3 achievement	Quarter 4 achievement	Term Achievement	Deviation from planned targets to actual achievements for 2019/2020
<b>Strategic objective: Strengthen collaboration with stakeholders to enhance skills development within the sector</b>								
1	Number of strategic partnerships signed through memorandum of understanding (MOU) with public institutions as approved by the Board by 31 March	3	Not due for reporting	The strategic partners that have been identified and engaged: 1. Law Society of South Africa 2. Port Elizabeth TVET College, and 3. King Sabata Dalindyebo TVET College	The MOUs with the identified below strategic partners are in the process of being signed: 1. Law Society of South Africa 2. Port Elizabeth TVET College, and 3. King Sabata Dalindyebo TVET College	Strategic partnerships were established with the following public institutions: 1.Law Society of South Africa. 2.Department of Police, Roads and Transport, and 3.National Applications Centre (NAC)	3	No deviation
<b>Strategic Objective: Improve business processes to promote good governance and ethical environment</b>								
2	Maintain annual assessment of Risk Management maturity level by 31 March	Level 5	Not due for reporting	Not due for reporting	Not due for reporting	Not due for reporting	Level 5	No deviation



As at 31 March 2020, SASSETA had committed almost 100% of its budget. This displayed diligent financial planning, monitoring of expenditure and commitments in relation to the revenue received.

#### ■ Revenue

Private sector levies received were R31.4 million more than budgeted. Private sector levies of R342.5 million accounts for 68% of the total revenue collected. Penalty and interest of R9.1 million due to late payment by employers contributed significantly to the SETA' performance income.

Some government departments contribute levies monthly based on actual basic salary figures. The contributed levies are affected by variables such as resignations and appointments in these departments during the year. Contributions from government departments were R119.2 million which is in line with the revised budgeted amount. Most government departments can only afford to contribute on the 10% basis.

Investment income of R32.8 million is derived from committed surplus funds. This amount accounts for 6.5% of the total revenue amount.

Other income was only R177 thousand for the current financial year.

#### ■ Expenditure

The largest expenditure category remained the discretionary grants which is the core business of the SETA from the service delivery perspective.

The disbursement of mandatory grants is attributable to the extent of the compliance of the received and compliant work skills plans (WSPs) and annual training reports (ATRs).

The largest component of the administration expenditure remained compensation of employees. Since the SETA came out of administration, a considerable effort has been made to continuously stabilise the financial situation of SASSETA. In the year under review the organisation continued to be financially healthy.

#### ■ Commitments

SASSETA continued to manage and sustain its commitments balances from the previous financial years within the acceptable norm, and without over-committing the organisation. The increasing balance of commitments is mainly as a result of the delayed implementation of awarded projects which, in most cases, was not within the SETAs control.

#### ■ Irregular expenditure

The organisation implemented sound processes to mitigate occurrence of irregular expenditure. In the year under review SASSETA incurred irregular expenditure of R31.9 million, due to factors beyond their (board and management) control and delayed approval of the request to spend more than the budgeted administration cost in terms of the SETAs grant regulations. While the SETA correctly and timeously requested permission for spending more than the budgeted administration cost, circumstances not within the control of the SETA resulted in the delayed approval of the request which was received after the financial statements were submitted for audit but before finalisation of the audit. The Executive Authority approval in this regard was unfortunately not accepted by the AGSA.

#### ■ Fruitless and wasteful expenditure

The organisation incurred unfortunate fruitless and wasteful expenditure amounting to R4.9 million on office accommodation, which also required tenant installation. This situation was triggered by significant delays due to non-responsive bids and obtaining the necessary procurement approval from the National Treasury.

#### ■ Measures to address non-compliance with laws and regulations

Except for instances of irregular and fruitless and wasteful expenditure reported, SASSETA sustained compliance with the Skills Development Levies Act:

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

#### ■ Changes to the planned targets for these sub-programmes

There were no changes to planned targets during the 2019/2020 financial year.

## RISK MANAGEMENT sub-programme



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

- Risk capability, behaviour and culture was strengthened;
- Risk Strategy was aligned to the entity's Strategic Plan;
- Ensured compliance to the PFMA and its regulations, and corporate governance best practices;
- Ensured that policies and procedures, standards, guidelines and frameworks were developed and implemented; and
- Strengthened the risk identification and mitigation processes.

### ■ Measures to sustain the performance of the sub-programme

The organisation maintained its maturity assessment level 5 as it was in the prior financial years. This demonstrated the sustainability of the deployed processes in the management of risks within the organisation

### ■ Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2019/2020 financial year.

## INFORMATION AND COMMUNICATION TECHNOLOGY sub-programme



### ■ Information, Communication and Technology Governance

SASSETA acknowledges that Information, Communication and Technology are integral strategic assets of the organisation to enable the delivery of an advancing and proliferation of a bold new world of digitisation to our customers and internal/external stakeholders.

Our commitment to adequate and sound governance can be evidenced by our continuous efforts to embed best practices like King 4 principles, Corporate Governance of Information Communication Technology Policy Framework (CGICTPF), Control Objectives for Information and Related Technology (CoBit) and Information Technology Infrastructure Library (ITIL). The specific focus is on technology governance through the establishment of various responsibilities, processes and supporting governance structures.

In the current financial year, we consolidated our efforts in significantly strengthening and improving our general controls environment in relation to ICT Governance, Security Management, User Account Management, Program Change Control, ICT Service Continuity and Facilities and Environmental Controls. The stability and continuous improvement of the ICT environment is evidenced by the ICT General Controls Review conducted by Internal Audit during the year.

Furthermore, SASSETA uses security as a business enabler by creating trust in the digital world and proactively managing cyber and privacy risk.

### ■ ICT Projects Integrated Management Information System (IMIS)

IMIS was migrated from the Seta Management System (SMS) in 2019/2020 and is now part of the ICT strategy with enhanced capabilities in relation to automated processes for the following:

- Employer Management
- Grant Management
- Project Management
- Contract Management
- Quality Assurance Management
- User functions
- Reporting which includes the provision of Business Intelligence capabilities

The Electronic Records management system was implemented as an enabler for an integrated Document Management System in the 2019/2020 financial year as part of the overall ICT Strategy.

Human Resource System upgrade has been planned for commencement in the 2020/2021 financial year and will include the entire HR process, including payroll, leave management, performance management, recruitment and selection and travel advances. The Online Cloud Backup System was implemented to cater for retention and security of data and systems and to satisfy our business continuity requirements.

Microsoft Office 365 was implemented prior to the Covid-19 lockdown and proved to be a strategic business enabler for online and remote work.

### ■ Digital Transformation and the Fourth Industrial Revolution (4IR)

In the 2020/2021 financial year, SASSETA will formalise its Digital Transformation Strategy in support of our ICT Strategy and ensure alignment with the organisational Strategic Plan.

### ■ ICT Human Resources Capacity

the ICT Human Resource capacity remains a challenge in terms of Security Management, however, provision has been made to fill this critical vacancy during the 2020/2021 financial year.



## HUMAN RESOURCE MANAGEMENT sub-programme



Human Resources (HR) Policies and Procedures all HR Policies and Procedures were reviewed during in 2019/2020 financial year. The Performance Management System (PMS) was successfully implemented for the fifth consecutive year. Job profiles for all positions were reviewed, and all employees signed new Performance Agreements.

### Employee skills development

The 2019/2020 Workplace Skills Plan (WSP) was compiled, submitted and implemented on a large Scale and the 2018/2019 Annual Training Report (ATR) was compiled and submitted.

### Employee Wellness

A new Employee Wellness service provider will be appointed in the new Financial year.

### Plans for 2020/2021

SASSETA conducted a staff satisfaction survey to establish staff commitment levels to SASSETA as the employer. The survey provided an indication of how employees perceive the employer's prevailing policies and systems. Required interventions identified through the survey shall be implemented in 2020/2021.

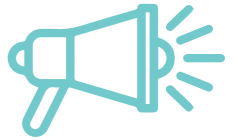
### Measures to address under performance of the sub-programme

There was no underperformance in the achievements of the targets for the Human Resources Management sub-programme.

### Changes to the planned targets for the sub-programme

There were no changes to the planned target during the 2019/2020 financial year.

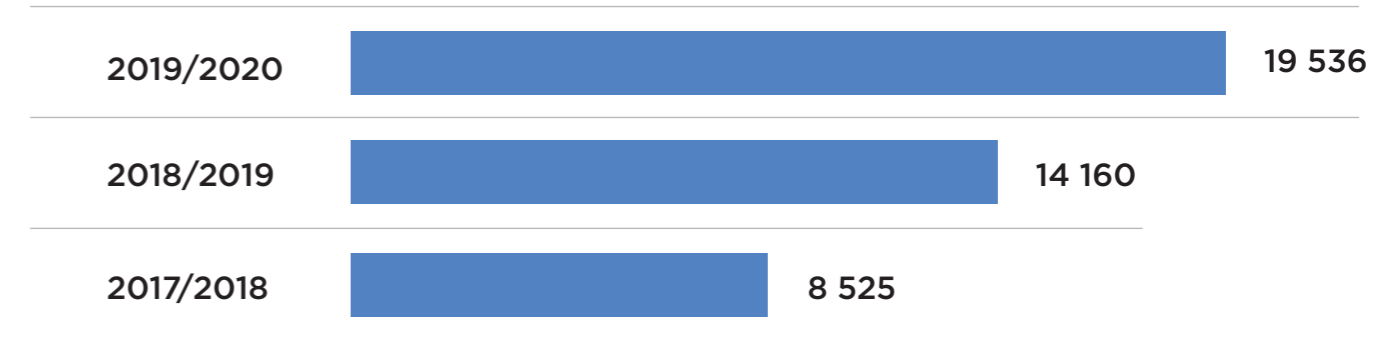
## MARKETING AND COMMUNICATIONS sub-programme



### Digital Marketing

Marketing and Communications in the past financial year has moved to online event booking, digital surveys and the use of email marketing to communicate with our various audience groups. In doing so we shortened response times and increased the speed of communication.

Facebook followers increased by 35 per cent in past financial year from 14, 508 on 1 April 2019 to 19, 536 by year end. The followers of the SASSETA Facebook posts are primarily unemployed learners and youth which is the key target market as stated in the APP.



### Website and Intranet

The new SASSETA website and intranet were launched in the previous financial year and was further enhanced during 2019/2020.

According to feedback received internally and externally the sites are user friendly, informative and engaging. Both sites are part of a continuous improvement plan to engender two-way communication. Digital marketing of Mandatory Grants, WSP deadlines, Discretionary Grants, vacancies and the change in policies and procedures increased stakeholder awareness of the SASSETA brand, promoted adherence to deadlines and triggered significant online communication with our target markets.

### Plans for the year 2020/2021

Budget allowing, plans are in place to increase awareness communication in rural areas through partnerships with local authorities, community radio and other media.

### Measures to address under performance of the sub-programme

There was no underperformance in the achievements of the targets for the Marketing and Communications sub-programme.

### Changes to the planned targets for the sub-programme

There were no changes to the planned target during the 2019/2020 financial year

## Overall performance



2017/2018



2018/2019



2019/2020

- Finance
- Human Resources Management
- Risk Management
- ICT
- Marketing and Communications
- Governance, Risks and Compliance

## Improvements and Challenges



### Continuous improvements

- ✓ Internal control environment
- ✓ Turn around time for provider payments with completed mandatory documents (i.e. average two weeks)
- ✓ Risk management and compliance
- ✓ General administration of the Organisation
- ✓ Communication with stakeholders



### Challenges

- ✗ ICT Capacity and infrastructure

## PROGRAMME 2: RESEARCH, SKILLS PLANNING & REPORTING

The purpose of the programme is to coordinate strategic planning and provide evidence-based strategic direction through research, monitoring and evaluation to inform a credible, skills planning mechanism in the safety and security sector. The programme consists of the following sub- programmes:

- Research and Skills Planning, and
- Monitoring, Evaluation and Reporting

### Programme 2 contributes to the following strategic objectives

- Institutionalised robust planning towards achievement of the SASSETA mandate;
- Improved identification and understanding of the scarce and critical skills needed across the safety and security sector; and
- Increased integrity of monitoring and evaluation for planning and decision-making and accountability

### Measures to address areas of under-performance

All planned targets were achieved for this programme

### MONITORING, EVALUATION AND REPORTING sub-programme



Continuous improvements were again brought to this sub-programme in past financial year. There were also no major findings during monitoring, an achievement that is directly attributed to a mature operational environment.

New entrants into the SASSETA space were closely monitored to ensure compliance and support during their implementation of projects, thus the Monitoring and Evaluation Committee was successful in its oversight in this role.

### SASSETA conducted and completed six impact studies during the year under review namely:

- Tracer study on learners who completed WBL.
- Perceptions and attitude towards WSP/ATR submissions
- The impact of the 4th Industrial Revolution on the Safety and Security sector.

- (iv) The impact of the TVET Graduate Placement programme on employability.
- (v) Evaluation of the NGO/CBO support by SASSETA.
- (vi) An evaluation assessment of the Paralegal Learnership.

A significant operational change implemented by the Department of Higher Education and Training was that from Q1 of 2019/2020, all SETAs were required to upload Quarterly Monitoring Reports (QMR) through SETMIS (the Sector Education and Training Management Information System). The overall objective of SETMIS is to create a credible, integrated and unified view of the supply side in order to ensure improved skills planning for an inclusive growth path.

## RESEARCH AND SKILLS PLANNING sub-programme



The Skills Planning and Research sub-programme is responsible for leading the development and coordination of the research agenda, research strategy and integrative technical support. It is also enjoined to execute and/or manage research activities. The research sub-programme also participates in knowledge management, research and innovation forums to inform the strategic trajectory of the SETA.

The Department of Higher Education and Training validations on performance information as well as SASSETA's internal audits were conducted and SASSETA is delighted to state that no findings were identified in the past financial year.

Key outputs of the Research sub-programme for the 2019/2020 financial year included updating the Sector Skills Plan (SSP) as well as the completion and publication of four research reports. This represents 100% achievement of the annual performance target as per the 2019/2020 Annual Performance Plan.

The sub-programme envisages intensifying its effort to be the knowledge hub of the SETA though identifying, concluding and managing strategic partnerships with key stakeholders, among others. Three of the evaluation studies were conducted internally and three were outsourced.

### ■ Measures to address under performance of the sub-programme

There was no under performance in the achievement of targets for the Monitoring, Evaluation, Reporting and Research sub-programme.

### ■ Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2019/2020 financial year.



Ref	Performance Indicators	Planned target 2019/2020	Quarter 1 achievement	Quarter 2 achievement	Quarter 3 achievement	Quarter 4 achievement	Term Achievement	Deviation from planned targets to actual achievements for 2019/2020	Comment on deviation
<b>Strategic Objective: Strengthen institutional mechanisms for skills planning</b>									
3	The SSP approved by the Board and submitted to DHET by 1 August 2019	2019/2020 SSP approved by the SASSETA Board and submitted to DHET by 1 August 2019	1st draft of the SSP submitted to DHET on 14 June 2019	Final SSP submitted on the 1st of August 2019	-	-	Approved SSP Submitted to DHET	No deviation	
<b>Strategic Objective: Improve the quality of research output and impact assessment studies</b>									
4	Number of impact assessment reports published by 31 March 2020	6 impact assessments reports published by 31 March 2020	<p>The following impact assessment studies have identified:</p> <ol style="list-style-type: none"> <li>1. The Perceptions and Attitudes of SASSETA Stakeholders towards the submission of Workplace Skills Plans (WSP) and Annual Training Reports (ATR).</li> <li>2. Tracer Study of Learners who complete Workplace Based Learning (WBL).</li> </ol> <p>Finalisation of the other 4 topics is underway.</p>	<p>The following evaluation topics have been identified and are being evaluated:</p> <ol style="list-style-type: none"> <li>1. Tracer Study on learners who completed WBL.</li> <li>2. Perceptions and Attitudes towards WSP/ATR submission.</li> <li>3. The Impact of the 4th Industrial Revolution on the Safety and Security Sector.</li> <li>4. The Impact of TVET Graduate Placement on Employability.</li> <li>5. Evaluation of NGO and CBO Support by SASSETA.</li> <li>6. An Impact Assessment of the Paralegal Learnership</li> </ol>	<p>1st draft reports of the following research studies have been completed:</p> <ol style="list-style-type: none"> <li>1. Perceptions and Attitudes towards WSP/ATR submission.</li> <li>2. The Impact of the 4th Industrial Revolution on the Safety and Security Sector.</li> <li>3. Tracer Study on learners who completed WBL.</li> <li>4. The Impact of TVET Graduate Placement on Employability.</li> <li>5. Evaluation of NGO and CBO Support by SASSETA.</li> <li>6. An Impact Assessment of the Paralegal Learnership.</li> </ol>	<p>The following impact assessments have been concluded and published, namely:</p> <ol style="list-style-type: none"> <li>1. The Impact of the 4th Industrial Revolution on the Safety and Security Sector.</li> <li>2. Tracer Study on learners who completed WBL.</li> <li>3. The Impact of TVET Graduate Placement on Employability.</li> <li>4. Evaluation of NGO and CBO Support by SASSETA.</li> <li>5. Perceptions and Attitudes towards WSP/ATR submission.</li> <li>6. An Impact Assessment of the Paralegal Learnership</li> </ol>	6	No deviation	
5	Number of research studies reports published by 31 March 2020	4 research studies reports published by 31 March 2020	<p>The following Research studies have been identified:</p> <ol style="list-style-type: none"> <li>1. Mapping the OFO Code.</li> <li>2. Skills Survey</li> <li>3. Update of Economic and Demographic data</li> <li>4. Employability skills versus human development skills: dilemmas that Bachelor of Law Undergraduates face in South Africa.</li> </ol>	<p>The following research topics have been identified and are being researched:</p> <ol style="list-style-type: none"> <li>1. Mapping the OFO Code: applying the occupational framework in the safety and security sector.</li> <li>2. Skills survey in the safety and security sector: A scope and deficit.</li> <li>3. Understanding economic contribution of the safety and security sector: An economic analysis perspective.</li> <li>4. Employability skills versus human development skills: a dilemma faces Bachelor of Law graduates in South Africa.</li> </ol>	<p>1st draft reports of the following research studies have been completed:</p> <ol style="list-style-type: none"> <li>1. Mapping the OFO Code: applying the occupational framework in the safety and security sector.</li> <li>2. Skills survey in the safety and security sector: A scope and deficit.</li> <li>3. Understanding economic contribution of the safety and security sector: An economic analysis perspective.</li> <li>4. Employability skills versus human development skills: a dilemma faces Bachelor of Law graduates in South Africa</li> </ol>	<p>The following research topics have been concluded and published, namely:</p> <ol style="list-style-type: none"> <li>1. Mapping the OFO Code: Applying the occupational framework in the safety and security sector.</li> <li>2. Skills survey in the safety and security sector: A scope and deficit.</li> <li>3. Understanding economic contribution of the safety and security sector: An economic analysis perspective</li> <li>4. Employability skills versus human development skills: A dilemma faces Bachelor of Law graduates in South Africa</li> </ol>	4	No deviation	

## Overall performance



2017/2018



2018/2019



2019/2020

- Research
- Skills Planning
- Monitoring, Evaluation and Reporting

## Improvements and Challenges



### Continuous improvements

- ✓ Improved internal research capacity
- ✓ Increase in the number of impact studies to determine SASSETA's efficacy
- ✓ Intensified monitoring and evaluation processes



### Challenges

- ✗ Monitoring and evaluation personnel capacity
- ✗ Stakeholders' participation in evaluation studies

## PROGRAMME 3: LEARNING PROGRAMMES

The purpose of the programme is to facilitate the interventions of skills development and training with the aim to reduce the scarce and critical skills gap in the safety and security sector through the provisioning of quality learning programmes. Learning Programmes is a core division of SASSETA which oversees the management of the Discretionary Grants. It is divided into two main sub-programmes namely; Learning Programme Implementation and the Learner Registration as well as Grants and Project Management Departments

### ■ Learning Programmes implementation comprises the following:

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

### ■ Grants and Projects Management Department comprises the following:

- Discretionary Grant Management
- Career Guidance; and
- Strategic Projects.
- Learner Registrations

The focus of this programme is to implement learning interventions across the sector that address the skills gaps and interventions across the sector as identified in SASSETA's Sector Skills Plan, as well as national skills priorities. In the period under review, Programme 3 had a total of 20 targets, of which 19 were achieved. This is an 95% achievement, confirming a steady improvement in performance.

### ■ Impact of the COVID-19 coronavirus on Learning Programmes

COVID-19 related challenges will most likely extend the duration of all learning these programmes due to the national lockdown and physical limitations brought by social distancing in the classroom delivery component.

### ■ Measures to address areas of underperformance

The extended lifespan of the SASSETA provides an opportunity to properly plan and implement learning programs for the correct duration of time.

## LEARNING PROGRAMMES



### ■ Learnerships delivered

Learnerships include an element of practical training to produce graduates with an ability to do the work (not just the theory) and are thus one of the preferred methods of learning in the sector. In the current year, SASSETA has enrolled 4 402 learners on 58 learnership projects against the following learnerships:

- Further Education and Training Certificate: Correctional Science
- Further Education and Training Certificate: Specialist Security Practices
- Further Education and Training Certificate: Information Technology: Technical Support (IT Security)
- National Certificate: Public Administration
- National Certificate: Business Administration
- National Certificate: General Security Practices
- National Certificate: Generic Management
- National Certificate: Paralegal Practice
- National Diploma: Public Administration
- Occupational Certificate: Traffic Officer

### Skills programmes delivered

- One of the ways a learner can achieve a qualification is through skills programmes, which are shorter, bitesize learning programmes which are ideal for topping up existing skills. Most employed people prefer this to learnerships as they are easy to balance against work demands. In the current year, SASSETA has enrolled 5 006 learners on 62 skills programme projects.

### Artisans trained

- The year under review saw the majority of learners enrolled in various artisan-related learning programmes. All these learners are being trained in public TVET Colleges to strengthen the public training institutions capacity to deliver learning programmes. In compliance with DHET requirements that only learners who had successfully completed trade tests can be reported as completed artisans, 70 learners being funded by SASSETA have successfully completed trade tests and were issued with trade test certificates by the QCTO.

### Bursaries offered

- Part of SASSETA's strategic objectives is to increase skills, contribute to transformation and professionalise the sectors through the provision of bursaries to both workers and unemployed youth. SASSETA has achieved its targets of 200 workers and 300 unemployed youth receiving bursaries to enter university and university of technology learning programmes. Both completion targets for workers and unemployed youth have been achieved with the learners receiving their qualifications.

### ■ Workplace Integrated Learning

SASSETA offers three types of support to obtain workplace-based experience in order to increase employability prospects. These are Internships, TVET Student Placements and University Student Placements.

### ■ Internships

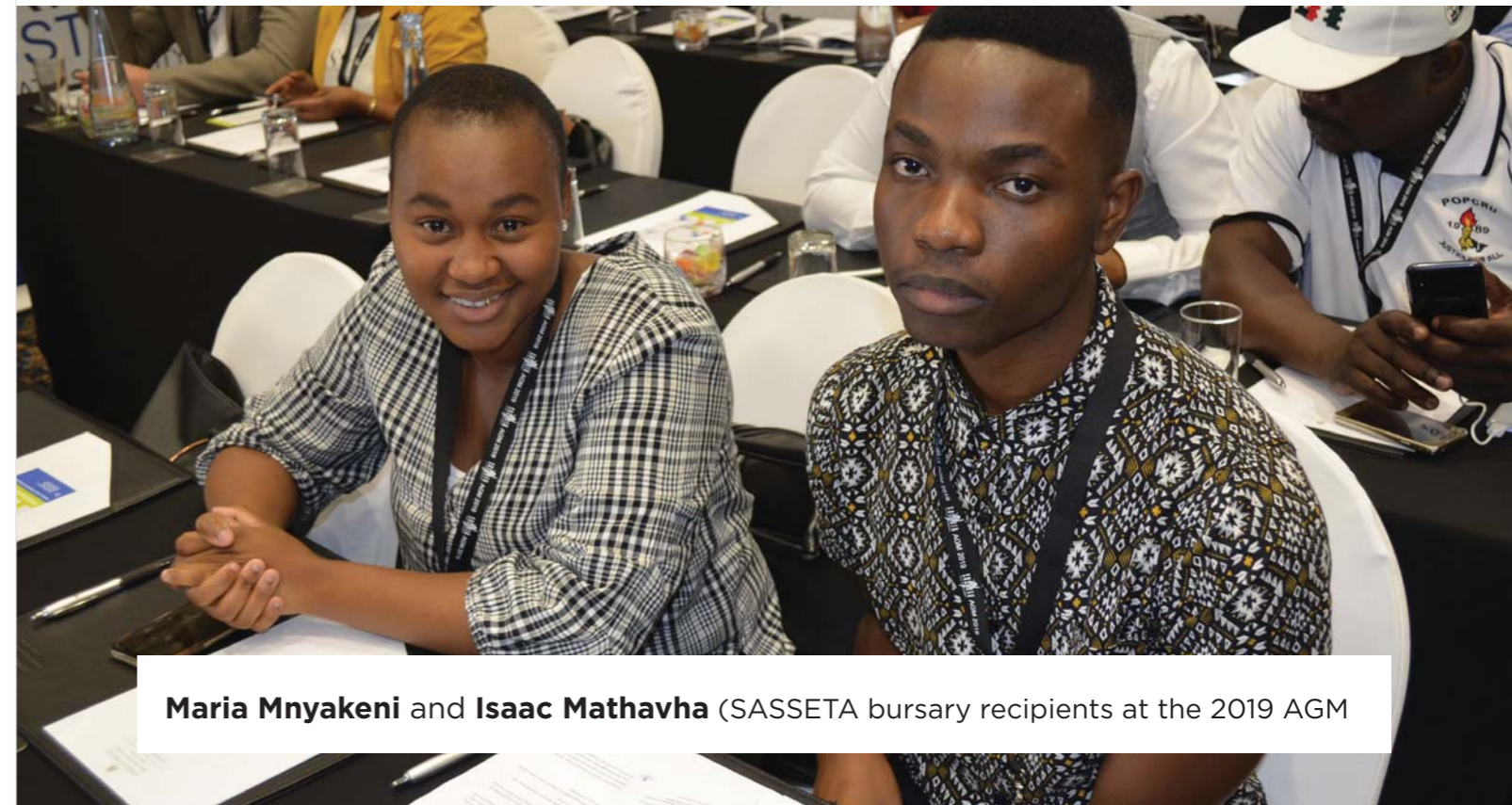
Through internships, employers in the sector are encouraged to host and provide unemployed youth with workplace experience for a period up to 12 months. SASSETA pays the interns a stipend for the duration of the internship/placement. A total of 430 youth were supported to enter internships and the completion target of 300 has been met.

### ■ University Graduate placements

University placements focus on unemployed graduates of universities, universities of technology and TVET colleges to obtain workplace experience. This grant includes the support of candidate attorneys through their period of articles (24 months). A total of 281 graduates from various universities were placed in graduate programmes. This includes 213 candidate attorneys placed at various organisations such as the State Attorney's Office, University of Pretoria's Law Clinic, Legal Aid Clinic and various small and large law firms.

### ■ TVET student placements

TVET students are required to obtain at least 18 months' workplace experience in order to obtain their qualifications. SASSETA plays an important role by providing stipends to learners and encouraging employers in its sector to host these learners for these 18 months. A total of 1 003 TVET students have been supported to obtain workplace experience.



**Maria Mnyakeni and Isaac Mathavha** (SASSETA bursary recipients at the 2019 AGM)

## GRANT AND PROJECT MANAGEMENT

### Learner registration



SASSETA has migrated into a new and improved learner management system that allows for comprehensive learner management and reporting. In the second phase, accredited training providers with learners on SASSETA accredited / funded projects will also be given access to load, view and run reports on learners linked to them. This will significantly improve the customer experience and reduce turnaround times for learner registration.

A dedicated unit with full resources has been established to focus on the improvement of the Discretionary Grant application and allocation processes. Roadshows were held nationally to engage stakeholders on various key issues, including access to the discretionary grants.

These engagements were undertaken in order to reach broader stakeholder groups, increase and diversify stakeholders who access discretionary grants, and explore partnerships and different funding models such as co-funding.

We have now automated the application, evaluation and contracting processes of the discretionary grant. This will improve transparency, reporting and significantly reduce the turnaround times for the processing of discretionary applications.

#### Strategic projects

In addition, and in support of the learning programme interventions above, SASSETA has identified areas where dedicated specialist interventions are required to enable the SETA to expand into rural areas, expand partnerships as well as to achieve complementary strategic objectives.

#### Career guidance

SASSETA supports the calls from the Minister of Higher Education, Science and Technology to ensure increased access to training and skills development opportunities to the youth of our country. In the current financial year, we have attended over 9 Youth driven initiative Events (learners out of schools, over 18 years old) and 26 Exhibitions aimed at youth in schools (learners in schools, under 18 years old). These events have assisted us in reaching over 429 schools and 27, 275 youth in the current financial year, across nine provinces in South Africa. Most of these schools are in rural and hard to reach areas.

Learners reached	27 275
Schools reached	429
Secondary Schools events	26
Youth events	9

#### During these sessions, pupils are assisted with the following:

- Choosing a career path,
- Ways to achieve their careers including through University, TVETS or other Programs,
- Interview tips,
- Curriculum Vitae structures,
- Importance of scarce and critical skills; and
- How to explore bursary, learnership, internship and skills opportunities available in all SETA's and other companies online.

#### End-User Computing

A project was implemented to assist learners in various rural communities to be introduced to computers so they, too, can access information and opportunities available to suburban communities. This project covered basic word processing, spreadsheets, presentation and electronic mail use. A total of 700 unemployed youth was trained in the following areas:

- Gauteng - Alexandra
- KwaZulu-Natal - Dimba village, Nongoma, Msinga, Mandeni, Pietermaritzburg, Ixopo, Durban,
- Western Cape - Khayelitsha
- Eastern Cape - Lusikisiki, Flagstaff
- Limpopo - Zebediela
- Free State - Parys, Ngwathe

#### Victim Empowerment

Two projects have been implemented to support victims of crime in the sector. One looks at the capacity building of over 250 social workers and NPO volunteers in understanding the legal processes to support victims to get justice. The second is a baseline study of the needs of the victims on the ground so that appropriate interventions can be implemented.

## ■ Finance and Business Management

A project was implemented to build the capacity of SME's and Cooperatives in various provinces to understand finance management and to manage their business / cooperative. A total of 300 business owners, potential business owners, managers in small businesses and cooperatives benefited from this project.

## ■ COVID-19 Solutions for SME's

Around February 2020, the deadly novel Corona virus, COVID-19, arrived in South Africa and infected several people. By late March, the President of South Africa declared a state of national disaster which gave way to a national lockdown that has adversely affected the economy. SASSETA is planning to support 100 SME's to weather the COVID-19 pandemic storm while they make the necessary adjustments to their operations. The support package will include:

- COVID-19 Risk Assessment of the beneficiary SME
- Support with the preparation of evidence of COVID-19 compliance for the Department of Labour & Employment
- Post Lockdown preparedness plans provided, updated as the Legislation and/or Regulations are amended
- Mandatory COVID-19 Training Course for Employer & Employee, Up to 15 individuals per company
- A handheld thermometer / scanner
- 200 x Blinded 3-Ply Masks for employees
- 30 x Face Shields for employees
- 500 x 3-Ply Ear loop Surgical Face Masks for customers of the SME's. For a period of 6 months, the following will be delivered to the SME's:
- 1L Trigger 70% Alcohol Hand & surface Sanitizer, Up to 15 Bottles per company
- 5L 70% Alcohol Hand & surface Sanitizer Refill per company, and
- Latex Gloves (box of 100).

## ■ SME's and Cooperative Support

SASSETA has identified the need to both build SME capacity and to formalise the informal entities in the safety and security sector. To this end, a service provider was appointed to provide the following support during the new financial year:

- Assessment of opportunity proposed by each beneficiary for viability
- Formation of SME or Cooperative, where necessary
- Registration of the SME or Cooperative with the CIPC
- Training on how to access funding and financial institutions
- Training of members on Business Skills including Marketing, Financial Management and Compliance & Risk Management

- COVID19 related adjustments and compliance
- Support with New Business Development
- Ongoing mentoring of the entities for a period of 12 months after the establishment (where applicable) and training
- A total of 50 SME's and Cooperatives will be supported by the end of this project.

## ■ Development of New Qualifications

The National Prosecuting Authority (NPA) identified that ill-prepared witnesses contribute to the high number of court cases lost by the state or thrown out of court. Through the Justice Chamber, SASSETA has initiated a project to develop a career-oriented qualification for Court Preparation Officers. This project is led by the NPA. The qualification will be used to top up the skills within the Court Preparation Division of the NPA, by attorneys as well as social workers and volunteers in NGO's that work within the Justice cluster.

The Justice sub-sector also identified the need has identified a need for a qualification to be developed that will assist with formalizing the recovery of assets through asset forfeiture. The qualification will top up gaps in the LLB curriculum where it does not provide adequate training on asset forfeiture. It will be provided to attorneys and Advocates who work for the NPA and other state agencies such as the Special Investigations Unit.

## ■ Sheriffs Capacity Building

Annually, the Minister of Justice and Correctional Services appoints 45 new Sheriffs. These are often appointed from the pool of Deputy Sheriffs who, due to limited funding, often do not have formal training. This then requires that the initial months in their term are spent on training. SASSETA has funded the training of 100 Deputy Sheriffs on the prescribed programme for Sheriffs in order to create a pool of trained persons to select Sheriffs from. This project is done in partnership with the South African Board of Sheriffs.

## ■ Office of the Public Protector

In the 2018/19 financial year, over 70 LLB graduates were placed in the Office of the Public Protector as Trainee Investigators to both obtain practical experience and to provide investigative capacity to the office of the Public Protector. A total of 56 have successfully completed their 12-month internship.

## ■ USAF Partnership

SASSETA has entered into a partnership with Universities of South Africa (USAF) with the primary objectives being to strengthen public universities as well as to collaborate in areas of mutual interest. As a result of this partnership, 100 employees from universities have been trained to date on the General Security Practices learnership.

This will result in the universities having the capacity to offer this qualification at a lower cost in the future. It will also assist them to better manage protests on campus.



Further to the above, 147 bursaries were allocated to USAF to benefit unemployed youth from rural communities to obtain university qualifications. These include 60 Masters and PhD/Doctorate students.

#### ■ Provincial Offices

The SASSETA established provincial offices with the aim of de-centralizing its activities, as a platform for our member companies to easily access and participate in skill development initiatives and enable them to engage with us on a one-on-one basis regarding their respective industries. SASSETA has opened offices in the province of KwaZulu Natal. These offices are already established by SASSETA with 3 respective TVET Colleges. The purpose of these offices are to;

- Decentralise core functions of SASSETA to KZN such as M&E, ETQA and part of Learning Programme.
- Represent SASSETA in the provincial structure on skills development related matters

#### ■ Newcastle Road Show

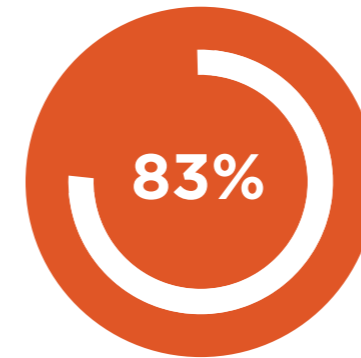
The Newcastle Roadshow was the first show since the opening of the offices in KZN. It was greatly received by stakeholders and that was confirmed by the large number of attendees at the event. On engaging with stakeholder's throughout presentations it was clear that there was a need to have easy access to SASSETA offices in their province.

The following stakeholder presentations were conducted during the SASSETA 2019/2020 national roadshows:

- SSP and Mandatory Grants
- Learning Programme process
- ETQA

Due to a decline in demand the Pietermaritzburg was closed in March 2020 and staff were moved to assist in the busy Durban office.

### Overall performance



**2017/2018**



**2018/2019**



**2019/2020**

- Learnerships
- Skills Programmes
- Bursaries
- Artisans
- Work Integrated Learning (Internships, TVET & University Placement)

### Improvements and Challenges



#### Continuous improvements

- ✓ Revised discretionary grant processes to realise efficiency and compliance
- ✓ Quality Assurance partners engaged for non-primary focus learning programmes
- ✓ Support of sector to increase number of workers completing learning



#### Challenges

- ✗ Delays in the implementation of learning programmes by some public sector employees

## PROGRAMME 3

Ref	Performance Indicators	Planned target 2019/2020	Quarter 1 achievement	Quarter 2 achievement	Quarter 3 achievement	Quarter 4 achievement	Term Achievement	Deviation from planned targets to actual achievements for 2019/2020	Comment on deviation
<b>Strategic Objective: Increase the skills of the safety and security sector workforce by the provision of professionalization of the sector. occupationally directed learning programs that contribute to the transformation and</b>									
6	Number of workers entering learnerships by 31 March 2020	2 000	136	33	6	1 825	2000	No deviation	
7	Number of workers completed learnerships by 31 March 2020	1 500	54	237	225	990	1506	+6	More learners than anticipated were found competent and certified
8	Number of worker entering skills programme by 31 March 2020	3 000	48	128	37	2 790	3 003	+3	There is an overachievement due to learners dropping out and replacements
9	Number of workers completed skills programme by 31 March 2020	2500	55	632	491	1 327	2 506	+5	More learners than anticipated were found competent and certified
10	Number of workers awarded bursaries by 31 March 2020	200	-	11	31	158	200	No deviation	
11	Number of workers completing studies through bursaries awarded in prior years by 31 March 2020	55	-	39	8	13	60	+5	More learners than anticipated were found competent and certified
<b>Strategic Objective: Increase the skills of unemployed persons by the provision of occupationally directed learning programmes that are NQF aligned and workplace experience that will improve their employability</b>									
12	Number of unemployed learners entering learnerships by 31 March 2020	2 400	20	0	16	2 366	2 402	+2	There is an overachievement due to learners dropping out and replacements
13	Number of unemployed learners completed learnerships by 31 March 2020	1 200	121	219	25	843	1 208	+8	More learners than anticipated were found competent and certified
14	Number of unemployed learners entering skills programme by 31 March 2020	2 000	56	27	37	1 883	2 003	+3	There is an overachievement due to learners dropping out and replacements
15	Number of unemployed learners completed skills programme by 31 March 2020	1 200	417	211	112	462	1 202	+2	More learners than anticipated were found competent and certified

## PROGRAMME 3

Ref	Performance Indicators	Planned target 2019/2020	Quarter 1 achievement	Quarter 2 achievement	Quarter 3 achievement	Quarter 4 achievement	Term Achievement	Deviation from planned targets to actual achievements for 2019/2020	Comment on deviation
16	Number of unemployed learners awarded busarries by 31 March 2020	300	0	140	57	103	300	No deviation	
17	Number of unemployed learners completing studies through bursaries awarded in prior years by 31 March 2020	100	20	0	0	86	106	+6	More learners than anticipated were found competent and certified
18	Number of Unemployed Learners entering Internships by 31 March 2020	430	0	0	169	261	430	No deviation	
19	Number of unemployed learners completed internships by 31 March 2020	320	0	165	27	143	335	+15	More learners than anticipated completed workplace training
20	Number of TVET students placed for practical training by 31 March 2020	1 000	0	0	0	1 003	1 003	+3	There is an overachievement due to learners dropping out and replacements
21	Number of TVET students completing practical training by 31 March 2020	400	0	25	49	56	130	-270	The target has not been achieved as learners across many employers did not start training as planned but only a few months later, hence why they will only complete training in 2020
22	Number of University graduates placed for practical training by 31 March 2020	280	0	0	28	253	281	+1	There is an overachievement due to learners dropping out and replacements
23	Number of University graduates completing placements by 31 March 2020	200	1	47	75	78	201	+1	More learners than anticipated completed workplace training
<b>Strategic Objective: Increase the throughput of qualified artisans</b>									
24	Number of artisans entered in partnership with identified public TVET Colleges by 31 March 2020	200	0	50	0	150	200	No deviation	
25	Number of artisans completing by 31 March 2020	70	7	0	0	66	73	+3	More learners than anticipated were found competent on trade tests

# PROGRAMME 4: QUALITY ASSURANCE (ETQA)

Programme purpose: The SASSETA ETQA functions are mandated from DHET and QCTO. This is to ensure alignment across all SETAs for the financial year under review. The functional areas include the accreditation of Skills Development Providers, registration of Assessors and Moderators and Evaluators of learning material for the purpose of accreditation.

Learner certification functions entail verification of learner results to ensure the integrity of certificates issued to successful learners and to award them with a qualification and/or credits for unit standards. SASSETA's learner certification processes promote principles of assessment and learner information is recorded and uploaded on the National Learner Record Database (NLRD).

This sub-programme also executes the functions delegated by the DHET and QCTO with regard to the development of occupational qualification or part qualification and to ensure the quality assurance function is carried out effectively and efficiently. The sub-programme consists of the following:

- Quality Assurance;
- Certification; and
- Development/Realignment of Occupational Qualification.



Ref	Performance Indicators	Planned target 2019/2020	Quarter 1 achievement	Quarter 2 achievement	Quarter 3 achievement	Quarter 4 achievement	Term Achievement	Deviation from planned targets to actual achievements for 2019/2020	Comment on deviation
26	Number of occupational qualifications realigned and submitted to QCTO by 31 March 2020	4 occupational qualifications realigned and submitted to QCTO	Re-alignment workshops were held for the following qualifications: 1. Paralegal Practices 2. Resolving of crime 3. Military Policy	Second re-alignment workshops were held for the following qualifications: 1. Paralegal Practices 2. Resolving of Crime 3. Military Policy	Re-alignment workshops were held for the following qualification: 1. NC: Resolving of Crime	3 qualifications have been re-aligned and submitted to the QCTO, namely: 1. Paralegal Practices. 2. Military Police. 3. Resolving of Crimes.	3	Deviation	The approval of fourth qualification was due to take place in the second week of March 2020 when the country went into Level 5 lockdown. Scheduled meetings could not take place.

Strategic Objective: Increase access to occupational qualifications in the safety and security sector

## Overall performance



2017/2018



2018/2019



2019/2020

- Quality Assurance
- Certificate

## Improvements and Challenges



### Continuous improvements

- ✓ Accreditation of public institutions to offer SASSETA learning programmes
- ✓ Reduced turn-around time in the processing of certificates
- ✓ Rovidier capacitation roadshows



### Challenges

- ✗ Delayed completion of learning due to COVID-19 challenges



<b>AGSA</b>	Auditor General of South Africa	<b>LPQA</b>	Learning Programmes Quality Assurance
<b>APP</b>	Annual Performance Plan	<b>MEC</b>	Member of Executive Council
<b>ATR</b>	Annual Training Report	<b>MERSETA</b>	Manufacturing Engineering and related Services Seta
<b>BAC</b>	Bid Adjudication Committee	<b>MoU</b>	Memorandum of Understanding
<b>BBBEE</b>	Broad Based Black Economic Empowerment	<b>MTEF</b>	Medium Term Expenditure Framework
<b>BCEA</b>	Basic Conditions of Employment Act	<b>MTSF</b>	Medium Term Strategic Framework
<b>BEC</b>	Bid Evaluation Committee	<b>NAMB</b>	National Artisan Moderating Body
<b>CA(SA)</b>	Chartered Accountant South Africa	<b>NC</b>	National Certificate
<b>CEO</b>	Chief Executive Officer	<b>NDP</b>	National Development Plan
<b>CFO</b>	Chief Financial Officer	<b>NGO</b>	Non-Government Organisation
<b>CIA</b>	Certified Internal Auditor	<b>NMMU</b>	Nelson Mandela Metropolitan University
<b>CJS</b>	Criminal Justice System	<b>NPO</b>	Non-Profit Organisation
<b>COBIT</b>	Control Objectives for Information and Related Technology	<b>NQF</b>	National Qualifications Framework
<b>CPF</b>	Community Policing Forum	<b>NQFA</b>	National Qualifications Framework Act
<b>DHET</b>	Department of Higher Education, Science and Technology	<b>NSDSIII</b>	National Skills Development Strategy III
<b>DoJCD</b>	Department of Justice and Correctional Development	<b>NT</b>	National Treasury
<b>DQP</b>	Degree Qualification Profile	<b>PFMA</b>	Public Finance Management Act
<b>ERM</b>	Enterprise Risk Management	<b>QALA</b>	Quality Assurance of Learner Achievements
<b>ETQA</b>	Education and Training Quality Assurance	<b>QCTO</b>	Qualifications Council for Trades and Occupations
<b>HRD-SA</b>	Human Resources Development Strategy for South Africa	<b>QDF</b>	Qualification Development Facilitator
<b>ICT</b>	Information Communications Technology	<b>RPL</b>	Recognition of Prior Learning
<b>JCPS</b>	Justice Crime Prevention and Security Cluster	<b>SAPS</b>	South African Police Services
<b>LPQA</b>	Learning Programmes Quality Assurance	<b>SAQA</b>	South African Qualifications Authority

<b>LPERC</b>	Learning Programmes Evaluation Recommendation Committee	<b>SASSETA</b>	Safety and Security Education Training Authority
<b>MEC</b>	Member of Executive Council	<b>SCM</b>	Supply Chain Management
<b>MERSETA</b>	Manufacturing Engineering and related Services Seta	<b>SDF</b>	Skills Development Facilitator
<b>MoU</b>	Memorandum of Understanding	<b>SDLA</b>	Skills Development Levy Act
<b>MTEF</b>	Medium Term Expenditure Framework	<b>SETA</b>	Sector Education Training Authority
<b>MTSF</b>	Medium Term Strategic Framework	<b>SETMIS</b>	Sector Education and Training Management Information System
<b>NAMB</b>	National Artisan Moderating Body	<b>SMME</b>	Small Medium and Micro Enterprises
<b>NC</b>	National Certificate	<b>SSP</b>	Sector Skills Plan
<b>NDP</b>	National Development Plan	<b>TAU</b>	Technical Assistance Unit (NT)
<b>NGO</b>	Non-Government Organisation	<b>TID</b>	Technical Indicator Description
<b>NMMU</b>	Nelson Mandela Metropolitan University	<b>TVET</b>	Technical Vocational and Educational Training Institutions
<b>NPO</b>	Non-Profit Organisation	<b>WIL</b>	Workplace Integrated Learning
<b>NQF</b>	National Qualifications Framework	<b>WSP</b>	Workplace Skills Plan

# FINANCIAL INFORMATION

## SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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## REPORT

### OF THE ACCOUNTING AUTHORITY

AS AT 31 MARCH 2020

The Annual Financial Statements FOR THE YEAR ENDED 31 March 2020, set out on pages 81 to 128, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:



**Mr Vukani Memela**

Acting Chief Executive Officer



**Mr Chris Mudau**

Chairperson of the Accounting Authority

# REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY (SASSETA)

FOR THE YEAR ENDED 31 MARCH 2020

## 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 79 to 128 which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of financial performance-comparison to the budget for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sasseta as at 31 March 2020, and financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (Standards of Grap) and the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the 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 this auditor's report.

4. I am independent of the public entity in accordance with sections 290 and 291 of the Code of Ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for *Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes), as well as 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 codes.

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

### Emphasis of matter

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

### Subsequent event

7. I draw attention to note 25 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the public entity's future prospects, performance and cash flows.

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

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Grap and the requirements of the PFMA and the 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.

9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

12. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do 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.

14. 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 programme presented in the annual performance report of the public entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 3 - learning programmes	52 - 64



15. 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.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 3 – learning programmes.

#### **Other matter**

17. I draw attention to the matter below.

#### **Achievement of planned targets**

18. Refer to the annual performance report on pages 35 to 68 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a number of targets

### **REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION**

#### **Introduction and scope**

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. The material findings on compliance with specific matters in key legislation are as follows:

#### **Annual financial statements**

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.

22. Material misstatements on the statement of financial performance – comparison to the budget identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Expenditure management**

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R 31 970 000 as disclosed in note 18.1 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

24. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R4 934 000 as disclosed in note 18.2 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the Fruitless and Wasteful expenditure was caused by paying for office accommodation in two office buildings.

### **OTHER INFORMATION**

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

26. 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.

27. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### **INTERNAL CONTROL DEFICIENCIES**

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

30. Compliance-monitoring controls implemented by the public entity were not always adequate to prevent material non-compliance with the PFMA and the Seta grant regulations.

31. The review controls implemented by management during the financial year were not effective, as accounting records presented for audit were not always accurate and complete.

*Auditor - General*

Pretoria  
11 December 2020



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 this auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made 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 relating to events or conditions that may cast significant doubt on the ability of Sassetta to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

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, actions taken to eliminate threats or safeguards applied.



# ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	Restated 2018/19 R'000
<b>REVENUE</b>			
<b>Non-exchange transactions</b>			
Skills Development Levy: Income	2	461 679	419 628
Skills Development Levy: Penalties and interest	3	9 114	9 710
<b>Exchange transactions</b>			
Investment income	4	32 771	30 159
Other income	5	177	2 038
<b>Total Revenue</b>		<b>503 741</b>	<b>461 535</b>
<b>EXPENSES</b>			
Employer grant and project expenses	6	(282 421)	(296 900)
Administration expenses	7	(162 085)	(112 192)
<b>Total Expenses</b>		<b>(444 506)</b>	<b>(409 092)</b>
<b>NET (DEFICIT) / SURPLUS FOR THE YEAR</b>	1	<b>59 235</b>	<b>52 443</b>

# ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	Restated 2018/19 R'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	7,2	18 195	6 315
Work in Progress	7,3	2 246	-
Intangible assets	8	819	1 044
		<b>21 259</b>	<b>7 360</b>
<b>Current Assets</b>			
Accounts receivable from non-exchange transactions	9	7 496	9 203
Accounts receivable from exchange transactions	9	11 096	7 974
Inventory	10	459	1 368
Cash and cash equivalents	11	505 269	456 500
		<b>524 319</b>	<b>475 045</b>
<b>Total Assets</b>		<b>545 579</b>	<b>482 405</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Finance lease obligations	12	32	161
		<b>32</b>	<b>161</b>
<b>Current Liabilities</b>			
Trade and other payables from non-exchange transactions	13	77 582	75 477
Trade and other payables from exchange transactions	13	8 716	8 994
Current portion of finance lease obligation	12	129	108
Provisions	14	16 670	14 444
		<b>103 098</b>	<b>99 024</b>
<b>Total Liabilities</b>		<b>103 130</b>	<b>99 185</b>
<b>Funds and Reserves</b>			
Administration reserve		21 259	7 360
Employer grant reserve		710	2 050
Discretionary reserve		420 480	373 810
<b>TOTAL FUNDS AND RESERVES</b>		<b>442 449</b>	<b>383 220</b>
<b>TOTAL NET FUNDS AND LIABILITIES</b>		<b>545 579</b>	<b>482 405</b>

# ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2020

Notes	Admini- stration Reserve R'000	Employer Grant R'000	Discre- tionary Reserve R'000	Unappro- priated surplus R'000	Total R'000
<b>Restated balance as at 1 April 2018</b>					
	2 696	923	327 158	-	330 777
	-	-	-	-	-
Net surplus as per Statement of Financial Performance	-	-	-	52 443	52 443
Prior period error adjustment	2 224	-	(1 167)	(1 058)	-
Allocation of unappropriated surplus	19 125	23 550	8 710	(51 385)	-
Excess reserves transferred to Discretionary reserve	(16 685)	(22 423)	39 109	-	-
<b>Restated balance as at 31 March 2019</b>					
	7 360	2 050	373 810	0	383 221
<b>Net surplus per Statement of Financial Performance</b>					
	-	-	-	59 235	59 235
Allocation of unappropriated surplus	(19 967)	19 716	59 486	(59 235)	-
Excess reserves transferred to Discretionary reserve	33 866	(21 055)	(12 811)	-	-
<b>Balance at 31 March 2020</b>					
	21 259	710	420 480	-	442 449

An amount of R710 000 (2018/19 - R2 050 000) is disclosed in the employer grant reserve refer to note 16.1 for details.

# ANNUAL FINANCIAL STATEMENTS

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

Note	2019/20 R'000	Restated 2018/19 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
<b>Cash receipts from stakeholders</b>	<b>469 790</b>	<b>426 462</b>
Levies, interest and penalties received	469 790	426 462
<b>Payments</b>		
<b>Grants and project payments</b>	<b>(259 024)</b>	<b>(297 973)</b>
Compensation of employees	(67 590)	(60 749)
Payments to suppliers and other	(109 643)	(15 743)
<b>Cash generated from operating activities</b>	<b>33 533</b>	<b>51 996</b>
Interest income	32 771	30 159
Finance costs	(41)	(44)
<b>Net cash inflow from operating activities</b>	<b>66 263</b>	<b>82 112</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, plant and equipment & Intangible assets	(17 695)	(6 502)
Proceeds from sale of asset/insurance proceeds	364	14
	<b>(17 331)</b>	<b>(6 488)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments relating to finance lease payments	(161)	(72)
	<b>(161)</b>	<b>(72)</b>
<b>Net increase in cash and cash equivalents</b>	<b>48 769</b>	<b>75 550</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>456 500</b>	<b>380 950</b>
<b>Cash and cash equivalents at end of year</b>	<b>505 269</b>	<b>456 500</b>

# ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL PERFORMANCE

### COMPARISON TO THE BUDGET

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Actual 2019/20 R'000	Approved Budget 2019/20 R'000	Adjust- ments 2019/20 R'000	Revised Approved Budget 2019/20 R'000	Variance Between Actual & Final Approved Budget Favourable (unfavourable)
<b>REVENUE</b>	<b>23</b>					
Skills Development Levy: Private Companies		342 534	311 124	-	-	31 410
Administration (10.5%) Discretionary (49.5%)		44 838	40 835	-	-	4 003
Employer Grants (20%)		212 544	192 508	-	-	20 036
		85 152	77 781	-	-	7 371
Skills Development Levy: Government Departments		119 146	117 081	-	-	2 065
Donor Funding Income		-	-	-	-	-
Skills Development Levy: penalties and interest	2	9 114	9 778	-	-	( 665)
Other Income	5	177	-	-	-	177
Investment Income	4	32 771	30 838	-	-	1 933
				-	-	-
<b>Total Revenue</b>		<b>503 741</b>	<b>468 822</b>	<b>-</b>	<b>-</b>	<b>34 919</b>
<b>EXPENDITURE</b>						
Employer Grants	6	(65 436)	(65 732)	-	-	296
Discretionary Grants Expenses	6	(216 985)	(286 186)	-	-	69 201
Administration Expenses	7	(162 085)	(116 904)	-	-	(45 181)
<b>TOTAL EXPENDITURE</b>		<b>(444 506)</b>	<b>(468 822)</b>	<b>-</b>	<b>-</b>	<b>24 316</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1</b>	<b>59 235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59 235</b>

# ACCOUNTING POLICIES

## TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

### 1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999). These unaudited Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited, Annual Financial Statements, 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 is 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

# ACCOUNTING POLICIES

## TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

### 2. REVENUE RECOGNITION CONTINUED

#### 2.2 Levy income

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

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

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

The 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 its 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 - SETAs 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 that should be read together with the Skills Development Levies Act. 80% of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund). The Seta was not in a position to verify that SARS has collected all potential skills levy income.

Levy income is recognised on the accrual basis.

Revenue is adjusted for inter Seta transfers due to employers changing Seta's. Such adjustments are separately disclosed as 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 the SASSETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

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

#### 2.3 Interest and penalties

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

#### 2.4 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the Seta as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised. Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

#### 2.5 Government grants and other donor income

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

#### 2.6 Revenue from exchange transactions

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

#### 2.7 Investment income

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

### 3. GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 20% of its total levy payment as a mandator 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).

#### 3.1 Mandatory grants

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

#### 3.2 Discretionary project expenditure

The funding for discretionary grants and projects comprise 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the SETA. A Seta allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

#### Project expenditure comprise:

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

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

## ACCOUNTING POLICIES

### TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

#### 3.3 Retrospective adjustments by SARS

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

#### 4. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

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

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

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred.

#### 5. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

#### Key sources of estimation uncertainty

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

#### Useful lives of Property, plant and equipment

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

Management determined, consistent with the prior year, that the useful life of assets should not be limited by the Seta's establishment. Management's determination of useful life also impacts the determination of the residual value of assets. The following useful lives are used in the calculation of depreciation:

• Computer equipment	-	3 to 10 years
• Computer Server	-	3 to 10 years
• Furniture and Fittings	-	5 to 16 years
• Office equipment	-	5 to 16 years
• Vehicles	-	5 to 10 years

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

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

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

In line with Directive 7 of the GRAP standards, assets for which historical cost information is not available will be capitalized/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.

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

## ACCOUNTING POLICIES

### TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

#### 6. INTANGIBLE ASSETS

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

##### Useful lives of Intangible assets

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

The following useful life is used in the calculation of amortisation:

- Computer software - 1 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 GRAP 13 Leases and the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

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

#### 8. RETIREMENT BENEFITS

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

#### 9. PROVISIONS

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

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

#### 10. CONTINGENCIES

A contingent asset is not recognised but disclosed where an inflow of economic benefits/service potential is probable. A contingent liability is not recognised, but only disclosed. However, disclosure is not required if payment is remote. Management further relies on inputs from the lawyers in assessing the probability of matters of a contingent nature. Contingencies are disclosed in note - 16.

#### 11. GRANTS AND PROJECTS

##### Mandatory and discretionary Grant Payments

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

##### Discretionary Projects

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

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

#### 12. FINANCIAL INSTRUMENTS

##### Recognition

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

##### Financial Assets

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

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

##### Loans and receivables

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



# ACCOUNTING POLICIES

## TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### Effective interest method

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

### Impairment of financial assets

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

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

### Financial Liabilities

Financial liabilities are classified as either financial liabilities at Fair Value Through Profit or Loss (FVTPL) or other financial liabilities.

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

### Financial liabilities at FVTPL

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

### Other financial liabilities

Other financial liabilities are initially measured at fair value plus of transaction cost. 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 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:

	2019/20 %	2018/19 %
Administration costs of the SETA	10,5	10,5
Employer grant fund levy	20	20
Discretionary grants and projects Received by the SETA	49,5	49,5
Contribution to the National Skills Fund	80	80
	20	20
	<b>100</b>	<b>100</b>

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.

## ACCOUNTING POLICIES

### TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

#### 17. CONSUMABLE INVENTORY

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

#### 18. COMMITMENTS

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

#### 19. SEGMENT REPORTING

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

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

#### 20. SUBSEQUENT EVENTS

Financial statements may be affected by certain events that occur after the date of the financial statements, but before the financial statements are authorised by the Board. SASSETA identifies the following types of events:

- Adjusting events; and
- Non-adjusting events.

Each of the above-mentioned events requires different accounting treatments.

- Subsequent Events are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
  1. Adjusting events - those that provide evidence of conditions that existed at the reporting date; and
  2. Non-adjusting events - those that are indicative of conditions that arose after the reporting date.

## NOTES

### TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

	Total per Statement of Financial Performance 2018/2019 R'000	Total per Statement of Financial Performance 2019/2020 R'000	Administration Reserve R'000	Employer Grants Reserve Mandatory Grant R'000	Discretionary Reserve Discretionary Grants R'000
<b>Total Revenue</b>	<b>461 535</b>	<b>503 741</b>	<b>142 118</b>	<b>85 152</b>	<b>276 471</b>
Skills Development Levy transfer from non - exchange transactions:					
Levy transfer Administration (10.5%)	131 502	141 942	141 942	-	-
Levy transfer Discretionary/ Employer Grants (69.5%)	288 126	319 738	-	85 152	234 586
Skills Development Levy penalties and interest from non - exchange transactions	9 710	9 114	-	-	9 114
National Skills Fund income	-	-	-	-	-
Donations for special projects	-	-	-	-	-
Investment Income	30 159	32 771	-	-	32 771
Other income	2 038	177	177	-	-
<b>Total Expenses</b>	<b>409 092</b>	<b>444 506</b>	<b>162 085</b>	<b>65 436</b>	<b>216 985</b>
Administration expenses	112 192	162 085	162 085	-	-
Donations for special projects	-	-	-	-	-
National Skills Fund expenses	-	-	-	-	-
Employer grants and project expenses	296 900	282 421	-	65 436	216 985
<b>Net (deficit) / surplus per Statement of Financial Performance allocated</b>	<b>52 443</b>	<b>59 235</b>	<b>(19 967)</b>	<b>19 716</b>	<b>59 486</b>

# NOTES

## TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

	2019/20 R'000	2018/19 R'000
<b>The total levy transfer per the Statement of Financial Performance is as follows:</b>		
Levy transfer: Administration	<b>141 942</b>	<b>131 502</b>
Levies received from Private Companies	44 838	46 817
Levies received from Government Departments	97 104	84 685
Inter-seta transfers in	-	-
<b>Levy transfer: Employer grants</b>	<b>85 152</b>	<b>76 495</b>
Levies received from Private Companies	85 152	76 495
Inter-seta transfers in	-	-
<b>Levy transfer: Discretionary grants</b>	<b>234 586</b>	<b>211 631</b>
Levies received from Private Companies	212 544	191 470
Levies received from Government Departments	22 042	20 160
Inter-seta transfers in	-	-
	<b>461 679</b>	<b>419 628</b>

### 3. SKILLS DEVELOPMENT LEVY: Penalties and Interest

	<b>9 114</b>	<b>9 710</b>
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### 4. INVESTMENT INCOME

	2019/20 R'000	2018/19 R'000
Interest received from banks	32 771	30 159
	<b>32 771</b>	<b>30 159</b>

### 5. OTHER INCOME

	2019/20 R'000	2018/19 R'000
<b>Other income comprises:</b>		
Profit on disposal/take-on of assets	36	7
Reversal of provision	-	1 404
Other Income	141	627
	<b>177</b>	<b>2 038</b>

### 6. EMPLOYER AND DISCRETIONARY GRANT EXPENSES

	2019/20 R'000	2018/19 R'000
<b>Mandatory grants</b>	<b>65 436</b>	<b>52 945</b>
Disbursed/provisions and accruals	65 436	52 945
<b>Discretionary grants</b>	<b>216 985</b>	<b>243 956</b>
Disbursed/provisions and accruals	216 985	243 956
	<b>282 421</b>	<b>296 900</b>

### 6.1 Discretionary grants

	2019/20 R'000	2018/19 R'000
Project expenditure	193 143	226 007
Non-pivotal	847	518
Project administration costs	22 995	17 431
	<b>216 985</b>	<b>243 956</b>

### 6.1.1 Project administration costs

	2019/20 R'000	2018/19 R'000
Salaries related	18 129	15 759
Travel and Subsistence	1 254	710
Other	3 612	961
	<b>22 995</b>	<b>17 431</b>

## TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 R'000
<b>7. ADMINISTRATION EXPENSES</b>		
Advertising, marketing and promotions, communication	2 555	1 778
Bad Debts Grants expenditure	1 089	-
Depreciation/Amortisation and Impairment	3 419	1 832
External auditor's remuneration	2 687	3 396
Operating lease rentals (minimum lease payments)	11 218	5 241
Cost of employment	67 762	58 083
Consulting Fees - Administration	507	2 331
Consulting Fees - Legal	14 109	3 829
Conflict of interest and CAATs	4 724	-
Filing and Archiving	3 195	-
Business processes evaluation and documentation	1 360	-
Discretionary grant evaluation	3 720	-
IT Maintenance	6 979	2 209
Utilities, maintenance, repairs and running costs	2 355	1 424
Remuneration to members of the accounting authority	3 466	3 305
Remuneration to members of the audit committee	564	521
Remuneration to members of other committees	307	189
Board Training and Workshop	339	1 109
Staff training and development	2 045	1 500
Repairs & Maintenance - Office	10 188	3 938
Donations/Sponsorship	127	7 162
Travel and subsistence	829	407
<b>Other</b>	<b>18 542</b>	<b>13 937</b>
Other Expenses	2 098	2 533
QCTO Funding	2 092	1 927
Procurement Advertisement	10	558
Monitoring, reporting & evaluation	289	714
Research	592	734
Bank Charges	148	183
Employees Assistance Programme	118	73
Postage	36	0
Security	1 224	1 050
Insurance	219	55
Meetings and workshops	107	182
Telephone costs	2 268	1 079
Interest paid	41	44
Recruitment costs	1 072	1 356
Stationery, printing and consumables	2 430	1 449
Accommodation and meals	1 605	367
Assessor Moderators and Verifiers	3 076	1 102
Internal Audit Fees	1 117	530
	<b>162 085</b>	<b>112 192</b>

	2019/20 R'000	2018/19 R'000
<b>7.1 Cost of employment</b>		
<b>Salaries and wages</b>	<b>46 077</b>	<b>40 251</b>
Basic salaries	34 447	29 444
13th Cheque	1 142	1 023
Performance bonus - provision	6 195	3 665
Leave	1 868	2 889
Overtime	2 426	3 230
	<b>6 881</b>	<b>5 820</b>
<b>Social contributions</b>		
Medical aid Contributions	1 863	1 351
Provident Fund contributions	4 820	4 299
UIF	197	170
	<b>13 804</b>	<b>11 297</b>
<b>Pay As You Earn</b>		
Tax Expense	13 804	11 297
	<b>742</b>	<b>714</b>
<b>Skills Development Levies Expenditure</b>		
SDL Expenditure	742	714
	<b>258</b>	<b>-</b>
<b>COIDA</b>		
Compensation Assessment	258	-
	<b>67 762</b>	<b>58 083</b>
<b>Average number of employees</b>	<b>135</b>	<b>110</b>

# NOTES

## TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
<b>7.2 Property, Plant And Equipment</b>			
<b>Year ended 31 March 2020</b>			
Computer Server	923	(499)	424
Computer equipment	4 830	(2 983)	1 848
Office furniture and fittings	11 429	(393)	11 035
Office equipment	4 065	(477)	3 588
Leased Assets - Office Equipment	341	(203)	139
Motor vehicles	1 807	(646)	1 161
<b>Balance at end of year</b>	<b>23 395</b>	<b>(5 200)</b>	<b>18 195</b>

Made up as follows:

- Owned assets	23 054	(4 997)	18 056
- Leased Assets	341	(203)	139

	Cost R'000	Accumulated depreciation R'000	Restated Closing carrying amount R'000
<b>Year ended 31 March 2019</b>			
Computer Server	1 173	(581)	592
Computer equipment	6 359	(4 254)	2 106
Office furniture and fittings	3 971	(3 486)	485
Office equipment	1 758	(307)	1 451
Leased Assets - Office Equipment	341	(89)	252
Motor vehicles	1 768	(338)	1 430
<b>Balance at end of year</b>	<b>15 371</b>	<b>(9 055)</b>	<b>6 315</b>

Made up as follows:

- Owned assets	15 029	(8 966)	6 063
- Leased Assets	341	(89)	252

### Movement Summary 2020

	Carrying amount 2019 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Accumulated Depreciation on Disposal R'000	Carrying amount 2020 R'000
Computer Server	592	-	(250)	(167)	250	425
Computer equipment	2 107	795	(2 324)	(935)	2 206	1 848
Office furniture and fittings	484	10 993	(3 762)	(334)	3 627	11 035
Office equipment	1 451	2 703	(836)	(416)	712	3 587
Leased Assets - Office Equipment	252	-	-	(114)	-	138
Motor vehicles	1 430	39	-	(308)	-	1 161
<b>Balance at end of year</b>	<b>6 315</b>	<b>14 530</b>	<b>(7 172)</b>	<b>(2 274)</b>	<b>6 795</b>	<b>18 195</b>

### Movement Summary 2019

	Carrying amount 2018 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Accumulated Depreciation on Disposal R'000	Carrying amount 2019 R'000
Computer Server	286	426	(1 825)	(120)	1 825	592
Computer equipment	1 066	1 683	(254)	(639)	252	2 107
Office furniture and fittings	575	83	(121)	(172)	119	484
Office equipment	327	1 179	(9)	(52)	7	1 451
Leased Assets - Office Equipment	-	341	-	(89)	-	252
Motor vehicles	103	1 407	-	(80)	-	1 430
<b>Balance at end of year</b>	<b>2 357</b>	<b>5 119</b>	<b>(2 209)</b>	<b>(1 153)</b>	<b>2 203</b>	<b>6 315</b>

### 7.3 Work In Progress

	2019/20 R'000	2018/19 R'000
Balance at the beginning of the year	-	-
WIP for current year	2 246	-
Transferred to PPE	-	-
<b>Balance at the end of the year</b>	<b>2 246</b>	<b>-</b>

During the 2019/20 financial year SASSETA entered into an office furniture manufacturing process with Siyaphusha (Pty) Ltd. As at 31 March 2020, 40% of the total cost had already been paid for work-in-progress. It is estimated that this project will be completed by 31 July due to the COVID-19 interruption.

## NOTES

### TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

	Cost R'000	Accumulated amortization R'000	Closing carrying amount R'000
<b>8. INTANGIBLE ASSETS</b>			
<b>Year ended 31 March 2020</b>			
Computer Software	1 413	(594)	819
<b>Balance at end of year</b>	<b>1 413</b>	<b>(594)</b>	<b>819</b>
Made up as follows:			
- Owned assets	1 413	(594)	819
- Leased Assets	-	-	-
<b>Year ended 31 March 2019</b>			
Computer Software	1 914	(870)	1 044
<b>Balance at end of year</b>	<b>1 914</b>	<b>(870)</b>	<b>1 044</b>
Made up as follows:			
- Owned assets	1 914	(870)	1 044
- Leased Assets	-	-	-

#### Movement Summary 2020

	Carrying amount 2019 R'000	Additions R'000	Disposals R'000	Amortization charge R'000	Accumulated amortization on disposal R'000	Carrying amount 2020 R'000
Computer Software	1 045	919	(1 421)	(1 145)	1 421	819
<b>Balance at end of year</b>	<b>1 045</b>	<b>919</b>	<b>(1 421)</b>	<b>(1 145)</b>	<b>1 421</b>	<b>819</b>

#### Movement Summary 2019

	Carrying amount 2019 R'000	Additions R'000	Disposals R'000	Amortization- charge R'000	Accumulated amortization on disposal R'000	Carrying amount 2020 R'000
Computer Software	341	1 383	-	(679)	-	1 045
<b>Balance at end of year</b>	<b>341</b>	<b>1 383</b>		<b>(679)</b>	<b>-</b>	<b>1 045</b>

#### Change In Accounting Estimate

The main assumption for the reassessment is:

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

Following the reassessment, the remaining useful lives of property, plant and equipment remaining useful lives were assessed at 1 years while the remaining useful lives of intangible assets were assessed at 1 year.

Additional information that became available has resulted in a change in the useful lives of the assets of SASSETA, which constitutes a change in accounting estimate in accordance with GRAP 3. The impact of the change in accounting estimate is a reduction in the annual depreciation and amortisation expenses. It is expected that this trend may continue in future periods. Future depreciation will amount to R101 000.

The depreciation and amortisation expenses have increased/(decreased) as follows for the 2020 financial year:

	Before change in estimate R'000	After change in estimate R'000	Net Increase /(Decrease) R'000
Depreciation: Computer equipment	205	117	(88)
Depreciation: Computer server	4	2	(2)
Depreciation: Furniture & fittings	3	1	(1)
Depreciation: Motor Vehicle	30	21	(9)
	<b>242</b>	<b>141</b>	<b>(101)</b>

#### 9. TRADE AND OTHER RECEIVABLES

##### Non-exchange Transactions

	2019/20 R'000	2018/19 R'000
Employer receivables	9 495	9 139
Administration levy debtors	6 735	7 710
Provision for doubtful debts	(8 735)	(7 646)
<b>Balance at the end of the year</b>	<b>7 496</b>	<b>9 203</b>

During the current financial year South African Police Services (SAPS)/Defence with an amount was R6.7m (2019: R7.7m) gave a firm commitment regarding their levy contribution to SASSETA. The amount to be deposited shortly after year end. SAPS and Defence contribute its levies at 10% of 1% of their payroll cost towards the administration cost of the SETA.

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

##### Exchange Transactions

	2019/20 R'000	2018/19 R'000
Rental deposit	4 285	1 237
Interest receivable	3 071	2 829
Staff debtors	6	-
Prepayments	1 868	3 504
Sundry receivables	1 866	405
<b>Balance at the end of the year</b>	<b>11 096</b>	<b>7 974</b>

##### Provision for doubtful debts

	-	-
<b>Balance at the end of the year</b>	<b>11 096</b>	<b>7 974</b>

There was no provision for impairment in the current year relating to trade debtors.

## NOTES

### TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10. INVENTORY	2019/20 R'000	2018/19 R'000
Balance at the beginning of the year	1 369	1 006
Amount utilised	(2 430)	(1 449)
Purchases	1 520	1 811
<b>Balance at the end of the year</b>	<b>459</b>	<b>1 369</b>

11. CASH AND CASH EQUIVALENTS	2019/20 R'000	2018/19 R'000
<b>Cash at bank and in hand</b>	<b>140 452</b>	<b>104 494</b>
Cash at bank	140 452	104 494
Cash in hand	-	-
Short term investments/instruments	364 817	352 007
<b>Cash and cash equivalents at end of year</b>	<b>505 269</b>	<b>456 500</b>

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The average interest rate on fixed-term bank deposits were 7.9% (2018/19: 8.1%).

Cash and cash equivalents comprise cash held by SASSETA, fixed deposits with Nedbank as well as short-term bank deposits on call. The carrying amount of these assets approximates their fair values. The Skills Development Act Regulations state that a Seta may, if not otherwise specified by the Public Finance Management Act, invest monies in accordance with the investment policy approved by the relevant Seta.

Seta invested its surplus funds in line with an investment policy as required by Treasury Regulation 31.3.5

## 12. LEASING

### Finance Lease

#### Reconciliation between the total of the minimum lease payments and the present value

#### Up to 1 year

	2019/20 R'000	2018/19 R'000
Future minimum lease payments	149	149
Finance costs	(20)	(41)
<b>Cash and cash equivalents at end of year</b>	<b>129</b>	<b>108</b>

### Summary Disclosure Note

Total Payments	2019/20			2018/19		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	149	33	182	149	182	331
<b>Balance at end of year</b>	<b>149</b>	<b>33</b>	<b>182</b>	<b>149</b>	<b>182</b>	<b>331</b>

### Summary Disclosure Note

Capital Portion	2019/20			2018/19		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	129	32	161	108	161	269
<b>Balance at end of year</b>	<b>129</b>	<b>32</b>	<b>161</b>	<b>108</b>	<b>161</b>	<b>269</b>

Finance leases relates to the lease of seven multifunction printers from Xerox for a total period of three years, commencing on 30 June 2018.

### Operating Lease - as lessee

#### Total minimum lease payments due

	2019/20 R'000	2018/19 R'000
Not later than one year	8 410	3 015
Later than one year but not later than five years	2 882	-
Later than five years	-	-
<b>Cash and cash equivalents at end of year</b>	<b>11 292</b>	<b>3 015</b>

Operating lease relates to new premises used for office accommodation. The lease agreement has been signed for a period of two years up to 31 July 2021. Total minimum lease payments disclosed relates to such period.

### 13. TRADE AND OTHER PAYABLES

	2019/20 R'000	2018/19 R'000
<b>From Non-Exchange transactions</b>		
Employer grant - accrual/payable	24 850	1 453
DOL control SDL	1	-
Trade creditor	2 331	41 664
Accruals	47 752	32 361
Training layoff scheme	2 647	-
	<b>77 582</b>	<b>75 477</b>
<b>From Exchange transactions</b>		
Trade creditor	1 821	5 094
Accruals	4 330	1 754
Income received in advance	917	917
Employee cost related	1 400	1 229
Straight lining - leases	248	-
	<b>8 716</b>	<b>8 994</b>

### 14. PROVISIONS

	Overtime	Performance Bonus	Leave pay	500K Provision	Other	Total
Open carrying amount	-	3 665	4 423	5 331	1 025	<b>14 444</b>
Amounts utilised	(1)	(5 540)	(1 611)	(884)	-	<b>(8 036)</b>
Change in estimate	3	6 195	1 867	1 213	984	<b>10 263</b>
<b>Closing carrying amount</b>	<b>2</b>	<b>4 320</b>	<b>4 679</b>	<b>5 660</b>	<b>2 009</b>	<b>16 670</b>

"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."

"Provision other relate the unearned tenant installation allowance being expensed monthly and rehabilitation costs for the new office premises."

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

	2019/20 R'000	2018/19 R'000
Net Surplus/ (deficit) as per Statement of Financial Performance	59 235	51 385
Adjustment for non-cash items		
Depreciation and Amortisation	3 419	2 156
Loss / (Profit) on disposal of Property, plant and equipment	-	(14)
Prior year error adjustments		
Other Income	63	348
Other Income - Interest Income		
Acquisition of Leased Assets		
Adjusted for items separately disclosed		
Investment Income	(32 771)	(30 159)
Finance Charges	41	44
Movement of provisions	2 226	3 024
Adjusted for working capital changes:	1 321	25 212
(Increase)/ Decrease in receivables	(1 414)	(2 517)
(Increase)/ Decrease in inventory	909	(362)
(Decrease)/Increase in payables	1 827	28 091
<b>Cash generated by operations</b>	<b>33 533</b>	<b>51 996</b>

### 16. CONTINGENCIES

#### 16.1 Contingent Liabilities

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

#### 1 CASE NUMBER 5555/16: Breach of contract & damages - MASTOFUSION (PTY) LTD

This is a civil claim instituted against SASSETA by MASTOFUSION (Pty) Ltd. MASTOFUSION is suing SASSETA for an estimated total amount of R5 838 630. The amount is broken down as follows: R5 688 630 and R150 000, for breach of contract and damages, and legal fees, respectively. SASSETA's legal counsel estimates that the litigation process will be finalised in 2020. Matter is still pending. The court file has been indexed and paginated. Counsel to be briefed to settle heads for the hearing of the exception filed. The estimated cost for now excluding disbursements and/or Counsel' s fees is R200 000.

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

HAZOEMA is suing SASSETA for the payment of invoices. SASSETA's legal counsel estimates that the litigation process will be finalised in 2020. The matter was in court on the 20th of April 2020, the court referred the matter to oral evidence and granted SASSETA costs for the application, a bill will also be prepared for the costs awarded. Pleading have now closed and the matter is ready to proceed to trial. Witnesses in the matter no longer work for SASSETA and hence the increase in financial exposure. Estimated Exposure amount estimated at R2,000,000.00 inclusive of costs, witnesses and the capital claimed.

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

SANAMIK is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R405 000. SASSETA's legal counsel estimates that the litigation process will be finalised in 2020. The matter is still dormant for now, as the last communication from the attorneys stated they have not filed a Notice of Acting and therefore are not properly before the court. We are preparing to have the matter set down and apply for the dismissal of the claim, depending on whether the plaintiff decides to file further documents. Not much has happened as the plaintiff keeps changing attorneys. Estimated fees are R90 000.



#### 4. CASE: Arbitration Manana Moroka

The former CEO of SASSETA was dismissed and the matter was referred to CCMA for conciliation of a dispute for unfair dismissal. It appears that in the conciliation process only DHET was cited. SASSETA was apparently not served or aware of the conciliation process or joinder application. The matter has been referred to arbitration and is still proceeding at the CCMA. The applicant now seeks re-instatement and/or payment in solidum for a period of 5 years and payment of all legal costs she incurred starting from the 1st case when she was dismissed by the board of SASSETA and later re-instated as a result of an award at the CCMA. Estimated fees for Capital, legal costs and ancillary disbursements R15,000,000.00

#### 5. CASE: Segaole

On the 30th of May 2018, Segaole and SASSETA agreed to settle the K53 matter involving 150 learners at R13 750 per learner less any amount previously paid. The amount of R1 012 500 is in the accrual balance as SASSETA is awaiting final documents for payment. The estimated legal cost of R65 000 will be paid once the taxation is finalised by the Taxing Master. Capital and legal costs settled, the matter was now finalised. When SEGAOLE submitted an invoice to SASSETA for payment, pursuant to the Settlement Agreement entered into between the Parties, they failed to provide the required supporting documents, resulting in SASSETA not being able to process the payment.

These shortcomings were brought to the attention of SEGAOLE and their attorneys but still failed to provide the required documentation. SEGAOLE changed attorneys and in August of 2019 decided to issue summons against SASSETA for alleged breach and/or noncompliance with the settlement agreement. In a meeting held in December of 2019, in an attempt to dispose of the matter once and for all, SEGAOLE was afforded the last opportunity to provide the required supporting documentation in order for SASSETA to effect payment and were also warned to withdraw the frivolous High Court action. They have failed to do both and we are now reviving our notice of exception to their particulars of claim. Estimated legal costs R250 000.00

#### 6. CASE: Lilnar t/a IT Related

The service provider was awarded a contract to perform IT related services for SASSETA for R1 594 917. They demanded payment for unpaid invoice of R389 766. After the invoice was queried by SASSETA it was reduced to R39 000. Service provider need to produce proof of performance before payment can be considered. The matter is currently before the Arbitration Foundation of South Africa ("AFSA") referred to by the applicant/claimant LILNAR trading on the basis of a service level agreement signed with SASSETA for services to be rendered which apparently were never rendered. The parties have already paid the referral fees which are shared equally between the parties. Estimated fees for Capital, legal costs and arbitration costs R2 500,000.00

#### 7. BUSA court case

In October 2019, BUSA won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased from 50% to 20% in terms of section 4(4) of the Seta grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory grant percentage. DHET continued to show the mandatory levies portion as 20% in 2019/20 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2019/20 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure in Note 6 as well as the mandatory grant liability in note 13 were calculated using mandatory grant percentage of 20%. The SETA therefore discloses a contingent liability This is disclosed as a contingent liability as the intention of the litigants, BUSA, was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. Currently the department is in discussions with BUSA in regard to the mandatory grant percentage and effective date of implementation of the ruling.

#### 8. CASE: Matlala

A former employee of SASSETA who has been dismissed by a substantive and procedurally fair process in October 2019. The employee has taken the organisation to the CCMA requesting reinstatement.

#### 16.2 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 R710 000 (2018/19: R2050 000) will be payable. The amount is contingent on the number of submissions received and approved.

#### 16.3 Surplus Funds

##### Cash surplus

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

# NOTES

## TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 17. COMMITMENTS

As at 31 March 2020, SASSETA had discretionary grant reserves of R420.0m to utilize against a Definite Pivotal/Non-Pivotal commitment closing balance of R418.6m

#### Pivotal Commitments

##### A. Definite Commitment

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

Project classification	Adjusted Opening balance: 1 April 2019	Subsequent adjustment to the initial contract amount	New Projects in 2019/20 financial year	Annual Expenditure	Write back/ Savings and Cancellations	Closing balance: 31 March 2020
Artisan	70 638	-	11 966	(13 827)	(7 005)	<b>61 772</b>
Workers entering bursaries	16 875	50	11 350	(5 904)	(7 976)	<b>14 395</b>
Unemployed entering bursaries	17 575	6 760	28 805	(14 774)	(9 324)	<b>29 043</b>
Unemployed entering internships	14 385	87	34 860	(17 284)	(5 274)	<b>26 775</b>
Workers entering learnerships	47 411	373	28 827	(28 546)	(5 257)	<b>42 806</b>
Unemployed entering learnerships	59 285	300	41 691	(35 525)	(4 690)	<b>61 061</b>
Workers entering skills program	17 253	1 261	15 745	(15 037)	(1 779)	<b>17 442</b>
Unemployed entering skills program	10 216	410	8 014	(8 115)	(999)	<b>9 527</b>
TVET Student Placement	57 642	1 278	55 431	(31 021)	(3 658)	<b>79 672</b>
University Student Placement	38 477	16 884	30 732	(23 109)	(7 933)	<b>55 051</b>
<b>Total</b>	<b>349 758</b>	<b>27 403</b>	<b>267 421</b>	<b>(193 143)</b>	<b>(53 895)</b>	<b>397 543</b>

#### Pivotal Commitments continued

##### B. Not Definite Commitment

Not Definite Commitment is represented by the following instances:

- Award based on offer to contract accepted by the 3rd party
- Extension of time not yet signed by all parties"

Project classification	Adjusted Opening balance: 1 April 2019	Subsequent adjustment to the initial contract amount	New Projects in 2019/20 financial year	Annual Expenditure	Write back/ Savings and Cancellations	Closing balance: 31 March 2020
Artisan	-	-	-	-	-	-
Workers entering bursaries	-	-	-	-	-	-
Unemployed entering internships	-	-	4 800	-	-	4 800
Workers entering learnerships	1 026	-	-	-	(1 026)	-
Unemployed entering learnerships	663	-	-	-	(663)	-
Workers entering skills program	2 464	-	1 460	-	(3 924)	-
Unemployed entering skills program	90	-	-	-	(90)	-
TVET Student Placement	-	-	-	-	-	-
University Student Placement	-	-	-	-	-	-
<b>Total</b>	<b>4 242</b>	<b>-</b>	<b>6 260</b>	<b>-</b>	<b>(5 702)</b>	<b>4 800</b>

<b>Total: Definite/Not definite commitment</b>	<b>354 000</b>	<b>27 403</b>	<b>273 681</b>	<b>(193 143)</b>	<b>(59 597)</b>	<b>402 343</b>
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#### Non-Pivotal Commitments

##### A. Definite Commitments

Project classification	Adjusted Opening balance: 1 April 2019	Subsequent adjustment to the initial contract amount	New Projects in 2019/20 financial year	Annual Expenditure	Write back/ Savings and Cancellations	Closing balance: 31 March 2020
Non-Pivotal	-	-	21 078	-	-	21 078
<b>Total</b>	<b>-</b>	<b>-</b>	<b>21 078</b>	<b>-</b>	<b>-</b>	<b>21 078</b>

<b>Total: Non Pivotal</b>	<b>-</b>	<b>-</b>	<b>21 078</b>	<b>-</b>	<b>-</b>	<b>21 078</b>
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## 18. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

### 18.1 Irregular Expenditure

	2019/20 R'000	2018/19 R'000
Opening balance	759	2 388
Add: Irregular expenditure current year	31 970	759
Less: Amounts condoned	-	-
Less: Amount written-off	(759)	(2 388)
Less: Amounts recoverable	-	-
<b>Irregular expenditure awaiting condonation</b>	<b>31 970</b>	<b>759</b>

#### Details of Irregular Expenditure

##### Incidents

Extension of Contract over the allowable 15% threshold	-	737
Payment made after contract expired	-	22
Spending over the allowable 10.5% administration revenue	31 970	-
<b>Total</b>	<b>31 970</b>	<b>759</b>

##### Included in the balance above are the following items:

Extension of Contract over the allowable 15% threshold	-	737
Payment made after contract expired	-	22
Spending over the allowable 10.5% administration revenue	31 970	-
<b>Total</b>	<b>31 970</b>	<b>759</b>

##### Analysis of expenditure awaiting condonation per age classification

Current year	31 970	759
Prior years	-	-
<b>Total</b>	<b>31 970</b>	<b>759</b>

The SASSETA received the Minister's approval to spend beyond the 10.5% administration revenue after Annual Financial Statement date but before signing of the Audit Report. The request to exceed the administration budget was submitted prior to the incurrence of the expenditure.

GRAP standards on subsequent events, dictates that events occurring between the date of the financial statements and the date of the auditor's report be subjected to further/additional audit procedures.

As at finalisation of the audit the Auditor-General of South Africa had not conceded that the Minister's approval was adequate to effect post-balance sheet adjustment.

### 18.2 Fruitless and wasteful expenditure

	2019/20 R'000	2018/19 R'000
Opening balance	44	3 089
Add: Fruitless expenditure current year	4 934	44
Add: Prior period fruitless expenditure	-	-
Less: Amounts condoned/written off	(4 978)	(3 089)
Less: Amounts recovered	-	-
<b>Fruitless &amp; wasteful expenditure awaiting condonation</b>	<b>0</b>	<b>44</b>

### Details of Fruitless Expenditure

#### Incidents

Duplicate rental payment due to the delay in the appointment of the tenant installation contract  
Cancellation fee - booking/tenders

4 934	-
-	44
<b>4 934</b>	<b>44</b>

#### Included in the balance above are the following items:

Duplicate rental payment due to the delay in the appointment of the tenant installation contract  
Cancellation fee - conference fee

4 934	-
-	44
<b>4 934</b>	<b>44</b>

#### Analysis of expenditure awaiting condonation per age classification

Current year	-	44
Prior years	-	-
<b>Total</b>	<b>-</b>	<b>44</b>

### 18.3 Matters under investigation

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

## 19. PRIOR YEAR ERRORS

Prior period error is due to correcting various accounting transactions in 2018/19 financial year. The net impact in the Statement of Financial Performance is R1.1m. The impact is narrated below but not limited to:

#### Trade and other payables: non-exchange transactions

- The increase in accruals of R930 000 is a result of erroneous omission of discretionary grants expenditure from 2018/19. The decrease of R125 555 in trade creditors is mainly due invoices for services rendered in 2018/19, but received and paid in the 2019/20 financial year.

#### Plant, Property and Equipment

- The decrease of R324 000 is due retrospective adjustment of depreciation charges.

#### Trade and other receivables - exchange transactions

- The increase of R7 000 is due to re-allocations of the employee costs.

#### Impact on the Statement of Financial Performance

Surplus/(Deficit) as previously stated	51 385
	1 058
Decrease in administration expenditure	2 224
Increase in discretionary grants expenditure	(1 167)
<b>Adjusted (Surplus)/Deficit</b>	<b>52 443</b>

#### Impact on the Statement of Financial Position

	<b>(1058)</b>
Increase in trade and other payables - Non-exchange transactions	(740)
Increase in trade and other receivables - exchange transactions	7
Decrease in Plant, Property and Equipment	(324)

## 20. RISK MANAGEMENT

### 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 Amount R'000	Effective interest rate	Non-interest bearing Amount R'000	Total R'000
<b>Year ended 31 March 2020</b>				
Cash	505 269	7.9%	-	<b>505 269</b>
Trade and other receivable - exchange	-		11 096	<b>11 096</b>
Trade and other receivable - non-exchange	-	-	7 496	<b>7 496</b>
<b>Total financial assets</b>	<b>505 269</b>		<b>18 592</b>	<b>523 860</b>

Trade and other payables - exchange	-		8 716	<b>8 716</b>
Trade and other payables - non-exchange	-		77 582	<b>77 582</b>
<b>Total financial liabilities</b>	<b>-</b>		<b>86 298</b>	<b>86 298</b>

	Floating rate Amount R'000	Effective interest rate	Non-interest bearing Amount R'000	Total R'000
<b>Year ended 31 March 2019</b>				
Cash	456 500	8.1%	-	<b>456 500</b>
Trade and other receivable - exchange	-		7 974	<b>7 974</b>
Trade and other receivable - non-exchange	-		9 203	<b>9 203</b>
<b>Total financial assets</b>	<b>456 500</b>		<b>17 177</b>	<b>473 678</b>

Trade and other payables - exchange			8 994	<b>8 994</b>
Trade and other payables - non-exchange	-		75 477	<b>75 477</b>
<b>Total financial liabilities</b>	<b>-</b>		<b>84 471</b>	<b>84 471</b>

### Credit risk

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

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SASSETA's concentration 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 SASSETA's exposure is continuously monitored by the finance committee. Credit risk - with respect to levy paying employers - is limited to the nature of the income received. The SETA does not have any material exposure to any individual or counter-party and the concentration of credit risk is limited 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.

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:

	2019/20		2018/19	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 0 - 30 days	6 752	-	15 854	-
Past due 31 - 90 days	50	-	-	-
Past due 90 and above	4 293	-	1 330	-
	<b>11 095</b>	<b>-</b>	<b>17 184</b>	<b>-</b>

### The ageing of cash and cash equivalents:

<b>Not past due</b>	<b>505 269</b>	<b>-</b>	<b>456 500</b>	<b>-</b>
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In line with the Finance Policy, long outstanding debts are written off. There was no provision for impairment in the current year.

#### Liquidity risk

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

#### The ageing of trade and other payables exchange/non-exchange:

	2019/20		2018/19	
	Gross	Impairment	Gross	Impairment
Not past due		-	-	-
Past due 0 - 30 days	81 956	-	66 407	-
Past due 31 - 90 days	18	-	4 897	-
Past due 90 and above	4 694	-	13 909	-
	<b>86 668</b>	<b>-</b>	<b>85 213</b>	<b>-</b>

#### Market risk

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

#### Fair values

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

#### Cash and cash equivalents

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

#### Accounts receivable

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

#### Investments

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

#### Borrowings

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

#### Accounts payable

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

## 21. RELATED PARTIES AND RELATED PARTY TRANSACTION

### 21.1 Transactions with entities under common control

#### Controlling entity:

Department of Higher Education and Training (DHET) SASSETA has been established by the Department of Higher Education and Training (DHET) in terms of the Skills Development Act no. 97 of 1998. The Minister of Higher Education and Training is the executive authority of SASSETA. SASSETA is ultimately controlled by the DHET and is therefore related to all other entities within the DHET.

SASSETA receives its revenue from levies paid by the employers in the safety and security sector through the DHET. There are no amounts received or receivable by SASSETA from any related parties.

#### Entities under common control:

SASSETA's legal mandate includes, inter alia, to develop appropriate partnerships with other public, private and non-governmental organisations in promoting skills development in the safety and security sector through funding training interventions. These partnerships result in transactions and balances that are included in the statements of financial performance and financial position.

At 31 March 2020, the following amounts represent transactions outside of SASSETA's normal operating parameters established by its mandate, with other related parties:

	2019/20	2018/19
	R'000	R'000
<b>Expenses</b>		<b>10 052</b>
National Skills Fund (NSF)	-	7000
National Student Financial-Aid Scheme (NSFAS)		1 125
Quality Council for Trade Occupations(QCTO)	2 092	1 927
<b>Payable</b>	<b>-</b>	<b>3 500</b>
National Skills Fund (NSF)		3 500

To execute its mandate, SASSETA used several other related parties such as service providers whose transaction were concluded on normal operating terms. These amounts are included in Administration Expenses on the statement of financial performance, and trade and other payables and Commitments on the statement of financial position as follows:

	2019/20	2018/19
	R'000	R'000
<b>Payable</b>	<b>116</b>	<b>11 436</b>
<b>Commitment</b>	<b>118 122</b>	<b>85 196</b>

## NOTES

### TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

#### 21.2 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.

Name	2019/20 R'000				
	Basic Salary	Performance Bonuses	Employer contributions	Other benefits	Total
Memela, V <sup>1</sup>	1 974	229	200	192	2 595
Diale, I	1 615	272	339	123	2 350
Amod, J	1 445	229	100	30	1 804
Ngwenya, S	1 362	115	183	49	1 708
<b>Total</b>	<b>6 395</b>	<b>846</b>	<b>821</b>	<b>394</b>	<b>8 456</b>

<sup>1</sup> Mr. V Memela was also appointed in an Acting Chief Executive Officer capacity from 17 March 2018. There are no new appointments or resignations within the 2019/20 period

Name	2018/19 R'000				
	Basic Salary	Performance Bonuses	Employer contributions	Other benefits	Total
Irish-Qhobosheane, J	-	-	-	158	158
Moroka, M	579	-	9	251	838
Memela, V <sup>1</sup>	1 996	103	198	80	2 376
Diale, I <sup>2</sup>	1 604	26	335	12	1 977
Amod, J	1 628	90	18	101	1 838
Ngxola, L	681	-	91	5	776
<b>Total</b>	<b>6 487</b>	<b>220</b>	<b>650</b>	<b>607</b>	<b>7 963</b>

<sup>1</sup> Mr. V Memela's appointment as Executive Manager: Skills Planning, Monitoring, Evaluation, Reporting and Research was effective from May 2017

<sup>1</sup> Mr. V Memela was also appointed in an Acting Chief Executive Officer capacity from March 2018

<sup>2</sup> Mr. I Diale's appointment as Chief Financial Officer effective from January 2018

#### 21.3 SASSETA Board Remuneration

Board Member	2019/20 R'000			
	Preparation Allowance	Meeting Allowance	Tools of Trade	Total
Jolingana, N (Chairperson)	22	39	23	84
Dludlu, D	163	288	23	473
Lephadi, M	157	269	23	450
Moyo, K	146	216	23	385
Conradie, S	89	175	23	286
Tiry, Z	62	107	23	191
Moyana, T	117	189	23	328
Nephawe, P	82	139	23	244
Mkhize, T	56	108	23	187
Kuhn, I	60	78	23	161
Molefe, M	73	125	23	222
Pebane, S	-	-	23	23
Mkhwanazi, N	11	24	-	35
Tsolo, K <sup>1</sup>	13	13	15	41
	<b>1 051</b>	<b>1 769</b>	<b>292</b>	<b>3 111</b>

<sup>1</sup> K Tsolo was appointed August 2019

Board Member	2018/19 R'000			
	Preparation Allowance	Meeting Allowance	Tools of Trade	Total
Jolingana, N (Chairperson) <sup>1</sup>	33	67	10	109
Dludlu, D	127	264	15	407
Lephadi, M	111	265	15	391
Moyo, K	101	249	15	366
Conradie, S	73	165	15	253
Tiry, Z	71	166	15	253
Moyana, T	67	165	15	248
Nephawe, P	67	117	15	199
Mkhize, T	67	109	15	191
Kuhn, I	67	96	15	178
Molefe, M	58	100	15	174
Pebane, S	-	-	15	15
Adams, R <sup>2</sup>	-	-	15	15
	<b>842</b>	<b>1 762</b>	<b>194</b>	<b>2 798</b>

## NOTES

### TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

#### Members of the Accounting Authority were appointed from April 2018

1 Ms. N Jolingana was appointed effectively from June 2018

2 Mr. R Adams resigned as a member of the Accounting Authority on March 2019

#### 21.4 Audit Committee Remuneration

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

	2019/20 R'000		
	Meeting Allowance	Monthly Retainer	Total
Docrat, F (Chairperson)	223	106	329
Pillay, M	100	-	100
Mayet, E <sup>2</sup>	-	-	-
Mushwana, P <sup>1</sup>	110	-	110
Hlomane, H	-	-	-
<b>Total</b>	<b>434</b>	<b>106</b>	<b>539</b>

1 Ms. Mushwana appointed January 2019

2 Mr. Mayet, contract term came to an end March 2019

	2018/19 R'000		
	Meeting Allowance	Monthly Retainer	Total
Docrat, F (Chairperson) <sup>1</sup>	198	115	313
Pillay, M	100	-	100
Mayet, E	56	-	56
Mushwana, P	22	-	22
Hlomane, H	14	-	14
<b>Total</b>	<b>391</b>	<b>115</b>	<b>506</b>

1 Mr. F Docrat was reappointed as the Chairperson of the Audit & Risk Committee

#### 21.5 Chamber Committee Remuneration

Chamber Member	2019/20 R'000		Total
	Meeting Allowance	Tools of Trade	
<b>Justice</b>			
Cooper, N	4	4	8
Viljoen, S	23	4	27
	<b>27</b>	<b>8</b>	<b>35</b>
<b>Police</b>			
Magagula, K	8	4	12
Gaya, M	16	4	19
Maponyane, K	8	4	12
Mahlatjie, M	-	4	4
Maaga, B	-	4	4
Maphalala, V	-	4	4
Nthakheni, M	-	4	4
	<b>31</b>	<b>27</b>	<b>58</b>
<b>Corrections</b>			
Gadisi, T	16	4	19
Malinga, N	16	4	19
Venter, T	16	4	19
Marimani, X	12	4	15
Lambani, P	-	4	4
	<b>58</b>	<b>18</b>	<b>76</b>
<b>Private Security</b>			
Ntshangase, V	12	4	16
Thorpe, W	8	4	12
Bhembe, M	16	4	19
Ralioma, I	16	3	19
Mulatedzi, R	-	4	4
	<b>51</b>	<b>19</b>	<b>69</b>
<b>Total</b>	<b>167</b>	<b>71</b>	<b>238</b>

## NOTES

### TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Chamber Member	2018/19 R'000		Total
	Meeting Allowance	Tools of Trade	
<b>Justice</b>			
Cooper, N	4	2	6
Viljoen, S	4	2	6
	<b>8</b>	<b>4</b>	<b>12</b>
<b>Police</b>			
Magagula, K	12	2	14
Gaya, M	12	2	14
Maponyane, K	8	2	10
Mahlatjie, M	-	2	2
Maaga, B	-	2	2
Maphalala, V	-	2	2
Nthakheni, M	-	2	2
	<b>32</b>	<b>13</b>	<b>45</b>
<b>Corrections</b>			
Gadisi, T	12	2	14
Malinga, N	12	2	14
Venter, T	12	2	13
Marimani, X	-	2	2
Lambani, P	-	2	2
	<b>36</b>	<b>10</b>	<b>45</b>
<b>Private Security</b>			
Ntshangase, V	8	2	9
Thorpe, W	8	2	10
Bhembe, M	4	2	5
Ralioma, I	-	2	2
	<b>20</b>	<b>8</b>	<b>26</b>
<b>Total</b>	<b>95</b>	<b>35</b>	<b>128</b>

Chamber committees were established during the 2018/19 financial year

## 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. SASSETA will not be affected by these statement when they do become effective.

GRAP No	Title	Date of Issue	Effective Date	Impact on entity
GRAP 34	Separate Financial Statements	March 2017	01 April 2020	No Impact
GRAP 35	Consolidated Financial Statements	March 2017	01 April 2020	No Impact
GRAP 36	Investments in Associates and Joint Ventures	March 2017	01 April 2020	No Impact
GRAP 37	Joint Arrangements	March 2017	01 April 2020	No Impact
GRAP 38	Disclosure of Interests in Other Entities	March 2017	01 April 2020	No Impact
GRAP 110	Living and Non-living Resources	March 2017	01 April 2020	No Impact

## 23. BUDGET DIFFERENCE

### NOTES

#### 23.1 Skills Development Levy Income:

- Private levies received were R31.4m more than the budgeted. Penalty and interest due to late payment by the employers contributed significantly to the performance.
- Penalty and interest on SDL was R0.66m below the budget.
- Contributions from government departments were in line with the budget. Most government departments can only afford to contribute on the 10% basis. Six (6) government organs contributed at 30% basis, although contributions from three (3) organs is less than R2m combined.

#### 23.2 Investment Income:

- Unutilised cash reserves were invested with Nedbank at better negotiated rates. On average the rate of return on investment is 7.90%.
- Late servicing of commitment/projects ensure that there were sufficient cash reserves for longer term investments.
- Monthly cash forecasting techniques assisted in determining the monthly required cash.



**23.3 Administration Expenditure:**

- Though cost containment was adhered to administration expenditure was R45.1m over the budget.
  - i. Repairs and Maintenance relating to new offices setup
  - ii. Upgrade the ICT infrastructure.
  - iii. New admin initiatives:
    - a. Conflict of interest and CAATs exercise on all service providers, learners and employees
    - b. Filing and Archiving contract with Metrofile that will allow remote access of information
    - c. Business processes evaluation and documentation,
    - d. Discretionary Grant Evaluations for independent review and assesment of bids
  - iv. New office rental costs

**23.4 Mandatory Grant:**

- Mandatory grant is in line with budget.
- Any unutilised amount will be transferred to discretionary grant revenue.

**23.5 Project/Discretionary Spending:**

- All awarded projects were recommended by the Learning Programmes Evaluation Committee (LPERC) to the Acting Chief Executive Officer and the Board depending on the total amount of the award.
- Late advertisement of funding windows resulted in late awarded and implementation of projects.
- The discretionary grant expenditure was driven by the servicing of commitments that were at the later part of 2018/19 financial year.
- Project expenditure amount to R216.9m which was R69.2m below budget.
- Included in the R216.9m is R0.88m for non-pivotal and R22.9m used for project administration expenditure.
- SASSETA also had co-funded projects where possible.

**23.6 Surplus/(Deficit):**

- SASSETA' operating surplus for the year amounted to R59.2m when compared to a restated surplus of R52.4m in the prior year.

**23.7 Budget Revision**

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

**24. GOING CONCERN**

The financial statements have been prepared on the going concern basis, as SASSETA does not see any reason to significantly curtail its operations in the foreseeable future, the entity will continue to operate as a going concern for the next 24 months. The current licence period of SASSETA expires on 31 March 2030 based on the recently gazetted extension of the NSDS III license period of the SETA's. The future existence and landscape of the SETA's after the above date will be based on a proclamation by the Minister of Higher Education and Training based on the future National Skills Development Strategy and landscape.

**25. SUBSEQUENT EVENTS****25.1 COVID-19 impact**

A nationwide lockdown came into effect from 27 March 2020 as a result of the COVID-19 pandemic. This resulted in the economy experiencing a significant downturn, however SASSETA needed to continue to operate in the execution of its skills development mandate. Furthermore, the President of South Africa announced tax relief measures which included four months levy payment holiday for companies paying skills development levies. The fact that SASSETA would not receive skills development levies from the participating companies for the period April to July 2020, necessitated the review of:

- Accounting policies to determine whether they are still appropriate
- Legislative reporting requirements
- Impact on skills development levy contributions to SASSETA
- Impact on operational and service delivery expenses as well as all other business obligations
- Impact on risk disclosures

Our assessment of the above factors did not cast doubt on the SETA's ability to continue as a going concern for the next 12 months. However, the four months holiday for the companies skills development levy contributions necessitated the revision of the 2020-2021 budget and the related performance target

**25.2 Approval of 10.5% administration budget overspending**

Approval to spend over the 10.5% administration budget was obtained from the Minister of Higher Education and Training after the Annual Financial Statement were submitted but before the conclusion of the audit process.

## NOTES

### TO THE ANNUAL FINANCIAL STATEMENTS ( CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

#### 26. SEGMENT INFORMATION

Information about the surplus/(deficit), assets and liabilities for the year ended 31 March 2020.

	2019/20 R'000				
	Administration	Mandatory	Discretionary	Unallocated	Total
<b>REVENUE</b>					
<b>Non-Exchange Transactions</b>	<b>141 942</b>	<b>85 152</b>	<b>243 700</b>	<b>-</b>	<b>470 793</b>
Skills Development Levy: Income	141 942	85 152	234 586	-	461 679
Skills Development Levy: Penalties and interest	-	-	9 114	-	9 114
<b>Exchange transactions</b>	<b>177</b>	<b>-</b>	<b>32 771</b>	<b>-</b>	<b>32 947</b>
Investment income	-	-	32 771	-	32 771
Other income	177	-	-	-	177
<b>Total segment revenue</b>	<b>142 118</b>	<b>85 152</b>	<b>276 471</b>	<b>-</b>	<b>503 741</b>
<b>EXPENSES</b>					
Employee cost	(67 762)	-	-	-	(67 762)
Depreciation/Amortisation	(3 419)	-	-	-	(3 419)
Mandatory grant expenditure	-	(65 436)	-	-	(65 436)
Discretionary grant expenditure	-	-	(216 985)	-	(216 985)
Other administration expenditure	(90 904)	-	-	-	(90 904)
<b>Total segment expenditure</b>	<b>(162 085)</b>	<b>(65 436)</b>	<b>(216 985)</b>	<b>-</b>	<b>(444 506)</b>
<b>Total (deficit)/surplus</b>	<b>(19 967)</b>	<b>19 716</b>	<b>59 486</b>	<b>-</b>	<b>59 235</b>

#### ASSETS

Accounts receivable from non-exchange transactions	6 735	761	-	-	7 496
Accounts receivable from exchange transactions	11 096	-	-	-	11 096
Inventory	459	-	-	-	459
Cash and cash equivalents	20 203	24 853	460 213	-	505 269
Property, plant and equipment	18 195	-	-	-	18 195
WIP	2 246	-	-	-	2 246
Intangible assets	819	-	-	-	819
<b>Total assets</b>	<b>59 753</b>	<b>25 613</b>	<b>460 213</b>	<b>-</b>	<b>545 579</b>

#### LIABILITIES

Trade and other payables from non-exchange transactions	-	(24 850)	(52 731)	-	(77 581)
Trade and other payables from exchange transactions	(8 716)	-	-	-	(8 716)
Finance lease obligations	(161)	-	-	-	(161)
Provisions	(9 001)	(5 660)	(2 009)	-	(16 670)
<b>Total Liabilities</b>	<b>(17 879)</b>	<b>(30 511)</b>	<b>(54 739)</b>	<b>-</b>	<b>(103 129)</b>

## 26. SEGMENT INFORMATION continued

	2018/19 R'000				Total
	Administration	Mandatory	Discretionary	Unallocated	
<b>REVENUE</b>					
<b>Non-Exchange Transactions</b>	<b>131 502</b>	<b>76 495</b>	<b>221 340</b>	<b>-</b>	<b>429 338</b>
Skills Development Levy: Income	131 502	76 495	211 631	-	419 628
Skills Development Levy: Penalties and interest	-	-	9 710	-	9 710
<b>Exchange transactions</b>	<b>2 038</b>	<b>-</b>	<b>30 159</b>	<b>-</b>	<b>32 197</b>
Investment income	-	-	30 159	-	30 159
Other income	2 038	-	-	-	2 038
<b>Total segment revenue</b>	<b>133 541</b>	<b>76 495</b>	<b>251 499</b>	<b>-</b>	<b>461 535</b>
<b>EXPENSES</b>					
Employee cost	(58 083)	-	-	-	(58 083)
Depreciation/Amortisation	(1 832)	-	-	-	(1 832)
Mandatory grant expenditure	-	(52 945)	-	-	(52 945)
Discretionary grant expenditure	-	-	(243 956)	-	(243 956)
Other administration expenditure	(52 277)	-	-	-	(52 277)
<b>Total segment expenditure</b>	<b>(112 192)</b>	<b>(52 945)</b>	<b>(243 956)</b>	<b>-</b>	<b>(409 092)</b>
<b>Total (deficit)/surplus</b>	<b>21 349</b>	<b>23 550</b>	<b>7 544</b>	<b>-</b>	<b>52 443</b>

**ASSETS**

Accounts receivable from non-exchange transactions	7 710	1 493	-	-	9 203
Accounts receivable from exchange transactions	7 974	-	-	-	7 974
Inventory	1 369	-	-	-	1 369
Cash and cash equivalents	32 190	1 455	422 856	-	456 500
Property, plant and equipment	6 315	-	-	-	6 315
Intangible assets	1 044	-	-	-	1 044
<b>Total assets</b>	<b>56 603</b>	<b>2 948</b>	<b>422 856</b>	<b>-</b>	<b>482 405</b>

**LIABILITIES**

Trade and other payables from non-exchange transactions	-	(1 453)	(74 025)	0	(75 478)
Trade and other payables from exchange transactions	(8 994)	-	-	0	(8 994)
Finance Lease obligation	(269)	-	-	0	(269)
Provisions	(8 089)	(5 331)	(1 025)	-	(14 445)
<b>Total liabilities</b>	<b>(17 352)</b>	<b>(6 784)</b>	<b>(75 050)</b>	<b>-</b>	<b>(99 185)</b>



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[www.saseta.org.za](http://www.saseta.org.za)  
[callcentre@saseta.org.za](mailto:callcentre@saseta.org.za)

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