



ANNUAL REPORT

2023



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



ANNUAL REPORT

2023

REGISTERED NAME

Safety and Security Sector Education and Training Authority (SASSETA)

REGISTRATION NUMBER

19/SASSETA/01/07/05

REGISTERED OFFICE ADDRESS

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EXTERNAL AUDITOR

Auditor General of South Africa

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PO Box 446 Pretoria 0001

BANKERS

Nedbank (Transacting and short-term investments)

Investec (Short term investments)

COMPANY/ BOARD SECRETARY

Adv. Ditebogo Khumalo

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PART

GENERAL INFORMATION

DR BEB NZIMANDE

Minister of Higher Education, Science and Innovation

The deliberate employment of science, technology and innovation by policy makers and policy implementers is one of the best ways of addressing day-to-day social problems.

In the period under review, the Department of Science and Innovation (DSI) continued to make targeted investments in key sectors that we believe are critical to support South Africa's Economic Reconstruction and Recovery Plan and enhance the role of science, technology and innovation in improving the quality of life of our people.



MR B MANAMELA

Deputy Minister of Higher Education, Science and Innovation

As in previous years, 2022/23 brought us numerous challenges as a country, including persisting poverty, unemployment, gender-based violence and energy security.



MR CHRIS MUDAU

Chairperson of the Accounting Authority

Guided by its Strategic Plan for the period ending March 2025, SASSETA continues to deliver on its mandate of driving skills development in the safety and security sector, which is one of the country's most critical sectors.

The poor economic conditions, high unemployment rate and the increasing number of young people not in employment, education or training are some of the challenges that continue to overshadow the impact of the learning and training opportunities provided by sector education and training authorities (SETAs).



1. PUBLIC ENTITY'S General Information

01

The skill development ecosystem in South Africa is complex, large and diverse, providing varied levels of skills across an extremely heterogeneous population. It may appear somewhat trite to conclude that employers want workers (or graduates) to be “work-ready”, and struggle to recruit and find fit for purpose prospective workers.

The Safety and Security Sector Education and Training Authority (SASSETA) is one of the 21 SETAs that was established and entrusted with the requisite authority to facilitate the skills development in the safety and security sector.

The Annual Report of SASSETA is an integral part of financial and non-financial reporting with the intention of promoting accountability and transparency. For the 2022/23 Financial Year, the SETA is presenting its financial and non-financial information.

The Annual Report provides general information, detailed account of organisational performance, achievements and challenges in tabular format in relation to the Strategic Plan and Work Programme as prescribed by the Department of Planning, Monitoring and Evaluation (DPME) in the Annual Report Guide. It further gives an overview of human resource (HR) management information and meticulous financial information, and the report of the Auditor-General of South Africa.

2. LIST OF ABBREVIATIONS

AA	Accounting Authority
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
BCEA	Basic Conditions of Employment Act
BCM	Business Continuity Management
CA(SA)	Chartered Accountant South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGICTPF	Corporate Governance of Information, Communication and Technology Policy Framework
CJS	Criminal Justice System
COMSEC	Electronic Communications Security (Pty) Ltd
CPF	Community Policing Forum
CSIR	Council for Scientific and industrial Research
CSPS	Civilian Secretariat for Police, Service
DCS	Department of Correctional Services
DHET	Department of Higher Education, and Training
DOD	Department of Defence
DoJCD	Department of Justice and Constitutional Development
DQP	Degree Qualification Profile
DR	Disaster recovery
DRP	Disaster recovery plans
EE	Employment Equity
ERM	Enterprise Risk Management
ETDP	Education, Training and Development
ETQA	Education and Training Quality Assurance
Exco	Executive Committee
GBV	Gender-based Violence
GRAP	Generally Recognised Accounting Practice
HEI	Higher education institutions
HR	Human Resources
HRDSA	Human Resource Development Strategy for South Africa
HVAC	Heating, Ventilation, Air-Conditioning
ICT	Information Communications Technology
IMIS	Integrated Management Information System
ISO	International Standards Organisation
ITIL	Information Technology Infrastructure Library

IIA	Institute of Internal Auditors
JCPS	Justice Crime Prevention and Security Cluster
LIPID	Independent Police Investigative Directorate
LPQA	Learning Programmes Quality Assurance
MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NAMB	National Artisan Moderating Body
NC	National Certificate
NCC	National Communications Centre
NDP	National Development Plan
NGO	Non-government Organisation
NGP	New Growth Path
NICRO	South African National Institute for Crime Prevention and the Reintegration of Offenders.
NLRD	National Learner Record Database
NPA	National Prosecuting Authority
NPO	Non-profit Organisation
NPPSET	National Plan for PSET
NQF	National Qualifications Framework
NQFA	National Qualifications Framework Act
NSDP	National Skills Development Plan, 2030
NSDS	National Skills Development Strategy
NT	National Treasury
OIC	Office for Interception Centres
OQSF	Occupational Qualifications Sub-Framework
PFMA	Public Finance Management Act
PMS	Performance Management System
PSET	Post-School Education and Training
QALA	Quality Assurance of Learner Achievements
QCTO	Quality Council for Trades and Occupations
QDF	Qualification Development Facilitator
QLFS	Quarterly Labour Force Survey
RMTC	Road Traffic Management Corporation
RPL	Recognition of Prior Learning
SANAI	South African National Academy of Intelligence
SANDF	South African National Defence Force
SAPS	South African Police Services
SAQA	South African Qualifications Authority
SASS	South African Secret Service (SASS)
SCM	Supply chain management
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SDL	Skills Development Levy
SETA	Sector Education and Training Authority

SIC	Standard Industrial Classification
SIU	Special Investigations Unit
SLA	Service level agreement
SMME	Small, medium and micro-enterprises
SSA	State Security Agency
TVET	Technical Vocational Education and Training
VSOC	Virtual Security Operations Centre
WSP	Workplace Skills Plan

3. FOREWORD by the Chairperson of the Accounting Authority

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Introduction

Guided by its Strategic Plan for the period ending March 2025, SASSETA continues to deliver on its mandate of driving skills development in the safety and security sector, which is one of the country's most critical sectors.

The poor economic conditions, high unemployment rate and the increasing number of young people not in employment, education or training are some of the challenges that continue to overshadow the impact the learning and training opportunities provided by SETAs.

High Level Overview of the Strategy and the Performance

SASSETA identified six strategic skills priority actions to drive its strategic direction, namely: (i) Building and strengthening strategic partnerships, (ii) Advancing programmes that support professionalisation and transformation of the sector, (iii) Accelerating the production of information communication and technology (ICT) skills, (v) Supporting the production of technical and specialised skills, (vi) Contributing toward building active citizenry, and (vii) Supporting small, medium and micro enterprises (SMMEs) & entrepreneurships (incl. Co-operatives).

“Building trust with all our stakeholders is key if our skills intervention is to remain at the required standard”

The overall organisational strategic goal is to contribute towards a vision of the National Skills Development Plan (NSDP) vision: “An educated, skilled and capable workforce for South Africa” and assisting the country in advancing the skills development agenda which seeks to have adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development.

The SETA's operational performance and audit outcomes have remained consistent over the three years, with an average of 97% targets met and three consecutive clean audits.

In the 2022 State of the Nation Address, President Ramaphosa announced that the Department of Higher Education and Training (DHET) would place 10,000 unemployed Technical Vocational Education and Training (TVET) graduates in workplaces from April 2022. This became a responsibility for the SETAs, to be delivered according to each SETA's share of the Skills Development Levy. SASSETA's target that was agreed with the SETAs and Minister was the placement of 500 TVET graduates. As this report indicates, SASSETA exceeded the target and placed 652 TVET graduates in workplaces. This was one of the successes achieved by SASSETA as it met 97%

Chris Mudau (Mr)

Chairperson of the Accounting Authority

of its pre-determined objectives during the 2022/23 Financial Year. This is outstanding performance and a remarkable achievement for the staff, Management and the Accounting Authority (AA).

The Strategic Focus over the Medium to Long-term Period

The Board is fully conscious of its responsibilities of fulfilling its mandate and ensuring that the SETA contributes towards the achievement of transformational imperatives as entailed in the National Development Plan (NDP) and the NSDP as the Safety and Security sector is one of the major contributors to employment in the country. The Board is committed to contribute towards the achievements of the NSDP outcomes and the priorities of the Economic Recovery and Reconstruction Plan's Skills Strategy and will continue to position the strategic framework of the SETA to support national objectives. It will also continue to strengthen risk management capabilities that would enable an effective response to ensuring promotion of service delivery improvement and efficient utilisation of resources to ensure the fulfilment of the SETA mandate.

The Board is committed to promoting a culture of high performance and accountability to ensure that the SETA delivers according to the outcomes outlined in the NSDP. This will be achieved through allocation of discretionary grants to qualifying stakeholders. We would ensure that the sector responds to the clarion call in the National Development Plan (NDP) to "ensure that the people of South Africa are and feel safe". This will be accomplished by implementing a variety of learning programmes to address critical and scarce skills in the sector.

The Board will continue to position the strategic framework of the SETA in the context of opportunities and mitigating risks and continuously strengthening risk management capabilities that would enable an effective response to our mandate and skills priorities of the sector. The focus over the medium to long term is to continue to drive skills development, contributing to addressing the challenges of youth unemployment and slow economic growth.

South Africa's economic conditions remain poor. Economic growth is volatile and prospects for growth are uncertain. As at July 2023, the Central Bank's forecast for South Africa's Growth Domestic Product (GDP) was 0.4% for 2023, 1.0% for 2024 and 1.1% for 2025. There are various global and domestic contributing factors that contribute to this low economic growth. The Central Bank estimates that load-shedding alone deducts 2% from GDP growth.

According to the Quarterly Labour Force Survey (QLFS) the official unemployment rate measured during the second quarter of 2023 was 32.6%, a decrease of 0.3 % from the previous quarter. The unemployment rate in terms of the expanded definition was at 42.1%. The unemployment rate in South Africa is one of the highest in the world. Young people continue to experience unemployment at rates that are higher than older persons. In quarter two of 2023 records that youth aged 15 – 24 years and 25 – 34 years recorded the highest unemployment rates of 60.7% and 39.8% respectively. The age group 15 –34 is more vulnerable to unemployment when compared to older age groups. Approximately 3.5 million (34.2%) out of 10.2 million young people aged 15 to 24 years were not in employment, education or training.

Acknowledgements/Appreciation

I would like to thank the members of the AA, the Executive Management team, the staff and SASSETA stakeholders for what they have done to maintain our performance standards. Without their commitment, the results detailed in this report would not have been possible.

A special thanks to the Minister and Deputy Minister of Higher Education, Science and Innovation for the strategic support and policy guidance; and to the DHET senior officials and the SETA Chairperson's Forum for the role they play in ensuring a common approach to common challenges.

I remain proud and inspired by the way SASSETA and its stakeholders have risen to the challenges facing the sector. Their flexibility, resilience, agility, and courage are appreciated.

Conclusion

This report was approved, and is supported, by members of the AA and Chamber Committee members that were appointed for the period ending 31 March 2025. The AA has performed all its duties and functions prescribed in the SASSETA Constitution and all other applicable legislation and prescripts.

It is my pleasure to present SASSETA's Annual Report for the period 1 April 2022 to 31 March 2023.



Chris Mudau (Mr)
Chairperson of the Accounting Authority)

4. EXECUTIVE OVERVIEW

by the Chief Executive Officer

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SASSETA remains focussed on and committed to its mission to transforming and professionalising the safety and security sector by providing qualifications and skills through effective and efficient partnerships.



Introduction

In the 2022/23 Financial Year we continued in our quest to maximise the efficiency, effectiveness and impact of SASSETA. Yet again, we have delivered another solid performance within a challenging operating context.

Summary of Operational Performance

It gives me pleasure to report that SASSETA met 97% of its operational targets that were set out in the Annual Performance Plan (APP) for 2022/23 Financial Year, as approved by the Minister of Higher Education, Science and Innovation, and tabled in Parliament. The details of performance of each programme are set out in Part B of this report.

General Financial Review of the SETA

Revenue

During the period under review SASSETA collected revenue amounting to R601 million. This is 14% or R76.2 million more than the total revenue of the previous Financial Year.

Mr Thamsanqa Mdontswa
Chief Executive Officer

The sources of revenue are levy income from employers of R550.2 million; interest and penalties of R10 million, investment income of R38 million and other income of R2.6 million.

The levy income come from 1488 employers in the private sector and from nine government departments or entities which contribute in line with the Department of Public Service and Administration circular human resource development (HRD) 1 of 2013.

Expenditure

We incurred expenditure of R531.8 million in the Financial Year under review. R332.7 million was spent on discretionary and mandatory grants and R199.1 million on administration expenses.

Overcoming Challenges Facing the SETA

Our project management processes remain manual and paper-driven. Manual processes have been a perennial challenge for the SETA. In order to improve efficiencies, we are transforming our business operations, creating a new business model on the backbone of technology, as part of a digital transformation agenda.

We are also hard at work to improve our internal environment, focussing on the soft elements such as the institutionalisation of our values; improving the skills, capabilities, and competencies of our staff; and improving the leadership of our management team. We are working to ensure that our shared values are consistent with our strategy, our structure, and our systems – ensuring that the strategy, structure, and systems support each other.

The challenge reported previously regarding the retention of surpluses remain. In this regard, the Annual Financial Statements (AFS) indicate discretionary grant reserves/surplus to the amount of R599.3 million. In terms of the applicable legal framework, these funds must not be utilised prior to obtaining approval from the Executive Authority. The SETA has multi-year commitments to the amount of R596.6 million.

Requests for Rollover of Funds

At the date of this annual report, the process for the approval of the 2021/22 retained surplus funds of R522.9 million as directed by the National Treasury was under discussion with the Department of Higher Education and Training. The outcome of this process will inform the approval and accounting of the surplus funds going forward.

Discontinued Key Activities / Activities to be Discontinued

None.

New or Proposed Key Activities

None

Supply Chain Management

SASSETA continued to maintain sound internal control systems and processes over the supply chain management (SCM) and these are functional.

Outlook Plans for the Future to Address Financial Challenges

The SETA implemented strategies to address challenges affecting its administration costs segment. This is among others largely informed by lack of adequate infrastructure investment in the previous years, which is currently being addressed over a multi-year strategy. The strategy involves adherence to the SETA grant regulations over administration cost limit. The administration costs limit was exceeded by R37.9 million for the year under review and the necessary approval was granted.

Events After the Reporting Date

The SETA did not have any significant events after reporting date.

Audit Report Matters in the Previous Year and How They Would be Addressed

In the 2021/22 Financial Year SASSETA disclosed the below irregular and fruitless and wasteful expenditure incidents and the details relating thereto and how they have been addressed is as follows:

- R31 970 160 that had been rolled over from 2019/20 Financial Year for spending beyond the allowable 10.5% administration budget. SASSETA requested condonation of this irregular expenditure from the National Treasury and the request was not approved.
- R389 334 incurred during the 2019/20 Financial Year. This was triggered by an extension of a contract above the allowable threshold of 15% while the necessary variation process was followed with the National Treasury. SASSETA applied for a condonation of the irregular expenditure. National Treasury did not approve the condonation request.

- R2 157 769 that was disclosed in 2021/22 Financial Year. This amount relates to process deficiencies that occurred at DHET in the appointment of some of the members of the AA. The DHET sought condonation from National Treasury and was informed that granting a blanket condonation will be impossible and that the condonation request should emanate from the SETA's AA individually.
- Fruitless and wasteful expenditure amounting to R22 000 being interest on late settlement owed to a training provider resulting from arbitration of a contractual dispute was incurred and reported.

Current Year Irregular Expenditure

In addition to the irregular expenditure rolled over from prior year as indicated above, SASSETA incurred irregular expenditure amounting to R1 058 423 which was incurred in the 2022/23 Financial Year relating to the same process deficiencies mentioned above, that occurred at DHET in the appointment of some of the members of the AA. It is unfortunate that irregular expenditure is reported against the budget that incurred it thus SASSETA reports irregular expenditure in this regard.

All above incidents were beyond the SETAs control. The AA considered all above incidents as required by the Irregular Expenditure Framework issued by the National Treasury and approved writing-off this expenditure.

Economic Viability

The Financial Statements have been prepared on the going concern basis, as SASSETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern for the next 24 months.

The current licence period of SASSETA expires on 31 March 2030 based on the recently gazetted extension of the National Skills Development Strategy (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 Science and Innovation based on the future NSDS and landscape. 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.

Future Outlook

Looking ahead, beyond 2023, our organisation has been positioned for a promising trajectory characterised by enhanced internal controls, proactive risk management, and streamlined administration. With our strong commitment to transparency and stakeholder engagement, we're poised to foster collaboration and mutual understanding. Our increased focus on operational excellence will maximise our efficiencies and resources. Amidst these gains, the upcoming year holds a distinct focus on continuous improvement. We anticipate that our collaboration with quality assurance partners and our commitment to the execution of learning programmes will result in higher completion rates. Revamped discretionary grant processes round out our strategy, ensuring efficiency and compliance, and all these efforts together pave the way for an impactful and transformative future ahead.

Acknowledgement/s or Appreciation

On behalf of the entire SASSETA family I want to thank our clients, partners, and all stakeholders for enabling our successful collaborations. Together, we have ensured that SASSETA can look back on a very good performance year in 2022/23 and show that we have emerged from our challenging environment stronger than ever.

I would also like to thank our Executive Authority and Director-General for their invaluable guidance and policy direction. Sincere gratitude also goes to the SASSETA Chairperson and all members of the AA for their continued support, guidance and strategic leadership. I also thank the Audit and Risk Committee (ARC), the Risk Management Committee, the Information Communications Technology (ICT) Steering Committee, the DHET, the National Treasury, and the Auditor-General South Africa (AGSA) for their continued support.

I also extend thanks to organised labour in our sector and to our employer partners in the public and private sectors. I want to acknowledge the work and dedication of the SASSETA Management team in making this Financial Year successful. And to the SASSETA employees, I extend my heartfelt thanks and admiration for their exceptional and unwavering commitment, hard work, and for the tremendous flexibility they have shown in coping and excelling in our new normal.



Thamsanqa Mdontswa (Mr)
Chief Executive Officer

5. STATEMENT OF RESPONSIBILITY

for the Year Ended 31 March 2023

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

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General SA.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury. The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources (HR) information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the HR information and the financial affairs of the entity for the Financial Year ended 31 March 2023.

In gratitude:



Chris Mudau (Mr)
Chairpersons of the Accounting Authority



Thamsanqa Mdontswa (Mr)
Chief Executive Officer

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6. STRATEGIC OVERVIEW

SASSETA's Vision, Mission and Values form the basis of our strategy.

Pledge:

We, the people of SASSETA, shall strive every day to adhere to our Mission statement, our Vision and our Values in everything we do.

VISION



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

MISSION



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

VALUES



SASSETA is supported by the culture of Ubuntu and subscribes to the following values:



7. LEGISLATIVE/POLICY MANDATES

SASSETA is a Schedule 3A Public Entity and derives its mandate from the Constitution of the Republic of South Africa, 1996 and the Skills Development Act (SDA), Act 97 of 1998 (as amended).

LEGISLATIVE MANDATE: SASSETA is a national agency for the Department of Higher Education and Training (DHET) accountable to the Minister of Higher Education, Science and Innovation. The activities of the SETA are regulated by the Skills Development Act, Act 97 of 1998, which mandates the SETAs to facilitate and advance the production of skills development in their respective economic sectors. The SETA is also advancing the wide range of pieces of legislations and policies, among others:

- **The Supreme law of the Republic, the Constitution, Section 29 states as follows:**

Everyone has the right:

- (a) to a basic education, including adult basic education, and
- (b) to further education, which the State, through reasonable measures, must make progressively available and accessible.

- **Skills Development Act, Act 97 of 1998**
- **Skills Development Levies Act (SDLA), Act 9 of 1999**
- **SETA Grant Regulations, 2012**
- **Public Finance Management Act (PFMA), Act 1 of 1999**
- **National Qualification Framework Act, Act 12 of 2019**
- **Continuing Education and Training Act, Act 16 of 2006**

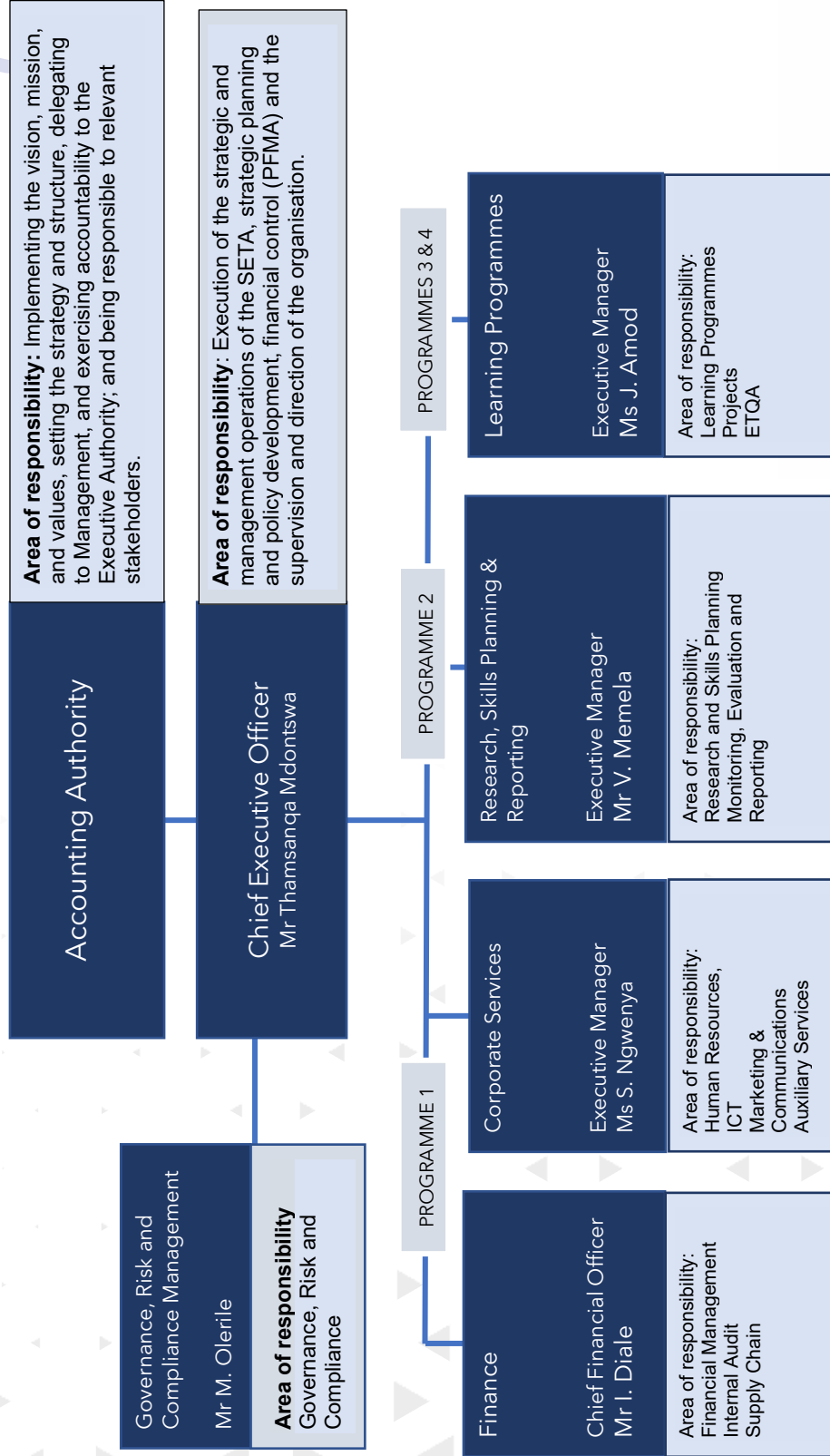
The following national strategies and policies guide SASSETA's strategy and operations:

- **The National Development Plan (NDP) 2030** which sets the vision for the PSET system.
- **National Skills Development Plan (NSDP)** which sets skills development priorities up to 2030.
- **The White Paper for Post-School Education and Training (PSET)** which provides policy priorities for the PSET system and directs the Department to "elaborate a concrete development plan for the period up to 2030.
- **National Plan for PSET (NPPSET)** which serves as an instrument central to the achievement of the vision.
- **Human Resource Development Strategy for South Africa (HRDS)** sets out government HRD priorities.
- **Medium-Term Strategic Framework (MTSF)** sets out the five-year government priorities.
- **Economic Reconstruction and Recovery Plan** sets out ten interventions to ensure that the skills required are produced.
- National Skills Accord.
- New Growth Path (NGP).

The scope of coverage for SASSETA, as determined by the Minister of Higher Education, Science and Technology, standard industrial classification (SIC) Codes, and SASSETA Sub-sectors and Constituencies of the safety and security sector are as follows:

SIC CODES	SUB -SECTOR	CONSTITUENCY
9110A*	Policing	<ul style="list-style-type: none"> The Independent Police Investigative Directorate (LIPID), The Provincial Secretariats for Safety and Security, Civilian Secretariat for Police, Service (CSPS) and The South African Police Service (SAPS). Municipal and Metropolitan Police Departments, Traffic Management / Law Enforcement, and Road Traffic Management Corporation (RMTC).
91301		
91302		
9110B*	Corrections	<ul style="list-style-type: none"> The Department of Correctional Services (DCS) Private Correctional Services Providers Kutama Sinthumule Correctional Centre. Mangaung Correctional Centre.
9110D*	Defence	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Legal and paralegal services Sheriffs
88111		<ul style="list-style-type: none"> Legal Aid Services
88920	Private Security and Investigation Activities	<ul style="list-style-type: none"> Private security, investigation, and polygraph services

8. ORGANISATIONAL STRUCTURE





PART



**PROGRAMME
PERFORMANCE**





9. OVERVIEW OF ORGANISATIONAL PERFORMANCE

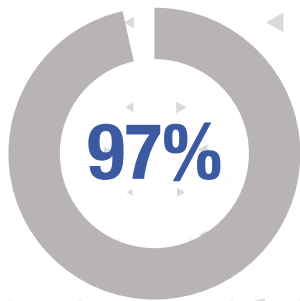
The Auditor-General had performed the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion as detailed in paragraphs 1-30 of the Auditors report on pages 76- 79.

2022/23 RESULT: AUDIT OUTCOMES

SASSETA achieved 97% of its targets scheduled in the 2022/23

97%

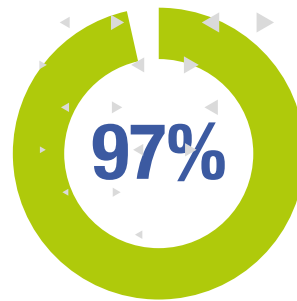
Annual Performance Plan and 3% of targets were not achieved. The SETA is on track to meet its five-year targets.



Clean Audit
2020/21



Clean Audit
2021/22



Clean Audit
2022/23

2020/21 - 2022/23 RESULT: AUDIT OUTCOMES

10. PROGRESS TOWARDS ACHIEVEMENT OF IMPACTS AND OUTCOMES

Understanding the complexities in sectoral occupations in high demand can help to shift the emphasis on programmes and maximise investments in the production of the skills, competencies and occupations in demand, but also the scarcity of quality jobs and strategic workforce planning. The organisation has met all its statutory obligations including the submission of the Strategic Plan, Medium Term Expenditure Framework, the Sector Skills Plan (SSP) and the Annual Report for the period under review.

The overall organisational strategic goal is to contribute towards ensuring that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development.

SASSETA identified six (6) strategic skills priority actions to drive its strategic direction, namely: (i) Building and strengthening strategic partnerships, (ii) Advancing programmes that support professionalisation and transformation of the sector, (iii) Accelerating the production of information communication and technology (ICT) skills, (v) Supporting the production of technical and specialised skills, (vi) Contributing toward building active citizenry, and (vii) Supporting small, medium and micro enterprises (SMMEs) & Entrepreneurships (Incl. Co-operatives).

These strategic skills priority actions are anchored by the following nine strategic outcomes that the organisation aims to achieve in pursuit of its mandate. These outcomes are aligned to the development outcomes in the National Development Plan (NDP), National Skills Development Plan (NSDP) and the Medium-Term Strategic Framework (MTSF):

- Build and strengthen collaboration with stakeholders to advance skills development within the sector.
- Enhanced risk intelligence to promote good governance and an ethical environment
- Identified occupations in high demand
- Increased production of occupations in high demand
- Linking education and the workplace
- Improved level of skills in the safety and security sector
- Increased access to occupationally directed programmes
- The growth of the public college system supported
- Ensured efficiency in the delivery of occupational qualifications for the safety and security sector

The priority skills plan is intended to ensure that skills gaps are not a hindrance to the sector and economic growth and job creation. SASSETA progressed purposely along the journey set in its Five-year Strategic Plan for 2020/21 to 2024/25. With the complexities of crime and growing appreciation of threats to security, institutional and organisational reforms have been set in motion which are having – and will continue to have – a significant impact on the level and structure of demand for security goods and services.

11. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

11

11.1 PROGRAMME 1: Administration

Programme purpose: This programme provides strategic leadership, management and administrative support services to the organisation.

Linking programmes with strategic outcomes: Programme 1 contributes to the following strategic outcomes:

- Build and strengthen collaboration with stakeholders to advance skills development within the sector.
- Enhanced risk intelligence to promote good governance and an ethical environment.

Sub-programmes: Functions falling within the ambit of this programme include Finance, Supply Chain Management, Human Resources Management, Information and Communications Technology, Marketing and Communications, Governance, Risks and Compliance, Auxiliary Services and Internal Audit.

Programme 1 contained a total of two indicators and five targets in the tabled Annual Performance Plan (APP) for the 2022/23 Financial Year. Programme 1 achieved 100% of its annual targets as at 31 March 2023 and all targets were achieved as scheduled. The table below reports on outcomes, outputs, output indicators, targets, actual achievements, variances and reasons for deviations against the tabled APP for the 2022/23 Financial Year.

2022/23 Financial Year Gains and Continuous Improvements

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

2022/23 Financial Year Challenges

- ICT capacity and infrastructure.
- Delayed business processes automation. and
- Delayed or non-contribution of skills levies by some stakeholders.

PROGRAMME 1: ADMINISTRATION

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	
Strengthened collaboration with stakeholders to advance skills development within the sector	Newly established partnerships with stakeholders	Number of newly established partnerships with stakeholders to promote skills development within the sector by 31 March 2023	4	
Enhance risk intelligence to promote good governance and ethical environment	Risk Management Framework fully implemented	Implemented Risk Management Framework which consists of Risk Management Policy, PFMA Quarterly Compliance Charter, and Good Governance Quarterly Report by 31 March 2023	100%	

	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators / Annual Targets
	4	4	4	n/a	n/a	No revisions were made
	100%	100%	100%	n/a	n/a	No revisions were made

FINANCE AND SUPPLY CHAIN MANAGEMENT SUB-PROGRAMME

Overview

The objective of this sub-programmes is to provide effective and efficient financial planning, management, and administrative support to SASSETA. This includes among others the effective, efficient, and economical acquisition of goods and services within the procurement legislation.

Policy Development

The finance and supply chain management policies are updated and effectively implemented. The preferential procurement points policy for the SETA was also developed and approved as directed by the National Treasury.

Revenue

Levies received from the Private Sector and Government Departments amounted to R423.2 million and R126.9 million, respectively while investment income was R38.3 million. Private sector levies account for 63% of the total revenue collected. Penalties and interest of R10.2 million were from late payments of levies by employers which contributed to the SETA's 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. Most government departments can only afford to contribute on a 10% basis.

Investment income of R38.3 million is earned from surplus funds invested with the South African Reserve Bank - Corporation for Public Deposits Account. This amount accounts for 6% of the total revenue collected. Other income for the Financial Year amounted to R2.6 million and was mainly from reversal of the prior year provision and grant received.

Sources of Revenue	2022/2023			2021/2022		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
Skills Development Levy: Private Companies	412 372	423 236	10 864	349 360	365 423	16 063
Skills Development Levy: Government Departments	121 248	126 977	5 729	118 443	118 730	297
Skills Development Levy: Penalties and Interest	13 235	10 240	(2 995)	18 387	15 563	(2 824)
Other Income	-	2 693	2 693	-	432	432
Investment Income	36 176	38 366	2 190	27 751	25 137	1 386
Total	583 031	601 512	18 481	509 931	525 284	15 353

Levies contributed are slightly higher than budgeted. To some extent, the implementation of some of the elements of the organisation revenue enhancement strategy informed the improved contribution of levies.

Capital Investment

The SETAs did not have any significant capital investments in the current. However, additional office accommodation was acquired at the head office building. Inherently, this necessitated acquisition of office furniture and fittings.

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. A considerable effort is maintained to continuously stabilise the financial situation of SASSETA.

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 to R596.6 million is mainly because of the delayed implementation of awarded projects which, in most cases, was not within the SETA's control.

Irregular Expenditure

The organisation implemented sound processes to ensure strict and uncompromised adherence to procurement laws and regulations to mitigate the occurrence of irregular expenditure instances. Notwithstanding, the SETA incurred irregular expenditure amounting to R1.058 million during the Financial Year under review.

This irregular expenditure was triggered by expenditure relating to members of the Accounting Authority because of process deficiencies that occurred at DHET in the appointment of some of the members of the Accounting Authority. It was unfortunate that irregular expenditure is reported against the budget that incurred it, thus SASSETA reports irregular expenditure in this regard. This incident is unfortunately beyond the SETA's control.

Challenges

Delayed and/or non-contribution of the skills development levies by some of the stakeholders which adversely affects the operations of the organisation. Delayed submission of compliant invoices and stipends documentation required to support payments in respect of implemented projects which adversely affects timeous processing of payments.

Future Goals

- Effective implementation of the revenue enhancement strategy which is geared to improve the situation of the organisation.
- Automation of business processes within the organisation with the intention to realise efficiencies in all areas of business.

Measures to Address Under-performance

There was no under-performance in the achievement of targets for the Finance and Supply Chain Management Sub-programme.

Changes to the Planned Targets

There were no changes to planned targets during the 2022/2023 Financial Year.

ICT SUB-PROGRAMME

Overview

The strategic objective of Information and Communication Technology (ICT) is the effective provisioning of ICT to support the business of the SETA. SASSETA developed an ICT Strategy which seeks to reposition the SETA at a centre of digitisation and transforming operational capabilities through automation to derive efficiencies and economies of scale regarding the business processes.

ICT Priorities for the Year under Review and the Impact of these Priorities

Strengthened collaboration with stakeholders to advance skills development within the sector through the provisioning of ecosystems facilitated in accordance with the Data Management Strategy and underpinned by a robust data warehouse, knowledge management, business intelligence, and business dashboard reporting in alignment with the Digital Transformation Strategy.

Furthermore, all the required hardware, software, environmental controls, and facilities were implemented and strengthened during the year under review. The maintenance and support of the implemented Integrated Management Information System (IMIS), Cloud Backup Solution with Disaster Recovery Services, Office 365, SharePoint, ICT Helpdesk Solution.

The Human Resource Management System, Infra-structure Capacity and Management Tool, Intranet, Financial System, Call Centre Management System and the Supply Chain Module in the Financial System were strengthened during the year under review. Intensive capacity building of internal stakeholders (management and employees), as well as external stakeholders and partners, around the dynamics of remote working.

Maintain and implement disaster recovery (DR) test plans and comply with assurance requirements relating to the approval of the disaster recovery plans (DRP), alternate site, test plans, and off-site storage of the plan. Stabilisation of the infrastructure, network, and security environments, as well as the implementation of effective and efficient service level management. Automation of manual business processes, integration of processes already automated and digitised.

Policy Development

To strengthen the ICT Governance and Operations, support, and enablement of SASSETA ICT policies relating to Logical Security, User Account Management, Patch Management, Antivirus Management, Backup and Retention Management, Cyber Security, Change Management, Incident Response Policy, Vulnerability Management, Data Management, Privacy Management, Internet and Email Management, Disaster Recovery Management Acceptable Use Management, ICT Steering Committee Charter, ICT Master Systems Plan (MSP) Strategy and ICT Governance Framework have been implemented.

ACHIEVEMENTS

- ICT Strategy and Master Systems Plan which incorporate the Digital Transformation Strategy that is aligned to the Strategic Plan and Annual Performance Plan.
- ICT Governance in compliance with best practice frameworks like King 4 principles, Corporate Governance of Information, Communication and Technology Policy Framework (CGICTPF), Control Objectives for Information and Related Technology (Cubitt), Information Technology Infrastructure Library (ITIL), and International Standards Organisation (ISO).
- The Digital Transformation Strategy, Data Management Strategy, Project Management Framework, and Disaster Recovery Plan have been finalised.
- The implementation of Office 365 enabled remote working during the lockdown and facilitated the digitisation platform for our employees, external stakeholders, and partners.
- Implemented Information Security Management Systems through ISO 27001 for the purpose of compliance. Activities carried out include, but not limited to, Patch Management, End-to-End Management, Vulnerability Management, Firewall Security Management, etc.
- Fully implemented and tested Disaster Recovery Plan. Concluded a reciprocal agreement with the Energy & Water Sector Education Training Authority (EWSETA) in relation to the provisioning of Business Continuity from a Disaster Recovery Planning perspective.

Challenges

- Inadequate integration of organisation systems and the capacity to provide a holistic view of the business performance. This is being addressed by investing in and optimising in ICT to meet the changing business needs.
- The possibility of cyber threats or hacking of the ICT environment could result in business disruption.

Future Goals

- In alignment to the ICT MSP, integration of organisation ICT systems and business processes to meet organisation needs.
- Implementation of all ICT and organisation initiatives as per the ICT MSP.
- Effective and efficient ICT Infrastructure hardware and software (99% uptime).

Measures to Address Under-performance

- There was no under-performance in the achievement of targets of the Skills Planning and Research, Monitoring, Evaluation and Reporting Sub-programme.

Changes to the Planned Targets

- There were no changes to planned targets during the 2022/2023 Financial Year.

MARKETING AND COMMUNICATIONS SUB-PROGRAMME

Overview

The purpose of the Marketing and Communications Sub-programme is to promote the brand of SASSETA and to enhance stakeholder relations. The Marketing and Communications Sub-programme leads the organisation in internal and external communications, advertising, digital media, and eventing. It enhances awareness of the SETA brand and creates a better understanding of services with a wide variety of stakeholders. The Sub-programme endeavours to advance and create an enabling environment for the provision of inclusive communication services to all stakeholders in a manner that promotes socio-economic development.

Policy Development

Marketing and Communications Policies were approved on 12 October 2022, and they will be reviewed after two years or upon significant amendments to SASSETA's regulatory environment.

ACHIEVEMENTS

- **Digital Stakeholder Communications**

Communication with stakeholders, external and internal, has remained consistent, motivational, and helpful. The communication has been maintained via emails, newsletters, website postings, reminders of operational deadlines and social media platforms. Stakeholders have also responded well to the increased communication.

- **Email Marketing**

SASSETA maintains constant communication with the external stakeholders. The communication is via electronic newsletters to subscribed stakeholders informing them of new developments, announcements, news updates and offering calls to action to participate in operational functions such as the Mandatory Grant and Discretionary Grant processes.

- **Eventing**

SASSETA staged a successful hybrid Annual General Meeting (AGM) in November 2022. The AGM event is posted on our website and the SASSETA YouTube channel. SASSETA also staged the WSP/ATS Roadshows, Career Expos and Education and Training Quality Assurance (ETQA) stakeholder engagements with Marketing and Communications department offering the support services.

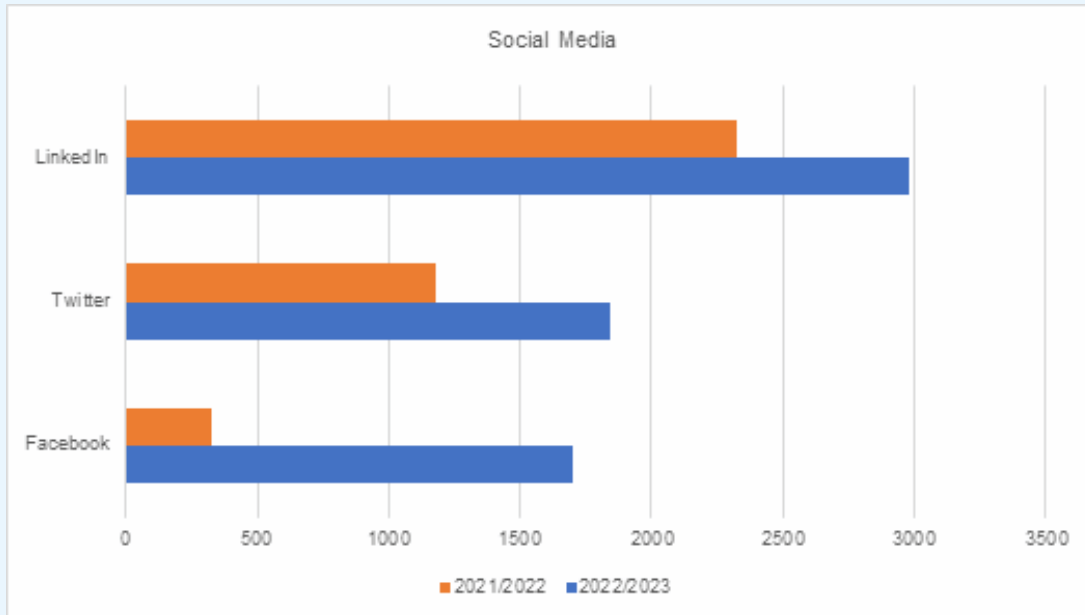
- **Internal Communications**

Internal communications campaigns are continuously rolled out to internal stakeholders via the emailer, Snippets. This weekly emailer is the channel to regularly keep staff members updated of SASSETA developments.

- **Social Media**

Social media pages have grown during the past Financial Year. LinkedIn now has 2 980 active followers. Twitter was launched in November 2020 and currently has 1 839 followers.

The SASSETA Facebook page was hacked in the previous Financial Year and the posting on the new page, SASSETA – Safety and Security SETA, was on 2nd of March 2022. The hack had a negative impact on the Facebook followers and the current number is now **1 700**.



Challenges

Efforts are being intensified to increase the communication in the rural and marginalised communities. These efforts are to guide the communities to view the safety and security sector as their career destination. The efforts to intensify the communication will continue in 2023/2024.

Future Goals

- Improving the interaction and number of followers on social media platforms.
- Increasing the frequency of stakeholder communications.
- Improving reach into rural and marginalised communities.

Measures to Address Under-performance

There was no under-performance in the achievement of targets for the Marketing and Communications Sub-programme.

Changes to the Planned Targets

There were no changes to planned targets during the 2022/2023 Financial Year.

AUXILIARY SERVICES SUB-PROGRAMME

Overview

The purpose of the Auxiliary Sub-programme is to ensure a safe, user-friendly and conducive work environment for employees and stakeholders in the SASSETA space. As the custodian of general maintenance, it is our responsibility to improve office refurbishments and accelerate service delivery to the organisation. Our mission is to achieve unique goals, objectives, and bring beneficial change or added value to our end-users. We will proactively achieve the mission and vision of SASSETA by implementing strategies to prevent accidents and injuries which may be harmful to the environment and employees.

The role of Auxiliary Services and Office Management is to identify maintenance needs, prioritising deferred maintenance, and strategising for long-term building and equipment requirements at the core of Auxiliary Services. The goal of Auxiliary Services is to proactively manage the growing list of maintenance needs associated with the facilities we oversee.

Policy Development

There were operational changes in the occupational health and safety (OHS) environment that necessitated the review of the following policies to ensure alignment with OHS practices:

- OHS Policy including,
- Fleet Management Policy,
- Security Management Policy.

ACHIEVEMENTS

- Annual service of the fire maintenance equipment was conducted, and a certificate of service was issued.
- OHS workshop was executed and attendance certificates and appointments letters were issued to OHS Committee members.
- The statutory annual emergency evacuation drill was conducted in line with the OHS Act requirements.
- First-Aid Room was created in the workplace for injury on duties and life-saving care until professional medical care arrives.
- The fleet of the Sector Education and Training Authority (SETA) is closely managed to ensure no abuse and/or unnecessary damage that will incur cost. The fleet is also serviced regularly to ensure that vehicles are in a good condition.
- A well-rounded Security Services Management is in place and discharges their responsibilities in line with the Control of Access to Public Premises and Vehicle Act.
- Hand-held scanners are used to detect threat objects, e.g., weapons.
- Maintenance of Heating, Ventilation and Air-conditioning (HVAC) systems.
- Close-circuit Television (CCTV) was installed in all strategic areas.
- 24-hour response and panic buttons are in place for emergency purposes.

Challenges

- Improve spatial planning – our internal storerooms are not designed to keep files and other equipment, e.g., machines.
- COVID-19 fatigue leading to staff lowering their guard on non-clinical protocols.
- Collaboration with the Marketing and Communications department to continuously educate staff.
- Ignorance by staff to follow OHS Policy in the workplace, e.g., smoking in the workplace.

Future Goals

- Collaborate with the other tenants in the building on issues of OHS and Security Management.
- Continue to implement and enforce Health and Safety Standards.
- Prevent unauthorised access to the premises.
- Overcome effects of natural disaster.
- Plan and coordinate all installations, i.e. electrical, plumbing and refurbishments.

Measures to Address Under-performance

There was no under-performance in the unit, however it is essential to constantly train OHS representatives, fire marshals and first-aiders to be adequately empowered to deal with the work environment.

Changes to the Planned Targets for the Sub-programme

There were no changes to planned targets during the 2022/2023 Financial Year.

11.2. PROGRAMME 2: RESEARCH, SKILLS PLANNING AND REPORTING

Programme Purpose: This programme advances skills development in the sector through research, skills planning, monitoring, evaluation and reporting. It champions research and develop the SSP which profiles the sector’s skills demand and supply. It also tracks and reports performance progress against targets set and conducts impact assessments of SASSETA’s skills development interventions.

Linking programmes with strategic outcomes: Pro-programme 2 contributes to the following strategic outcomes:

- Increased production of occupations in high demand.

Sub-programmes: Functions falling within the ambit of this programme include Research and Skills Planning, Monitoring, Evaluation and Reporting.

Programme 2 contained a total of three indicators and nine targets in the tabled APP for the 2022/23 Financial Year. Programme 2 achieved 100% of its annual targets as at 31 March 2023 and all targets were achieved as scheduled. The table below reports on outcomes, outputs, output indicators, targets, actual achievements, variances and reasons for deviations against the tabled APP for the 2022/23 Financial Year.

PROGRAMME 2: RESEARCH, SKILLS PLANNING AND REPORTING				
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	
Identified occupations in high demand	Conducting and publishing research reports.	The number of research studies focussed on skills development matters that are completed by 31 March 2023	4	
	Conducting and publishing evaluation reports	The number of evaluations (tracer studies) and or impact studies focussed on skills development matters completed by 31 March 2023	3	
	2023/24 update of the SSP approved by SASSETA Board and submitted to DHET	2023/24 update of the SSP approved by SASSETA Board and submitted to DHET by the due date	2021/22 Update of the SSP approved by SASSETA Board and submitted to DHET by due date	

	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators / Annual Targets
	4	4	4	n/a	n/a	No revisions were made
	3	4	4	n/a	n/a	No revisions were made
	2022/23 Update of the SSP approved by SASSETA Board and submitted to DHET by due date	2023/24 Update of the SSP approved by SASSETA Board and submitted to DHET by due date	2023/24 Update of the SSP approved by SASSETA Board and submitted to DHET by due date	n/a	n/a	No revisions were made

Research Agenda: One of the principal mandates of SETAs is to develop a credible and professionally researched SSP to ensure that scarce and critical skills are developed. It is for this reason that the SETA undertakes various research projects to determine the skills needs of the sector and to produce accurate various monographs and information to be used for planning, implementation and evaluation of skills development initiatives.

SASSETA's Research Agenda provides in-depth insight into the nature of skills needs for the sector and informs the SETA's Strategic Plan. The following research topics were undertaken during the period under review:

- 2023/24 SSP Update.
- Adaption of the Fourth Industrial Revolution in the safety and security sector.
- Driving modernisation in the Criminal Justice System: A case study of technical and specialised skills
- Exploring the impact of COVID-19 on skills demand and supply in the Safety and Security Sector.
- Professionalising Community Police Forums (CPFs) through Recognition of Prior Learning (RPL).

Impact Studies: In its commitment to address skills shortages in the safety and security sector, SASSETA deems it is important to understand the challenges, outcomes and ascertains the impact of its programmes. This allows the SETA to draw lessons and aligns its skills development initiatives to the needs of the safety and security sector, particularly our mission to transforming and professionalising the safety and security sector by providing qualifications and skills through effective and efficient partnerships.

The following impact assessment studies that were completed during the period under review:

- Evaluation study of Skills Development initiatives at DOD.
- Evaluation study of Skills Development initiatives at the South African Police Services (SAPS).
- Evaluation study of TVET placements.
- Evaluation study of SASSETA bursary programme.

Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs): Mandatory grants form a key part of SASSETA's discharge of its statutory mandate and achievements of the goals set out in the SDA. It gives effect to the SETA grants read with Section 3(1) of the SDLA which define mandatory grant as a payment made to all levy paying organisations upon submission of WSPs and ATRs.

In pursuance of the SDA, SDLA and SETA Grant Regulations, SETAs must disburse grants in a manner that is consistent with the Constitutional principles of transparency, fairness and equity. WSPs and ATRs are critical in providing detailed baseline statistical information on the sector. During the year under review, a total of 1 007 WSPs/ATRs have been received, evaluated and approved in line with the requirements. SASSETA has achieved the service level agreement (SLA) targets in all company categories.

Size of Firms	SLA Target(s)	Achieved
Small Firms	320	484
Medium Firms	140	203
Large Firms	160	320

11.3. PROGRAMME 3: LEARNING PROGRAMMES

Programme purpose: This programme facilitates and addresses scarce and critical skills gaps and hard-to-fill vacancies in the safety and security sector through high-quality learning programmes. Functions of this programme include career guidance and the implementation of learnerships, apprenticeships, skills programmes, internships, work-integrated learning and bursaries for students at TVET colleges and higher education institutions (HEIs).

Linking programmes with strategic outcomes: Programme 3 contributes to the following strategic outcomes:

- Linking education and the workplace
- Improved level of skills in the Safety and Security Sector
- Increased access to occupationally directed programmes
- The growth of the public college system supported

Sub-programmes: Functions falling within the ambit of this programme include Learnerships, Bursaries, Skills Programmes, Artisans and Work-Integrated Learning (Candidacy Programmes, Internships, TVET and University Placements)

Programme 3 contained a total of 24 indicators. 9020 learners were supported in the period of review. Programme 3 achieved 95.8% of its annual targets as at 31 March 2023. 4.2% of annual targets were not achieved. The table below reports on outcomes, outputs, output indicators, targets, actual achievements, variances and reasons for deviations against the tabled APP for the 2022/23 Financial Year.

2022/23 financial year gains and continuous improvements

- Continuous engagement with quality assurance partners on non-primary focus learning programmes.
- Support of sector to increase number of workers completing learning programmes.
- Revised discretionary grant processes to realise efficiency and compliance.

2022/23 financial year challenges

- Delays on the evaluation, awarding and implementation of learning programmes due, for example, manual processes, incorrect documents submitted

Programme 3: LEARNING PROGRAMMES				
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	
Increased production of occupations in high demand	Bursaries allocated for unemployed youth by 31 March 2023	Number of bursary agreements entered into for unemployed youth by 31 March 2023	174	
	Unemployed youth completed studies through bursaries awarded in prior years by 31 March 2023	Number of unemployed youth that completed studies under a SASSETA-funded Bursary by 31 March 2023	48	
Linking Education and the Workplace	TVET students entered work-integrated learning placement programmes by 31 March 2023	Number of TVET students entered work- integrated learning placement programmes by 31 March 2023	157	
	TVET students completed work-integrated learning placement programmes by 31 March 2023	Number of TVET students completed work-integrated learning placement programmes by 31 March 2023	153	
	University of technology students provided with work- integrated learning to complete their qualifications	Number of university of technology students placed in work- integrated learning by 31 March 2023 to complete their qualifications	104	
Linking Education and the Workplace	University of technology students provided with work-integrated learning thereby enabling them to complete their qualifications	Number of University of Technology students who complete their work integrated learning by 31 March 2023, thereby enabling them to complete their qualifications	55	
	TVET lecturers exposed to workplaces	Number of TVET Lectures exposed to workplaces that are linked to qualifications the TVETs are accredited for by 31 March 2023	5	

	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators / Annual Targets
	200	230	230	-	-	No revisions were made
	55	60	65	+5	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	500	650	655	+5	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	550	300	335	+35	Target exceeded More learners than anticipated successfully completed training	No revisions were made
	310	310	312	+2	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	50	250	290	+40	Target exceeded More learners than anticipated successfully completed training	No revisions were made
	10	10	10	n/a	Target met	No revisions were made

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	
Linking Education and the Workplace	Graduates entered workplace-based learning programmes in strong partnerships with the industry	Number of law graduates placed in candidacy programmes by 31 March 2023	143	
	Graduates/ completed workplace-based learning programmes	Number of law graduates placed; completing candidacy programmes by 31 March 2023	110	
Linking Education and the Workplace	Graduates entered workplace-based learning programmes in strong partnerships with the industry	Number of graduates and interns entered workplace-based learning programmes, in partnership with industry, by 31 March 2023	107	
	Graduates completed workplace-based learning programmes	Number of graduates and interns completed workplace-based learning programmes by 31 March 2023	263	
	Unemployed learners entered learnerships by 31 March 2023	Number of unemployed learners entered learnerships by 31 March 2023	654	
	Unemployed learners completed learnerships by 31 March 2023	Number of unemployed learners completed learnerships by 31 March 2023	1030	

	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators / Annual Targets
	150	130	186	+56	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	50	70	93	+23	Target exceeded More learners than anticipated successfully completed training	No revisions were made
	500	600	602	+2	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	100	250	255	+5	Target exceeded More learners than anticipated successfully completed training	No revisions were made
	1000	1500	1459	(41)	Target not achieved Due to the skills shortages, it was planned to train 50 learners on traffic law enforcement however this could not materialise due to existing learners training being delayed thereby delaying the new intake of learners	No revisions were made
	450	500	513	+13	Target exceeded More learners than anticipated successfully completed training	No revisions were made

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	
Improved level of skills in the Safety and Security Sector	Employed learners entered learnerships by 31 March 2023	Number of employed learners entered learnerships by 31 March 2023	247	
	Employed learners completed learnerships by 31 March 2023	Number of employed learners completed learnerships by 31 March 2023	1010	
	Employed learners entered bursary agreements by 31 March 2023	Number of employed learners entered bursary agreements by 31 March 2023	41	
	Employed learners holding bursaries who completed studies by 31 March 2023	Number of SASSETA funded employed learners having bursaries who completed studies by 31 March 2023	56	
	Employed learners entered skills programmes/ short courses by 31 March 2023	Number of employed learners entered skills programmes/short courses by 31 March 2023	1256	
Improved Level of skills in the Safety and Security Sector	Employed learners completed skills programmes/ short courses by 31 March 2023	Number of employed learners completed skills programmes/ short courses by 31 March 2023	1902	

	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators / Annual Targets
	600	600	725	+125	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	250	300	316	+16	Target exceeded More learners than anticipated successfully completed training	No revisions were made
	80	85	95	+10	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	35	35	37	+2	Target exceeded More learners than anticipated successfully completed training	No revisions were made
	1400	1450	1457	+7	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	900	900	915	+15	Target exceeded More learners than anticipated successfully completed training	No revisions were made

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	
Increased access to occupationally directed programmes	Learners entering artisan-related learning programmes by 31 March 2023	Number of learners entering artisan related learning programmes by 31 March 2023	144	
	Learners completing artisan-related learning programmes by 31 March 2023 in partnership with public TVET Colleges	Number of persons declared competent on Trade Tests by 31 March 2023 in partnership with public TVET Colleges	62	
	Entrepreneurs supported by 31 March 2023	Number of entrepreneurs supported by 31 March 2023	10	
The growth of the public college systems supported.	Unemployed learners entered skills programmes/short courses by 31 March 2023	Number of unemployed learners entered skills programmes/short courses by 31 March 2023	201	
	Unemployed learners completed skills programmes/short courses by 31 March 2023	Number of unemployed learners completed skills programmes/short courses by 31 March 2023	101	

	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators / Annual Targets
	100	100	105	+5	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	50	50	53	+3	Target exceeded More learners than anticipated successfully completed training	No revisions were made
	15	20	32	+12	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	400	410	414	+4	Target exceeded Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No revisions were made
	200	210	360	+150	Target exceeded More learners than anticipated successfully completed training	No revisions were made

The SETA has certified approximately 829 learners who enrolled and successfully completed Learnership qualifications at NQF 2-5 through the discretionary grant system. Furthermore, 1 871 learners benefitted from a variety of critical skills programmes which were funded through discretionary grants.

SASSETA continued to look beyond narrow sectoral interest, but trained learners in areas that contribute to alleviation of broader systematic problems across all economic sectors. The following is a summary of some of the key strategic projects which advance our strategic objectives that were implemented during the period under review:

Economic Stimulus: A few businesses, particularly SMME's, were adversely impacted by the Covid-19 pandemic, resulting in many people to lose their jobs and livelihoods. SASSETA has implemented an economic stimulus programme that has seen 1 000 unemployed youth being provided with skills and toolkits to start their own small businesses.

The support includes the establishment of new businesses, formal registration for compliance purposes, formal training on small business management, technical skills such as Cell-phone Repairs and Digital Terrestrial Telecommunications, basic business financial literacy, how to prepare a business plan, marketing, as well as getting business coaching from a business coach. During the year under review, a total of 333 new small businesses were registered within this programme.

Historical Debt Clearance: In response to the outcry of students at various universities, SASSETA committed funds to the clearing of debt of students in need from six universities so they could graduate or register to continue their studies. In the 2022/23 Financial Year, SASSETA spent R14 984 699 clearing the debt of 634 students which enabled them to graduate and cleared the historical debt of a further R1 989 566 which enabled 90 students to continue with their studies.

Gender-Based Violence: SASSETA has implemented three projects to address Gender-based Violence (GBV). In the year under review, 400 beneficiaries have completed GBV programmes with a further 587 still in progress. During this year, we completed research entitled "Knowledge, Attitudes and Practices of the South African Police Service in Nelson Mandela Bay Municipality on Gender- Based Violence".

Another project has been initiated which will see 300 employees, 300 service providers such as security personnel and 300 members of the student community be part of GBV Awareness campaigns across all the campuses of Tshwane University of Technology.

Public Order Policing in SAPS: The SAPS has approached SASSETA for assistance in the development of their workforce to be able to implement Public Order Policing adequately and effectively. A number of interventions have been identified, the first project is currently underway for the training of 200 police officers in Code 10 driving so they can be able to operate vehicles used in crowd control, such as Nyalas, water-dispersing trucks, etc is underway. A further 400 will be trained in Code 14. SASSETA has partnered with the SAPS and the University of KwaZulu-Natal to roll-out a project to train 411 SAPS officials at the level of Platoon and Section Commanders ranging between Warrant Officers, Captains and Lieutenant-Colonels in Crowd/Mob/ Group Psychology in order to better respond to public disorder.

Offender Rehabilitation: Ex-Offenders, parolees and probationers face challenges of rejection by families and communities, stigmatisation, reoffending, unemployment caused by criminal record, lack of education and skills, dysfunctional family structures, poverty and peer pressure. They often have a very difficult time breaking the cycle of release and re-arrest without financial, psychological and social support at the time of and shortly after their release.

The lack of economic independence and social rejection often leads them back to the familiar pattern and instant gratification of crime just to meet their day-to-day needs. They need assistance to desist from crime, to successfully reintegrate into the community and to avoid a relapse into criminal behaviour.

SASSETA has partnered with NICRO on a project that will see 100 ex-offenders/probationers/ parolees being provided support to re-integrate them into society, including their own families. We have also partnered with a halfway house in the gang infested Observatory in Cape Town. In this project, ten female ex-offenders will be supported. In both projects,

the beneficiaries will be supported with psycho-social support, trained in a skill they can use to earn a living even though they have a criminal record, a toolkit to start their small business and will be paid stipends for a period of six months while they re-start their lives outside.

Cyber Security: SASSETA has partnered with the Council for Scientific and industrial Research (CSIR) to develop a sustainable cybersecurity capability for at least 200 small businesses in the legal and private security sub-sectors through the CSIR's Information and Cybersecurity Centre.

The CSIR Virtual Security Operations Centre (VSOC) will offer cybersecurity support services, training and capabilities to SMME's in the safety and security sector for Intrusion Detection and Prevention Management, Cyber Incident Response and general Threat Intelligence. This initiative will assist 200 SMMEs to analyse their preparedness for and ability to respond to cyber threats/attacks, neutralise known cyber threats/attacks, respond to malicious events and obtain state-of-the-art training on how to obtain and maintain cyber excellence.

Career Guidance: During the year, SASSETA has held career guidance fairs, exhibitions and workshops to over 10 000 pupils and Life Orientation Teachers in rural and hard-to-reach areas. During these sessions, a wide range of topics is covered including the various means of obtaining qualifications, where and how to apply for funding and preparation for the world of work such as interview techniques and how to draft a CV. The pupils, teachers and parents find these services useful in the mapping of a child's future.

11.4. PROGRAMME 4: QUALITY ASSURANCE (ETQA)

Overview

The SASSETA ETQA functions are mandated from the DHET and the Quality Council for Trades and Occupations (QCTO). The purpose of this programme is to ensure Quality Education and Training are delivered. The ultimate end is for qualifying learners to be certified timeously. The functional areas include the accreditation of Skills Development Providers, registration of Assessors and Moderators, development of Occupational Qualifications to address occupations in high demand and Learner Certification.

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) hosted at SAQA on a quarterly basis.

These functions are performed on delegation of the QCTO. These functions have been delegated to SASSETA until the 31 March 2023.

The Sub-programme consists of the following:

- Qualification Development
- Accreditation
- Quality Assurance
- Assessment
- Certification

PROGRAMME 4: QUALITY ASSURANCE (ETQA)				
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	
Ensured efficiency in the delivery of occupational qualifications for the safety and security sector	Occupational qualifications submitted to QCTO for registration	Number of qualifications realigned or newly developed in the sector and submitted to QCTO for approval by 31 March 2023	4	

	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators / Annual Targets
	3	4	4	N/A	N/A	No revisions were made

Skills Development Provider Capacity Building Workshop

The QCTO is striving towards the implementation of one Quality Assurance System of registered qualifications on the Occupational Qualifications Sub-Framework (OQSF). All legacy qualifications lifespan will finally expire on the 30 June 2023.

Accordingly, ETQA embarked on a Capacity Building Workshop aimed at accredited Skills Development Providers on 28 March 2023 to keep stakeholders informed about the new standards and the replacement of legacy qualifications.

Accreditation of Training Providers

Summary of Providers approved for Accreditation, Assessors, and Moderators Registered and Certificates issued.

No	Category of Accreditation	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
1.	Full Accreditation, Programme Approval, Extension of Scope	47	27	43	35	152
2.	Monitoring Visits	16	18	15	15	64
3.	Verification of Learner Achievement Results	89	73	36	109	309
6.	Assessor Registration	38	38	30	31	137
7.	Moderator Registration	34	26	15	14	89
8.	Certification	4293	2424	2998	2408	12123

The following Occupational Qualifications have been realigned and submitted to the QCTO for approval:

Curriculum ID	Occupational Qualification Title	NQF Level	Credits
541202-001-00	Occupational Diploma: Bomb Disposal Specialist	6	360
431105-001-00	Higher Occupational Certificate: Judicial Officer Sheriff	5	120
134703-001-00	Higher Occupational Certificate: Operation Military Warrant Officer	5	120
335502-001-00	Road Crash Investigation	6	376



PART

GOVERNANCE, RISK AND COMPLIANCE

12

12. GOVERNANCE, RISK AND COMPLIANCE

12.1. INTRODUCTION

SASSETA remains committed to the highest standards of governance, which is fundamental to the management of public finances and resources through coordinated governance structures to utilise resources effectively, efficiently and economically.

12.2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education and Training is appointed to perform an oversight role on the work performed by the DHET and its entities which also includes SASSETA.

The role of the Portfolio Committee is to:

- Deal with the entities Strategic Plans, Sector Skills Plans, Annual Performance Plans and Budgets
- Consider Bills
- Deal with departmental budget votes,
- Oversee the work of the Department and its entities and enquire and make recommendations about any aspect of the Department and its entities, including its structure, functioning and policies.

The work of the Committee is not restricted to government. The Committee can investigate any matter of public interest that falls within their area of responsibility.

12.3. EXECUTIVE AUTHORITY

The Executive Authority exercises its powers and authority to ensure that the implementation of the SASSETA objectives and functions comply with the SDA and policies of the SETA. The Executive Authority is the Minister of Higher Education, Science and Innovation. The Minister monitors the SETA's performance through quarterly reports and interactions with the Board. The following reports were submitted for review and approval to the Minister, in line with the SDA, PFMA and other relevant legislative frameworks:

- Sector Skills Plan 2023/24.
- Strategic Plan, Annual Performance Plan and Budget 2022/23.
- Annual Report 2022/23.
- Quarterly Performance Reports 2022/23.

12.4. ACCOUNTING AUTHORITY

The Board is the Accounting Authority responsible for overseeing the application of corporate governance principles and carry out fiduciary duties as contemplated in the SDA and the PFMA. SASSETA is led by an effective and efficient Board comprising of non-executive members with the requisite skills and knowledge of the sector. The Board is responsible for providing strategic direction and to ensure that risk management and internal control environment exists.

In addition to provisions on accountability within the legislative framework and governance prescripts, the Accounting Authority has the following responsibilities:

- Govern and manage SASSETA in accordance with legislation.
- Set organisational culture.
- Provide policy and strategic direction and oversee implementation.
- Review management performance and oversee risk management.
- Ensure the objectives and functions of SASSETA comply with the constitutional, legislative and policy mandates.

12.5. RISK MANAGEMENT

SASSETA is committed to maintaining an effective, efficient and transparent system of risk management that supports the achievement of the organisation's strategic and operational objectives, as required in terms of Section 38(2)(i) of the PFMA. Operational risks and related mitigation strategies are populated and updated on a quarterly basis by risk owners.

Risk assessments were conducted at strategic and operational levels, including the consideration and/or incorporation of possible emerging risks. SASSETA's Risk Management Strategy, Methodology and Approach formalise 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 are the responsibility of all SASSETA staff.

The SASSETA's Risk Management Policy promotes a standard approach to enterprise risk management (ERM) at SASSETA 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 an acceptable level. Management and monitoring of the risk management framework through regular risk assessments and reporting by risk champions outlining the relevance, progress, and status of risks treatments.

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 implementation of competitive risk management business processes ensured that SASSETA continued to achieve a level 5 risk maturity assessment level from the National Treasury on 31 March 2023. SASSETA has an optimised risk maturity level with a continuous focus of embedding the risk culture across the organisation. The ERM's efforts, during the year under review, have resulted in the mitigation of the main inherent risks that SASSETA was exposed to, thus contributing towards reducing the residual risk exposure to be within acceptable levels.

Risk management processes, including Business Continuity Management (BCM), are proactively monitored. Measures have been put in place to reduce the impact of disaster. The OHS Committees and appointed Compliance Officers actively monitor health and safety of employees, as prescribed by the various legislation and regulations. The continued assessments of risks related to health and safety, together with the application of respective prescripts, required adjustments in methodologies of work and day-to-day engagements.

12.6. INTERNAL CONTROLS

The Accounting Authority has an overall responsibility of establishing and maintaining SASSETA's internal controls and reviewing their effectiveness. Internal controls refer to the policies, practices, and systems that SASSETA has put in place to provide reasonable assurance that it will achieve its objectives, prevent fraud and corruption from occurring, protect resources from waste, loss, theft or misuse, and ensure that resources are used efficiently and effectively.

Management also tracks the implementation and report on audit recommendations through Audit Action Plans, and further supports Management to maintain effective, efficient, and transparent systems of internal controls.

12.7 INTERNAL AUDIT

In terms of the PFMA, Act 1 of 1999, the Institute of Internal Auditors (IIA) standards, and the Internal Audit Charter, the scope of Internal Audit focusses mainly on determining whether SASSETA's risk management, internal control, and governance processes, designed by Management in compliance with Section 38(1)(a) of the PFMA, are adequate and functioning in a manner that ensures that set objectives are met.

For the Financial Year under review, Internal Audit fulfilled the audit activities in terms of the internal audit coverage plan approved by the Audit Committee. This was achieved by:

- Auditing control systems and submitting internal audit reports identifying weaknesses and recommending improvements in respect of various processes within SASSETA.
- Conducting follow-up audits to determine whether areas of improvement as recommended by the AGSA and Internal Audit have been implemented.
- Providing advisory and consulting services at various forums such as the Executive Committee
- (Exco), Risk Management Committee, Management.
- Providing an overall opinion regarding the adequacy and effectiveness of the internal control environment within SASSETA.
- Coordinating and reporting on combined assurance within SASSETA.

Internal Audit also fulfilled its responsibility to the Audit Committee by providing administrative support and reporting on the organisation's control environment deficiencies as reported to Management.

12.7.1 Audit and Risk Committee

The control environment is based on policies and procedures that are developed and periodically reviewed to ensure that SETA meets its responsibilities effectively and efficiently, complies with relevant legislation, and manages known and identified risks to the organisation.

The Audit Committee of SASSETA is established in terms of Sections 76(4)(d) and 77 of the PFMA 1999 and performs its duties in terms of a written terms of reference (the Audit Committee Charter).

The status of the Audit Committee is an independent advisory committee comprising three external members and two Board Members. Its role is to independently monitor activities within SETA, and to report and make recommendations to the Accounting Authority.

12.8. COMPLIANCE WITH LAWS AND REGULATIONS

The Accounting Authority is the custodian of SASSETA's policies that are derived from various legislative frameworks. The Accounting Authority delegates this mandate to its oversight committees and holds them accountable to ensure adherence to these policies in the implementation of the SASSETA's programmes financial management, effective, efficient, economical and transparent use of all resources.

The Governance Compliance assurance against the PFMA and National Treasury Regulations are submitted to the DHET quarterly. SASSETA is compliant with the applicable Human Resources Management and Information Technology and Communication regulations. SASSETA systems, processes and policies are reviewed annually or as and when the need arises.

12.9. FRAUD AND CORRUPTION

Mechanisms are in place to report fraud and corruption and include whistle blowing where officials can make confidential disclosures about suspected fraud. Employees making these disclosures are assured of protection.

SASSETA uses the services of Deloitte and the Public Service Commission for whistle-blowing services, furthermore, SASSETA reported an up-to-date implementation of fraud prevention and ethics activities with no incidents reported during the period under review. SASSETA continues to promote the use of the Fraud Prevention hotline.

12.10. MINIMISING CONFLICT OF INTEREST

SASSETA requires all staff members to disclose their financial interests on an annual basis, to minimise the risk of conflicts of interest with stakeholders across the organisation. Declaration of interest forms are circulated to members of committees before the commencement of meetings, and employees declare any interest they might have in relation to transactions entered into with service providers.

SASSETA's Supply Chain Management and Risk Management and Human Resource policies outline the process to be followed where a conflict of interest has been identified. There were no identified cases of conflict of interest during the year under review.

12.11. CODE OF CONDUCT

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

12.12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The OHS is, and remains, a priority for SASSETA. A continuous monitoring and implementation of strategies to eliminate recognised hazards by creating awareness and educating employees about OHS issues. This in turn provides assurance to employees, users and visitors that SASSETA offices are safe, with risk of injury minimised. Given the character of the SASSETA and the services it provides, the importance of compliance with OHS regulations cannot be overemphasised.

The SASSETA has made statutory appointments to assist in ensuring the safety of employees. OHS Committees are in place, both at the Head Office and at regional level.

Training sessions are conducted on a regular basis to ensure that Committee Members are up-to-date with legislation and their roles and responsibilities as statutory OHS Officers. Compliance with OHS regulations is insisted upon, and regular inspections, assessments and maintenance are conducted to ensure the sustenance of a safe and healthy environment.

12.13. ACCOUNTING AUTHORITY SECRETARY

The Accounting Authority Secretary is performed by the newly appointed Company Secretary who reports administratively to the Chief Executive Officer (CEO) and functionally to the Accounting Authority. The function is mandated among others, to provide governance advisory and secretariat services to the SASSETA's governance structures. It also requires ensuring the functionality of the governance structures of the SASSETA to mitigate governance failures, to improve organisational and governance processes, as well as to assist the organisation strive for maximum compliance to legislation, policy and best practice.

12.14. SOCIAL RESPONSIBILITY

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

12.15. 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 Principles), accounting and audit standards. It also monitors and evaluates the adoption and implementation of appropriate risk, compliance, and combined assurance management frameworks. 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.

12.15.1. Key Activities and Objectives of the Audit and Risk Committee

The key activities and objectives of the ARC can be summarised as entailing reviews and the dispensing of other pertinent functions in respect of the following areas: The efficiency and effectiveness of the system of internal control applied by the SASSETA; Risk Management and its effectiveness, efficiency and transparency and King IV Principles.

- The effectiveness of the Internal Audit function.
- The adequacy, reliability and accuracy of the financial and performance information provided by Management to various stakeholders.
- The SASSETA's compliance with legal and regulatory provisions.]
- Any accounting and audit concerns identified as a result of Internal and External Audits performed.
- The activities of the Internal Audit function, including its annual work programme, coordination with the AGSA, the reports of significant recommendations and the response of Management to those recommendations.
- The scope and results of the External Audit function, its cost-effectiveness, as well as the independence and objectivity of the AGSA.

- Reporting to the Executive Authority and the AGSA where a report implicates the Accounting Officer in fraud, corruption or gross negligence.
- Communicating any concerns it deemed necessary to the Executive Authority, AGSA and Internal Audit function.
- Approving the Audit and Risk Committee Charter, Internal Audit Charter, Policy and Plan.
- Reviewing the Annual Financial Statements and Annual Performance Report prior to and after the annual audit.

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the Financial Year ended 31 March 2023.

Audit and Risk Committee Responsibility

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

The Effectiveness of Internal Controls

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 and effectiveness of controls mitigating the risks and the ARC monitoring implementation of corrective actions.

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the AGSA, we can conclude that the system of internal control as applied over financial and non-financial matters at SASSETA is generally adequate and effective.

The ARC believes that the internal control environment will continue to improve.

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

- Human Capital review
- Enterprise Risk Management review
- Compliance and Governance review
- Annual Financial Statements review
- Audit of Performance Information review
- Supply Chain Management review
- Discretionary Grants (Including Commitments) review
- Research review
- Quarterly Follow-up reviews

The ARC has noted Management's commitment to address the internal control environment. The ARC will be monitoring Management's progress in this regard.

Risk Management

The ARC is responsible for the oversight of the risk management function. The Board has adopted a Risk Management Framework, Strategy and relevant policies for SASSETA, in line with the PFMA. SASSETA has established a Risk Management Committee, chaired by an independent ARC member that reports quarterly to the ARC. The risk management processes are reviewed by internal audit. The audit and risk committee is satisfied with the overall risk management function and made recommendations to Management to enhance the risk function.

In-year Management and 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 Quarterly Reports, prepared and submitted by SASSETA during the year under review, to the Executive Authority and National Treasury.

Quarterly ARC Chairperson's Reports are also prepared and submitted to the Board on any matters to be noted as the Accounting Authority.

Evaluation of Financial Statements

The Audit and Risk Committee 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 2023.
- 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 APP, budget and strategic plan and compliance with the Framework for managing performance.
- Reviewed the Quarterly Performance Reports and making recommendations for improvement on performance management.

Attendance of Audit and Risk Committee Meetings by Audit and Risk Committee Members

The ARC consists of the members listed below, all of whom are independent of SASSETA. The Committee should meet at least four times per annum as per its approved terms of reference. During the Financial Year under review, eight meetings were held. The table below discloses relevant information on the ARC members.

Members	Designation	Number of Meetings Attended
Ms M Pillay	Independent non-executive member	8
Mr B Gutswa	Independent non-executive member	8
Ms P Mushwana	Independent non-executive member	8
Mr E Tshilambavhumwa	Accounting Authority representative: Organised Labour	8
Ms N Luzipo	Accounting Authority Organised Labour	8

Internal Audit

The entity has in terms of Section 51 of the PFMA of 1999, put in place a system of Internal Audit under the control and direction of the ARC 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 2022/23 was compiled and approved by the ARC.

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.

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 of 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 of 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.

Appreciation

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



MS E PILLAY – CA (SA)
 CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

12.16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:

Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	SASSETA is not required to issue licences, concessions, or other authorisation in respect of economic activities in terms of the law. The mandate of SASSETA is to advance skills development and training within the safety and security sector.
Developing and implementing a preferential procurement policy?	No	SASSETA has adopted and is implementing the preferential procurement policy as issued by the National Treasury through its SCM Policy.
Determining qualification criteria for the sale of state-owned enterprises?	No	SASSETA does not have a mandate to participate in the sale of state-owned enterprises and does not contemplate participating in such.
Developing criteria for entering into partnerships with the private sector?	No	SASSETA did not enter into any partnerships with the private sector except for executing its mandate in skills development and training with private sector employers.
Determining criteria for awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	SASSETA participated in the awarding of discretionary grants to advance skills development and training as part of its normal course of business. However, there was no investment in schemes that support B-BBEE.



PART

HUMAN RESOURCE MANAGEMENT

13

13. HUMAN RESOURCE MANAGEMENT

13.1. INTRODUCTION

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 Resources Development, Recruitment and Selection, Staff Retention, Employee/Labour Relations, Employee Benefits, Employee Wellness, Leave Administration and Occupational Health and Safety.

13.2. HUMAN RESOURCES PRIORITIES FOR THE YEAR UNDER REVIEW AND IMPACT OF THESE PRIORITIES

The following priorities dominated the human resource landscape at SASSETA during the year under review:

- **Skills Development of Staff**

Skills development of staff was a top priority. Numerous HR development interventions in the form of skills programmes (short courses) and qualifications were implemented. Skilled employees contributed to outstanding performance of SASSETA.

- **Retention of Staff**

Retained personnel ensured continuity of SASSETA business and reduction in recruitment costs.

- **Filing of Critical Positions**

The following critical positions were filled:

- Monitoring, Evaluation and Reporting Manager
- 2 x Monitoring, Evaluation and Reporting Practitioners
- Learning Programmes Practitioner
- ICT Manager
- 2 x SCM Specialists
- SCM Officer

- **Integrated human resources system**

Some adjustments were made in the integrated HR System by adding new features to improve efficiency in HR operations.

- **Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce**

- Vacancies have remained unfilled at an average period of two months which is a reasonable period to initiate and finalise the recruitment and selection process.
- Some vacancies were in the process of being filled as at 31 March 2023.
- Different media platforms are used to attract and recruit a skilled and capable workforce.
- Market-related remuneration benefits are offered to attract a skilled and capable workforce.

- ***Employee Performance Management Framework***

The Performance Management System (PMS) was successfully executed for the eighth year in a row. The organisation achieved 97% overall performance during the year under review.

- ***Employee Wellness Programme***

- Two Employee Wellness Days were held successfully.
- SASSETA's partnership with a wellness service provider during the year under review delivered dividends by empowering employees to take control of their well-being, 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.

- ***Policy Development***

Subsequent to the SASSETA engagement with all relevant stakeholders (including organised labour) in wide consultation process of reviewing and enhancing HR policies that had commenced in the previous Financial Year (2021/2022), all amended policies were approved and implemented.

- ***Achievements***

The following are achievements:

- All set HR targets were achieved.
- Job descriptions were reviewed paving the way to job-grading.
- Capacity building workshop for all employees was conducted on performance management concept.

Legislative requirements were complied with, in terms of submitting mandatory HR documents as follows:

- 2022/2023 WSP was submitted to the ETDP SETA (affiliating SETA) and implemented the plan through various training interventions. The ATR for 2021/2022 was also prepared and submitted accordingly.
- 2021/2022 Tax Certificates (IRP5's) were issued to all employees.
- 2022 Employment Equity (EE) Report was submitted to the Department of Employment and Labour.
- New EE Plan was developed and approved.
- Return on Earnings submitted in May 2022 and a Letter of Good Standing was obtained from the Department of Employment and Labour.

- ***Challenges Faced by the Public Entity***

- Most vacancies could not be filled due to budget constraints.
- Some positions could not be filled timeously because internal staff do not fit competencies of job profiles for those vacant positions.
- Limited staff development budget.

- ***Future HR Plans/Goals***

- Finalisation of job grading and implementation of the results thereof.
- Implementation of a revised (enhanced) performance management system.
- Instil the culture of working from home.

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14. HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel Cost by Programme

PROGRAMME	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel Exp. as a % of Total Expenditure (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Programme 1: Administration	114 862	40 445	11%	56	732
Programme 2: Research, Skills Planning & Reporting	37 381	18 076	5%	29	663
Programme 3: Learning Programmes	192 472	23 921	7%	56	518
Programme 4: Quality Assurance	16 008	11 663	3%	20	530

Personnel Cost by Salary Band

LEVEL	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Top Management	2 555	3%	1	2 555
Senior Management	9 926	10%	5	1985
Professional qualified	15 845	16%	11	1440
Skilled	31 919	31%	38	839
Semi-skilled	35 510	35%	84	422
Unskilled	4 139	4%	22	188

Performance Rewards

PROGRAMME	Bonuses	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Cost (R'000)
Top Management	87	2 555	3%
Senior Management	494	9 926	4%
Professional qualified	617	15 845	3%
Skilled	1 483	31 920	4%
Semi-skilled	1 647	35 510	4%
Unskilled	144	4 139	3%

Training Costs

PROGRAMME	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel cost.	No. of Employees Trained	Average Training Cost per Employee (R'000)
Programme 1: Administration	114 862	687	13%	52	0.05
Programme 2: Research, Skills Planning & Reporting	37 381	78	4%	17	2
Programme 3: Learning Programmes	192 472	128	2%	51	6
Programme 4: Quality Assurance	16 008	178	7%	24	0.01

Employment and Vacancies

PROGRAMME	2022/2023 No. of Employees	2021/2022 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of Vacancies
Programme 1	47	62	47	16	24%
Programme 2	28	32	28	8	13%
Programme 3	39	73	39	30	46%
Programme 4	23	24	23	9	4%

LEVEL	2022/2023 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of Vacancies
Top Management	1	1	1	0	0%
Senior Management	5	7	5	2	28%
Professional qualified	10	13	10	3	23%
Skilled	37	35	37	29	82%
Semi-skilled	77	33	77	28	84%
Unskilled	7	4	7	1	25%
TOTAL	137	93	137	63	67%

- Most internal staff do not fit competencies of job profiles for vacant positions.
- Offering of both financial and non-financial rewards.
- Vacancies have remained unfilled at a minimum of 2 months which is a reasonable period to initiate and finalize the recruitment and selection process.
- Different media platforms are used to attract and recruit skilled and capable workforce.
- Market-related remuneration benefits are offered to attract skilled and capable workforce.

Employment Changes

SALARY BAND	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Top Management	1	0	0	1
Senior Management	5	0	0	5
Professional qualified	9	2	1	10
Skilled	32	9	4	37
Semi-skilled	74	6	3	77
Unskilled	7	0	0	7
Total	128	17	8	137

- The movements happened as a results of existing staff members getting senior positions. In order to have the correct statistics these employees were categorised as terminations as per the above template, although they are still within the organization.
- The actual terminations in terms of people who left the organization is 4.
- Some staff members left the organisation to pursue their careers elsewhere.
- New appointments were made to capacitate the organisation to carry its mandate

Reasons for Staff Leaving

Reason	Number	% of total number of staff leaving
Death	0	
Resignation	4	
Dismissal	0	
Retirement	0	
Ill health	0	
Total	4	

- Four resignations were due to employees either getting offers that SASSETA resources did not allow the organisation to match and pursuing their own careers.

14.1. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0

Equity Target and Employment Equity Status

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	2	1	0	1	0	0	0	0
Professional qualified	5	0	0	0	0	0	0	0
Skilled	14	1	1	2	1	1	0	3
Semi-skilled	8	2	0	1	0	1	0	0
Unskilled	1	0	0	0	0	0	0	0
TOTAL	31	14	1	4	1	2	0	3

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	0	0	1	1	0	0	0
Professional qualified	4	1	0	1	1	0	0	1
Skilled	19	2	0	1	1	0	0	1
Semi-skilled	69	2	1	0	0	0	0	0
Unskilled	5	0	0	0	0	0	0	0
TOTAL	99	5	1	3	3	0	0	2

Levels	DISABLED EMPLOYEES			
	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	1
Skilled	0	1	0	1
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
TOTAL	0	2	1	3





PART

PFMA COMPLIANCE
REPORT

15. IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	34 517	33 429
Add: Irregular expenditure confirmed	1 058	1 088
Less: Irregular expenditure condoned		
Less: Irregular expenditure not condoned and removed		
Less: Irregular expenditure recoverable		
Less: Irregular expenditure not recovered and written off	(35 576)	
Closing balance	-	34 517

Irregular expenditure indicated above was written-off by the Accounting Authority during the Financial Year.

Reconciling Notes to the Annual Financial Statement Disclosure

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment		
Irregular expenditure that relates to 2021/22 and identified in 2022/23		
Irregular expenditure for the current year	1 058	1 088
Total	1 058	1 088

During the year ended March 2023, no amount was identified as irregular expenditure incurred in 2021/22 but was identified in the 2022/23 Financial Year.

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

Description ²	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment		
Irregular expenditure under determination	1 058	34 517
Irregular expenditure under investigation		
Total	1 058	34 517

There was no irregular expenditure under investigation in the current year.

c) Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned		
Total	-	-

There was no irregular expenditure condoned in the current and previous year by National Treasury.

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

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed		
Total	-	-

There was no irregular expenditure not condoned by the Accounting Authority.

e) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered		
Total	-	-

There were no recoveries made due the no loss occurred regarding any irregular expenditure

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

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure written off	35 576	-
Total	35 576	-

On April 2022, SASSETA received a communication from the National Treasury regarding the rejection of the condonation application relating to the extension of a security services contract. Other irregular expenditure related unfortunate non-compliance with the SETA Grant regulations which occurred in the previous years and was also not condoned by the National Treasury. These matters were referred to the Accounting Authority to consider writing-off of irregular expenditure not condoned by the National Treasury. The Accounting Authority resolved to write off these amounts.

On May 2022, the DHET provided feedback to the SETAs that the National Treasury did not grant a blanket condonation regarding the irregular expenditure associated with payments to certain members of the Accounting Authority. SASSETA initiated a request to write off this expenditure and the Accounting Authority resolved to write off the amount.

The determination tests were performed on all instances of irregular expenditure and the following was the outcome:

- There was no need for disciplinary or criminal actions regarding the irregular expenditure incurred.
- The matter is free from fraudulent, corrupt or criminal acts.
- The SETA did not suffer loss due to the transaction.
- Non-compliance has been addressed to avoid any reoccurrence.

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

The SETA did not enter any inter-institutional arrangements which triggered any form of non-compliance.

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

The SETA did not enter any inter-institutional arrangements which triggered any form of non-compliance.

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

As a result of the determination tests performed on irregular expenditure incurred, no disciplinary or criminal steps were as there were no basis for such.

15.1. FRUITLESS AND WASTEFUL EXPENDITURE

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	22	
Add: Fruitless and wasteful expenditure confirmed		22
Less: Fruitless and wasteful expenditure written off	22	
Less: Fruitless and wasteful expenditure recoverable		
Closing balance	-	22

Irregular expenditure amounting to R22 thousand was written off by the Accounting Authority during the Financial Year.

Reconciling Notes to the Annual Financial Statement Disclosure

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment		
Fruitless and wasteful expenditure that relates to previous year and identified in 2022/23		
Fruitless and wasteful expenditure for the current year	-	
Total	-	

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

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment		
Fruitless and wasteful expenditure under determination	-	22
Fruitless and wasteful expenditure under investigation		
Total	-	22

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

Based on the determination test performed, no fruitless and wasteful expenditure was recovered.

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

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	22	-
Total	22	-

This represents amount written-off in the current year by the Accounting Authority.

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

No disciplinary or criminal steps were taken because of the unfortunate fruitless and wasteful expenditure incurred.

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

The SETA did not incur any material losses in terms of PFMA Section 55(2)(b)(1) and (iii) for the current and prior years. Therefore, no further disclosure is required in this regard.

16. INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

The SETA processes payments to invoices within 30 days from date of receipt of the invoices as required by the Treasury Regulations. All non-compliant invoices are rejected and returned to the respective service providers when not supported by the milestones and deliverables agreed upon.

When such invoices are returned by the service providers to the SETA, the 30 days is determined from the date of re-submission on condition of meeting milestones and deliverables agreed upon and the related supporting documentation.

Therefore, the SETA does not have any late and/or non-payment of suppliers.

Description	Number of Invoices	Consolidated Value
		R'000
Valid invoices received	1749	349 205 310
Invoices paid within 30 days or agreed period	1749	349 205 310
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

17. INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by Other Means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
Training for board members and Executives	The Institute of Director Southern Africa	Sole source	N/A	R124 720,95
Training for board members and Executives	The Institute of Director Southern Africa	Sole source	N/A	R23 031,74
Registration and renewal of membership	The Institute of Director Southern Africa	Sole source	N/A	R46 550,00
Catering Services for DHET	University of Johannesburg	Single Source	N/A	R38 170,00
SCM Bid Committee Training	National School of Governance	Single Source	N/A	R280 730
Total				R513 202,69

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Provision and implementation of integrated management information system to support SASSETA core business until 31st March 2019	Solugrowth	Expansion	RFP/ SASSETA/ 201819128/1	R8 047 975,76	R12 554 047,28	R67 103
Total				R8 047 975,76	R12 554 047,28	R67 103





PART

FINANCIAL INFORMATION

18. REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

OPINION

1. I have audited the financial statements of the Safety and Security Sector Education and Training Authority set out on pages 83 to 133, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Safety and Security Sector Education and Training Authority as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 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 responsibilities of the auditor general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

OTHER MATTERS

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.
7. On 23 December 2022 National Treasury issued instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 18 to the financial statements. Furthermore, the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of SASSETA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of other information in the annual report of SASSETA. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RETENTION OF SURPLUS FUNDS

8. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R522 932 000, for the financial year 2021-22, disclosed in note 16. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
10. 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.
11. 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.
12. 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

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: research, skills planning and reporting	32-34	The purpose for programme 2 is to institutionalise and strengthen mechanisms for skills planning, research, monitoring, evaluation and reporting for the safety and security sector.
Programme 3: learning programmes	35-45	The purpose of this programme is to reduce the scarce and critical skills gap in the safety and security sector through provisioning of quality learning programmes.
Programme 4: quality assurance (ETQA)	46 -48	The purpose of the sub-programme is to develop quality occupational qualifications which are responsive to occupations in high demand.

15. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
18. I did not identify any material findings on the reported performance information for selected programmes

ACHIEVEMENT OF PLANNED TARGETS

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under-achievements.
20. The SETA plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets

	Planned Target	Reported achievement
Programme 3: learning programmes Targets achieved: 96% Budget spent: 84.5%		
Unemployed learners entered learnerships by 31 March 2023	1 500	1 459

Reasons for the underachievement of targets are included in the annual performance report on pages 36 - 39.

REPORT ON COMPLIANCE WITH LEGISLATION

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

25. The accounting authority is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to 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 on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes 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 on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact

INTERNAL CONTROL DEFICIENCIES

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

Auditor - General

Pretoria - 31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

19. ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 55 (1) (a } (i), Section 55 (1) (b), Section 55 (1) (c), Section 54 (2} (c), Section 54 (2) (d), Section 51 (1) (b) (ii), Section 51(1)(e) (iii}, Section 53 (4), Section 57 (b), Section 52 (b), Section 38 (1) (b), Section 45 (b), Section 44
Preferential Procurement policy framework act (PPPFA)	Section 2 (1) (a), Section 2 (1) (b), Section 2 (1) (f)
Treasury Regulations	Treasury regulation 16A.7.1, Treasury regulation 16A.7.3, Treasury regulation 16A.7.6, Treasury regulation 16A.7.7, Treasury regulation 16A6.1, Treasury regulation 16A8.4, Treasury regulation 16A9.1 (d), Treasury regulation 16A 3.2(a), Treasury regulation 16A6.4, Treasury regulation 16A6.5, Treasury regulation 16A6.6, Treasury regulation 16A6.3 (a), (b) and (c), Treasury regulation 16A6.2 (a) and (b), Treasury regulation 16A8.3, Treasury regulation 16A8.4, Treasury regulation 31.2.1, Treasury regulation 31.3.3, Treasury regulation 33.1.3, Treasury regulation 33.1.1, Treasury regulation 30.1.1, Treasury regulation 30.1.3(a), Treasury regulation 30.1.3 (b), Treasury regulation 30.1.3 (d), Treasury regulation 29.2.1, Treasury regulation 29.1.1, Treasury regulation 29.1.1(a), Treasury regulation 29.1.1 (c), Treasury regulation 29.2.2, Treasury regulation 16A9.1(b) (ii), Treasury regulation 16A9.1(e) 16A9.1 (f), Treasury regulation 16A9.2 (a) (ii), Treasury regulation 8.2.1 and 8.2.2
Prevention and combating of corrupt activities Act (PRECCA)	Section 34 (1)
Preferential Procurement regulation 2017 (PPPFA)	Section 2(1) (a), Section 2(1) (f), Section 6 (8), 7 (8), 10(1), 10 (2) and 11 (1), Section 5(1), 5 (3), 5(6), 5(7), Section 4 (1) and 4(2}, Section 9 (1) and 9 (5), Section 8 (2) and 8 (5),
Preferential Procurement regulation 2022 (PPPFA)	Regulation 4{4}
Skills Development Levies Act 09 of 1999	All
Skills Development Act 97 of 1998	All

ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements FOR THE YEAR ENDED 31 March 2023, set out on page 83-133, 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. TE Mdontswa
Chief Executive Officer



Mr. MC Mudau
Board Chairperson

Annual Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2023

	Note	2022/23 R'000	Restated 2021/22 R'000
REVENUE			
Non-exchange transactions			
Skills Development Levy: Income	2	550 213	484 152
Skills Development Levy: Penalties and interest	3	10 240	15 563
Exchange transactions			
Investment income	4	38 366	25 137
Other income	5	2 693	432
Total Revenue		601 512	525 284
EXPENSES			
Employer grant and project expenses	6	(332 720)	(289 565)
Administration expenses	7	(199 089)	(170 210)
Total Expenses		(531 809)	(459 774)
NET (DEFICIT) / SURPLUS FOR THE YEAR 1		69 702	65 510

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STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2023

	Note	2022/23 R'000	Restated 2021/22 R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	8.1	19 031	25 622
Work in progress	8.2	798	461
Intangible assets	8.3	7 199	6 890
		27 028	32 974
Current Assets			
Receivable from non-exchange transactions	9	8 569	5 623
Receivable from exchange transactions	9	5 147	8 125
Inventory	10	1 809	3 201
Cash and cash equivalents	11	696 648	611 666
		712 174	628 615
Total Assets		739 202	661 589
EQUITY AND LIABILITIES			
Non-Current Liabilities			
Finance lease obligations	12	436	1,069
		436	1,069
Current Liabilities			
Trade and other payables from non-exchange transactions	13	77 014	62 797
Trade and other payables from exchange transactions	13	14 044	20 428
Current portion of finance lease obligation	12	633	607
Provisions	14	19 340	18 650
		111 031	102 482
Total Liabilities		111 467	103 551
NET ASSETS		627 734	558 038
Funds and Reserves			
Administration reserve		27 028	32 974
Employer grant reserve		458	127
Discretionary reserve		600 249	524 937
TOTAL FUNDS AND RESERVES		627 735	558 038
TOTAL NET FUNDS AND LIABILITIES		739 202	661 589

Annual Financial Statements

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2023

	Notes	Administration Reserve	Employer Grant Reserve	Discretionary Reserve	Unappropriated surplus	Total
		R'000	R'000	R'000	R'000	R'000
Restated balance as at 1 April 2021		29 960	310	462 256	-	492 527
Net surplus as per Statement of Financial Performance		-	-	-	65 510	65 510
Prior period error adjustment	19	(12)	-	5	7	-
Allocation of unappropriated surplus	1	(25 880)	27 930	63 468	(65 517)	-
Excess reserves transferred to Discretionary reserve		28 906	(28 113)	(793)	-	-
Balance at 31 March 2022		32 974	127	524 937	0	558 038
Restated balance as at 31 March 2022		32 974	127	524 937	0	558 038
Net surplus per Statement of Financial Performance		-	-	-	69 702	69 702
Allocation of unappropriated surplus	1	(37 945)	27 032	80 615	(69 702)	-
Excess reserves transferred to Discretionary reserve		31 999	(26 702)	(5 297)	-	-
Balance at 31 March 2023		27 028	458	600 249	-	627 735

The administration grant reserve carries accumulated reserves allocated to administration expenditure in future years. An amount of R27.0 million (2021/22:R32.9 million) is retained in the administration reserve equal to the carrying value of property and equipment, and intangible assets.

The employer grant reserve carries accumulated reserves allocated to mandatory grants (employer grants) expenditure in future years. An amount of R458.0 thousand (2021/22: R127.0 thousand) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. Refer to note 16.2 for disclosure of this contingent liability.

The discretionary grant reserve carries accumulated reserves allocated to discretionary grants and project expenses in future years. All surplus funds of the SASSETA, except for the amounts left in the administration grant reserve and employer grant reserve are swept to the discretionary grant reserve to fund future skills development. An amount of R600.2 million (2021/22:R524.9 million - restated) represents reserves against contractual commitment.

Annual Financial Statements

CASH FLOW STATEMENT

for the year ended 31 March 2023

	Note	Restated	
		2022/23 R'000	2021/22 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts from stakeholders		604 011	522 137
Levies, interest and penalties received		565 645	497 000
Interest Income		38 366	25 137
Payments			
Grants and project payments		(511 996)	(423 044)
Grants and project payments		(332 607)	(289 983)
Compensation of employees		(100 427)	(88 506)
Payments to suppliers and other		(78 962)	(44 554)
Net cash inflow from operating activities	15	92 015	99 094
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment & intangible assets	8.1/8.3	(6 367)	(11 889)
Proceeds from sale of asset/insurance proceeds		1	344
		(6 366)	(11 544)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments relating to finance lease payments		(665)	(222)
		(665)	(222)
Net increase in cash and cash equivalents		84 985	87 326
Cash and cash equivalents at beginning of year	11	611 664	524 338
Cash and cash equivalents at end of year	11	696 649	611 664

Annual Financial Statements

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2023

	ACTUAL	APPROVED BUDGET	ADJUSTMENTS	REVISED APPROVED BUDGET	VARIANCE BETWEEN ACTUAL & FINAL APPROVED BUDGET
	2022/23	2022/23	2022/23	2022/23	
	R'000	R'000	R'000	R'000	Favourable (unfavourable)
REVENUE					
Note					
23.1	423 236	355 389	56 983	412 372	10 864
Skills Development Levy: Private Companies	55 396	46 645	7 479	54 124	1 273
Administration (10.5%)	262 386	219 897	35 258	255 155	7 231
Discretionary (49.5%)	105 454	88 847	14 246	103 093	2 361
Employer Grants (20%)					
23.1	126 977	126 132	(4 884)	121 248	5 729
Skills Development Levy: Government Departments					
Donor Funding Income	-	-	-	-	-
23.1	10 240	19 583	(6 348)	13 235	(2 995)
Skills Development Levy: penalties and interest	2 693	-	-	-	2 693
Other Income					
23.2	38 366	25 295	10 881	36 176	2 190
Investment Income					
TOTAL REVENUE	601 512	526 398	56 632	583 031	18 481
EXPENDITURE					
23.4	(78 421)	(73 987)	(5 333)	(79 320)	899
Employer Grants	(254 299)	(253 036)	(47 874)	(300 910)	46 612
23.5	(199 089)	(199 374)	(3 426)	(202 800)	3 711
Discretionary Grants Expenses					
23.3					
Administration Expenses					
TOTAL EXPENDITURE	(531 809)	(526 398)	(56 632)	(583 031)	51 222
NET SURPLUS/(DEFICIT) FOR THE YEAR	69 703	-	-	0	69 702
23.6					

Annual Financial Statements

ACCOUNTING POLICIES

for the year ended 31 March 2023

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 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.”

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All amounts are rounded to R'000.

1.2 Going Concern

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

1.3 Significant judgements and sources of estimation uncertainty

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

1.3.1 Receivables from exchange transactions

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

Annual Financial Statements

ACCOUNTING POLICIES

for the year ended 31 March 2023

1.3.2 Receivables from non-exchange transactions

The SASSETA pays mandatory grants to its sector levy-payers based on information from the South African Revenue Services (SARS). Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected levy-payers being in excess of the amount SASSETA would have granted to those levy-payers had all information been available at the time of payment of those grants. A receivable relating to the overpayments made in prior periods is recognised at the amount of the grant overpayment, net of irrecoverable debts and allowance for irrecoverable amounts.

1.3.3 Payables from exchange transactions

Payables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short maturity period of these instruments.

1.3.4 Payables from non-exchange transactions

Payables from non-exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short maturity period of these instruments.

1.3.4 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions. A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

2. REVENUE RECOGNITION

2.1 Statutory Receipts

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Measurement

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

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

2.2 Levy income

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.

Annual Financial Statements

ACCOUNTING POLICIES

for the year ended 31 March 2023

An employer who is liable to pay the levy is exempted if, during any month there is reasonable ground to believe that the total remuneration (as determined in accordance with the Levies Act) payable or paid by the employer to all its employees during the following 12-month period will not exceed R500,000. Should the SETA receive any SDL from such possibly exempt companies, the SETA recognises a R500K-provision equalling the SDL received from these possible levy exempt companies.

As per the Skills Development Circular 09/2013, should the levies received from exempt companies not be refunded to the respective employer through the SARS system after five years from receipt, the SETA transfers all monies received from exempt companies to levy revenue. Such levies are allocated to discretionary grant levies.

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

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

- 1/3 (one-third) - Administration Purposes
- 2/3 (two-thirds) - Discretionary Grant Purposes

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

In terms of Skills Development Circular 9/2013 - SETA should transfer all unclaimed refunds under section 190(1)(b) of the Tax Administration Act if such refunds are not claimed within 5 years of self-assessment. These refunds will be treated in terms of the SETA Grant Regulations read in line with the Skills Development Levies Act. 80% of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund). Levy income is recognised on the accrual basis.

Revenue is adjusted for interSeta transfers due to employers changing Seta's. Such adjustments are separately disclosed as interSeta transfers. The amount of the interSeta adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to 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 Project

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.

Annual Financial Statements

ACCOUNTING POLICIES

for the year ended 31 March 2023

2.5 Government grants and other donor income

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

2.6 Revenue from exchange transactions

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

2.7 Investment income

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

3. GRANTS AND PROJECT EXPENDITURE

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

3.1 Mandatory grants

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

3.2 Discretionary project expenditure

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

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

Project expenditure comprise:

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

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

3.3 Retrospective adjustments by SARS

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

Annual Financial Statements

ACCOUNTING POLICIES

for the year ended 31 March 2023

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. The expenditure is classified in accordance with the nature of the expense, and where-ever recovered in the same accounting period, it is shown net of any recoveries. Where-ever it is recovered in a subsequent Financial Year, it is accounted for against the expense if the project is not completed or as revenue in the statement of financial performance if the project is completed.

Irregular and fruitless and wasteful expenditure is removed from the notes to the annual financial statements when condoned by the Accounting Authority and National Treasury. Fruitless expenditure is condoned by the Accounting Authority only.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements

Irregular expenditure that was incurred and identified during the current Financial Year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements

Where irregular expenditure was incurred in the previous Financial Year and is only condoned in the following Financial Year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current Financial Year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as a bad debt and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant Programme/ expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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.

Annual Financial Statements

ACCOUNTING POLICIES

for the year ended 31 March 2023

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.

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

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

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

Management assesses the appropriateness of the useful lives of property, plant and equipment and Intangible assets at the end of each reporting period. The useful lives of motor vehicles; furniture and office equipment; computer equipment and servers; intangible assets are determined based on the entity's replacement practices for the various assets and factors such as technological innovation. When the estimated useful life of an asset differs from previous estimates, the change is accounted for as a change in estimate.

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.

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.

Annual Financial Statements

ACCOUNTING POLICIES

for the year ended 31 March 2023

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. LEASES

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.

Where applicable leases will be adhered to straight-lining over the term of the lease

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. EMPLOYEE BENEFITS

SASSETA provide the following short term employee benefits: leave, performance bonuses, overtime and compensated absence.

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.

Annual Financial Statements

ACCOUNTING POLICIES

for the year ended 31 March 2023

Provisions included in the Statement of Financial Position are provisions for leave, overtime, performance bonus as well as other provisions.

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - 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 further in the note.

11. GRANTS AND PROJECTS EXPENDITURE

Mandatory 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.

The SETA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

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for the year ended 31 March 2023

Class Category:

Cash and cash equivalents	Financial asset measured at amortized cost
Receivables from exchange transactions	Financial asset measured at amortized cost

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The SETA recognises financial assets using trade date accounting.

Financial assets are assessed for indicators of impairment at each year end. 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 asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment values or movement in provision for impairment are recognised in the Statement of Financial Performance. 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.

A financial asset or a portion thereof is derecognised when the SASSETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the SASSETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognising, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net surplus or deficit for the period.

Loans and receivables

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

Effective interest method

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

Impairment of financial assets

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

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

Financial Liabilities

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

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for the year ended 31 March 2023

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

Financial liabilities at FVTPL

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

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

Other financial liabilities

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

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

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

All financial liabilities of the SETA were classified as other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition

The SETA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class Category

Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Trade and other payables from non- exchange transactions	Financial liability measured at amortised cost

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised using the effective method.

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

13. RESERVES

Net Assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

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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:

	2022/23	2021/22
	%	%
Administration costs of the Seta	10.5	10.5
Employer grant fund levy	20	20
Discretionary grants and projects	49.5	49.5
Received by the Seta	80	80
Contribution to the National Skills Fund	20	20
	100	100

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

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects. The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above table.

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

14. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. Refer Note 19 for "Prior period Error" which indicates the restatement of prior period figures.

15. TAXATION

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

16. VALUE ADDED TAXATION

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

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

17. INVENTORY

Inventory 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.

Inventory for SASSETA would consist of Stationery, IT printer cartridges, cleaning material and refreshments

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for the year ended 31 March 2023

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

In terms of GRAP 18, a segment is an activity of the entity:

- That generates economic benefits or service potential (including economic benefit or service potential relating to transactions between activities of the same entity):
- whose results are regularly reviewed by management to make decisions about resource to be allocated to that activity and in assessing its performance, and
- for which separate financial information is available

Reportable segments are the actual segments which are reported on this segment report. They are segments identified as above or alternatively an aggregation of two or more of those segments where the aggregation criteria is met.

SASSETA does not have activities or units that meet the definition of a 'Segment' per the Accounting Standard. SASSETA's administrative units and functional departments do not undertake activities that generate economic benefits or service potential separately from the SETA as a whole. Management has assessed that SASSETA operates as one segment both from a service and geographical view point. Management has therefore not divided the financial information into segments as required under GRAP 18."

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.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents mainly comprise of cash on hand, current and savings bank accounts and money market investments, call accounts and fixed deposits held by the SASSETA at the Corporation of Public Deposits (CPD) and at domestic banks. Cash and cash equivalents are initially recognised at cost and subsequently stated at amortised cost, which due to their short term nature, closely approximate their fair value.

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for the year ended 31 March 2023

22. RELATED PARTIES

An entity or individual is considered to be a related party to the SASSETA when the party has the ability to control (or jointly control) the SASSETA or can exercise significant influence over the SASSETA in making financial and operating decisions, or if the party and the SASSETA are under common control under the same Executive Authority.

All departments and public entities in the national sphere of government are related parties as they are ultimately under common control.

Representation of individuals and employer/labour representatives to the Accounting Authority Body, committees of the Accounting Authority or other equivalent body is considered as significant influence.

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

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Only transactions with related parties where the transactions are not concluded within the normal operating procedures or on terms that are no more or less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

23. PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

The SASSETA presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate financial statement in the Annual financial statements. The comparison of budget and actual amounts are presented separately for each level of legislative oversight:

- the approved and final budget amounts.
- by way of note disclosure and explanations of material differences between the budget for which the entity is held publicly accountable and actual amounts.

The budget covers the period 1 April 2022 to 31 March 2023 and has been prepared on the accrual basis of accounting.

24. STATUTORY RECEIVABLES**Identification**

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied, or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions.
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

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- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Measurement

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire, or are waived.
- the entity transfers to another party substantially all the risks and rewards of ownership of the receivable, or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred based on their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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

	Total per Statement of Financial Performance 2021/2022	Total per Statement of Financial Performance 2022/2023	Administration Reserve	Mandatory Grants Reserve	Discretionary Grants Reserve
	R'000	R'000	R'000	R'000	R'000
Total Revenue	525 284	601 512	161 144	105 454	334 914
Skills Development Levy transfer from non - exchange transactions:					
Levy transfer Administration (10.5%)	143 885	158 451	158 451	-	-
Levy transfer Discretionary/ Employer Grants (69.5%)	340 267	391 762	-	105 454	286 308
Skills Development Levy penalties and interest from non - exchange transactions	15 563	10 240	-	-	10 240
Investment income	25 137	38 366	-	-	38 366
Other income	432	2 693	2 693	-	-
Total Expenses	459 774	531 809	199 089	78 421	254 299
Administration expenses	170 210	199 089	199 089	-	-
Employer grants and project expenses	289 565	332 720	-	78 421	254 299
Net (deficit) / surplus per Statement of Financial Performance allocated	65 510	69 702	(37 945)	27 032	80 615

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for the year ended 31 March 2023

	2022/23	2021/22
	R'000	R'000
2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS		
The total levy transfer per the Statement of Financial Performance is as follows:		
Levy transfer: Administration	158 451	143 885
Levies received from Private Companies	55 226	47 821
Levies received from Government Departments	103 055	96 064
Inter-seta transfers in	170	-
Levy transfer: Employer grants	105 454	90 805
Levies received from Private Companies	105 130	90 805
Inter-seta transfers in	324	-
Levy transfer: Discretionary grants	286 308	249 462
Levies received from Private Companies	261 585	226 797
Levies received from Government Departments	23 922	22 665
Inter-seta transfers in	801	-
	550 213	484 152
3. SKILLS DEVELOPMENT LEVY: Penalties and Interest	10 240	15 563
4. INVESTMENT INCOME		
Interest received from the banks	38 366	25 137
	38 366	25 137
5. OTHER INCOME		
Other income comprises:		
Profit on disposal	-	264
Reversal of provision	2 643	-
Other income	49	168
	2 693	432

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for the year ended 31 March 2023

		2022/23	2021/22
		R'000	R'000
6. EMPLOYER AND DISCRETIONARY GRANT EXPENSES			
Mandatory grants		78 421	62 875
Disbursed/provisions and accruals		78 421	62 875
Discretionary grants	6.1	254 299	226 689
Disbursed/provisions and accruals		254 299	226 689
		332 720	289 565
6.1 Discretionary grants			
Pivotal		221 752	210 396
Non-pivotal		28 581	13 914
Qualification development		2 222	574
Project administration costs	6.1.1	1 744	1 804
		254 299	226 689
6,1,1 Project administration costs			
Travel and subsistence		1 333	370
Other		408	1 434
		1 744	1 804
7. ADMINISTRATION EXPENSES			
Advertising, marketing and promotions, communication		1 120	1 175
Bad debts grants expenditure		160	385
Depreciation/amortisation and Impairment	8.1/8.3	12 297	10 659
External auditor's remuneration		3 663	3 534
Operating lease rentals (minimum lease payments)		10 310	9 308
Cost of employment	7.1	100 307	88 748
Consulting fees - Administration		3 125	-
Consulting fees - Legal		956	1 785
Conflict of interest and CAATs		6 621	578
Filing and archiving		15 709	13 965
Discretionary grant evaluation		1 304	2 399
IT maintenance		7 938	6 694
Utilities, maintenance, repairs and running costs		3 027	2 574
Remuneration to members of the accounting authority		2 254	2 252
Remuneration to members of the audit committee		615	596
Remuneration to members of other committees		986	921
Board training and workshop		257	418
Staff training and development		1 622	1 071

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for the year ended 31 March 2023

	2022/23	2021/22
	R'000	R'000
Repairs and maintenance	4 261	2 770
Donations/sponsorship	363	-
Travel and subsistence	555	231
Other	21 639	20 145
Other expenses	4 622	4 045
QCTO funding	2 446	1 630
Procurement advertisement	-	37
Monitoring, reporting & evaluation	900	35
Research	799	1 091
Bank charges	172	125
Employees assistance programme	86	51
Postage	188	34
Security	1 601	1 744
Risk management workshop	-	421
Insurance	153	320
Meetings and workshops	236	510
Telephone costs	1 517	1 663
Interest paid	55	131
Recruitment costs	964	587
Stationery, printing and consumables	2 932	1 166
Accommodation and meals	896	252
Assessor, moderators and verifiers	1 986	1 543
Internal audit fees	2 085	4 763
	199 089	170 209

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for the year ended 31 March 2023

	2022/23	2021/22
	R'000	R'000
7.1 Cost of employment		
Salaries and wages	68 071	60 849
Basic salaries	54 296	51 908
Allowances	3 768	1 073
13th cheque	1 675	1 532
Performance bonus - provision	5 337	5 163
Leave	975	238
Overtime	2 020	934
Social contributions	11 871	10 239
Medical aid contributions	3 002	2 713
Provident fund contributions	8 566	7 243
UIF	303	284
Pay-as-you-earn	19 362	16 675
Tax expense	19 362	16 675
Skills development levies expenditure	864	776
SDL Expenditure	864	776
COIDA		
Compensation assessment	139	209
	100 307	88 748
Average number of employees	147	146

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

8.1 PROPERTY, PLANT AND EQUIPMENT**Year ended 31 March 2023**

	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
Computer server	2 441	(1 591)	851
Computer equipment	8 645	(5 794)	2 851
Office furniture and fittings	23 527	(12 834)	10 694
Office equipment	5 991	(3 466)	2 526
Leased assets - office equipment	1 880	(835)	1 044
Motor vehicles	1 446	(381)	1 065
Balance at end of year	43 931	(24 900)	19 031
Made up as follows:			
- Owned assets	42 051	(24 064)	17 987
- Leased assets	1 880	(835)	1 044

Year ended 31 March 2022

	Restated		
	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
Computer server	2 249	(1 199)	1 051
Computer equipment	8 330	(3 474)	4 856
Office furniture and fittings	22 305	(8 307)	13 998
Office equipment	5 274	(2 388)	2 886
Leased assets - office equipment	1 880	(209)	1 671
Motor vehicles	1 446	(286)	1 160
Balance at end of year	41 485	(15 863)	25 622
Made up as follows:			
- Owned assets	39 605	(15 654)	23 951
- Leased assets	1 880	(209)	1 671

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for the year ended 31 March 2023

Movement Summary 2023

	Carrying amount 2022	Additions	Disposals	Depreciation charge	Accumulated depreciation on disposal	Carrying amount 2023
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	1 051	192	-	(392)	-	851
Computer equipment	4 855	336	(21)	(2 335)	15	2 850
Office furniture and fittings	13 998	1 222	-	(4 527)	-	10 694
Office equipment	2 885	741	(24)	(1 092)	14	2 525
Leased Assets - Office Equipment	1 670	-	-	(627)	-	1 044
Motor vehicles	1 161	-	-	(95)	-	1 066
Balance at end of year	25 620	2 491	(45)	(9 067)	29	19 029

Movement Summary 2022

	Carrying amount 2021	Additions	Disposals	Depreciation charge	Accumulated depreciation on disposal	Carrying amount 2022
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	1 460	-	-	(409)	-	1 051
Computer equipment	2 185	4 680	(2 684)	(1 919)	2 594	4 855
Office furniture and fittings	18 025	384	(6)	(4 410)	5	13 998
Office equipment	3 551	349	(22)	(1 010)	18	2 885
Leased Assets - Office Equipment	25	1 880	(341)	(234)	341	1 670
Motor vehicles	1 258	-	(361)	(97)	361	1 161
Balance at end of year	26 504	7 292	(3 414)	(8 080)	3 319	25 621

SASSETA incurred R4.2m (2022: R1.1m) on repairs and maintenance of property, plant and equipment. The amounts for the current year include costs for partitioning and renovation of additional office space.

Impairment

The amount of impairment losses of Rnil (2022: R6 thousands) is included in the depreciation line item of office equipment and recognised in surplus of current year. The impairment was due to change of expected useful life, redundancy of the asset and decision to dispose early. The recoverable amount was calculated as value in use.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

2022/23	2021/22
R'000	R'000

8.2 Work in progress

Balance at the beginning of the year	461	-
WIP for current year	336	461
Transferred to PPE/Intangible assets	-	-
Balance at the end of the year	798	461

WIP represent software in the process of development for SASSETA

8.3 Intangible assets**Year ended 31 March 2023**

	Cost	Accumulated amortization	Closing carrying amount
	R'000	R'000	R'000
Computer Software	11 126	(3 927)	7 199
Balance at end of year	11 126	(3 927)	7 199

Made up as follows:

- Owned assets	11 126	(3 927)	7 199
- Lease assets	-	-	-

Year ended 31 March 2022

	Cost	Accumulated amortization	Closing carrying amount
	R'000	R'000	R'000
Computer Software	9 947	(3 057)	6 890
Balance at end of year	9 947	(3 057)	6 890

Made up as follows:

- Owned assets	9 947	(3 057)	6 890
- Lease assets	-	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Movement Summary 2023

	Carrying amount 2022	Additions	Disposals	Amortization charge	Accumulated amortization of disposed assets	Carrying amount 2023
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	6 890	3 539	(2 360)	(3 230)	2 360	7 199
Balance at end of year	6 890	3 539	(2 360)	(3 230)	2 360	7 199

Movement Summary 2022

	Carrying amount 2021	Additions	Disposals	Amortization charge	Accumulated amortization of disposed assets	Carrying amount 2022
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	3 455	6 015	(502)	(2 580)	502	6 890
Balance at end of year	3 455	6 015	(502)	(2 580)	502	6 890

8.4 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 increased with 1 year while the remaining useful lives of intangible assets were increased with 1 year.

The additional information that became available has resulted in a change in the useful lives of the assets of SAS-SETA, 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 R135 thousand.

The depreciation and amortisation expenses have increased / (decreased) as follows for the 2023 Financial Year:

	Before change in estimate	After change in estimate	Net Increase / (Decrease)
	R'000	R'000	R'000
Depreciation: Computer equipment	225	112	(112)
Depreciation: Computer server	14	7	(7)
Depreciation: Office equipment	28	14	(14)
Depreciation: Furniture & fittings	2	1	(1)
	269	134	(135)

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for the year ended 31 March 2023

	2022/23	2021/22
	R'000	R'000
9. TRADE AND OTHER RECEIVABLES		
Non-exchange Transactions		
Employer grant	3 465	1 683
Employer reversals	9 132	10 317
Interseta transfers	324	-
Provision for impairment	(5 991)	(8 634)
Administration grant	4 303	3 940
SDL income	4 133	3 940
Interseta transfers	170	-
Discretionary grant	801	-
Interseta transfers	801	-
	8 569	5 623
Analysis of Statutory Receivables		
Statutory Receivables		
SDL income	4 133	3 940
Interseta transfers	1 295	-
	5 428	3 940

SASSETA receives skills development levy from employers in terms of section 3(1) of the Skills Development Levies Act no. 9 of 1999 (the Act), as amended.

R9.1m (R10.3m) was recognized because of receivables, relating to the overpayment to the levy paying-employers in prior periods, because of levy income reversals done by SARS after the mandatory grants had been paid. SASSETA refunds amounts to employers in the form of mandatory grants, based on information from SARS. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are more than the amount SASSETA is permitted to have paid to such employers. All the amounts included in the receivable because of the overpayment are over 12 months and a provision has been raised per the analysis below.

A receivable relating to the overpayment to the employer in earlier periods is raised at the carrying amount of such mandatory grant overpayment, net of allowance for any doubtful debt, estimated based on assessment of the risk of non-recoverability. The carrying amount of these assets approximates their fair value. Interest and penalty are payable on the outstanding amount at the rate contemplated in Tax Administration Act, as determined by the Commissioner.

In considering the impairment process, receivables older than five years that had not moved or have increased in the Financial Year, are considered in the provision for doubtful debt population. In addition to the above the status of the employers in the SARS database, is considered whether company is active, inactive, estate or bankrupt. This source data is provided in the monthly levy reports.

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SASSETA tests and assesses the statutory receivable for impairment at every reporting date based on collectability. For this reason, impaired statutory receivables are subjected to an impairment allowance of 100%, where applicable.

Due regard is paid to the following indicator/assumptions indicating unlikely collection prospects:

1. Statutory receivable outstanding for more than 12 months, and collections efforts prove fruitless Receivables are past due at reporting date and have been impaired amounts to R5.9m (R8.6m).

SASSETA also receives contributions from the Government Departments in line with Circular Number: Human Resources Development 1 of 2013.

R4.1m (R3.9m) was recognized because of a receivable relating to a contribution from SAPS. This amount was settled in April 2022. An element of uncertainty is not applicable. SAPS has demonstrated without fail to honor its obligation towards SASSETA.

Statutory receivables that are past due at reporting date but have not been impaired amounts to R4.1m (R3.9m).

An amount of R1.3m (R0) was recognised as interseta transfers. Refer to note 21 for detailed disclosure.

	2022/23	2021/22
	R'000	R'000
Reconciliation of provision for impairment		
Opening balance	(8 634)	(8 249)
Provision for impairment raised/reverse in current period	2 643	(385)
Amounts written off as uncollectible	-	-
	(5 991)	(8 634)

The provision is raised for employers with a debit balances who cannot be traced over time and the amount is assessed annually.

Exchange Transactions

Rental deposit	3 278	3 278
Interest receivable	468	2 465
Prepayments	1 385	2 151
Sundry receivables	176	181
Debtors control - Operations	-	50
	5 307	8 125
Provision for impairment	(160)	-
	5 147	8 125

Included in the Sundry Receivable is R160 thousands owed by White Tree Contractor. SASSETA management has assessed and concluded that it is no longer probable to receive the economic benefits associated with this amount. Provision for doubtful debts of R160 thousands has been raised.

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10. INVENTORY

	2022/23	2021/22
	R'000	R'000
Balance at the beginning of the year	3 201	1 091
Amount utilised	(2 932)	(1 160)
Purchases	1 540	3 270
Balance at the end of the year	1 809	3 201

11. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	72 272	82 613
Cash at bank	72 272	82 613
Short term investments/instruments	624 376	529 053
Cash and cash equivalents at end of year	696 648	611 666

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 5.41% (2021/22: 4.75%).

Cash and cash equivalents comprise cash held by SASSETA 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.

In response to the National Treasury Investment circular SASSETA transferred/invested all surplus funds with the Corporation for Public Deposits.

12. LEASES**Finance Lease****Reconciliation between the total of the minimum lease payments and the present value**

	2022/23	2021/22
	R'000	R'000
Future minimum lease payments	1 108	1 773
Finance costs	(39)	(96)
	1 069	1 676

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Summary Disclosure Note

Total Payments	2022/23			2021/22		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	665	443	1 108	665	1 108	1 773
	665	443	1 108	665	1 108	1 773

Capital Portion	2022/23			2021/22		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	633	436	1 069	607	1 069	1 676
	633	436	1 069	607	1 069	1 676

Finance leases relates to the lease of twelve multifunction printers from Nashua for a total period of three years, commencing on 01 December 2021

Operating Lease - as lessee**Total minimum lease payments due**

	2022/23 R'000	2021/22 R'000
Not later than one year	10 227	9 470
Later than one year but not later than five years	27 052	37 280
Later than five years	-	-
	37 280	46 749

The operating lease relates to new premises used for SASSETA office accommodation. The current lease agreement has been signed for a period of five years up to 31 July 2026. National Treasury approved a 5-year long extension. The lease has an annual escalation of 8%.

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	2022/23	2021/22
	R'000	R'000
13. TRADE AND OTHER PAYABLES		
From Non-Exchange transactions		
Employer grant - accrual/payable	887	781
DHET control account	7	5
Trade payables	20 567	19 857
Accruals	55 553	42 154
	77 014	62 797
From Exchange transactions		
Trade payables	3 062	5 928
Accruals	6 814	11 292
Income received in advance	917	917
Employee cost related	1 133	1 253
Straight lining - leases	2 118	1 039
	14 044	20 428

14. PROVISIONS

	Overtime	Performance Bonus	Leave pay	500K	Other	Total
Open carrying amount	21	4 700	4 689	7 127	2 112	18 649
Amounts utilised	(148)	(4 473)	(1 270)	(1 180)	(313)	(7 385)
Change in estimate	130	5 337	975	1 289	346	8 077
Closing carrying amount	3	5 564	4 393	7 236	2 145	19 340

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.

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	2022/23	2021/22
	R'000	R'000
15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS		
Net Surplus/ (deficit) as per Statement of Financial Performance	69 702	65 510
Adjusted for non-cash items:		
Depreciation and amortisation	12 297	10 659
Interest paid finance lease	55	-
Loss / (profit) on disposal of property, plant and equipment	15	(264)
Impairment loss on receivables	160	385
Movement of provisions admin	690	438
Movement of provisions employer grant	-	(385)
Adjusted for working capital changes:	9 097	22 752
(Increase)/ Decrease in receivables	(128)	103
(Increase)/ Decrease in inventory	1 392	(2 110)
(Decrease)/Increase in payables	7 833	24 759
Cash generated by operations	92 016	99 095

16. CONTINGENCIES**16.1 Contingent Liabilities**

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

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

This is a civil claim instituted against SASSETA by MASTOFUSION (Pty) Ltd. MASTOFUSION is suing SASSETA for an estimated total amount of R5 838 630. The amount is broken down as follows: R5.7 million and R150 thousand, for breach of contract and damages, and legal fees, respectively. The matter was set down for the 23rd of February 2023 for the hearing of the matter, but unfortunately could not proceed on the day as it was not placed on the opposed roll. A new date has been applied for.

2. CASE NUMBER 580/2016: Claim for payment of invoices - SANAMIK FINANCIAL TRAINING SERVICES

SANAMIK is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R405 thousand. The matter is dormant for now, the last communication came from new attorneys who have not filed a Notice of Acting and therefore are not properly before the court. We have been trying to set the matter down and apply for the dismissal of their claim but have been unable to serve on their new attorneys, who are in Tokoza. We shall now attempt, as a last resort, physical service in Tokoza.

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3. CASE NUMBER 58692/19: Breach of settlement agreement - SEGAOLE DRIVING SCHOOL

SEGAOLE and SASSETA entered into a settlement agreement in 2018, after SEGAOLE had taken SASSETA to arbitration following SASSETA's intention to cancel the agreement on the basis of irregularities uncovered by a forensic report. In July 2019 SEGAOLE instituted a High Court action for alleged breach of the settlement agreement by SASSETA. We have excepted or objected to their particulars of claim and are now merely awaiting a hearing date. Amount claimed is R159 thousands.

4. CASE: AFSA Arbitration re: Claim for payment of an invoice - LILNAR TRADING (PTY) LTD t/a IT RELATED

LILNAR served SASSETA with a statutory notice demanding payment of R389 766.00 deposit in respect of a project that suffered supply chain related delays. SASSETA refused to pay this amount and advised LILNAR on account of the fact that services were not actually rendered. LILNAR referred the matter for arbitration. The matter is currently before the Arbitration Foundation of South Africa ("AFSA") and a pre-arbitration conference has been concluded.

The matter was set down and proceeded on the day of set down and in our opening statement raised a defence of impossibility of performance amongst other defences. The claimant advised that they want the matter postponed so as to decide their next move in the light of this development.

5. CASE: BUSA

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 2022/23 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2022/23 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 still in discussions with BUSA in regard to the Mandatory Grant percentage and effective date of implementation of the ruling. No new information has emerged which changes the status of this disclosure from the prior year.

6. CASE: MANANA MOROKA // SASSETA AND DHET

Ms Manana Moroka, the former CEO was dismissed by the employer following internal disciplinary processes. She then referred the matter for arbitration at the CCMA for an unfair dismissal. Following the award from the CCMA, she proceeded to the Labour Court for the review and setting aside of the the arbitration award. She served SASSETA with the review application on 20 September 2021. We then, acting on the instructions of SASSETA filed our Notice of Intention to oppose the application. The applicant has not filed the record of the proceeds as required by the law. On making follow-up with the applicant's attorneys they advised that they have approached the Judge President for a directive. We are engaging with the attorneys to understand the basis of their approach and why they are not following the prescribed rules and procedures. Depending on the outcome of the engagement with the attorneys and the JP, the next step is to prepare an application for the dismissal of the application by reason of

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the applicant's failure to file the record within the prescribed period and prosecute the review application. We have since received communication from the Labour court advising the applicant that her review has lapsed. The amount in question cannot be determined.

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.

The employer grant reserve carries accumulated reserves allocated to mandatory grants (employer grants) expenditure in future years. An amount of R457.6 thousand (2021/22: R127 thousand) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March.

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.12 of 2020/21 further defines what constitutes cash surplus. There was no cash surplus to surrender in the current year.

The SASSETA was granted approval by the Minister of Higher Education, Science and Innovation in terms of the Skills Development Act to retain the cash surplus of R522.9 million for the 2021/22 Financial Year.

Net cash surplus for the year ended 31 March 2023 amounts to R599.3 million, in line with Annexure A of the National Treasury Instruction 12 of 2020/21 and the Skills Development Act.

	Restated	
	2022/23	2021/22
	R'000	R'000
Cash and cash equivalents at the end of year	696 648	611 666
Add: Receivables	13 716	13 748
Less: Current liabilities	(111 031)	(102 482)
Net cash surplus	599 334	522 932

16.4 Performance Bonus Grievances

In the year under review the Public Servants Association (PSA) submitted a collective grievance for staff members who were affected by the application of clause 8.6 of the Performance Agreement Policy that states that employees appointed after 1 April would be paid a pro-rata performance bonus, subject to the exclusion of the probation period worked by an employee. The PSA referred the dispute to the Commission for Conciliation, Mediation and Arbitration (CCMA) for conciliation. As at 31 March 2023, Conciliation took place and the matter could not be resolved and was referred for arbitration. SASSETA is still awaiting correspondence from the CCMA/PSA regarding arbitration. In the absence of a 3rd party objective opinion the SASSETA management applied a prudent approach and quantified and disclosed the cost of waiving the probation clause amounts to R113 thousands as a possible outflow of economic resources.

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17. COMMITMENTS

As at 31 March 2023, SASSETA had discretionary grant reserves of R600.2m to utilize against a definite pivotal/non-pivotal commitment closing balance of R596.6m.

PIVOTAL**A. Definite**

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

Project classification	Adjusted opening balance: 1 April 2022	Subsequent adjustment to the initial contract amount	New projects in 2022/23	Annual expenditure	Write back/savings and cancellations	Closing balance: 31 March 2023
Adult Education & Training	-	-	500	-	-	500
Artisan	75 586	-	31 004	(11 254)	(7 821)	87 515
Bursaries - Employed	9 392	-	8 580	(5 556)	(1 745)	10 671
Bursaries - Unemployed	40 039	-	68 960	(16 723)	(18 580)	73 696
Candidacy	77 352	-	22 008	(34 677)	(4 858)	59 825
Internship Graduate Placement	60 792	-	67 860	(33 996)	(7 002)	87 654
Learnership - Employed	16 552	-	20 166	(9 781)	(1 808)	25 129
Learnership - Unemployed	61 813	-	68 876	(46 234)	(5 095)	79 360
Lecture development	200	-	200	(140)	(60)	200
Skills Program - Employed	7 965	-	12 079	(7 475)	(1 520)	11 049
Skills Program - Unemployed	5 592	-	3 150	(4 740)	(584)	3 419
TVET Graduate Placement	72 907	-	43 641	(45 676)	(2 661)	68 212
University of Technology Placement	4 262	-	6 525	(3 327)	(934)	6 525
University Placement	8 127	-	-	(2 174)	(5 558)	395
	440 580	-	353 549	(221 752)	(58 227)	514 150

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NON-PIVOTAL**A. Definite**

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

Project classification	Adjusted opening balance: 1 April 2022	Subsequent adjustment to the initial contract amount	New projects in 2022/23	Annual expenditure	Write back/savings and cancellations	Closing balance: 31 March 2023
Non-Pivotal	68 886	-	49 885	(28 581)	(7 701)	82 489
	68 886	-	49 885	(28 581)	(7 701)	82 489
Overall total commitment balance						596 638

18. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**18.1 Irregular Expenditure and Fruitless and Wasteful Expenditure**

	2022/23 R'000	2021/22 R'000
Irregular expenditure	1 058	1 088
Closing Balance	1 058	1 088

18.2 Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

Incidents 2022/23	Description	Disciplinary steps taken/ Criminal Proceedings	2022/23 R'000	2021/22 R'000
Non-compliance regarding appointment of members of the Accounting Authority	The irregular expenditure incurred in the current year is as a result of non-compliance by the DHET in the appointment of certain Accounting Authority members. SAS-SETA suffered no losses. The implementation of the outcome and recommendations subsequent to conclusion of the determination test will also be managed by the DHET. This did not result in fraudulent, corrupt or any criminal conduct.	No official should be subjected to disciplinary action.	1 058	1 088
			1 058	1 088

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Restatement of opening balances

Irregular expenditure confirmed in current year relate to the current year only and therefore there was no need for restatement of opening balances.

Impracticability Judgment

There were no incident or situation which gave rise to the impracticability of any contracts

2022/23	2021/22
R'000	R'000

18.3 Fruitless and wasteful expenditure

Opening balance	22	-
Add: Fruitless and wasteful expenditure current year	-	22
Add: Prior period fruitless and wasteful expenditure	-	-
Less: Amounts written off	(22)	-
Less: Amounts recovered	-	-
Fruitless & wasteful expenditure awaiting write off	-	22

There was no fruitless and wasteful expenditure in the current year.

Fruitless and wasteful expenditure amounting to R22 thousand (Rnil - 2022/23 and R22 thousand - 2021/22) was written off by the Accounting Authority in the current Financial Year.

There was no fruitless and wasteful expenditure under investigation in the current year.

There was no fruitless and wasteful expenditure condoned by National Treasury.

There were no recoveries made due to loss occurred regarding any fruitless and wasteful expenditure.

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Details of fruitless and wasteful expenditure current year

Incidents 2022/23	Description	Disciplinary	2022/23	2021/22
			R'000	R'000
Interest on late settlement owed to a trading provider resulting from the arbitration outcome.	A Discretionary Grant service provider sued SASSETA for the payment of invoices. The court rendered an unfavourable award against SASSETA. While SASSETA was in the process of engagements with its legal representatives in contesting the award, interest to the amount of R22 thousand was incurred. It would not be cost effective to pursue this matter and SASSETA then arranged to pay the judgment debt and the related interest.	No official should be subjected to disciplinary action and there is no expectation to recover this amount from any employee.	-	22
			-	22

Analysis of expenditure per age classification

Current year	-	22
Prior years	22	-
Total	22	22

18.4 Matters under investigation

	2022/23	2021/22
	R'000	R'000
Opening balance	-	160
Add: Matter under investigation current year	-	-
Transferred to contingent asset	-	(160)
Total	-	-

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19. PRIOR YEAR ERRORS

Prior period error is due to correcting various accounting transactions in 2021/22 Financial Year. The net impact in the Statement of Financial Performance is R7.0 thousand.

The impact is narrated below but not limited to:

Administration expense

- The increase of R6 thousand last year municipal rates recovered in current year
- Increase of amortisation of UPS related to prior year R22 thousand
- Decrease due to recovery of former staff member bursary R50 thousand
- Increase due to retrospective recognition of GP Support R85 thousand
- Decrease due to misallocation to rental R55 thousand
- Increase for the retrospective recognition of stationery purchased R6 thousand
- Decrease due to retrospective recognition of interest on rehabilitation costs R2 thousand

Discretionary expense

- The decrease due to stipend overpayment recovered R5 thousand.

Trade receivables : exchange transactions

- The decrease in of R22 thousand is a result of amortisation of UPS in prepaid
- The increase in of R50 thousand is a due to recovery of forer staff member bursary
- The increase in of R5 thousand is a stipend overpayment recovered

Trade and other payables: exchange transactions

- The increase in payables of R42 thousand is a result of misallocation of rental in accrual, GP support retrospective paid and stationery purchased in prior year.

Provision

- ▶ The decrease R2 thousand relate to retrospective recognition of interest on rehabilitation costs.

Impact on the Statement of Financial Performance

Surplus/(deficit) as previously stated	65 517
	(7)
Decrease discretionary grant expenditure	5
Increase in administration expenditure	(12)
Adjusted (surplus)/deficit	65 510
Impact on the Statement of Financial Position	(7)
Increase accounts receivable - exchange	33
Increase accounts payable - exchange	(42)
Decrease in provisions	2
Reserves	7
Decrease in Administration reserve	12
Increase in Discretionary reserve	(5)

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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		Non-interest bearing	Total R'000
	Amount R'000	Effective interest rate	Amount R'000	
Year ended 31 March 2023				
Cash	696 648	5.41%	-	696 648
Trade and other receivable - exchange	-		5 147	5 147
Total financial assets	696 648		5 147	701 796
Trade and other payables - exchange	-		14 044	14 044
Trade and other payables - non-exchange	-		76 120	76 120
Total financial liabilities	-		90 163	90 163
Year ended 31 March 2022				
Cash	611 666	4.75%	-	611 666
Trade and other receivable - exchange	-		8 125	8 125
Total financial assets	611 666		8 125	619 791
Trade and other payables - exchange	-		20 428	20 428
Trade and other payables - non-exchange	-		62 012	62 012
Total financial liabilities	-		82 440	82 440

Credit risk

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

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

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with a good reputation.

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

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

The ageing of trade and other receivables - exchange:

	2022/23		2021/22	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	1 869	-	4 688	-
Past due 31 - 90 days	-	-	-	-
Past due 90 and above	3 438	(160)	3 438	-
	5 307	(160)	8 126	-

The ageing of cash and cash equivalents:

	2022/23		2021/22	
	Gross	Impairment	Gross	Impairment
Not past due	696 648	-	611 666	-

In line with the Finance Policy, long outstanding irrecoverable debts are written off once efforts to recover such funds have proven futile. In the current year there was an impairment amount of R160 thousand after the propability recovery was assessed my management.

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.

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The ageing of trade and other payables exchange:

	2022/23		2021/22	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	13 127	-	19 511	-
Past due 90 and above	917	-	917	-
	14 044	-	20 428	-

The ageing of trade and other payables non-exchange:

	2022/23		2021/22	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	76 120	-	62 012	-
	76 120	-	62 012	-

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.

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for the year ended 31 March 2023

21. RELATED PARTIES AND RELATED PARTY TRANSACTION**21.1 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. It is therefore related to all other entities within the DHET. SASSETA is funded by levies collected by SARS. SARS transfers all levies collected to the DHET, and DHET then split and distributes the levies to each respective SETA and the NSF. Outstanding balances at year-end amounted to R nil (2021/22: R nil).

21.2 Entities under common control**21.2.1 The Quality Council for Trades and Occupations (QCTO)**

The Quality Council for Trades and Occupations (QCTO) is a Quality Council established in terms of the Skills Development Act (Act 97 of 1998), and therefore under the common control of the DHET with SASSETA.

The annual contributions by the SETAs are determined in advance by the Minister, and such amount should not exceed the legislated limit of 0.5% of annual levies.

The legal mandate of SETAs provides for the SETAs to contribute part of the skills development levies collected towards funding the work of QCTO. Outstanding balances at year-end amounted to R nil (2021/22: R nil).

21.2.2 Public Universities and Technical and Vocational Education and Training (TVET) Colleges

Transactions between SASSETA and public universities and TVETs occur within:

- supplier and recipient relationship on terms and conditions no more or less favourable than those to those which it is reasonable to expect SASSETA to have adopted if dealing with the public universities and TVETs in the same circumstances, and
- the normal operating parameters established by SASSETA's legal mandate.

21.2.2.1 Public Universities

Public universities and SASSETA are commonly controlled by the DHET. As part of its legal mandate, SASSETA frequently enter into agreements with public universities as they are education providers. These agreements promote learning programmes by among others, providing academic learning in the form of bursaries.

The following are outstanding balances between SASSETA and public universities:

	2022/23	2021/22
	R'000	R'000
Accrual	(9 994)	(8 027)
Payable	(1 465)	(7 293)
	(11 460)	(15 320)

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21.2.2.2 TVET Colleges

TVET colleges and SASSETA are commonly controlled by the DHET. As part of its legal mandate, SASSETA frequently enter into agreements with TVET colleges as they are education providers. These agreements promote learning programmes by among others, providing academic learning and workplace practical experience including TVET placement initiatives.

The following are outstanding balances between SASSETA and TVET colleges:

	2022/23	2021/22
	R'000	R'000
Accrual	(3 341)	(12 007)
Payable	(6 925)	(4 297)
	(10 267)	(16 304)

21.2.2.3 CET Colleges

CET colleges and SASSETA are commonly controlled by the DHET. As part of its legal mandate, SASSETA enter into agreements with CET colleges as they are education providers. These agreements promote learning programmes by among others, providing academic learning and workplace practical experience including CET placement initiatives.

The following are outstanding balances between SASSETA and CET colleges:

	2022/23	2021/22
	R'000	R'000
Accrual	-	(188)
Payable	-	-
	-	(188)

21.2.3 Other SETA's

Section 9 of the Skills Development Act (Act 97 of 1998) established twenty-one (21) SETAs, including SASSETA. All these SETAs are under the common control of the Department of Higher Education and Training

The Skills Development Levies Act (No. 9 of 1999) allows for a jurisdiction reclassification of employers. When an employer is reclassified, their contribution of Skills Development Levy becomes payable to the new SETA effective from the date of transfer. The previous SETA must now pay over the levies contributed by the transferring employer over to the new SETA

The transfers between SETAs occur within:

- the normal operating parameters established by SASSETA's legal mandate, and
- on terms and conditions that are no more or less favourable than those which it is reasonable to expect SASSETA to have adopted in its operations.

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On 31 March 2023, the following balances were outstanding between SASSETA and other SETAs

	2022/23	2021/22
	R'000	R'000
CETA	12	-
MICT Seta	30	-
Services Seta	1 253	-
	1 295	-

21.3 Remuneration of Key Management

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

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

Name	2022/23					2021/22
	Total Salary	Performance Bonuses	Employer contributions	Other benefits	Total	Total
Mdontswa, T (CEO)	2 291	87	24	82	2 485	2 224
Diale, I (CFO)	2 056	134	40	102	2 331	2 401
Amod, J	1 733	113	65	81	1 992	2 042
Memela, V	1 733	113	38	58	1 943	1 969
Ngwenya, S	1 733	113	59	19	1 923	1 984
	9 547	560	226	342	10 674	10 620

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for the year ended 31 March 2023

21.4 SASSETA Board Remuneration

Board Member	2022/23 R'000			2021/22 R'000
	Meeting Allowance	Tools of Trade	Total	Total
Moyo Khumbulani	317	23	340	315
Mudau Maphari Christopher (Chairperson)	310	23	333	325
Luzipho Nontembeko	258	23	281	262
Mashoene Felicia E	234	23	257	284
Zulu Bongiwe Maltida Dr	207	23	230	221
Majozi Mbuso Michael	207	23	230	218
Pakati Zandile	203	23	226	244
Mashau Ndivhuwo R	193	23	216	220
Tshilambavhumwa Nndwakhulu Eric	182	23	205	189
Conradie Steve	99	23	122	167
Tsundzuka Moyana ¹	44	2	46	-
Mphela Raisibe Elizabeth	-	23	23	10
Molefe Mottalepula	-	23	23	37
	2 254	278	2 533	2 492

¹ Mr. Moyana was appointed as a board member in 1 February 2023.

21.5 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.

	2022/23 R'000			2021/22 R'000
	Meeting Allowance	Tools of Trade	Total	Total
Mushwana, P	208	8	216	177
Pillay, M (Chairperson)	196	8	204	229
Gutshwa, B	188	8	195	191
	592	23	615	596

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21.6 Chamber Committee Remuneration

Chamber Representation	2022/23			2021/22
	Meeting Allowance	Tools of Trade	Total	Total
Justice				
Adonis, C	48	8	56	19
Tshoke, E	40	8	48	12
Van Loggenberg, D	40	8	48	-
	128	24	152	31
Police				
Gossmann, L	40	8	48	43
Maphala, V	-	-	-	8
Maponyane, K	51	8	59	52
Mokokong, V	40	8	48	50
Ntsime, P	28	8	36	44
Tundzi, T	42	8	49	51
	201	40	240	248
Legal				
Badela, G	40	8	48	60
Gladwin-Wood, C	40	8	48	54
Murugan, A	49	8	56	50
Singh, J	40	8	48	43
	169	32	200	207
Corrections				
Frede, F	42	8	49	58
Gadisa, T	44	8	52	63
Marimani, X	49	8	56	27
	135	24	157	148
Private Security				
Bhembe, M	32	15	47	50
Hlatswayo, B	42	8	49	50
Mashigo, A	40	8	48	47
Ntshangase, V	24	8	32	62
Ralioma, I	16	8	24	23
Ramambila, V	40	8	48	54
	194	55	248	286
	827	175	997	920

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	2022/23	2021/22
	R'000	R'000
Aggregated governance remuneration	4 142	4 009
Number of personnel	39	36

22. NEW ACCOUNTING PRONOUNCEMENTS**GRAP Standards Approved and Not Yet Effective**

At the date of authorisation of these Annual Financial Statements, the following Standards, Directives and Interpretations were in issue but not yet effective:

GRAP No	Title	Date of Issue	Impact on entity
GRAP 1	Presentation on Financial Statements	April 2023	No material Impact
GRAP 103	Heritage Assets	June 2022	No material Impact
GRAP 104	Financial Instruments	April 2025	No material Impact

23. BUDGET DIFFERENCE**NOTES****23.1 Skills Development Levy Income:**

- Private levies received exceeded the budget with R10.8m. There was an increase of the number of companies contributing levies in current year.
- Penalty and interest on SDL was R2.9m below the budget. This relate to levies due not paid over by employers which get collected by SARS.
- Contributions from government departments exceeded the budget with R5.7m. Four government departments can only afford to contribute on the 10% basis. Seven (7) government organs contributed at 30% basis, although contributions from three (3) organs is less than R2m combined.
- Other income refer to reversal of provision for levy debtors

23.2 Investment Income:

- Unutilised cash reserves were invested with Nedbank and Investec at better negotiated rates. In September all funds was invested with The Corporation for Public Deposits. The average rate of return on investment is 5.41%.
- 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 R3.7m below budget. Key expenditure which impacted administration expenditure:
 - Utilities, maintenance and partitioning relating to new office space
 - Upgrade the ICT infratructure and new software licenses
 - IT Maintenance New HR systems and Finance upgrades
 - Filing and Archiving contract with new company that will allow remote access of information
 - Discretionary grant evaluations,

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- vi. New office rental costs
- vii. Internal Audit fees and adhoc audit assignments

23.4 Mandatory Grant:

- Mandatory grant expenditure is in line with the approved budget of R79.3m
- Any unutilised amount will be transferred to discretionary grant revenue.

23.5 Project/discretionary spending:

- All awarded projects were subject to the LPERC evaluation and adjudication process.
- Late advertisement of funding windows resulted in late awarded and implementation of projects.
- The discretionary grant expenditure was driven by the servicing of commitments that were awarded at the later part of 2021/22 Financial Year.
- Project expenditure amount to R254.3m which was R46.6m below budget.
- Included in the R254.6m is R28.5m for non-pivotal and R1.7m 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 R69.7m when compared to a restated surplus of R65.5m 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.

24. GOING CONCERN

SASSETA is currently established until 31 March 2030. There are no known instances which cast doubt on the SETA's ability to continue as a going concern for the next 12 months and period ending 31 March 2030.

The financial statements have been prepared on the going concern basis, as SASSETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern till 31 March 2030. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The 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 Plan landscape.

25. SUBSEQUENT EVENTS

There were no subsequent events relating to current Financial Year.



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