



Your partner in skills development

Annual Report



2018/2019



SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

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ANNUAL REPORT 2018/2019/SASSETA, SOUTH AFRICA

Published by SASSETA

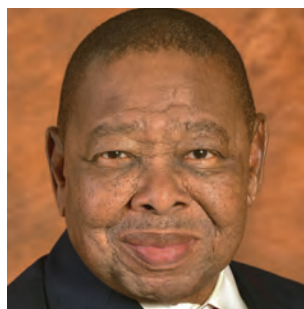
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*Minister of Higher
Education and Training*



Mr B MANAMELA
*Deputy Minister of
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and Training*



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*Chairperson of the
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It is my pleasure to submit the 2018/2019 Annual Report of the Safety and Security Sector Education and Training Authority for the period 1 April 2018 to 31 March 2019, in compliance with section 14(5)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998), section 55(1)(d)(i) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), and in accordance with section 18 of the Treasury Regulations.

Ms N Jolingana
Chairperson

FOREWORD

BY THE CHAIRPERSON



“ I am particularly delighted that SASSETA has obtained its first clean audit outcome. ”

Ms Nontsikelelo Jolingana
*Chairperson of the
Accounting Authority*

It is my honour and privilege to present the 2018/2019 Annual Report for the Safety and Security SETA in line with the requirements of the Public Finance Management Act section 55(1).

The Board, as the Accounting Authority of SASSETA was appointed in April 2018, and has assisted SASSETA with oversight on implementation of controls and good governance during the post administration era that the SETA came from.

We have experienced 2018/19 as the year of growth and development for SASSETA with a resolve from all stakeholders to embrace the ethos of the new dawn and ensuring good governance. I am therefore particularly delighted that SASSETA has obtained its first clean audit outcome.

This is a measure of the Board and its committees' rigorous efforts in maintaining an effective control environment, as well as benefiting from maturing enterprise risk management practices.

The Board appreciates the efforts of management and staff in ensuring that the internal controls were effectively implemented, and considers itself privileged to have been appointed to the stewardship of this true leader of skills development in the Safety and Security sector.

The Board members, without exception, appreciate the depth of dedication required of them together with the management collective and the employees. We also acknowledge the collaboration with our stakeholders and service providers that drives the continued improvement of SASSETA.

“ **SASSETA - with its team of strong-willed individuals whose commitment to bettering the lives of fellow citizens is deeply entrenched and non-negotiable - soared above the challenges of the past year.** ”

The SETA has delivered on its legislative mandate and also placed an emphasis on interacting with stakeholders in provinces where the SETA staged its annual Road Shows. Through these sessions it sought to obtain first hand experience of the challenges facing the sector, to celebrate pockets of excellence which have emerged, and, lastly, to find ways to improve access to communities in pursuance of our objectives. Attempts were also made to find ways to serve our stakeholders more efficiently and respond to their needs as outlined by themselves through the implementation of service delivery improvement plans across the sector.

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

The challenges the SETA has faced in the past years pre- and post-administration have been overcome and controls and procedures have been put in place to maintain this good result. This is testament to the determination of its management and staff to not only improve the performance, but to strive for excellence in future reporting.

I thank the Board Members for their dedication and passion without which we could not have achieved what we did in the year under review. A special acknowledgement is sincerely given to the Acting

Chief Executive Officer who has led SASSETA's management and staff to an admirable achievement. Finally, I want to acknowledge the staff of SASSETA for their loyal and sterling performance in the year under review. The SASSETA team now know that team work is the best work.

On behalf of the Board, I would like to extend a sincere word of gratitude to the Minister of Higher Education and Training, the Deputy Minister, the Director General and his team for their ongoing support, guidance in assisting us to achieve our objectives.

I further want to thank our stakeholders, who are implementing our programs, and without whom we would not have been able to reach communities in the length and breadth of the Republic of South Africa.

SASSETA - with its team of strong-willed individuals whose commitment to bettering the lives of fellow citizens is deeply entrenched and non-negotiable - soared above the challenges of the past year. I have no doubt that, with their vigour renewed after the publication of their excellent results, they are more than ready to grow and enhance their sector performance in the year ahead.



Ms Nontsikelelo Jolingana

Chairperson of the Accounting Authority

BOARD



SASSETA Board

From the left:

Mr Tsundzuka Moyana, Ms Motlalepula Molefe, Mr Khumbulani Moyo, Ms Delisiwe Dlodlu, Ms Mmathoto Lephadi, Ms Zaahira Tiry, Mr Steve Conradie, Mr Paul Nephawe, Ms Nontsikelelo Jolingana (Chairperson), Ms Ina Kuhn, Ms Thandekile Mkhize, Mr Pebane Selepe, Lt-Gen-Nhlanhla Mkhwanazi.

SASSETA Executive Managers

From the left

Mr Vukani Memela (Acting Chief Executive Officer)
Ms S Ngwenya (Executive Manager Corporate Services)
Mr Ikalafeng Diale (Chief Financial Officer)
Ms Juwayria Amod (Executive Manager Learning Programmes)



CHIEF EXECUTIVE OFFICER'S OVERVIEW



Mr Vukani Memela
*Acting Chief
Executive Officer*

“ *While SASSETA has enjoyed a progression to improved performance and unqualified audits in the previous years, with significant reduction in the number of audit findings reported, I am delighted that we have obtained a clean audit outcome in the year under review.* ”

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

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

While SASSETA has enjoyed a progression to improved performance and unqualified audits in the previous years, with significant reduction in the number of audit findings reported, I am delighted that we have obtained a clean audit outcome in the year under review. It was not an easy journey for us but rather one that prepared us for the challenges of years to come. This cements our capability to improve on our current performance and take our service delivery achievements to higher levels.

The overall performance of SASSETA improved in the year under review, with 92% of the annual performance plan targets achieved in 2018/2019 compared to 91% in 2017/2018. This performance result was a product of more focus and hard work from our staff. We are grateful for the commitment, dedication and energy that continues to make this possible!

We will continue to strengthen partnerships with sector training institutions and academies, professionalise and transform the sector and, upgrade our ICT systems to enable the organisation to become sustainable in the ever-changing world of Information and Communication Technology.

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

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

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

In our quest to increase our national footprint, additional to the regional offices opened in KwaZulu-

Natal in the previous year, we are geared towards opening more offices in other provinces in the next financial year. We hope to be able to report on progress in mainly rural provinces in the near future.

I thank the Chairperson and the rest of the SASSETA Board for their continuous and unwavering support during my tenure as Acting Chief Executive Officer in the past financial year. They have tirelessly provided strategic leadership to ensure the implementation of our work programme, mandate and more importantly, that we strive for enhanced excellence in all we do.

Sincere thanks to our Audit and Risk Committee, the Department of Higher Education and Training and the Auditor General for their continued support. SASSETA also extends its sincere gratitude to organised labour in the sector and various partner employers in the private and public sector. In conclusion I wish to extend my heartfelt gratitude to the Staff and Management of SASSETA who have not only overcome the challenges put before them, but have unwaveringly embraced the goal of achieving a clean audit outcome. Their hard work ensured that continuous improvements were developed and implemented to become entrenched in the SASSETA daily operations.

Yours faithfully,



Mr Vukani Memela
Acting Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resource information and the financial affairs of the SETA for the financial year ended 31 March 2019.

Yours faithfully



Mr Vukani Memela

Acting Chief Executive Officer

SASSETA

SCOPE OF COVERAGE

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

Sic codes, sub-sectors and constituencies of the safety and security sector

SIC codes	Sub-sector	Constituency
9110A*	Policing	<ul style="list-style-type: none"> The Independent Complaints Directorate (IPID), the Secretariat for Safety and Security, Civilian Secretariat for Police, and The South African Police Service (SAPS)
91301 91302		<ul style="list-style-type: none"> Municipal and Metro Police Services, Traffic Management/Law Enforcement, and Road Traffic Management Corporation (RTMC)
9110B*	Corrections	<ul style="list-style-type: none"> The Department of Correctional Services (DCS) Private correctional services providers
		<ul style="list-style-type: none"> Kutama Sinthumule Correctional Centre Mangaung Correctional Centre
		<ul style="list-style-type: none"> Correctional Supervision and Parole Boards
9110D*	Defence	<ul style="list-style-type: none"> The Department of Defence (DOD) South African National Defence Force (SANDF) (SA Navy, SA Air Force, and SA Military Health)
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)
91104	Intelligence activities	<ul style="list-style-type: none"> The National Intelligence Agency (NIA)
91105		<ul style="list-style-type: none"> The South African Secret Service (SASS)
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

SASSETA

SCOPE OF COVERAGE

Executive Authority of the SETA

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



SASSETA

SCOPE OF COVERAGE

Legislative and other mandates

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

The Minister of Higher Education and Training relicensed the SETAs for the period April 2011 to March 2018 and extended it by a further two-year period until 31 March 2020, to operate within the skills development framework articulated in the National Skills Development Strategy III (NSDS III) framework and other policies and strategies presented below.

Legislation/policy/strategy	Description
South African Constitution 1996	The Constitution of the Republic of South Africa, Section 29(1): The State through reasonable measures, must make progressively available and accessible adult basic and further education to all citizens as a human right. Section 22: Freedom of trade, occupation and profession – stipulates that “every citizen has the right to choose their trade, occupation or profession freely.” Section 195(1)(a)-(f) articulates the values and principles governing public administration.
Skills Development Act as Amended No. 98 of 1998	To develop the skills of the South African workforce – to improve the quality of life of workers, their prospects of work and labour mobility; to improve productivity in the workplace and the competitiveness of employers; to promote self-employment; and to improve the delivery of social services. The Act also provides for the establishment, amalgamation and dissolution of SETAs, for the incorporation of a sub-sector of one SETA into another SETA; the composition of an Accounting Authority for each SETA; regulation of the eligibility to become a member of an Accounting Authority and the provision for a constitution for every SETA.
Skills Development Levies Act, No. 9 of 1999	The Act makes provision for employers to pay 1% of their payroll to the South African Revenue Service (SARS).
Public Finance Management Act, No. 1 of 1999	SASSETA is a public entity that falls under Schedule 3A of the Public Finance Management Act, No. 1 of 1999.
National Development Plan 2030	The NDP aims to eliminate poverty and reduce inequality by 2030. Chapter 13 states that South Africa needs to build a state that is capable of playing a developmental and transformative role.
National Human Resource Development Strategy of South Africa	The Strategy has several commitments designed to address the priorities of the South African Government in terms of skills development that supports economic and social development, facilitating greater access to education opportunities, as well as building a capable public sector to meet the needs of a developmental state.

SASSETA

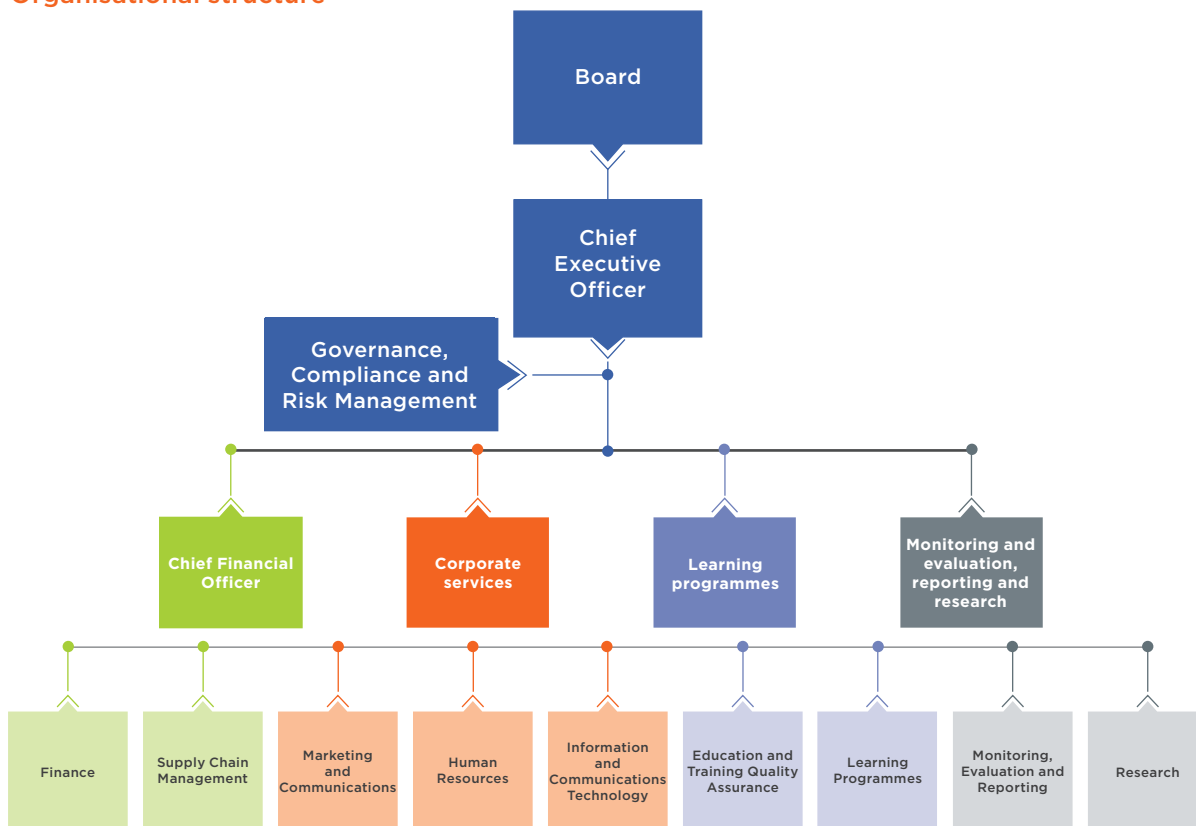
SCOPE OF COVERAGE

Legislation/policy/strategy	Description
National Skills Development Strategy III (NSDS III)	The NSDS III is the key strategic guide to inform skills development interventions and sector skills planning in all SETAs to respond to skills development challenges in the country for the period 2011 to 2018. The NSDS III further identifies seven key developmental and transformative imperatives of race, class, gender, geography, age, disability, and HIV and AIDS pandemic that will inform the nature and scope of skills development interventions by SETAs.
Strategic Integrated Projects (SIPs)	The 18 SIP's focus on infrastructure development as a catalyst to facilitating the creation of five million jobs by 2020.
National Qualifications Framework Act, No. 67 of 2008	SASSETA employs the provisions of Chapter 5 of the National Qualifications Framework Act, No. 67 of 2008 (NQF) to design training programmes, to carry out quality assurance, assess learner achievement and accredit training providers.
White Paper on Post-School Education and Training	The White Paper on Post-School Education and Training aims to establish a vision for the type of post-school education and training system that the Department of Higher Education and Training (DHET) desires by 2030 (DHET, 2013).
National Skills Accord	The National Skills Accord is a multi-constituency agreement between business, organised labour, community constituents at the National Economic and Development Labour Council (NEDLAC), and Government. It was signed to support the New Growth Path target of creating five million jobs by 2020. The Accord identifies eight commitments in relation to training and skills development that need to be implemented by the constituencies to achieve the New Growth Path.
Youth Employment Accord	<p>The Youth Empowerment Accord has six commitments that include education and training; access to work exposure; increase in the number of young people employed in the public service; youth target set-asides; youth entrepreneurship and youth co-operatives; and to develop private sector youth absorption programmes.</p> <p>SASSETA continues to support Government's drive to empower the youth by facilitating access to its skills development opportunities and programmes that include learnerships, internships, workplace learning and bursaries. SASSETA has also facilitated access for the unemployed youth to such skills development opportunities.</p>
Medium Term Strategic Framework (MTSF)	A Strategic Plan for Government for the current electoral term. It reflects the commitments made by the Government, including the commitment to implement the National Development Plan.
Medium Term Expenditure Framework (MTEF)	It provides the medium term spending plans of Government and budget allocations. It further highlights the impact of key national priorities.
New Growth Path	A bold, imaginative and effective strategy which seek to create 5 million new jobs that South Africa needs.

SASSETA

SCOPE OF COVERAGE

Organisational structure



PERFORMANCE INFORMATION

Introduction

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

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

The focus of this Annual Report is on the progress made for the period 1 April 2018 to 31 March 2019. The aim of the Annual Report is to assess progress on

the set targets at output level, and then to determine where these outputs are sufficiently on track to contribute to the goals and objectives detailed in the five-year strategy. It therefore reports on the extent to which interventions undertaken have led in achieving the targets detailed in the APP.

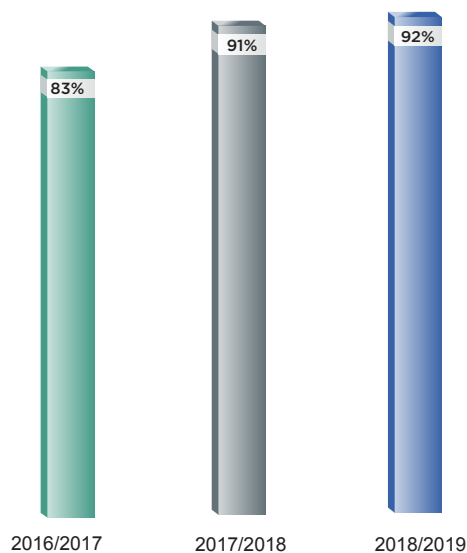
This report includes:

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

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

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

Overall performance of SASSETA



PROGRAMME 1: ADMINISTRATION

Programme overview

Programme purpose: To provide management with strategic and administrative support services that ensure effective delivery of learning programmes, skills planning, research, monitoring and evaluation.

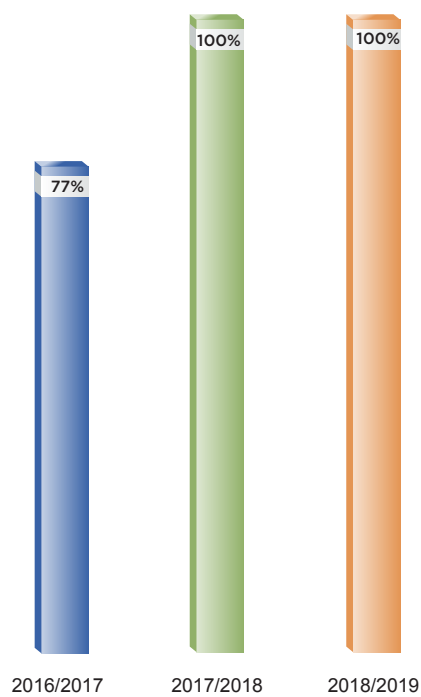
The programme is aimed at accelerating delivery of programmes and consists of the following sub-programmes:

- **Finance and Supply Chain Management** renders effective and efficient financial management and administrative support to SASSETA. This includes amongst others the effective, efficient and economical acquisition of goods and services.
- **Risk Management** proactively manages/addresses risks that have a negative impact on SASSETA's reputation and performance.
- **Internal Audit** provides Management and the Audit Committee with an independent objective assurance geared to improving the effectiveness of governance, risk management and internal control processes.
- **Human Resource Management** provides a leading role on matters pertaining to individual performance management, sound employer/employee relations, employee health and wellness, as well as effective and efficient recruitment, selection and placement services, including research and development of human resource policies and practices.
- **Information and Communications Technology** provides for the integration of the IT needs and requirements of SASSETA to enable it to achieve its mission, strategic goals and objectives and pave the way for its pursuance of internal and external customer satisfaction.
- **Communication and Marketing** co-ordinates corporate messages to all target groups and, in doing so, creates a client centric data-driven, communication through the synergistic delivery of advertising, media, digital marketing, eventing and stakeholder relations.

Overall programme performance

Similar to the preceding two financial years (2016/2017 and 2017/18), Programme 1 continued to achieve all six of its targets in the 2018/19 financial year. This shows a good positive improvement in programme 1's performance. The following table illustrates improvements on the achievements of this programme over the past three financial years.

Programme 1 comparative performance over three years



Programme 1: Administration had six indicators which were all achieved in the year under review.

Measures to address areas of under-performance

Programme 1 successfully continued to achieve all targets set for the year. This was due to consistent and sustainable management effort in the monitoring of action plans to enhance the performance of this programme.

PERFORMANCE INFORMATION

Ref	Performance indicators	Planned target 2018/2019	Quarter 1 achievement	Quarter 2 achievement
Strategic objective: Implement effective, efficient and economical financial and supply management practice and reporting				
1	Percentage of prior year findings raised by assurance providers resolved by 31 March 2019	100%	Not due for reporting	50%
2	Percentage of budget committed and/or spent against planned targets by 31 March 2019	100%	13.18%	49.20%
Strategic objective: Build organisational capacity for service delivery through effective human resource management				
3	Percentage compliance with Performance Management policies and procedures in relation to Performance Agreements and prior financial year Assessments conducted as at 31 March 2019	100%	69%	100%
Strategic objective: Establish accessible and integrated ICT infrastructure and business systems to enhance service delivery				
4	An integrated information system developed and implemented by 31 March 2019	100%	20%	20%
Strategic objective: Implement marketing and communications strategy to strengthen the SASSETA brand				
5	Enhance awareness and advocacy of the SASSETA brand	100%	20%	25%
Strategic objective: Effective management of business processes to promote good governance and ethical administration				
6	Improved Risk Management maturity level by 31 March 2019	Level 5	Not for reporting	Not for reporting

Finance and supply chain sub-programme

At 31 March 2019, SASSETA had committed almost 100% of its budget. This displayed diligent monitoring of expenditure and commitments in relation to the revenue received.

Revenue

- 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.
- The contribution represented 4.8% more than the amount budgeted for.

Expenditure

- The largest expenditure category remained the discretionary grants which is the core business of the SETA from the service delivery perspective.
- The disbursement of mandatory grants is attributable to the extent of the compliance of the received and compliant work skills plans (WSPs) and annual training reports (ATRs).
- The largest component of the administration expenditure remained compensation of employees.

Since the SETA came out of administration, a considerable effort was made to stabilise the financial situation of SASSETA. At the reporting date the organisation continued to be financially healthy.

	Quarter 3 achievement	Quarter 4 achievement	Term achievement	Deviation from planned targets to actual achievement for 2018/2019	Comment on deviation
	78%	29%	100%	No deviation	
	82%	99.15%	99.15%	0.85%	The reported achievement represents commitments against the targets planned. The following factors restore the extent of closing commitment balance providing context to the reported commitments: <ul style="list-style-type: none"> • Write-backs on projects • Savings from efficient projects implementation
	100%	100%	100%	No deviation	
	30%	100%	100%	No deviation	
	20%	35%	100%	No deviation	
	Not for reporting	Level 5	Level 5	No deviation	

Skills development levy income

- Private sector levies received were R15.4 million more than budgeted. Penalty and interest due to late payment by employers contributed significantly to performance.
- Other income was R3.2 million (11.2%) more than the budget.
- Contributions from government departments were R2.6 million more than the budget. Most government departments can only afford to contribute on the 10% basis. Six (6) government organs contributed at 30% basis, although contributions from three (3) state organs is less than R2 million added together.

Commitments: SASSETA continued to manage and sustain its commitments balances from the 2017/2018 to the 2018/2019 financial years within the acceptable norm and without over-committing the organisation. The increasing balance of commitments is mainly as a result of the delayed implementation of awarded projects which in most cases is not within the SETAs control.

Irregular expenditure: The organisation implemented processes to mitigate the occurrence of irregular expenditure instances. As a result, irregular expenditure decreased significantly. In the 2017/2018 financial year the organisation recorded irregular expenditure amounting to R2.39 million and R759 000 in the 2018/2019 financial year.

PERFORMANCE INFORMATION

Irregular expenditure incurred in the 2018/2019 financial year related to the following:

- Extension of a contract over the allowable 15% threshold.
- Supply chain management processes not adequately followed on the acquisition of goods and services.

Fruitless and wasteful expenditure: The organisation incurred fruitless and wasteful expenditure amounting to R44 000. A major portion of this balance was as a result of the cancellation of a contract for consulting services and the cancellation of venue bookings.

Measures to address non-compliance with laws and regulations

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

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

Changes to the planned targets for these sub-programmes

There were no changes to planned targets during the 2018/2019 financial year.

Risk Management sub-programme

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

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

Measures to sustain the performance of the sub-programme

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

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2018/2019 financial year.

Information and communications technology sub-programme

In the year under review the integration of systems has become a priority in order to ensure that SASSETA has readily available information to ensure quick and accurate decision-making. The two year system integration process has been implemented to achieve the following targets in Phase 1:

- The upgrading of servers to host the current and anticipated systems.
- Provision of ICT infrastructure to the new offices in KZN to enable seamless access to all relevant business applications.
- The development and implementation of an Integrated Information Management System after the completion of a thorough needs analysis per department to enable a seamless integration.
- The improvement of ICT security through the implementation of patch management, firewall and antivirus solutions to prevent known attacks and cyber-crime that can be committed against SASSETA. This will continue to be enhanced in the next financial year to ensure that all information assets of SASSETA are professionally safeguarded.
- Consistent implementation of ICT governance to ensure the adherence to international standards and best practices and our compliance with relevant legislation and government policies.
- ICT policies were reviewed, and the Governance Framework and Disaster Recovery Plan were approved.
- Service level agreements with service providers have been finalised and the next step is to ensure that these are monitored accordingly.

ICT Steering Committee

The ICT steering Committee continues to provide a valuable advisory and oversight service of all ICT projects and management of ICT within the organisation.

The capacity within ICT remains a challenge, however the following achievement can be recorded:

- The critical post of ICT Operations and Support Officer has been filled.

Measures to address under-performance of the sub-programme

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

Changes to the planned targets for the sub-programme

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

Human resource management sub-programme

For SASSETA to achieve its organisational strategic objectives, it needs skilled and competent employees. Human capital is undoubtedly the most valuable asset in SASSETA.

The focus on capacity building was sharpened in the year under review and the Human Resources Management sub-programme made considerable progress in implementing the Performance Management System (PMS) which was done successfully for the fourth consecutive year.

Linked to employee skills and competencies is the need to ensure employee wellness in the work environment. An Employee Wellness supplier was appointed in Q3 to provide a comprehensive range of preventative care and counselling services to employees.

Measures to address under-performance of the sub-programme

There was no under-performance in the achievement of targets for the Human Resources Management sub-programme.

Changes to the planned targets for the sub-programme

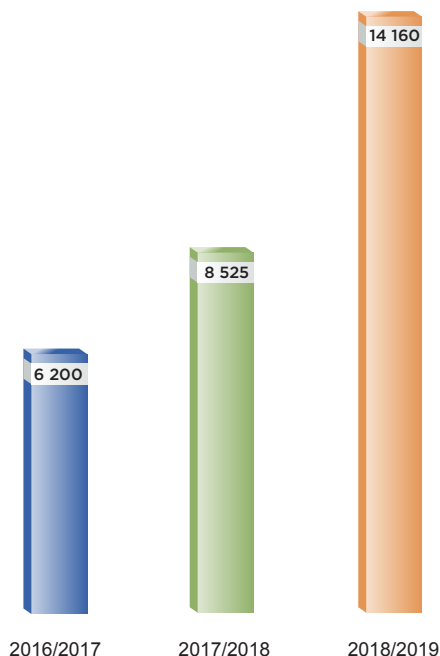
There were no changes to planned targets during the 2018/2019 financial year.

Marketing and communications sub-programme

Digital marketing

Digital marketing promotions increased market response to newspaper advertisements (Mandatory Grants, WSP deadlines) and provided cost-effective, personal communication with our target markets. For the year under review, SASSETA increased its presence on Facebook as the main platform of real time communication with our young audience sectors.

SASSETA Facebook followers (over 3 years)



Facebook followers increased from 8 525 on 1 April 2018 to 14 160 denoting an increase in followers of around 66 per cent over the past financial year. Facebook followers consist primarily of Black Learners (secondary school learners, unemployed youth and employed learners). The increase of 126% over the past three years significantly augments our marketing efforts in this sector.

Customer service improvement

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

Website

The new website was launched in Q4 of the year under review and the response to the new design and interactive approach has been positive. The new site offers direct portals for Learners, Training Providers and Employers that are targeted to their needs and thus offers quicker access to information.

PERFORMANCE INFORMATION

Intranet

The development of SASSETA's Intranet commenced in Q4 of the past financial year. The 'Big Idea' is to create an interactive and informative employee platform that provides up to date information, a social platform and a learning portal while integrating all other employee relations tools to provide a one stop employee portal.

Publications and Events

The MARCOM sub-programme produced all corporate publications in the past financial year including the Annual Performance Plan, Strategic Plan and the Annual Report. The annual SASSETA Roadshow that concluded in Q4 was project managed by this sub-programme.

Capacitation

The appointment of a Communications Practitioner to manage internal and external communications customer service was a welcome and positive change in the sub-programme. The appointment of a Communications Practitioner to assist with internal and external communications directly translated into increased output and improved productivity.

In an effort to further capacitate this sub-programme, three tenders were awarded for the provision of Website and Intranet design and support, Corporate Communications, Design and Print and Photography and Videography. These tenders will run until 31 March 2020 and will be re-advertised in January 2020 to ensure continuity.

Plans for 2019/2020

- Service Delivery and Customer Care instruction will be addressed in Q2 of the new financial year to assist employees who deal with stakeholders to hone their customer relationship skills.
- The structured introduction and management of the SASSETA Service Delivery Implementation plan to close service delivery gaps and improve corporate reputation will be launched in the new financial year. Client surveys will be conducted regularly to measure the external effect of internal service improvements.
- An integrated Customer Relationship Management (CRM) programme (cloud based) will be installed to enable the Call Centre and Management to track stakeholder queries from inception to resolution and escalate unresolved queries to closure.

Measures to address under-performance of the sub-programme

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

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2018/2019 financial year.

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

Programme overview

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

Programme 2 contributes to the following strategic objectives:

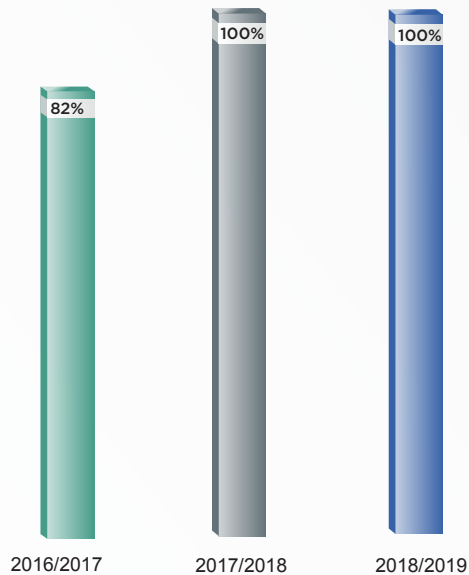
- Institutionalised robust planning towards achievement of the SASSETA mandate;
- Improved identification and understanding of the scarce and critical skills needs across the safety and security sector; and
- Increased integrity of monitoring and evaluation for planning and decision-making and accountability.

The programme consists of the following sub-programmes:

- Planning, Monitoring, Evaluation and Reporting; and
- Research.

Overall programme performance

Skills Planning, Monitoring, Evaluation, Reporting, and Research



Programme 2 had five indicators and targets for the 2018/2019 financial year. All indicators and targets were achieved.

Measures to address areas of under-performance

All planned targets were achieved for this programme.

PERFORMANCE INFORMATION

Ref	Performance indicators	Planned target 2018/2019	Quarter 1 achievement	Quarter 2 achievement
Strategic objective: Institutionalised robust planning towards achievement of the SETA mandate and stronger connections				
7	Sector Skills Plan (SSP) as approved by the Accounting Authority submitted to DHET by 30 September 2018	Sector Skills Plan (SSP) as approved by the Accounting Authority submitted to DHET by 30 September 2018	Draft SSP submitted to DHET by 15 June 2018	Final draft of the SSP submitted to DHET on 1 August 2018
8	Strategic Plan (SP) and Annual Performance Plan (APP) as approved by the Accounting Authority submitted to DHET by 15 November 2018	SP and APP as approved by the Accounting Authority submitted to DHET by 15 November 2018	-	-
Strategic objective: Improve mandatory grant disbursement and stakeholder participation to enhance understanding of the scarce and critical skills needs across the safety and security sector.				
9	Number of WSP's received, evaluated and approved by 31 March 2019	620	139	546
Strategic objective: Improve research output in terms of quality, quantity and impact while continuing to develop research capacity.				
10	Number of targeted impact assessments conducted by 31 March 2019	6	Not for reporting	Not for reporting
11	Number of targeted research studies conducted in support of the safety and security sector by 31 March 2019	3	Not for reporting	Not for reporting



	Quarter 3 achievement	Quarter 4 achievement	Term achievement	Deviation from planned targets to actual achievement for 2018/2019	Comment on deviation
ons with training academy in the sector					
	-	-	SSP submitted to DHET	N/a	None
	SP and APP approved and submitted to DHET	-	SP and APP approved and submitted to DHET	N/a	None
	-	-	685	65	This is a re-active target. 685 WSP's were received instead of the targeted 620.
	Not for reporting	6	6	N/a	None
	Not for reporting	3	3	N/a	None

Skills Planning, Monitoring, Evaluation, Reporting and Research

Organisational performance of this sub-programme continued its improvement trend experienced in the 2017/2018 financial year. Stakeholders complied with SASSETA requirements on the execution of projects. There were also no major findings during monitoring, an achievement that is directly attributed to a mature operational environment.

To eliminate the shortage of capacity in the sub-programme regarding evaluation, SASSETA has created a post of Evaluation Specialist to deal with this challenge. This post will be filled in the 2019/2020 financial year.

New entrants into the SASSETA space were closely monitored to ensure compliance and support during their implementation of projects. The Monitoring and Evaluation Committee that was established in the past financial year was successful in its oversight in this role.

The Research sub-programme is responsible for leading the development and coordination of the research agenda, research strategy and integrative technical support. It is also enjoined to execute and/or manage research activities tasked with the execution. The research sub-programme also participates in knowledge research and innovation on strategic development themes.

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

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

Research sub programme

Key outputs of the Research sub-programme for the 2018/19 financial year included updating the Sector Skills Plan as well as the completion and publication of three (3) research reports. This represents 100% achievement of the annual performance target as per the 2018/2019 Annual Performance Plan.

The sub-programme envisages intensifying its efforts to be the knowledge hub of the SETA through identifying, concluding and managing strategic partnerships with key stakeholders, amongst others.

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

1. Evaluation and Analysis of SASSETA Learnership Programmes - Enrolments versus Completions: Trends and Tensions
2. An Analysis of SASSETA Internship Programmes - Enrolments versus Completions: A work placement experience, 2013 - 2018.
3. Evaluation and Analysis of SASSETA's Artisan Programme: Enrolments versus Completions: Exploring Convergences and Differences.
4. Analysis of Bursaries Awarded for the 2018/2019 financial year.
5. Analysis of the White Paper for the Post-School System.
6. Tracer study on the Discretionary Grant Disbursement for the period 01 April 2015 up to 31 March 2019.

Five of the evaluation studies were conducted internally and one was outsourced.

Measures to address under-performance of the sub-programme

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

Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2018/2019 financial year.



PROGRAMME 3: LEARNING PROGRAMMES

Programme overview

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

Learning Programmes is a core department of SASSETA which oversees the management of the Discretionary Grants and is divided into two main sub-programmes namely Learner Registration and Learning Programme Implementation. Learning Programmes implementation comprises the following:

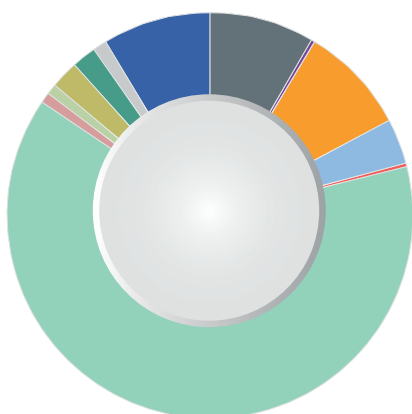
- Learnerships,
- Skills Programmes,
- Bursaries,
- Artisans,
- WIL (covering University Graduate Placements, Placement of TVET students and Internships),
- RPL support,
- Adult Education and Training,
- Career Guidance,
- Rural Support Programmes.

The focus of this programme is to implement learning interventions across the sector that address the skills gaps and interventions across the sector as identified in SASSETA's Sector Skills Plan, as well as national skills priorities.

In the period under review, Programme 3 had a total of 22 targets, of which 19 were achieved. This is an 86% achievement, confirming a steady improvement in performance against this programme despite a 45% increase in the number of targets set. Below is a graphical representation of the Programme's performance over the past few years.

Overall Programme 3 performance

Percentage of learnerships per learnership 2018/2019



- Basic Policing – 63%
- Building and Civil – 0.89%
- Construction Supervision – 0.95%
- Correctional Science – 2.06%
- Electronic Installation – 2.17%
- Generic Management – 0.86%
- GSO Learnership – 8.60%
- Labour Relations – 8.60%
- ODETDP NQF 5 – 0.21%
- Paralegal Learnership NQF 5 – 0.06%
- Public Administration – 8.60%
- Road Traffic Law Enforcement – 3.44%
- Specialist Security – 0.43%

The three targets that were not met are workers completing learnerships, workers completing skills programmes and university students completing university placements. This was largely due to non-primary focus learnerships and skills programmes that were completed but awaiting verification by other SETA's and Quality Assurance partners. SASSETA responded to a need to cover the entire period of articles for Candidate Attorneys (24 months) which was welcomed by the sector, however, this meant that the completion target that assumes 12 month internships could not be met. The bulk of these learners will complete their internships from August 2019 onwards.

Measures to address areas of under-performance

The Learning Programmes sub-programme has engaged the Quality Assurance partners under whose jurisdiction the non-primary focus learning programmes required by the sector falls, to establish working relationships to remove the bottlenecks. SASSETA will also support the sector to start implementing learning programmes as soon as possible to increase the number of workers who complete learning programmes during a financial year.

Learnerships delivered

Learnerships include an element of practical training, produce graduates with an ability to do the work (not just the theory) and are thus one of the preferred methods of learning in the sector. SASSETA currently has 11 816 learners on 227 learnership projects (86 new) against the following learnerships:

- Further Education and Training Certificate: Correctional Science
- Further Education and Training Certificate: Electronic Security Installation Practices
- Further Education and Training Certificate: Public Administration
- Further Education and Training Certificate: Specialist Security Practices
- National Certificate: Labour Relations
- National Certificate: General Security Practices
- National Certificate: Generic Management
- National Certificate: Occupationally Directed Education Training and Development Practices
- National Certificate: Paralegal Practice

These learners will exit the learnerships at different times and in different financial years. Drop-out rates of learners remain a concern and SASSETA has developed strategies to reduce drop outs. These include additional support and monitoring of learners, employers and service providers on projects.

PERFORMANCE INFORMATION

Skills programmes delivered

One of the ways a learner can achieve a qualification is through skills programmes, which are shorter, bite-size learning programmes which are ideal for topping up existing skills. SASSETA has seen an enthusiasm from workers to obtain qualifications in this way as work seems less overwhelming and can be done while being employed full time. Currently, there are 9 329 learners registered against shorter programmes designed for topping up in 175 projects (87 new).

Artisans trained

The year under review saw 250 learners being enrolled in various artisan-related learning programmes. In compliance with DHET requirements that only learners who had successfully completed trade tests can be reported as completed artisans, 100 learners being funded by SASSETA successfully completed trade tests and were issued with trade test certificates by the QCTO. This is a significant increase from the previous period where only 60 entered and completed artisan development programmes.

Bursaries offered

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

Workplace Integrated Learning

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

Internships

Through internships, employers in the sector are encouraged to host and provide unemployed youth with workplace experience for a period of 12 months. SASSETA pays the interns a stipend for the duration of the internship/placement. A total of 421 youth were supported to enter internships and the completion target of 300 was met.

University student placements

University placements focus on unemployed graduates of universities, universities of technology and TVET colleges to obtain workplace experience. This grant was largely used to support candidate attorneys throughout their period of articles (24 months).

TVET student placements

TVET students are required to obtain at least 18 months' workplace experience in order to obtain their qualifications. SASSETA plays an important role by providing stipends to learners and encouraging employers in its sector to host these learners. A total of 817 TVET students have been supported to obtain workplace experience.

Career guidance

SASSETA's approach to career guidance is to support school learners in their career selection and career fulfillment goals. A total of 30 schools were supported with career guidance. Most of these schools are in rural and hard to reach areas. These learners are encouraged to apply for bursaries that would enable them to complete their tertiary studies.

With unemployed learners, SASSETA makes several learnerships available to unemployed youth. During this period SASSETA paid the training provision costs associated with the learnerships, and also gave the learners a monthly stipend so they had funds to travel to and from classes and practical training and for meals. With employees already working in the sector, SASSETA funds various learning programmes to enable them to further advance their skills level.

Sector Partnerships

Within the safety and security sector, there are several stakeholders who play different but complementary roles to that of SASSETA. These range from crime prevention to victim empowerment, offender rehabilitation and re-integration of military veterans into the mainstream economy. To this end, SASSETA has entered into partnerships with five NGO's, five CBO's and three Trade Unions, and will be engaging other partners in the sector in the year ahead. Other partnerships concluded have been with three TVET colleges and two universities.

TVET college capacity building

SASSETA is committed to building the capacity of TVET colleges to make available credit bearing learning through the provision of programmes, including occupational qualifications. SASSETA recognises that TVET colleges have capacity that could assist in the mass roll-out of programmes in rural areas at a lower cost per learner. Because they are typically located

within communities, learners have easy access to the college and local employers, thus stimulating local economic development. To this end, SASSETA has partnered with five TVET colleges to offer the Electronic Security Installation qualification:

- Buffalo City TVET College
- False Bay TVET College
- Tshwane North TVET College
- Tshwane South TVET College
- Sedibeng TVET College

At each of these TVET colleges, SASSETA has set up a fully equipped workshop for the delivery of this qualification. Two lecturers from each of the TVET colleges have been trained in this area and will be supported to become registered Assessors to enable the colleges to offer the qualification in future. This will ensure that these colleges can apply for Discretionary Grants themselves to offer this qualification.



PERFORMANCE INFORMATION

Ref	Performance indicators	Planned target 2018/2019	Quarter 1 achievement	Quarter 2 achievement
Strategic objective: Increase the skills of the safety and security sector workforce by the provision of occupationally directed learning programmes that contribute to the transformation and professionalisation of the sector.				
12	Number of workers entering learnerships by 31 March 2019	2 600	197	163
13	Number of workers completed learnerships by 31 March 2019	1 950	50	138
14	Number of workers entering skills programme by 31 March 2019	3 500	193	170
15	Number of workers completed skills programme by 31 March 2019	2 625	233	298
16	Number of workers entering bursaries by 31 March 2019	200	4	60
17	Number of workers completed bursaries by 31 March 2019	60	0	13
Strategic objective: Increase the skills of unemployed persons by the provision of occupationally directed learning programmes that are NQF aligned and workplace experience that will improve their employability				
18	Number of unemployed learners entering learnerships by 31 March 2019	3 000	156	80
19	Number of unemployed learners completed learnerships by 31 March 2019	1 000	183	177
20	Number of unemployed learners entering skills programme by 31 March 2019	2 600	593	556
21	Number of unemployed learners completed skills programme by 31 March 2019	1 000	0	907
22	Number of unemployed learners entering bursaries by 31 March 2019	300	58	126
23	Number of unemployed learners completed bursaries by 31 March 2019	100	17	8

	Quarter 3 achievement	Quarter 4 achievement	Term achievement	Deviation from planned targets to actual achievement for 2018/2019	Comment on deviation
	427	1 822	2 609	+9	There is an overachievement due to learner drop outs and replacements on certain learning interventions.
	62	806	1 056	-894	Training has been completed on some projects which are quality assured by other SETAs and those SETAs have not verified the learner results and certified the learners yet.
	1 001	2 138	3 502	+2	There is an overachievement due to learner drop outs and replacements on certain learning interventions.
	478	618	1 627	-998	Training has been completed on other projects which are quality assured by other SETAs and those SETAs have not verified and certified the learners yet.
	29	107	200	On Target	
	0	47	60	On Target	
	164	2 600	3 000	On Target	
	40	835	1 235	+235	More learners than anticipated were found competent and certified.
	392	1 081	2 622	+22	There is an overachievement due to learner drop outs and replacements on certain learning interventions.
	433	104	1 444	+444	More learners than anticipated were found competent and certified.
	13	103	300	On Target	
	4	71	100	On Target	

PERFORMANCE INFORMATION

Ref	Performance indicators	Planned target 2018/2019	Quarter 1 achievement	Quarter 2 achievement
24	Number of unemployed learners entering internships by 31 March 2019	420	13	252
25	Number of unemployed learners completed internships by 31 March 2019	300	0	238
26	Number of TVET student placements by 31 March 2019	800	8	36
27	Number of TVET student placements completed by 31 March 2019	350	49	0
28	Number of University student placements by 31 March 2019	260	1	127
29	Number of University student placement completed by 31 March 2019	180	0	16
Strategic objective: To increase public sector capacity to improve, support and address service delivery				
30	Number of artisans entered by 31 March 2019	250	0	0
31	Number of artisans completed by 31 March 2019	100	5	9
32	Number of workers entering lecturer development learning programmes by 31 March 2019	100	0	0
33	Number of workers completed lecturer development learning programmes by 31 March 2019	80	0	0



	Quarter 3 achievement	Quarter 4 achievement	Term achievement	Deviation from planned targets to actual achievement for 2018/2019	Comment on deviation
	110	46	421	+1	There is an overachievement due to learner drop out and replacement on learning interventions.
	27	35	300	On Target	
	43	730	817	+17	Call by DHET to support TVET colleges and stipend savings from other learning interventions were channeled to support more learners.
	134	167	350	On Target	
	63	75	266	Target Achieved	There is an overachievement due to learner drop outs and replacements on certain learning interventions.
	1	11	28	-152	Mostly candidate attorneys are funded and they are required to undertake 24 months of training and have thus not yet completed training.
	0	250	250	On Target	
	0	86	100	On Target	
	0	100	100	On Target	
	0	83	83	+3	More learners than anticipated were found competent and certified.



PERFORMANCE INFORMATION

SASSETA is in the process of engaging and integrating information systems in order to improve service delivery. This will reduce turnaround times and provide management tools and capabilities in order to improve the overall customer experience of SASSETA stakeholders. Platforms are being developed to automate most of the engagements with the SETA ranging from enrolling learners on learning programmes to accessing discretionary grants.

Oversight of the accountability and management of Learning Programmes was adequate throughout the reporting period. Appropriate levels of review of the information included in the quarterly reports were undertaken to ensure its validity, accuracy and completion.

Roadshows were held nationally to engage stakeholders on various key issues, including access to the discretionary grants. These engagements were

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

The collaboration with the Skills Planning, Monitoring, Evaluation, Reporting and Research sub-programme has enhanced the tracking of performance progress against the set targets. The execution of our stakeholder learning programmes has improved the quality and quantity of learners' outputs, as well as strengthening the integrity of reporting on performance information and accountability.

Changes to the planned targets for the programme

There were no changes to planned targets during the 2018/2019 financial year.



PROGRAMME 4: EDUCATION TRAINING QUALITY ASSURANCE (ETQA)

Programme overview

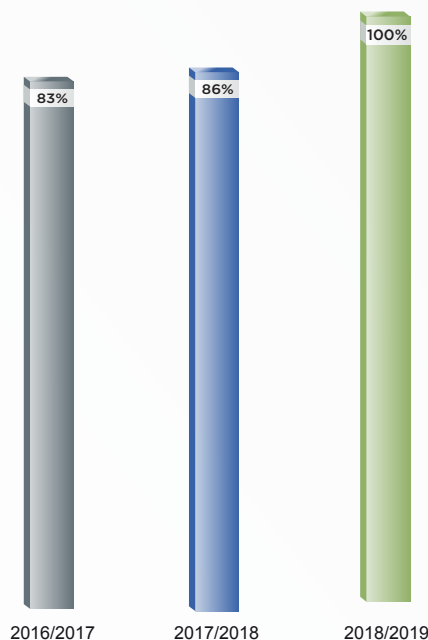
Programme purpose: The SASSETA ETQA functions are mandated from DHET and QCTO. This is to ensure alignment across all SETAs for the financial year under review. The functional areas include the accreditation of skills development providers, registration of Assessors and Moderators and evaluation of learning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

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

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

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

ETQA Performance 2018/2019



The sub-programme achieved all targets. The practice was to enhance performance in line with National Qualification Framework (NQF) principles within the safety and security sector.

The ETQA achieved a green status at 100% on the league table for Quality Assurance Functionaries' (QAFs) as well the Development Quality Partner (DQP) compliance of the Quality Council of Trade, and Occupations (QCTO) and South African Qualifications Authority (SAQA) in the financial year under review.

PERFORMANCE INFORMATION

Ref	Performance indicators	Planned target 2018/2019	Quarter 1 achievement	Quarter 2 achievement
Strategic objective: Ensure improved efficiency in the delivery and compliance of quality programmes for the safety and security sector.				
34	Number of new providers accredited in compliance with SASSETA Skills Development Provider Policy by 31 March 2019	New providers accredited in compliance with SASSETA Skills Development Provider Policy by 31 March 2019	31/32	25/26
35	Number of new accredited learning programmes approved by SASSETA to be offered at public higher learning institutions by 31 March 2019	4	1	-
Strategic objective: Increase access to occupationally directed programmes in the safety and security sector				
36	Number of learners certified by SASSETA on full qualifications by 31 March 2019	Number of learners certified by SASSETA on full qualifications by 31 March 2019	113	691
Strategic objective: Promote the growth of public institutions that are responsive to the sector priority needs nationally				
37	Number of qualifications re-aligned or developed in the sector and submitted to QCTO for registration by 31 March 2019	4	-	-

Quality Council for Trades and Occupations (QCTO) Accreditation Mandate

Accreditation of Skills Development Providers

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

When applying for accreditation and extension of scope on a full qualification, all accredited skills development providers and new applicants are requested firstly with the QCTO. This is done through a letter of intent for the specific full qualifications. The same will be received via QCTO and SASSETA ETQA will then process the application and give feedback and recommendations.

The registration process with the QCTO was initiated on the 1 July 2018 and this is a continuous process to ensure that all the requirements are met by skills development providers before accreditation. There are further changes being planned, where eventually the QCTO will be fully responsible for accreditation going forward.

Quality Council of Trades and Occupations (QCTO) Artisan Trade and Learner Certification sub-programme

The ETQA conducts verification and approval for artisan projects to ensure allocation and generation of serial numbers for the relevant learners (as requested by training provers). Providers arrange for artisan trade tests and trade test results are submitted to the NAMB for final assessment and they are recommended to QCTO for certificates.

	Quarter 3 achievement	Quarter 4 achievement	Term achievement	Deviation from planned targets to actual achievement for 2018/2019	Comment on deviation
	16/20	26/30	98	No deviation	
	-	3	4	<ul style="list-style-type: none"> • Sedibeng TVET College - Vereeniging • Umgungudlovu TVET College- Midlands Campus • Maluti TVET College - Kwetlisong • Vhembe TVET College 	
	278	2 145	3 227	No deviation	
	1	3	4	<ul style="list-style-type: none"> • National Certificate: Locksmithing (50541) • Occupational Certificate: Traffic Officer (97639) • National Certificate: Close Protector (58696) • National Certificate: Security Officer (58577) 	

SASSETA Provincial Offices

In terms of Goal 4.3 of the NSDS III, SETAs should identify FET colleges with relevant programmes and put in place partnerships to offer vocational courses and work. In 2012 the Minister of Higher Education and Training indicated in his budget vote speech that SETAs must open offices nationally, in order to be present in specific areas as well as to provide a service to the community.

SASSETA has opened three offices in the province of KwaZulu-Natal. These offices are already established by SASSETA with the following TVET colleges and is evaluating the feasibility of opening offices in other provinces.

TVET College	Region
Ethekwini TVET College	Durban
Amajuba TVET College	Newcastle
Umgungudlovu TVET College	Pietermaritzburg

GOVERNANCE

Introduction

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

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

Operations of SASSETA adhere to corporate governance principles and are supported by the Skills Development Levies Act, 97 of 2003, the Public Finance Management Act of 1999 (as amended) and Treasury regulations, all of which enable SASSETA to achieve its National Skills Development Strategy (NSDS) III imperatives.

Accounting authority

The Board of SASSETA was appointed in April 2018 following the administration term that started on 1 February 2015 and ended on 31 March 2018. The Board presented the following documents and reports to the Executive Authority in the 2018/2019 financial year:

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

During the year under review, the role of the Accounting Authority was fulfilled by the new SASSETA Board.

The Board's responsibilities and accountability for the SETA's performance and strategic direction are outlined below:

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

The following committee meetings were held in 2018/2019:

Committee	No. Meetings	No. Members	Names of members	Designation in the committee
Board	7	15	Ms N Jolingana Lt-Gen N Mkhwanazi Ms Z Tiry Mr J Selepe Mr R Adams* Mr S Conradie Major General A Fakir Mr K Moyo Mr P Nephawe Mr T Moyana Ms T Mkhize Ms M Molefe Ms I Kuhn Ms M Lephadi Ms D Dludlu	Chairperson Member: Organised Employer Member: Organised Employer Member: Organised Employer Member: Organised Employer Member: Organised Employer Member: Organised Labour Member: Organised Labour Member: Organised Labour Member: Organised Labour Member: Organised Labour Member: Organised Labour Member: Community Organisation Member: Professional Bodies
Executive Committee	7	5	Ms N Jolingana Ms Z Tiry Ms T Mkhize Mr P Nephawe Mr S Conradie	Chairperson Member: Organised Employer Member: Organised Labour Member: Organised Labour Member: Organised Employer
Audit and Risk Committee	6	8	Mr F Docrat Mr E Mayet** Mr R Nke** Mr H Hlomane** Ms M Pillay Ms P Mushwana Mr A Moyana Mr R Adams*	Chairperson Independent Non-executive Member Independent Non-executive Member Independent Non-executive Member Independent Non-executive Member Independent Non-executive Member Board representative: Organised Labour Board representative: Organised Employer
Quarterly Review Committee	4	14	Mr V Memela Ms I Bowden Mr R Ngcobo Mr W Nkuna Mr M Khakhathiba Ms T Maphala Mr R Matlala Mr E Ndawo Ms L Nxumalo Ms R Ndlebe Mr L Ngxola Ms S Ngwenya Ms J Amod Mr I Diale	Chairperson Marketing and Communications Manager Manager – Human Resources ICT Manager Finance Manager Manager – Supply Chain Management Research and Planning Manager Acting Manager – Monitoring and Evaluation Learning Programmes Manager Manager ETQA (Acting) Regional Manager Executive Manager Corporate Services Executive Manager Learning Programmes Chief Financial Officer
Governance and Strategy	4	6	Ms D Dludlu Ms M Lephadi Ms M Molefe Ms I Kuhn Lt-Gen N Mkhwanazi Major General A Fakir*	Chairperson: Professional Bodies Member: Community Organisation Member: Organised Labour Member: Organised Labour Member: Organised Employer Member: Organised Employer

GOVERNANCE

Committee	No. Meetings	No. Members	Names of members	Designation in the committee
Finance Committee	4	4	Lt-Gen N Mkhwanazi Ms I Kuhn Mr K Moyo Mr J Selepe	Chairperson: Organised Employer Member: Organised Labour Member: Organised Labour Member: Organised Employer
Remuneration Committee	5	5	Ms M Lephadi Ms D Dlodlu Mr K Moyo Mr R Adams* Mr J Selepe	Chairperson: Community Organisation Member: Professional Bodies Member: Organised Labour Member: Organised Employer Member: Organised Employer
ETQA Committee	8	11	Ms J Amod Mr I Diale Ms A Bezuidenhout Ms M Matlala Mr M Mosito* Mr L Ngxola Ms L Nxumalo Ms I Bowden Ms T Maphala Mr R Ngcobo Ms R Ndlebe	Chairperson Alternative Chairperson Secretary ETQA Manager Acting Project Manager (resigned) Regional Manager Learning Programmes Manager Marketing and Communications Manager Supply Chain Manager Human Resources Manager ETQA Manager (Acting)
Discretionary Grant Bid Evaluation Committee	27	10	Mr M Khakhathiba Mr L Ngxola* Mr W Nkuna* Mr M Mosito* Mr T Netshituni* Ms M Matlala* Mr R Matlala* Ms R Ndlebe* Mr T Maloka* Mr T Tshelwane*	Chairperson Regional Manager ICT Manager Acting Manager: LP (resigned) Accountant (Alternate Member) ETQA Manager Research and Planning Manager ETQA Manager (Acting) Practitioner: Learning Programmes Practitioner: Artisan Development (Alternate Member)
Bid Adjudication Committee	27	5	Mr I Diale Ms S Ngwenya Ms J Amod Ms A Mamabolo** Mr R Ngcobo	Chairperson Executive Manager Corporate Services Executive Manager Learning Programmes Advisor to the ACEO Alternate Member
ITC Steering Committee	4	14	Mr H Hlomane** Ms P Mushwana Mr R Ngcobo Mr L Ngxola Mr M Mosito* Ms M Matlala Mr M Khakhathiba Mr W Nkuna Ms L Nxumalo Ms T Maphala Mr R Matlala Ms I Bowden Mr B Mashilo* Mr S Fitzpatrick	Chairperson Chairperson Human Resources Manager Regional Manager Learning Programmes Manager ETQA Manager Finance Manager ICT Manager Learning Programmes Manager Supply Chain Manager Research and Planning Manager Marketing & Communications Manager Governance, Compliance & Risk Manager Internal Audit Representative

Committee	No. Meetings	No. Members	Names of members	Designation in the committee
Employee Equity Committee	7	16	Mr R Adviser	Chairperson (Rep: Coloured Males)
			Ms K Mbuli	Rep: People living with disabilities
			Ms M Matlala	Rep: Management
			Mr R Govender	Rep: Indian males
			Ms A Sibanda	Rep: Unskilled staff
			Ms X Mhinga	Rep: Administrators
			Mr M Mosito*	Rep: Union (resigned)
			Ms S Ngwenya	Rep: EE Manager
			Ms A Boshomane	Rep: African females
			Ms I Bowden	Rep: White females
			Ms N Ngoepe	Rep: Practitioners
			Ms A Bezuidenhout	Rep: Coloured females
			Ms W Moosa	Rep: Indian females
			Mr C Tlabela	Rep: African males
			Mr T Monotoe	Rep: Practitioners (Alternate Member)
Ms T Railo	Rep: Administrators (Alternate Member)			
Management Committee	8	15	Mr V Memela	Chairperson
			Ms J Amod	Executive Manager: Learning programmes
			Ms S Ngwenya	Executive Manager Corporate Services
			Mr I Diale	Chief Financial Officer
			Mr L Ngxola	Regional Manager
			Ms L Nxumalo	Learning Programmes Manager
			Ms M Matlala	ETQA Manager
			Mr M Khakhathiba	Finance Manager
			Mr W Nkuna	ICT Manager
			Ms I Bowden	Marketing and Communications Manager
			Mr R Ngcobo	Human Resources Manager
			Ms T Maphala	Supply Chain Manager
			Mr B Mashilo*	Risk and Compliance Manager
			Mr R Matlala	Research and Planning Manager
			Mr E Ndawo	Monitoring, Evaluation and Reporting Manager
Mandatory Grant Committee	3	6	Mr M Khakhathiba	Chairperson
			Ms M Mhinga	Secretary
			Ms I Modibe	Alternate member
			Ms J Amod	Executive Manager Learning Programmes
			Mr R Matlala	Research and Planning Manager
			Mr J Netshituni	Financial Accountant

GOVERNANCE

Committee	No. Meetings	No. Members	Names of members	Designation in the committee
Quarterly Performance Review		15	Mr V Memela Ms J Amod Ms S Ngwenya Mr I Diale Mr L Ngxola Ms L Nxumalo Ms M Matlala Mr M Khakhathiba Mr W Nkuna Ms I Bowden Mr R Ngcobo Ms T Maphala Mr B Mashilo* Mr R Matlala Mr E Ndawo	Chairperson Executive Manager: Learning programmes Executive Manager Corporate Services Chief Financial Officer Regional Manager Learning Programmes Manager ETQA Manager Finance Manager ICT Manager Marketing and Communications Manager Human Resources Manager Supply Chain Manager Risk and Compliance Manager Research and Planning Manager Monitoring, Evaluation and Reporting Manager
Skills Development Task Team	4	7	Mr R Ngcobo Mr M Khakhathiba Ms J Amod Ms I Bowden Mr R Matlala Ms T Maphala Ms A Boshomane	Chairperson Finance Manager Executive Manager Learning Programmes Marketing and Communications Manager Research and Planning Manager Supply Chain Manager Union Representative

Committee	No. Meetings	No. Members	Names of members	Designation in the committee
Risk Management Committee	5	15	Mr E Mayet** Ms M Pillay Mr I Diale Mr M Khakhathiba Mr L Ngxola Mr W Nkuna Mr R Matlala Ms M Matlala Ms L Nxumalo Ms I Bowden Mr R Ngcobo Ms T Maphala Mr B Mashilo* Ms A Mamabolo** Mr R Kistnan	Chairperson Chairperson Chief Financial Officer Finance Manager Regional Manager ICT Manager Research and Planning ETQA Manager Learning Programmes Manager Marketing and Communications Manager HR Manager Supply Chain Manager Risk and Compliance Manager Advisor to the ACEO Internal Audit
Negotiating Committee	4	8	Mr R Ngcobo Mr I Diale Ms S Ngwenya Ms J Amod Ms A Boshomane Mr C Mabu Mr S Mahopo Mr N Nombelani	Human Resources Manager Chief Financial Officer Executive Manager Corporate Services Executive Manager Learning Programmes Union Representative Union Representative Staff Representative Mohopo - Union Representative
Corrections	2	6	Ms Z Tiry Mr T P Gadisi Mr M P Lambani Mr T J D Venter Ms N G Malinga Mr X L Marimani	Chairperson South African Custodial Management Department of Correctional Services G4S Corrections Service SA Public Servants Association Police and Prisons Civil Rights Union
Policing	2	8	Ms D Dlodlu Ms E B Maaga Mr P R K Maponyane Mr K J Magagula Mr M Gaya Mr M S Mahlatjie Mr V C Maphalala Mr M P Nthakeni	Chairperson South African Police Service Road Traffic Management Corporation South African Policing Union Police and Prisons Civil Rights Union Civilian Secretariat for Police Service Independent Police Investigative Directorate Limpopo Department of Transport

Committee	No. Meetings	No. Members	Names of members	Designation in the committee
Private Security	1	7	Mr T Moyana Mr I Ralioma Mr M P Bhembe Prof W A Thorpe Mr V Z Ntshangase Mr T S Dube Mr C A Laubscher	Chairperson Private Security Industry Regulatory Authority South African Transport and Allied Workers Union South African National Security Employer Democratized Transport Logistics & Allied Workers Union Kungwini Amalgamated Workers Union Security Association of South Africa
Justice	1	6	Mr K Moyo Mr S Viljoen Ms R K Tsolo Mr C Z Nanto Ms B Watters Ms K E Tshoke	Chairperson Public Servants Association Department of Justice and Constitutional Development National Education, Health and Allied Workers Union National Prosecuting Authority Office of the Chief Justice

* Member resigned during 2018/19 financial year

** Member contract ended during 2018/19 financial year

Risk Management

Over the last few years, SASSETA embarked upon a comprehensive, organisation wide, risk management process that was implemented in a structured and integrated manner. This was geared to support strategy and mitigating risks within acceptable risk tolerance levels. The SASSETA risk management framework covers all areas of business and risks identified are categorised into strategic and operational risks per the respective functional areas and business processes.

SASSETA's Risk Management Strategy lays out the guiding principles for the SETA's management of risk. The monitoring of organisational risks is the responsibility of the Governance, Compliance and Risk Manager while the implementation of the mitigating factors for these risks is the responsibility of all SASSETA staff.

The SETA's Risk Management Policy promotes a standard approach to enterprise risk management 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 SASSETA's risk management framework is facilitated through regular risk assessments and reporting by risk champions to the governance structures of the SETA, outlining the relevance, progress, and status of risks treatments.

During the 2018/19 financial year, SASSETA partnered with the Institute of Risk Management South Africa (IRMSA) which enhanced the intelligence within SASSETA.

Risk assessment

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

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

Risk Management Committee

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

Risk maturity assessment

The SETA continued to achieve level 5 risk maturity assessment level from the National Treasury as at 31 March 2019. Furthermore, quarterly reports on the risk response and mitigation plans were submitted to National Treasury.

Fraud prevention

SASSETA commits itself to a zero-tolerance attitude towards any form of fraud, corruption and maladministration related to activities in its operations. The SETA further commits to fully investigate, within the ambit of the law, such duly reported activities while respecting and protecting the rights of all parties involved without casting aspersions against anyone involved.

SASSETA's request to participate on the Public Service Commission's (PSC) national anti-corruption hotline was accepted. A communiqué was forwarded to all SASSETA staff and external Stakeholders for effective utilisation of this anti-corruption hotline.

Internal audit

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

Key activities and objectives of the Internal Audit function include:

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

Audit and Risk Committee report

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

Internal Audit

The Entity has in terms of section 38 of the Public Finance Management Act of 1999, put in place a system

of Internal Audit under the control and direction of the Audit and Risk Committee that complies with and operates in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA.

The primary objective of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and suggest improvements regarding the effectiveness of risk management, internal controls, and governance processes. A risk based annual audit plan for 2018/19 was compiled and approved by the ARC.

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

Audit and Risk Committee

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

The Audit Committee amongst others reviews:

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

GOVERNANCE

Attendance of Audit Committee meetings by Audit Committee members

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

Members	Qualifications	Designation	Number of meetings attended
Mr F Docrat (Chairman)	CISM, CISA, CGEIT, MBA, MAP, CRM-Prac, COPE	Independent non-executive member	6
Mr E Mayet	B.Compt Accounting Science - UNISA B.Com Accounting - University of Durban - Westville	Independent non-executive member*	1
Mr H Hlomane	Masters in IT - University of Pretoria Bsc Mathematical Science - UCT Diploma in Project Management - Varsity College Diploma in Business Management - Varsity College	Independent non-executive member*	1
Mr R Nke	B Juris - University of the North West LL.B - University of the Witwatersrand H. Dip Tax Law - Rand Afrikaans University H. Dip Co Law - University of the Witwatersrand Postgraduate Diploma in Cyber Law - Rand Afrikaans University	Independent non-executive member*	0
Ms M Pillay	CA (SA) Bcom Honours: Accounting Science (Cum Laude) - University of Natal Bachelor of Commerce degree - University of Natal	Independent non-executive member**	4
Ms P Mushwana	Bcom Honours: Informatics - University of Pretoria HDip: Computer Audit - University of Witwatersrand Bsc: Computer Science - University Pretoria	Independent non-executive member**	1
Mr A Moyana	Btech: Public Management - UNISA National Diploma: Public Management & Admin - Tshwane University of Technology	Board representative: Organised Labour**	6
Mr R Adams	PhD: Management & Technology - Da Vinci Institute Innovation Magister Administration Degree - University of the Western Cape BA Honours Degree: Industrial Psychology - University of the Western Cape B Admin Degree South African Board of Personnel Practice (SARBPP) Chartered HR Practitioner (CHRP)	Board representative: Organised Employer**	6

* Member contract ended on 30 June 2018.

** Member appointed during 2018/19 financial year.

We are pleased to present our report for the financial year ended 31 March 2019.

Audit Committee responsibility

The ARC reported compliance with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act (PFMA) and National Treasury Regulation 3.1. The ARC has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter, and has discharged all of its responsibilities as contained therein.

The effectiveness of internal controls

The system of controls within SASSETA are designed to provide reasonable assurance that assets are

safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved by a risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The Internal Audit findings, based on the risk assessment of the entity, revealed areas which require enhancements in the following areas:

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

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

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

- Review of Internal Audit Charter;
- ICT general controls review;
- ICT network vulnerability assessment ;
- Annual performance report review;
- Whistle blowing allegations;
- Follow up of internal and external audit findings; and
- Evaluation of the Audit and Risk Committee effectiveness.

While considerable improvement continues to be noted in the overall internal control environment, the following areas of concern emerged and/or were identified:

- Project management in relation to grants;
- Information and Communications Technology; and
- Further strengthening in the compliance.

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

Internal Audit

We are satisfied that the Internal Audit function has addressed the risks, and assisted the entity with value adding services to ensure that both financial and operational objectives are achieved.

The area of concern identified by the Audit Committee is:

- The relocation of SASSETA to other premises.

In-year management and monthly/quarterly report

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

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

Evaluation of financial statements

The Audit 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 the entity's processes for compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives as reported in the Annual Report;
- Reviewed adjustments resulting from the audit of the entity; and
- Reviewed changes to the Annual Financial Statements as presented by the entity for the year ending 31 March 2019.

Report of the Auditor-General South Africa

We have on a quarterly basis reviewed the entity's implementation plan for audit issues raised in the prior year and the ARC is satisfied that the matters previously reported have been adequately resolved. The ARC concurs and accepts the conclusions of the Auditor General SA on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the Auditor General's report.

Appreciation

The ARC wishes to acknowledge the dedication and work performed by the Acting Chief Executive Officer, the Chief Financial Officer, Management and employees of 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 us to discharge our duties and responsibilities.



Faizal Docrat
Chairperson of the Audit Committee
30 August 2019

Compliance with laws and regulations

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

Independent assurance of compliance with laws and regulations is obtained through the work of Internal Audit, and compliance audits conducted by other Government institutions such as DHET, NT, QCTO, as well as the regulatory audit conducted by AGSA.

New developments and changes to skills development legislation are also communicated to the broader stakeholder base through workshops, stakeholder forums' bulk email, and the SASSETA website.

Fraud and corruption

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

A dedicated toll free number is managed independently for the purpose of reporting suspected or known fraud and irregularities.

Minimising conflicts of interest

SASSETA requires all staff members to disclose their financial interests on an annual basis. To minimise the risk of conflicts of interest with stakeholders across the board, a declaration of interest form is circulated

to members of committees before the commencement of meetings, and employees declare any interest they might have in relation to transactions entered into with service providers.

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

Code of conduct

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

Social responsibility

SASSETA acknowledges that good governance and solid stakeholder relations create internal and external value.

During the year under review, SASSETA strengthened this value through promoting corporate governance, enhancing relationships with key stakeholders and implementing applications to promote a coherent culture within the organisation.

The SETA continuously strives for the highest ethical standards so that our corporate reputation as a leader in the safety and security industry can flourish.

HUMAN RESOURCE MANAGEMENT

Introduction

The Human Resource sub-programme is 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 Department include Performance Management of staff, Human Resource Development, Recruitment and Selection, Staff Retention, Employee Benefits, Employee Wellness, Leave Administration and Occupational Health and Safety.

Performance management of staff

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

Human Resource Development

Skills Development and Training

This sub-programme complied with the requirements of the Skills Development Act, 97 of 1998 by submitting the 2018/2019 Workplace Skills Plan (WSP) to the Services SETA (affiliating SETA) and implemented the plan through various training interventions. The Annual Training Report (ATR) was also prepared and submitted accordingly to the Services SETA.

A Skills Development and Training team was established to fast track the implementation of those training requirements aimed at improving productivity and professionalism. The full effect of this initiative will be seen in the new financial year.

New organisation structure

The new organisation structure was reviewed and approved after consultation with the relevant stakeholders. This review process put emphasis on ensuring that functions performed, supported and responded to the strategic mandate of the SETA.

Job and salary grading

The job grading and salary grading process that started in the previous financial year will be completed in 2019/2020. These processes were linked to the new job descriptions developed for all staff and aimed at addressing historical salary discrepancies. The process is geared to allow for greater transparency and accountability on staff salaries within the organisation. It will provide guidance and ensure consistency when appointing staff. The job grading report will be finalised in consultation with the trade union that represents SASSETA staff for implementation in the new financial year.

Employee development

Employee education and study assistance was aligned to the employees' personal development plans (PDPs), and increased knowledge in their particular work environments. The new SASSETA HRD Plan also served to simplify the implementation of Affirmative

Action measures within the organisation. A total of 32 employees were funded for various academic studies.

Restructuring of committees

During the 2018/2019 financial year, a number of the human resource processes and committees were reviewed, including the Employment Equity Committee. This was done to ensure that these committees are properly structured and represented.

Policy development

In the year under review, SASSETA embarked on a process of reviewing and enhancing its Human Resource policies. The revised and approved policies will be implemented in the new financial year.

Recruitment and selection

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

Employee wellness

SASSETA's partnership with a wellness organisation in the past financial year delivered dividends by empowering employees to take control of their wellbeing, living more productive work lives and more enhanced private lives. Employees have year long, 24 hour access to counselling services provided in all South African languages.

Employment Equity

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

Employee Relations

A new Union signed a Recognition Agreement with SASSETA. This is in line with Labour Relations Act, 66 of 1995. Subsequently, a workplace forum made up of Management representatives and Union representatives was established. This is a very critical structure for promoting and maintaining sound employer-employee relations in SASSETA.

Focus areas for 2019/2020

Climate survey: staff satisfaction

A climate survey will be conducted to assess employees' perceptions and views towards the organisation and, most importantly, determine the intervention required. The results of the survey will be implemented to enhance the work environment and culture of the SETA.

Skills audit

A comprehensive skills audit is planned to assess the adequacy of skills within the organisation versus the required skills.

HUMAN RESOURCE MANAGEMENT

Human resource oversight statistics

Human Resource expenditure per programme

Programme	(Draft) Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure
Administration	87 327	30 800	8%
Skills planning, monitoring, evaluation and research	68 309	14 272	3%
Learning programmes	242 789	17 931	4%
Education, training and quality assurance	11 725	10 633	3%
Total	410 150	73 636	

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost
Top management	3 375	5%
Senior management	4 573	6%
Professionally qualified and experienced specialist	12 609	17%
Skilled technical and academically qualified	22 585	31%
Semi-skilled and discretionary decision making	27 911	38%
Unskilled and defined decision making	2 583	4%
Total	73 636	100%

Performance Awards 2016/2017 and 2018/2019

Programme	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top management	103	3 375	0%
Senior management	117	4 573	0%
Professionally qualified and experienced specialist	490	12 609	1%
Skilled technical and academically qualified	1 146	22 585	2%
Semi-skilled and discretionary decision making	1 370	27 911	2%
Unskilled and defined decision making	45	2 583	0%
Total	3 271	73 636	

Employment and vacancies at 31 March 2019

Programme/activity/objective	Number of employees	% of staff complement	Current vacancies
Programme 1	53	37.5%	4
Programme 2	25	17.7%	2
Programme 3	41	29.2%	3
Programme 4	22	15.6%	1
Total	141	100%	10

Number of employees by occupational level for the 2018/2019 financial year

Employee level	Number of employees	% of staff complement
Top management	1	0.7%
Senior management	4	2.8%
Professional qualified and experienced specialists	11	7.8%
Skilled technical and academically qualified	34	24.1%
Semi-skilled and discretionary decision making	72	51.1%
Unskilled and defined decision making	4	2.8%
Interns	14	9.9%
Contract employees	2	1.4%
Total	141	100%

Number of employees by occupational level for the 2018/2019 financial year

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top management	1	-	1	0
Senior management	5	-	1	4
Professional qualified and experienced specialists	12	-	1	11
Skilled technical and academically qualified	33	3	2	34
Semi-skilled and discretionary decision making	71	1	-	72
Unskilled and defined decision making	4	-	-	4
Interns	-	14	-	14
Contract employees	-	2	-	2
Total	126	20	5	141

Reasons for employees leaving

	Number
Death	-
Resignation	4
Dismissal	1
Retirement	-
Ill health	-
Expiry of contract	-
Other	-
Total	5

Labour relations: misconduct and disciplinary action

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

HUMAN RESOURCE MANAGEMENT

Equity target and Employment Equity status

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	1	-	-	-	1	-	-	-
Professional qualified and experienced specialists	3	-	-	-	-	-	1	-
Skilled technical and academically qualified	14	-	-	-	1	-	-	-
Semi-skilled and discretionary decision making	60	-	1	-	1	-	-	-
Unskilled and defined decision making	3	-	-	-	-	-	-	-

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	2	-	-	-	-	-	-	-
Professional qualified and experienced specialists	5	-	-	-	-	-	-	-
Skilled technical and academically qualified	13	-	1	-	1	-	-	-
Semi-skilled and discretionary decision making	8	-	-	-	-	-	-	-
Unskilled and defined decision making	1	-	-	-	-	-	-	-

Disabled staff

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

LIST OF ABBREVIATIONS

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

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REPORT OF THE ACCOUNTING AUTHORITY

as at 31 March 2019

The Annual Financial Statements for the year ended 31 March 2019, set out on pages 58 to 92, have been approved by the Accounting Authority in terms of section 51(2) (f) of the Public Finance Management Act (PFMA), No 1 of 1999, as amended, and are signed on their behalf by:



Mr V Memela
Acting Chief Executive Officer



Ms N Jolingana
Board Chairperson

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Safety and Security Sector Education and Training Authority (SASSETA) set out on pages 58 to 92, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of financial performance comparison to budget for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sasseta as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act no. 97 of 1998) (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International independence standards)* and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing Sasseta'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 there is no realistic alternative but to do so.

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

8. 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.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – Skills planning, research monitoring reporting and evaluation	21 to 24
Programme 3 – Learning programmes	25 to 32
Programme 4 – Education training and quality assurance	33 to 35

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

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 14 to 35 for information on the achievement of planned targets for the year and explanations provided for the under or over achievement of a number of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2 – skills planning, research, reporting and evaluation; and programme 4 – education training and quality assurance. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

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

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
23. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor - General.

Auditor-General

Pretoria

30 August 2019



ANNEXURE

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2019

	Note	2018/19 R'000	Restated 2017/18 R'000
REVENUE			
Non-exchange transactions			
Skills Development Levy: Income	2	419 628	389 098
Skills Development Levy: Penalties and interest	3	9 710	13 088
Exchange transactions			
Investment income	4	30 159	24 919
Other income	5	2 038	–
Total revenue		461 535	427 105
EXPENSES			
Employer grant and project expenses	6	(295 734)	(249 038)
Administration expenses	7	(114 416)	(95 161)
Total expenses		(410 150)	(344 199)
Net (deficit)/surplus for the year	1	51 385	82 906

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2019

	Note	2018/19 R'000	Restated 2017/18 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	8.1	5 991	2 356
Intangible assets	8.2	1 044	341
		7 036	2 696
Current assets			
Accounts receivable from non-exchange transactions	9	9 203	8 807
Accounts receivable from exchange transactions	9	7 981	5 860
Inventory	10	1 368	1 006
Cash and cash equivalents	11	456 500	380 950
		475 052	396 623
Total assets		482 088	399 320
EQUITY AND LIABILITIES			
Non-current liabilities			
Finance lease obligations	12	161	–
Current liabilities			
Trade and other payables from non-exchange transactions	13	75 477	48 050
Trade and other payables from exchange transactions	13	9 734	9 071
Current portion of finance lease obligation	12	108	–
Provisions	14	14 445	11 421
		99 764	68 541
Total liabilities		99 925	68 541
Net assets		382 163	330 779
Funds and reserves			
Administration reserve		7 036	2 696
Employer grant reserve		2 050	923
Discretionary reserve		373 078	327 158
Unappropriated surplus		–	–
		382 163	330 777
Total net funds and liabilities		482 088	399 320

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2019

Note	Administration reserve R'000	Employer grant reserve R'000	Discre- tionary reserve R'000	Unappro- priated surplus R'000	Total R'000
Restated balance as at 1 April 2017	3 087	706	244 081	-	247 873
Net surplus as per Statement of Financial Performance	-	-	-	82 906	82 906
Net impact on the SDL levy income*	-	-	-	-	-
Allocation of unappropriated surplus	28 828	16 523	37 555	(82 906)	-
Excess reserves transferred to Discretionary reserve	(29 216)	(16 305)	45 521	-	-
Balance at 31 March 2018	2 696	923	327 158	0	330 778
Restated balance as at 31 March 2018	2 696	923	327 158	0	330 778
Net surplus per Statement of Financial Performance	-	-	-	51 385	51 385
Allocation of unappropriated surplus	19 125	23 550	8 710	(51 385)	-
Excess reserves transferred to Discretionary reserve	(14 786)	(22 424)	37 210	-	-
Balance at 31 March 2019	7 036	2 050	373 078	-	382 163

* An amount of R2 050 000 (2017/18 - R923 000) is disclosed in the employer grant reserve refer to note 16.1 for details.

CASH FLOW STATEMENT

for the year ended 31 March 2019

	Note	2018/19 R'000	Restated 2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts from stakeholders			
Levies, interest and penalties received		426 462	396 339
Payments			
Grants and project payments		(297 973)	(249 154)
Compensation of employees		(60 749)	(43 698)
Payments to suppliers and other		(15 742)	(23 423)
Net cash inflow from operating activities	15	51 997	80 064
Interest income		30 159	24 919
Finance costs		(44)	(11)
Cash generated from operating activities		82 113	104 972
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	8.1/8.2	(6 502)	(1 346)
Proceeds from sale of asset/insurance proceeds		14	100
		(6 488)	(1 246)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments relating to finance lease payments		(72)	-
		(72)	-
Net increase in cash and cash equivalents		75 551	103 724
Cash and cash equivalents at beginning of year	11	380 950	277 226
Cash and cash equivalents at end of year	11	456 501	380 950

STATEMENT OF FINANCIAL PERFORMANCE

COMPARISON TO THE BUDGET

for the year ended 31 March 2019

		Actual	Approved budget	Adjustments	Revised approved budget	Variance between actual and final approved budget
	Note	2018/19 R'000	2018/19 R'000	2018/19 R'000	2018/19 R'000	Favourable (Unfavourable)
REVENUE						
Skills Development Levy: Private Companies		314 782	284 719	7 416	292 135	22 647
Administration (10.5%)		46 817	37 369	973	38 343	8 474
Discretionary (49.5%)		191 470	176 170	4 589	180 759	10 712
Employer Grants (20%)		76 495	71 180	1 854	73 034	3 461
Skills Development Levy: Government Departments		104 846	114 157	(4 222)	109 935	(5 089)
Donor Funding Income		–	–	–	–	–
Skills Development Levy: penalties and interest	2	9 710	10 327	(1 145)	9 182	528
Other Income	5	2 038	–	–	–	2 038
Investment Income	4	30 159	29 094	(138)	28 956	1 203
Total revenue		461 535	438 297	1 911	440 208	21 327
EXPENDITURE						
Employer Grants	6	(52 945)	(58 688)	(3 032)	(61 720)	8 775
Discretionary Grants Expenses	6	(242 789)	(268 017)	(701)	(268 718)	25 929
Administration Expenses	7	(114 416)	(111 592)	1 822	(109 770)	(4 646)
Total expenditure		(410 150)	(438 297)	(1 911)	(440 208)	30 058
Net surplus/(deficit) for the year	1	51 385	–	–	–	51 385

ACCOUNTING POLICIES

TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

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

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

Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
- (b) taxes and transfers payable;
- (c) trade and other payables from non-exchange transactions;

is presented separately on the statement of financial position.

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

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

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

They are presented in South African Rand.

All amounts are rounded to R'000.

Summaries of significant accounting policies are disclosed below.

2. Revenue recognition

2.1 Revenue from non-exchange transactions

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

Measurement

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

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

ACCOUNTING POLICIES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

2. Revenue recognition continued

2.2 Levy income

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

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

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

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

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

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

Where a government department contributes 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 the Skills Development Circular 9/2013 – SETA should transfer all unclaimed refunds under section 190(1)(b) of the Tax Administration Act if such refunds are not claimed within 5 years of self-assessment. These refunds will be treated in terms of the SETA Grant Regulations read in line with the Skills Development Levies Act.

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

Levy income is recognised on the accrual basis.

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

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

2.3 Interest and penalties

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

2.4 Funds allocated by the National Skills Fund for Special Projects

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

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

2.5 Government grants and other donor income

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

2.6 Revenue from exchange transactions

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

2.7 Investment income

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

3. Grants and project expenditure

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

3.1 Mandatory grants

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

3.2 Discretionary project expenditure

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

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

Project expenditure comprises:

- 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 over-payment to the employer in earlier periods is raised as the amount of such grant over-payment, net of bad debts and provision for irrecoverable amounts.

4. Irregular and fruitless and wasteful expenditure

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

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

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

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

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

5. Property, plant and equipment

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

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

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

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

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

In the application of the SETAs 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

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

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

The following useful lives are used in the calculation of depreciation:

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

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

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

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

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

6. Intangible assets

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

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

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

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

Useful lives of Intangible assets

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

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

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

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

7. Leasing

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

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

8. Retirement benefits

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

9. Provisions

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

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

10. Contingencies

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

11. Grants and projects

Mandatory and Discretionary grant payments

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

ACCOUNTING POLICIES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

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 SETAs Statement of Financial Position when the SETA becomes a party to the contractual provisions of the instrument.

Financial assets

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

Financial assets can be classified into the following specified categories: Financial Assets At Fair Value Through Profit or Loss (FVTPL), held to maturity investments, available for sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets of the SETA were categorised as loans and receivables.

Loans and receivables

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

Effective interest method

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

Impairment of financial assets

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

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

Financial liabilities

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

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

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

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

13. Reserves

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

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

	2018/19 %	2017/18 %
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 SETAs administration costs.

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

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

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

14. Comparative figures

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

15. Taxation

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

ACCOUNTING POLICIES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

16. Value added taxation

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

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

17. Consumable inventory

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

18. Commitments

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

19. Segment reporting

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

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

NOTES

TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. Allocation of net surplus for the current year to reserves

	Total per statement of financial performance 2017/18 R'000	Total per statement of financial performance 2018/19 R'000	Admini- stration reserve R'000	Employer Grants Reserve	Discretionary Reserve
				Mandatory Grants R'000	Discretionary grants R'000
Total revenue	427 105	461 535	133 541	76 495	251 499
Skills development levy transfer from non-exchange transactions:					
Levy transfer administration (10.5%)	123 729	131 502	131 502	–	–
Levy transfer discretionary/ employer grants (69.5%)	265 368	288 126	–	76 495	211 631
Skills development levy penalties and interest from non-exchange transactions	13 088	9 710	–	–	9 710
National Skills Fund income	–	–	–	–	–
Donations for special projects	–	–	–	–	–
Investment income	24 919	30 159	–	–	30 159
Other income	–	2 038	2 038	–	–
Total expenses	344 199	410 150	114 416	52 945	242 789
Administration expenses	95 161	114 416	114 416	–	–
Donations for special projects	–	–	–	–	–
National Skills Fund expenses	–	–	–	–	–
Employer grants and project expenses	249 038	295 734	–	52 945	242 789
Net (deficit)/surplus per Statement of Financial Performance allocated	82 906	51 385	19 125	23 550	8 710

2. Skills development levy transfer from non-exchange transactions

	2018/19 R'000	Restated 2017/18 R'000
The total levy transfer per the statement of financial performance is as follows:		
Levy transfer: Administration	131 502	123 729
Levies received from Private Companies	46 817	37 151
Levies received from Government Departments	84 685	86 578
Inter-seta transfers in	–	–
Levy transfer: Employer grants	76 495	69 761
Levies received from Private Companies	76 495	69 761
Inter-seta transfers in	–	–
Levy transfer: Discretionary grants	211 631	195 607
Levies received from Private Companies	191 470	176 728
Levies received from Government Departments	20 160	18 879
Inter-seta transfers in	–	–
Total	419 628	389 097

NOTES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

		2018/19 R'000	Restated 2017/18 R'000
3. Skills development levy			
Penalties and interest		9 710	13 088
4. Investment income			
Interest received from the banks		30 159	24 919
5. Other income			
	Note	2018/19 R'000	Restated 2017/18 R'000
Other income comprises:			
Profit on disposal/take-on of assets		7	–
Reversal of provision		1 404	–
Other Income		627	–
Total		2 038	–
	Note	2018/19 R'000	Restated 2017/18 R'000
6. Employer and discretionary grant expenses			
Mandatory grants		52 945	53 238
Disbursed/provisions and accruals		52 945	53 238
Discretionary grants	6.1	242 789	195 800
Disbursed/provisions and accruals		242 789	195 800
Total		295 734	249 038
6.1 Discretionary grants			
Project expenditure		224 840	183 469
Non-pivotal		518	1 253
Project administration costs	6.1.1	17 431	11 078
Total		242 789	195 800
6.1.1 Project administration costs			
Salaries related		15 759	10 101
Travel and subsistence		710	659
Other		961	318
Total		17 431	11 078

7. Administration expenses

	Note	2018/19 R'000	Restated 2017/16 R'000
Advertising, marketing and promotions, communication		1 778	1 135
Bad Debts		–	1 768
Depreciation/Amortisation and Impairment		2 156	1 602
External auditor's remuneration		3 396	3 245
Impairment losses on property, plant and equipment		–	–
Loss on disposal of property, plant and equipment		–	34
Operating lease rentals (minimum lease payments)		5 241	4 069
Cost of employment	7.1	58 018	47 110
Consulting Fees – Administration		2 331	7 693
Consulting Fees – Legal		3 829	9 252
IT Maintenance		4 189	3 452
Legal fees		–	3 246
Utilities, maintenance, repairs and running costs		1 428	1 493
Remuneration to members of the accounting authority		3 305	–
Remuneration to members of the audit committee		521	472
Remuneration to members of other committees		189	–
Board Training and Workshop		1 109	–
Staff training and development		1 500	1 044
Repairs & Maintenance – Office		3 938	294
Donations/Sponsorship		7 162	–
Travel and subsistence		407	278
Other		13 917	8 975
Other Expenses		2 519	1 079
QCTO Funding		1 927	1 423
Procurement Advertisement		558	–
Monitoring, reporting & evaluation		714	705
Research		734	491
Bank Charges		183	214
Employees Assistance Programme		73	34
Postage		0	–
Security		1 050	556
Insurance		55	85
Meetings and workshops		182	22
Telephone costs		1 079	1 081
Interest paid		44	11
Recruitment costs		1 347	384
Stationery, printing and consumables		1 449	924
Subscription and publications		–	34
Accommodation and meals		370	204
Assessor Moderators and Verifiers		1 102	1 092
Internal Audit Fees		530	637
Total		114 416	95 161

NOTES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

7. Administration expenses continued

	2018/19 R'000	Restated 2017/18 R'000
7.1 Cost of employment		
Salaries and wages	40 289	32 094
Basic salaries	29 482	26 478
13th cheque	1 023	667
Performance bonus – provision	3 665	2 874
Leave	2 889	1 048
Overtime	3 230	1 027
Social contributions	5 814	4 499
Medical aid contributions	1 345	1 097
Provident fund contributions	4 299	3 251
UIF	170	151
Pay as you earn	11 297	9 931
Tax expense	11 297	9 931
Skills development levies expenditure	618	499
SDL expenditure	618	499
COIDA	–	87
Compensation assessment	–	87
Total	58 018	47 110
Average number of employees	141	110

8. Non-current assets

8.1 Property, plant and equipment

	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Year ended 31 March 2019			
Computer server	1 173	(581)	592
Computer equipment	6 359	(4 295)	2 064
Office furniture and fittings	3 971	(3 630)	340
Office equipment	1 758	(446)	1 312
Leased assets – Office equipment	341	(89)	252
Motor vehicles	1 768	(338)	1 430
Balance at end of year	15 371	(9 379)	5 990
Made up as follows:			
Owned assets	15 030	(9 291)	5 738
Leased Assets	341	(89)	252
		Restated	
Year ended 31 March 2018			
Computer server	2 568	(2 282)	286
Computer equipment	4 942	(3 876)	1 066
Office furniture and fittings	3 985	(3 410)	575
Office equipment	589	(262)	327
Leased assets – Office equipment	–	–	–
Motor vehicles	361	(258)	103
Balance at end of year	12 445	(10 088)	2 356
Made up as follows:			
Owned assets	12 443	(10 088)	2 355
Leased Assets	–	–	–

8.1 Property, plant and equipment *continued*

Movement summary 2019

	Carrying amount 2018 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Accumulated depreciation on disposal R'000	Carrying amount 2019 R'000
Computer server	286	426	(1 825)	(120)	1 825	592
Computer equipment	1 066	1 683	(254)	(681)	252	2 065
Office furniture and fittings	575	83	(121)	(316)	119	340
Office equipment	327	1 179	(9)	(191)	7	1 314
Leased assets - Office equipment	-	341	-	(89)	-	252
Motor vehicles	103	1 407	-	(80)	-	1 430
Balance at end of year	2 357	5 119	(2 209)	(1 477)	2 203	5 991

Movement summary 2018

	Carrying amount 2017 R'000	Additions	Disposals R'000	Depreciation charge R'000	Accumulated depreciation on disposal R'000	Carrying amount 2018 R'000
Computer server	140	285	-	(139)	-	286
Computer equipment	1 247	522	(645)	(614)	555	1 066
Office furniture and fittings	862	80	(82)	(365)	80	575
Office equipment	260	155	(13)	(87)	11	327
Leased assets - Office equipment	-	-	-	-	-	-
Motor vehicles	239	-	(137)	(95)	95	103
Balance at end of year	2 748	1 042	(877)	(1 301)	741	2 356

8.2 Intangible assets

	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
Year ended 31 March 2019			
Computer software	1 914	(870)	1 044
Balance at end of year	1 914	(870)	1 044
Made up as follows:			
- Owned assets	1 914	(870)	1 044
- Leased Assets	-	-	-
Year ended 31 March 2018			
Computer software	531	(191)	340
Balance at end of year	531	(191)	340
Made up as follows:			
- Owned assets	531	(191)	340
- Lease assets	-	-	-

NOTES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

8. Non-current assets continued

8.2 Intangible assets continued

Movement summary 2019

	Carrying amount 2018 R'000	Additions R'000	Disposals R'000	Amorti- sation charge R'000	Accumu- lated amorti- sation of disposed assets R'000	Carrying amount 2019 R'000
Computer software	341	1 383		(679)	–	1 044
Balance at end of year	341	1 383	–	(679)	–	1 044

Movement summary 2018

	Carrying amount 2017 R'000	Additions R'000	Disposals R'000	Amorti- sation charge R'000	Accumu- lated amorti- sation of disposed assets R'000	Carrying amount 2018 R'000
Computer software	339	304	–	(302)	–	341
Balance at end of year	339	304	–	(302)	–	341

Change in accounting estimate

The main assumption for the reassessment is:

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

Following the reassessment, the remaining useful lives of property, plant and equipment remaining useful lives were assessed at 2 years while the remaining useful lives of intangible assets were assessed at 1 year.

The additional information that became available has resulted in a change in the useful lives of the assets of SASSETA, which constitutes a change in accounting estimate in accordance with GRAP 3. The impact of the change in accounting estimate is a reduction in the annual depreciation and amortisation expenses. It is expected that this trend may continue in future periods. Future depreciation will amount to R234 000.

The depreciation and amortisation expenses have increased/(decreased) as follows for the 2019 financial year:

	Before change in estimate R'000	After change in estimate R'000	Net Increase/ (Decrease) R'000
Depreciation: Computer equipment	149	75	(75)
Depreciation: Office equipment	2	1	(1)
Depreciation: Furniture & fittings	82	41	(41)
Total	234	117	(117)

9. Trade and other receivables

	2018/19 R'000	Restated 2017/18 R'000
Non-exchange transactions		
Employer receivables	9 139	10 641
Skills development levy debtors	7 710	7 216
Admin levy debtors	7 710	7 216
Employer grant levy debtors	–	–
Discretionary grant debtors	–	–
Provision for doubtful debts	(7 646)	(9 050)
Total	9 203	8 807

During the current financial year South African Police Services (SAPS) gave a firm commitment regarding their levy contribution to SASSETA. The amount was R7.7m (2018: R7.2m). The amount was deposited shortly after year end. SAPS contribute its levies at 10% of 1% of their payroll cost towards the administration cost of the SETA.

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

	2018/19 R'000	Restated 2017/18 R'000
Exchange transactions		
Rental deposit	1 234	910
Interest receivable	2 829	2 593
Staff debtors	–	7
Prepayments	3 535	2 334
Sundry receivables	383	16
	7 981	5 860
Provision for doubtful debts	–	–
Total	7 981	5 860

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

10. Inventory

	2018/19 R'000	2017/18 R'000
Balance at the beginning of the year	1 006	589
Amount utilised	(1 449)	(924)
Purchases	1 811	1 340
Balance at the end of the year	1 368	1 006

11. Cash and cash equivalents

	2018/19 R'000	2017/18 R'000
Cash at bank and in hand	104 494	42 966
Cash at bank	104 494	42 966
Cash in hand	–	–
Short-term investments/instruments	352 007	337 984
Cash and cash equivalents at end of year	456 500	380 950

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

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

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.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act, must invest surplus funds with the Corporation for Public Deposits. As the SETA was exempted by the National Treasury from the requirements of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.

NOTES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

12. Leasing

Finance lease

	2018/19 R'000	2017/18 R'000
Reconciliation between the total of the minimum lease payments and the present value		
Up to 1 year		
Future minimum lease payments	149	–
Finance costs	(41)	–
	108	–

Summary disclosure note

Total payments

	2018/19			2017/18		
	No later than one year	Later than one year	Total	No later than one year	Later than one year	Total
Photocopy Machine	149	182	330	–	–	–
Total	149	182	330	–	–	–

Capital portion

	2018/19			2017/18		
	No later than one year	Later than one year	Total	No later than one year	Later than one year	Total
Photocopy Machine	108	161	269	–	–	–
Total	108	161	269	–	–	–

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

Operating lease – as lessee

	2018/19 R'000	2017/18 R'000
Total minimum lease payments due		
Not later than one year	3 015	5 170
Later than one year but not later than five years	–	–
Total	3 015	5 170

Operating lease relates to premises used for office accommodation. National Treasury issued a permission note to SASSETA to occupy the premises with the current landlord for a period of 5 months from 1 April 2018 to 31 August 2019. Total minimum lease payments disclosed relates to such period.

13. Trade and other payables

	2018/19 R'000	Restated 2017/18 R'000
From non-exchange transactions		
Employer grant – Accrual	–	–
Employer grant – Payable	1 454	3 692
DOL Control SDL	–	–
Trade Creditor	41 664	15 961
Accruals	32 361	28 397
	75 477	48 050
From exchange transactions		
Trade creditor	4 969	1 904
Accruals	2 684	2 355
Income received in advance	917	917
Employee cost related	1 164	3 896
Straight-lining – Leases	–	–
	9 734	9 071

14. Provisions

	Overtime	Performance bonus	Leave pay	500K	Other	Total
Open carrying amount	99	3 597	2 813	4 912	–	11 421
Amounts utilised	–	(3 271)	(1 889)	–	–	(5 160)
Change in estimate	(99)	3 339	3 499	419	1 025	8 184
Closing carrying amount	–	3 665	4 423	5 331	1 025	14 445

In terms of the 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.

15. Reconciliation of net cash flow from operating activities to net surplus

	2018/19 R'000	Restated 2017/18 R'000
Net surplus/(deficit) as per statement of financial performance	51 385	82 906
Adjusted for non-cash items:		
Depreciation and amortisation	2 156	1 602
Loss/(profit) on disposal of property, plant and equipment	(14)	33
Prior year error adjustments		–
Other income	348	1 768
Other income – Interest income		–
Acquisition of leased assets		–
Adjusted for items separately disclosed:		
Investment income	(30 159)	(24 919)
Finance charges	44	11
Movement of provisions	3 024	192
Adjusted for working capital changes:	25 212	18 469
(Increase)/decrease in receivables	(2 517)	(5 864)
(Increase)/decrease in inventory	(362)	(418)
(Decrease)/increase in payables	28 091	24 751
Cash generated by operations	51 997	80 064

16. Contingencies

16.1 Contingent Liabilities

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

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

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

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

HAZOEMA is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R950 000. SASSETA's legal counsel estimates that the litigation process will be finalised in 2019. The matter was in court on the 24th of April 2018, the court referred the matter to oral evidence and granted us costs for the application, a bill will also be prepared for the costs awarded. Pleading has now closed and the matter is ready to proceed to trial. Witnesses in the matter no longer work for SASSETA which means an increase in financial exposure. Estimated fees excluding disbursements and Counsel's fees is R300 000.

NOTES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

16. Contingencies continued

16.1 Contingent liabilities

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

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

4. CASE: Arbitration Manana Moroka

The former CEO of SASSETA was dismissed and the matter was referred to CCMA for conciliation of a dispute for unfair dismissal. It appears that in the conciliation process only DHET was cited. SASSETA was apparently not served or aware of the conciliation process and also joinder application. The matter has been referred to arbitration. Point in limine on the issues of jurisdiction was raised by the Commissioner at the first CCMA. The matter is set down to proceed before the CCMA de novo. Except for one, witnesses to testify at the hearing are no longer working for SASSETA and cost will be incurred for them to testify at CCMA. Estimates fees for capital, legal and ancillary disbursements are R8 000 000.

5. CASE: Segaole

On the 30th of May 2018, Segaole and SASSETA agreed to settle the K53 matter involving 150 learners at R13 750 per learner less any amount previously paid. The amount of R1 012 500 is in the accrual balance as SASSETA is awaiting final documents for payment. The estimated legal cost of R65 000 will be paid once the taxation is finalised by the Taxing Master.

6. CASE: Lilnar t/a IT Related

The service provider was awarded a contract to perform IT related services for SASSETA for R1 594 917. They demanded payment for unpaid invoice of R389 766. After the invoice was queried by SASSETA it was reduced to R39 000. Service provider needs to produce proof of performance before payment can be considered. Estimates fees are R150 000.

16.2 First Time Employer registrations

The Skills Development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants. At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R2 050 000 (2017/18: R923 000) will be payable. The amount is contingent on the number of submissions received and approved.

16.3 Surplus funds

Cash surplus

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

16.4 Subsequent Events

As part of negotiations for the lease arrangement with Attacq, SASSETA had to secure a bank guarantee for an amount of R3 022 869.33. Once finalised, SASSETA will enter into an operating lease arrangement with Attacq for a period ending on 31 October 2021. Attacq will be entitled to this amount on demand and in writing to the extent of the Lease Guarantee amount. As at 31 May 2019, no formal lease was yet in place.

16.5 Contingent assets

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

The case was in the Durban High Court. The Court granted in favour of SASSETA with a cost order. Recovery of the costs has not been pursued as chances of recovering the money are non-existent. SASSETA instead laid criminal charges against those involved. The estimated cost is nil at this stage.

17. Commitments

As at 31 March 2019, SASSETA had discretionary grant reserves of R373.0m to utilise against a commitment closing balance of R356.2m.

A. Definite commitment

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

Project classification	Adjusted opening balance: 1 April 2018	Subsequent adjustment to the initial contract amount	New projects in 2018/19 financial year	Annual expenditure	Write-back/savings and cancellations	Closing balance – 31 March 2019
Artisan Workers entering bursaries	56 956	–	50 245	(21 314)	(15 248)	70 638
Unemployed entering bursaries	19 841	–	7 330	(10 236)	(60)	16 875
Unemployed entering internships	20 224	–	30 240	(16 514)	(16 305)	17 645
Workers entering learnerships	13 937	(1 328)	34 944	(19 224)	(11 425)	16 905
Unemployed entering learnerships	36 503	–	38 278	(25 676)	(1 694)	47 411
Workers entering skills programme	66 115	–	49 219	(51 470)	(4 864)	59 000
Unemployed entering skills programme	13 061	–	21 174	(14 654)	(2 028)	17 552
TVET student placement	22 854	–	11 099	(23 314)	(895)	9 745
University student placement	21 067	–	66 960	(24 585)	(5 800)	57 642
	38 527	–	23 844	(17 854)	(6 080)	38 437
	309 085	(1 328)	333 332	(224 841)	(64 398)	351 851

B. Not Definite Commitment

Not Definite Commitment is represented by the following instances:

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

Project classification	Adjusted opening balance: 1 April 2018	Subsequent adjustment to the initial contract amount	New projects in 2018/19 financial year	Annual expenditure	Write-back/savings and cancellations	Closing balance – 31 March 2019
Artisan Unemployed entering internships	773	–	–	–	(773)	–
Workers entering learnerships	–	–	336	–	(336)	–
Unemployed entering learnerships	–	–	2 576	–	(1 550)	1 026
Workers entering skills programme	–	–	1 048	–	(385)	663
Unemployed entering skills programme	408	–	2 720	–	(964)	2 164
	1 631	–	90	–	(1 160)	561
	2 812	–	6 769	–	(5 168)	4 414
Total: Definite/not definite commitment	311 897	(1 328)	340 101	(224 841)	(69 566)	356 265

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TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

18. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure *continued*

18.1 Irregular expenditure

	2018/19 R'000	2017/18 R'000
Opening balance	2 388	1 118
Add: Irregular expenditure current year	759	2 068
Less: Amounts condoned	–	–
Less: Amount written-off	(2 388)	(798)
Less: Amounts recoverable	–	–
Irregular expenditure awaiting condonation	759	2 388
Details of irregular expenditure		
Incidents		
Extension of contract over the allowable 15% threshold	737	200
Payment made after contract expired	22	–
Bids advertised not longer than 21 days in the government gazette	–	1 433
Contract incorrectly awarded to the second highest bidder	–	71
Newspaper deviation with inadequate motivation	–	343
Contract awarded to a service provider with incomplete SBD8 document	–	21
	759	2 068
Included in the balance above are the following items:		
Extension of contract over the allowable 15% threshold	737	200
Payment made after contract expired	22	–
Contract incorrectly awarded to the second highest bidder	–	71
Bids advertised not longer than 21 days in the government gazette	–	1 433
Newspaper deviation with inadequate motivation	–	343
Contract awarded to a service provider with incomplete SBD8 document	–	21
Unauthorised expenditure/overtime paid to the former CFO	–	70
The award made to a bidder who scored the second highest	–	80
Award made to a provider who submitted a quotation 3 months before the closure of the RFQ	–	21
Supplier awarded a purchase order despite non-recommendation	–	25
Award made to a provider who submitted a quotation 2 days prior to advertisement date	–	124
	759	2 388
Analysis of expenditure awaiting condonation per age classification		
Current year	759	2 068
Prior years	–	320
Total	759	2 388

18. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure *continued*

18.2 Fruitless and wasteful expenditure

	2018/19 R'000	2017/18 R'000
Opening balance	3 089	3 681
Add: Fruitless expenditure current year	44	53
Add: Prior period fruitless expenditure	–	19
Less: Amounts condoned	(3 089)	–
Less: Amounts recovered	–	(664)
Fruitless and wasteful expenditure awaiting condonation	44	3 089
Details of fruitless expenditure		
Incidents		
Penalty and interest on late payment of rental amount	–	8
Duplicate advertisement cost – times media	–	0
Cancellation fee – booking/tenders	44	44
	44	53
Included in the balance above are the following items:		
Penalty and interest on late payment of rental amount	–	8
Duplicate advertisement cost – times media	–	0
Cancellation fee – conference fee	44	44
Penalty and interest on last payment of compensation assessment	–	19
Interest paid due to late payment of rent and electricity in the 2016/17 financial year	–	15
Fruitless expenditure incurred due to travel cancellations in the 2016/17 financial year	–	4
Losses incurred to fraud on the travel credit card in the 2016/17 financial year	–	20
Irrecoverable amounts paid for ex-employee's medical aid in the 2016/17 financial year	–	13
Irrecoverable amount paid to interns incorrectly in the 2015/16 financial year	–	33
Provider closed doors prior to project completion in the 2014/15 financial year	–	1 163
Staff training not attended by staff members as scheduled in the 2014/15 financial year	–	72
Interest paid due to late payment of rent and electricity in the 2015/16 financial year	–	17
Penalty and Interest due to late payment on SDL in the 2016/17 financial year	–	23
Fruitless payment made to Involve regarding an asset verification process in 2015/16 financial year	–	132
Interest and penalties paid due to non-payment of SDL levies dating back to 2008 (net of refund)	–	1 428
Service provider paid for services rendered however did not pay main supplier in 2015/16 financial year	–	98
	44	3 089
Analysis of expenditure awaiting condonation per age classification		
Current year	44	53
Prior years	–	3 036
Total	44	3 089

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TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

18. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure *continued*

18.3 Matters under investigation

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

18.4 Material loss due to criminal conduct

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

Analysis of the loss due to criminal conduct	2018/19 R'000	2017/18 R'000
Opening balance	–	194
Loss during the current year	–	–
Less: Recovered/written-off	–	(194)
Closing balance	–	–

19. Prior year errors

Prior period error is due to correcting various accounting transactions in 2017/18 financial year. The net impact in the Statement of Financial Performance is R2.8m.

The impact is narrated below but not limited to:

Trade and other payables – non-exchange transactions

- The increase in accruals of R2.1m is a result of erroneous omission of discretionary grants expenditure from 2017/18. The increase of R461 000 in trade creditors is mainly due invoices for services rendered in 2017/18, but received and paid in the 2018/19 financial year. The increase of R235 000 is due to salaries worked in the prior year and paid in the current year.

Trade and other receivables – exchange transactions

- The increase of R16 000 is due to the recovery of salaries paid from the income protection insurance.

Impact on the statement of financial performance	2017/18 R'000
Surplus/(deficit) as previously stated	85 727 (2 820)
Increase in administration expenditure	(259)
Increase in discretionary grants expenditure	(2 561)
Adjusted (surplus)/deficit	82 906
Impact on the statement of financial position	(2 820)
Decrease in trade and other payables – non-exchange transactions	(2 836)
Increase in trade and other receivables – exchange transactions	16

20. Financial instruments

Interest rate risk

The SETA manages its interest rate risk by effectively investing SETA surplus cash in short term deposits with different financial institutions according to the SETAs 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 SETAs exposure to interest rate risk and the effective interest rates on financial instruments at reporting sheet date are as follows:

20. Financial instruments continued

	Floating rate		Non-interest bearing	Total
	Amount	Effective	Amount	R'000
	R'000	interest rate	R'000	
Year ended 31 March 2019				
Cash	456 500	8.1%	–	456 500
Trade and other receivable – exchange	–		7 981	7 981
Trade and other receivable – non-exchange	–		9 203	9 203
Total financial assets	456 500		17 184	473 684
Trade and other payables – exchange	–		9 734	9 734
Trade and other payables – non-exchange	–		75 477	75 477
Total financial liabilities	–		85 211	85 211
Year ended 31 March 2018				
Cash	380 950	7.60%	–	380 950
Trade and other receivable – exchange	–		5 860	5 860
Trade and other receivable – non-exchange	–		8 807	8 807
Total financial assets	380 950		14 667	395 617
Trade and other payables – exchange	–		9 071	9 071
Trade and other payables – non-exchange	–		48 050	48 050
Total financial liabilities	–		57 121	57 121

Credit risk

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

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

The SETA managed to limit its treasury 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/non-exchange:

	2018/19		2017/18	
	Gross	Impairment	Gross	Impairment
Not past due	–	–	–	–
Past due 0 – 30 days	15 854	–	11 800	–
Past due 31 – 90 days	–	–	–	–
Past due 90 and above	1 330	–	2 867	–
	17 184	–	14 667	–

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TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

20. Financial instruments continued

The ageing of cash and cash equivalents:

	2018/19		2017/18	
	Gross	Impairment	Gross	Impairment
Not past due	456 500	-	380 950	-

In line with the Finance Policy, long outstanding debts are written off. There was no provision for impairment in the current year.

Liquidity risk

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

The aging of trade and other payables exchange/non-exchange:

	2018/19		2017/18	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 0 - 30 days	66 407	-	51 633	-
Past due 31 - 90 days	4 897	-	2 455	-
Past due 90 and above	13 909	-	3 033	-
	85 211	-	57 121	-

Market risk

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

Fair values

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

Cash and cash equivalents

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

Accounts receivable

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

Investments

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

Borrowings

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

Accounts payable

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

21. Related parties and related party transaction

21.1 Transactions with entities under common control

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

Entities under **QCTO**

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

AGSA

- The Public Audit Act emphasises on the Constitutional need to establish the Auditor-General as a state or government Institution supporting Constitutional Democracy.
- GRAP standards identify related party transactions where the public entities enter into frequent or regular transactions with other government entities.

The information below is disclosed per GRAP 20

	Transfers in/ (out) during the year 2018/19 R'000	Receivable/ (payables) 2018/19 R'000	Transfers in/ (out) during the year 2017/18 R'000	Receivable/ (payables) 2017/18 R'000
Other common control entity				
Auditor-General of South Africa (AGSA)	(3 396)	–	(3 245)	–
Quality Council for Trade Occupations (QCTO)	(1 927)	–	(1 423)	1 927
Total	(5 323)	–	(4 668)	1 927

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

21.2 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.

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

Name	2018/19 R'000				Total
	Basic salary	Performance bonuses	Employer contributions	Other benefits	
Irish-Qhobosheane, J	–	–	–	158	158
Moroka, M	579	–	9	251	838
Memela, V ¹	1 996	103	198	80	2 376
Diale, I	1 604	26	335	12	1 977
Amod, J ²	1 628	90	18	101	1 838
Ngwenya, S ³	681	–	91	5	776
Total	6 487	220	650	607	7 963

¹ Mr V Memela appointment as Acting Chief Executive Officer continued in the 2018/19 financial year.

² Ms J Amod appointed as Executive Manager: Learning Programmes effective April 2018.

³ Ms S Ngwenya appointed as Executive Manager: Corporate Services effective from October 2018.

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TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

21. Related parties and related party transaction continued

21.2 Remuneration of key management continued

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

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

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

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

21.3 SASSETA Board Remuneration

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

Members of the Accounting Authority were appointed from April 2018.

¹ Ms N Jolingana was appointed effectively from June 2018.

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

21.4 Audit committee remuneration

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

	2018/19 R'000		Total
	Meeting allowance	Monthly retainer	
Docrat, F (Chairperson) ¹	198	115	313
Pillay, M	100	–	100
Mayet, E	56	–	56
Mushwana, P	22	–	22
Hlomane, H	14	–	14
Adams, R ²	–	–	–
Total	391	115	506

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

² Mr R Adams resigned from the Audit & Risk Committee on March 2019.

21. Related parties and related party transaction continued

21.4 Audit committee remuneration continued

	2017/18 R'000		
	Meeting allowance	Monthly retainer	Total
Docrat, F	93	72	165
Mayet, E	134	–	134
Hlomane, H	84	–	84
Nke, R	48	–	48
Total	359	72	431

21.5 Chamber Committee Remuneration

Chamber Member	2018/19 R'000		
	Meeting allowance	Tools of trade	Total
Justice			
Cooper, N	4	2	6
Viljoen, S	4	2	6
	8	4	12
Police			
Magagula, K	12	2	14
Gaya, M	12	2	14
Maponyane, K	8	2	10
Mahlatjie, M	–	2	2
Maaga, B	–	2	2
Maphalala, V	–	2	2
Nthakheni, M	–	2	2
	31	13	45
Corrections			
Gadisi, T	12	2	14
Malinga, N	12	2	14
Venter, T	12	2	14
Marimani, X	–	2	2
Lambani, P	–	2	2
	35	10	45
Private Security			
Ntshangase, V	8	2	10
Thorpe, W	8	2	10
Bhembe, M	4	2	6
Ralioma, I	–	2	2
	19	8	27
Total	93	35	128

Chamber committees were established during the financial year.

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TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

22. New accounting pronouncements

GRAP standards approved and not yet effective

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

GRAP number	Title	Date of issue	Effective date
GRAP 32	Service Concession Arrangements: Grantor	August 2013	1 April 2019
GRAP 108	Statutory Receivables	September 2013	1 April 2019
GRAP 109	Accounting by Principals and Agents	July 2015	01 April 2019
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	August 2013	No effective date has been determined by the Minister of Finance*
IGRAP 18	Liabilities to Pay Levies	August 2017	01 April 2019
IGRAP 19	Accounting by Principals and Agents	July 2015	01 April 2019

23. Statement of comparison of budget to actual amounts

23.1 Skills development levy income

- Private levies received were R22.6m more than the budgeted. Penalty and interest due to late payment by the employers contributed significantly to the performance.
- Penalty and interest on SDL was R0.5m below the budget.
- Contributions from government departments were R5.1m million below the budget. Most government departments can only afford to contribute on the 10% basis. Six (6) government organs contributed at 30% basis, although contributions from three (3) organs is less than R2m added together.

23.2 Investment income

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

23.3 Administration expenditure

- Though cost containment was adhered to administration expenditure was R4.6m over the budget.
- The following factors contributed towards the performance:
 - (i) Repairs and Maintenance relating to provincial offices.
 - (ii) Upgrade the ICT infrastructure.
 - (iii) New appointments to approved organisational structure.
- Most cost drivers remained relatively unchanged.

23.4 Mandatory grant

- Mandatory grant expenditure amounted to R8.7m (14%) below budget.
- Any unutilised amount will be transferred to discretionary grant revenue.

23.5 Project/discretionary spending

- All awarded projects were subject to the DGBEC and BAC evaluation and adjudication process.
- Late advertisement of funding windows resulted in late awarded and implementation of projects.
- The discretionary grant expenditure was driven by the servicing of commitments that were awarded at the later part of 2017/18 financial year.
- Project expenditure amount to R242.7m which was R26m below budget.
- Included in the R242.7m is R1m for non-pivotal and R17m used for project administration expenditure.
- SASSETA also had co-funded projects where possible.

23.6 Surplus/(deficit)

- SASSETA's operating surplus for the year amounted to R51.3m when compared to a restated surplus of R82.9m in the prior year.

23.7 Budget revision

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

24. Going concern

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

25. Subsequent events

On the 30th of May 2018, Segale and SASSETA agreed to settle the K53 matter involving 150 learners at R13 750 per learner less any amount previously paid. The amount is accounted for as part of accruals.

26. Segment information

Information about the surplus/(deficit), assets and liabilities for the year ended 31 March 2019.

	2018/19 R'000				
	Administration	Mandatory	Discretionary	Unallocated	Total
REVENUE					
Non-exchange transactions	131 502	76 495	221 340	–	429 338
Skills development levy: Income	131 502	76 495	211 631	–	419 628
Skills development levy: Penalties and interest			9 710		9 710
Exchange transactions	2 038	–	30 159	–	32 197
Investment income	–	–	30 159	–	30 159
Other income	2 038	–	–	–	2 038
Total segment revenue	133 541	76 495	251 499	–	461 535
EXPENSES					
Employee cost	(58 018)				(58 018)
Depreciation/amortisation	(2 156)				(2 156)
Mandatory grant expenditure		(52 945)			(52 945)
Discretionary grant expenditure			(242 789)		(242 789)
Other administration expenditure	(54 242)				(54 242)
Total segment expenditure	(114 416)	(52 945)	(242 789)	–	(410 150)
Total (deficit)/surplus	19 125	23 550	8 710	–	51 385
ASSETS					
Accounts receivable from non-exchange transactions	7 710	1 493			9 203
Accounts receivable from exchange transactions	7 981				7 981
Inventory	1 368				1 368
Cash and cash equivalents				456 500	456 500
Property, plant and equipment	5 991				5 991
Intangible assets	1 044				1 044
Total assets	24 094	1 493	–	456 500	482 088
LIABILITIES					
Trade and other payables from non-exchange transactions	–	(1 452)	(74 025)		(75 477)
Trade and other payables from exchange transactions	(9 734)	–			(9 734)
Finance lease obligations	(269)	–			(269)
Provisions	(8 089)	(5 331)	(1 025)		(14 445)
Total liabilities	(18 092)	(6 783)	(75 050)	–	(99 925)

NOTES

TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2019

26. Segment information continued

	2017/18 R'000				Total
	Administration	Mandatory	Discretionary	Unallocated	
REVENUE					
Non-exchange transactions	123 729	69 761	208 695	-	402 185
Skills development levy: Income	123 729	69 761	195 607	-	389 097
Skills development levy: Penalties and interest	-	-	13 088	-	13 088
Exchange transactions	-	-	24 919	-	24 919
Investment income	-	-	24 919	-	24 919
Other income	-	-	-	-	-
Total segment revenue	123 729	69 761	233 614	-	427 104
EXPENSES					
Employee cost	(47 110)	-	-	-	(47 110)
Depreciation/amortisation	(1 602)	-	-	-	(1 602)
Mandatory grant expenditure	-	(53 238)	-	-	(53 238)
Discretionary grant expenditure	-	-	(195 800)	-	(195 800)
Other administration expenditure	(46 449)	-	-	-	(46 449)
Total segment expenditure	(95 161)	(53 238)	(195 800)	-	(344 198)
Total (deficit)/surplus	28 568	16 523	37 814	-	82 906
ASSETS					
Accounts receivable from non-exchange transactions	7 216	1 591	-	-	8 807
Accounts receivable from exchange transactions	5 860	-	-	-	5 860
Inventory	1 006	-	-	-	1 006
Cash and cash equivalents	-	-	-	380 950	380 950
Property, plant and equipment	2 356	-	-	-	2 356
Intangible assets	341	-	-	-	341
Total assets	16 779	1 591	-	380 950	399 320
LIABILITIES					
Trade and other payables from non-exchange transactions	-	(3 692)	(44 358)	-	(48 050)
Trade and other payables from exchange transactions	(9 071)	-	-	-	(9 071)
Provisions	(6 509)	(4 912)	-	-	(11 421)
Total liabilities	(15 580)	(8 604)	(44 358)	-	(68 542)



higher education
& training
Department:
Higher Education and Training
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ISBN: 978-0-621-47409-1

RP No: 161/2019