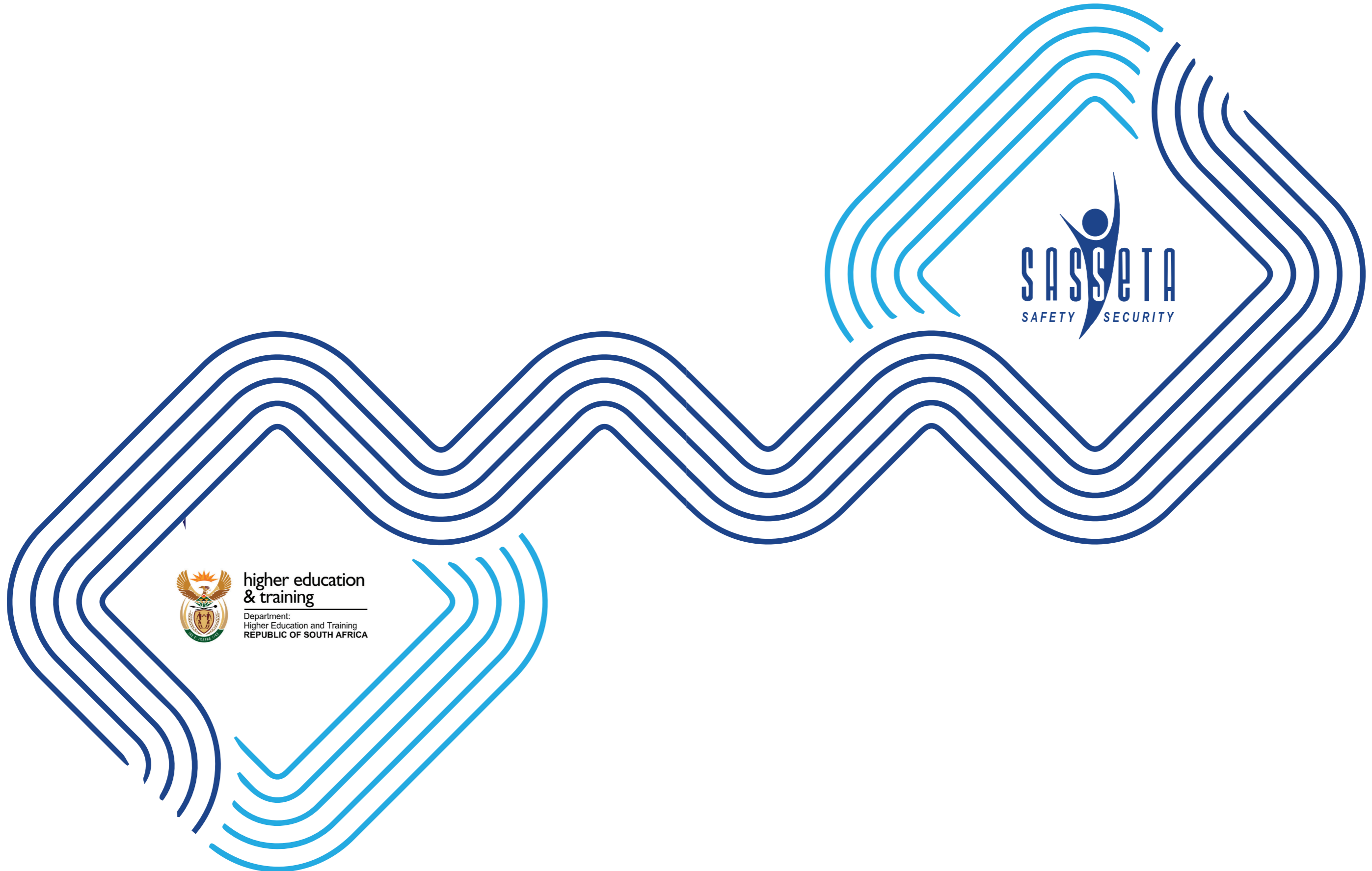




ANNUAL REPORT

**2021**  
**2022**



higher education  
& training  
Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



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# PART A GENERAL INFORMATION

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



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



It is my pleasure to submit the 2021/2022 Annual Report of the Safety and Security Sector Education and Training Authority for the period 1 April 2021 to 31 March 2022, 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 28 of the Treasury Regulations.

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



## 1. GENERAL

### REGISTERED NAME

Safety and Security Sector Education and Training Authority (SASSETA)

### REGISTRATION NUMBER

19/SASSETA/01/07/05

### REGISTERED OFFICE ADDRESS

Building 2, Waterfall Corporate Campus  
74 Waterfall Drive, Midrand

### POSTAL ADDRESS

PO Box 7612 Halfway House 1685

### CONTACT TELEPHONE NUMBERS

011 087 5500 / 5555

### EMAIL ADDRESS

CALLCENTRE@SASSETA.ORG.ZA

### WEBSITE ADDRESS

WWW.SASSETA.ORG.ZA

### EXTERNAL AUDITOR

Auditor General of South Africa  
4 Daventry Street Lynnwood Bridge Office Park  
Lynnwood Manor, Pretoria, SA  
PO Box 446 Pretoria 0001

### BANKERS

Nedbank (Transacting and short-term investments)  
Investec (Short term investments)

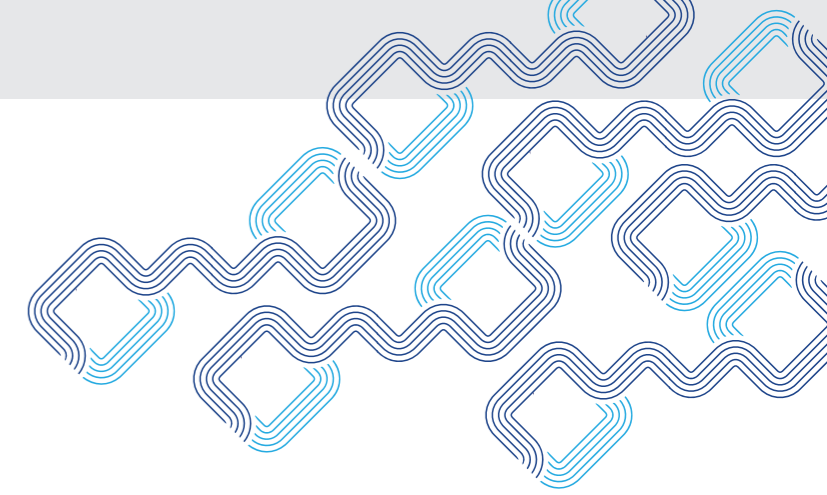
### COMPANY/ BOARD SECRETARY

Ms. Ditebogo Khumalo

## ABBREVIATIONS

<b>AA</b>	Accounting Authority
<b>AGSA</b>	Auditor General of South Africa
<b>APP</b>	Annual Performance Plan
<b>ATR</b>	Annual Training Report
<b>BCEA</b>	Basic Conditions of Employment Act
<b>BAC</b>	Bid Adjudication Committee
<b>BEC</b>	Bid Evaluation Committee
<b>B-BBEE</b>	Broad Based Black Economic Empowerment
<b>CIA</b>	Certified Internal Auditor
<b>CA(SA)</b>	Chartered Accountant South Africa
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CPF</b>	Community Policing Forum
<b>COBIT</b>	Control Objectives for Information
<b>CJS</b>	Criminal Justice System
<b>DQP</b>	Degree Qualification Profile
<b>DHET</b>	Department of Higher Education, Science and Innovation
<b>DoJCD</b>	Department of Justice and Constitutional Development
<b>ETQA</b>	Education and Training Quality Assurance
<b>ERM</b>	Enterprise Risk Management
<b>HRDSA</b>	Human Resources Development Strategy for South Africa
<b>HVAC</b>	Heating, Ventilation, Air-Conditioning
<b>ICT</b>	Information Communications Technology
<b>JCPS</b>	Justice Crime Prevention and Security Cluster
<b>LPQA</b>	Learning Programmes Quality Assurance
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>MEC</b>	Member of Executive Council
<b>MoU</b>	Memorandum of Understanding
<b>NAMB</b>	National Artisan Moderating Body
<b>NC</b>	National Certificate
<b>NDP</b>	National Development Plan

<b>NQF</b>	National Qualifications Framework
<b>NQFA</b>	National Qualifications Framework Act
<b>NSDSIII</b>	National Skills Development Strategy III
<b>NT</b>	National Treasury
<b>NMMU</b>	Nelson Mandela Metropolitan University
<b>NGO</b>	Non-Government Organisation
<b>NPO</b>	Non-Profit Organisation
<b>PFMA</b>	Public Finance Management Act
<b>QDF</b>	Qualification Development Facilitator
<b>QCTO</b>	Qualifications Council for Trades and Occupations
<b>QALA</b>	Quality Assurance of Learner Achievements
<b>RPL</b>	Recognition of Prior Learning
<b>HRDS</b>	Human Resources Development Strategy
<b>SAPS</b>	South African Police Services
<b>SAQA</b>	South African Qualifications Authority
<b>SDL</b>	Skills Development Levy
<b>WSP</b>	Workplace Skills Plan
<b>NEDLAC</b>	National Economic and Development Labour Council
<b>ERRP</b>	Economic Reconstruction and Recovery Plan
<b>IPID</b>	Independent Police Investigative Directorate
<b>CSPS</b>	Civilian Secretariat for Police Service
<b>RTMC</b>	Road Traffic Management Corporation
<b>SANDF</b>	South African National Defence Force
<b>SSA</b>	State Security Agency
<b>NIA</b>	National Intelligence Agency
<b>SASS</b>	South African Secret Service
<b>SANAI</b>	South African National Academy of Intelligence
<b>NCC</b>	National Communications Centre
<b>OIC</b>	Office for Interception Centres
<b>NSDS</b>	National Skills Development Strategy
<b>NSDP</b>	National Skills Development plan



## 1. FOREWORD

BY THE CHAIRPERSON  
OF THE ACCOUNTING  
AUTHORITY



It is my pleasure to present SASSETA's Annual Report for the period 1 April 2021 to 31 March 2022.

The report was approved, and is supported, by members of the Accounting Authority that were appointed for the period 1 April 2020 to 31 March 2025. The Accounting Authority has performed all its duties and functions prescribed in the SASSETA Constitution and all other applicable legislation and prescripts.

The World Bank Global Economic Prospects show that over the longer horizon, the deep recessions triggered by the COVID-19 pandemic are expected to leave lasting scars through lower investment, erosion of human capital through lost work and schooling, and fragmentation of global trade and supply linkages. In our country this was exacerbated by the social unrests that erupted in July 2021 and the associated trail of destruction, economic ruin as well as the loss of lives, and the implications for the Justice, Crime Prevention and Security Cluster. The resultant economic conditions do not augur well for Skills Development Levy institutions such as the SETAs.

In the previous annual report SASSETA reported that Cabinet had approved the Economic Reconstruction and Development Plan Skills Strategy, and that the SETA was committed to its implementation.

The SETA has used the limited resources at its disposal to make further inroads to address scarce and critical skills for the sector and to support the economic recovery. In this regard the SETA has been implementing the Economic reconstruction and Recover Plan Skills Strategy and has prioritised the implementation of the following Learning Programs: Traffic Officers Learnerships; Paralegal Learnerships; and Candidacy placements.

In addition, SASSETA assisted students to settle their historical debts with university so they could graduate and enter the sector. The target was 'missing middle' students who are studying in the 4IR fields that are relevant to SASSETA in terms of the Occupations listed in the ERRP and SASSETA Scarce Occupations. This intervention targeted ICT Systems Analyst; ICT Security Specialists and Computer Network and Systems Engineers; Attorneys, Trademark Attorneys and Paralegals.

SASSETA is also making inroads into the area of drone pilot training to the private security and policing subsectors; and electronic case and evidence management training to the Justice and Legal Services subsectors.

These interventions were part of the overall performance of the SETA, resulting in the achievement of 100% of planned targets for the 2021/22 financial year and obtaining a clean audit. This is a remarkable achievement for the staff, Management and the Accounting Authority.

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

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

As I conclude, I am proud and inspired by the way SASSETA and its stakeholders have risen to the challenge. They really have shown flexibility, resilience, agility, and courage.

**MR CHRIS MUDAU**  
CHAIRPERSON OF THE ACCOUNTING AUTHORITY  
SAFETY AND SECURITY SETA

## ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT



### FRONT ROW

1. Mr Vukani Memela: Executive Manager Skills and Research, Monitoring, Evaluation and Reporting
2. Ms Juwayria Amod: Executive Manager Learning Programmes
3. Mr Chris Mudau: Chairperson of the Accounting Authority
4. Mr Ikalafeng Diale: Chief Financial Officer
5. Ms Sibongile Ngwenya: Executive Manager Corporate Services

### BACK ROW

1. Ms Raisebe Mphela
2. Mr Robert Mashau
3. MS Zandile Pakathi
4. Ms Motlalepula Molefe
5. Mr Eric Tshilambavhumwa
6. Mr Thamsanqa Mdontswa, Chief Executive Officer
7. Mr Steve Conradie,
8. Lt. Gen. (Dr) Bongwiwe Zulu
9. Ms Nontembeko Luziphoh
10. Mr Khumbulani Moyo
11. Adv. Mbuso Majosi
12. Ms Felicia Mashoene

Not in this photo: Lt Gen Khulekani Mbatha

## 2. EXECUTIVE OVERVIEW

BY THE CHIEF EXECUTIVE OFFICER

### Introduction

The COVID-19 pandemic remains at the centre of the forces shaping the operating environment, performance and outlook of every sector of business across the globe. Operating in this environment has truly become a new normal. This report demonstrates our ongoing commitment to executing our mandate often in the face of considerable adversity.

It has been a tumultuous cycle of managing the various lockdown levels and their impact on our operations but working together with our partners and stakeholders we managed to pull through and produce our best results since SASSETA came out of administration. I am exceptionally proud of SASSETA and our achievements in the 2021/22 financial year on which we report.

### Summary of Operational Performance

SASSETA's operational performance improved by 3% year on year. I am proud to report that SASSETA met 100% of its operational targets that were set out in the Annual Performance Plan for 2021/22 as approved by the Minister of Higher Education, Science and Innovation, and tabled in Parliament - the details of performance of each programme are set out in Part B of this report. The SETA also obtained a clean audit for the financial year under review.

### Summary of Financial Performance

#### Revenue

During the period under review SASSETA collected revenue amounting to R525 million. This is 33% or R129 million more than the total revenue of the



previous financial year. It will be recalled that in the previous financial year there had been a four months skills development levy payment holiday where employers were not required to contribute.

The sources of revenue are levy income from employers of R484 million; interest and penalties of R15 million, investment income of R25 million and other income of R432 thousand.

The levy income comes from 3823 employers in the private sector and from 9 government departments / entities which contribute in line with the Department of Public Service and Administration circular HRD 1 of 2013. There has been a decrease in the number of levy paying employers both in the legal services subsector (decrease of 3%), and in the private security and investigation activities subsector (a decrease of 5%).

#### Expenditure

We incurred expenditure of R459 million in the financial year under review. R289 million was spent on discretionary and mandatory grants and R170 million on administration expenses.

#### Overcoming Challenges facing the SETA

The Accounting Authority approved an organisation structure that is fit for purpose to carry out the mandate of the SETA. The SETA unfortunately does not have financial resources to fill all the vacant positions in the organisational structure. To augment capacity, the SETA has appointed some staff members on a temporary basis. As and when the revenue collection improves, the SETA will progressively fill vacant positions.

Project management remains manual and paper driven. Manual processes have been a perennial challenge for the SETA. They are a contributing factor in the slow implementation of projects. In order to improve efficiencies, the SETA will be embarking on an automation project and will be implementing the recommendations of an audit that was conducted on all existing discretionary grant projects.

The challenge reported on in the 2020/21 financial year annual report regarding the National Treasury instruction note 12 of 2020/21 regulating the retention of surpluses by Constitutional institutions and public entities listed in schedules 3A and 3C of the PFMA remains. The definition of a cash surplus does not consider commitments that an entity has. In the SETAs environment, commitments must also be considered in determining surplus funds as this may have an adverse impact in the continuation of programmes awarded.

In this regard, the annual financial statements indicate discretionary grant reserves / surplus in the amount of R524 million. In terms of the above instruction note, these funds must not be utilised prior to obtaining approval from National Treasury. The SETA has multi-year commitments in the amount of R509 million.

The instruction note places a challenge to the SETA in that it must require approval of National Treasury for the roll-over of surplus funds even in circumstances where the commitments exceed the surplus. This presents a challenge to SASSETA, and SETAs in general as the operating model is similar.

#### Requests for roll over of funds

SASSETA was granted approval by the National Treasury to retain the cash surplus of R461 million for the 2020/21 financial year.

In September 2021 the National Treasury directed all Schedule 3A and 3C public entities to invest their surplus funds in the Corporation of Public Deposits (CPD) account at the South African Reserve Bank, and that each maturing investment with financial institutions are transferred to the CPD account. Schedule 3A and 3C public entities that wish to be exempted from investing their surplus funds with the CPD must apply for an exemption. SASSETA applied for exemption and awaits National Treasury approval.

#### Supply chain management. Whether SCM processes and systems are in place

SASSETA continued to maintain sound internal control systems and processes over the SCM and these are functional.

#### Audit report matters in the previous year and how they would be addressed

In the 2020/21 financial year SASSETA disclosed Irregular Expenditure and the details relating there-to and how they have been addressed is as follows:

- R31 970 160 that had been rolled over from 2019/20 financial year for spending beyond the allowable 10.5% administration budget. SASSETA requested condonation of this irregular expenditure from the Minister of DHET. This is due to the fact that the irregular expenditure came as a result of spending beyond the 10.5% administration budget and not related to a procurement process. National Treasury subsequently changed the rules of condonation, and SASSETA was required to request condonation from the National Treasury. The National Treasury is still considering SASSETA's request.

- R389 334 incurred during the 2019/20 financial year. This was triggered by an extension of a contract above the allowable threshold of 15% while the necessary variation process was followed with the National Treasury. SASSETA applied for a condonation of the irregular expenditure. National Treasury did not approve the condonation request. The Accounting Authority will consider the matter as required by the Irregular Expenditure Framework issued by the National Treasury.

- R1 070 000 that was disclosed in 2020/21 financial year. This amount relates to process deficiencies that occurred at DHET in the appointment of some of the members of the Accounting Authority. The DHET sought condonation from National Treasury and was informed that granting a blanket condonation will be impossible and that the condonation request should emanate from the SETA's Accounting Authority individually. This was only communicated on 11 May 2022.

#### Current year Irregular Expenditure and Fruitless and Wasteful Expenditure

In addition to the irregular expenditure rolled over from prior year as indicated above, SASSETA incurred irregular expenditure amounting to R1 087 769 which was incurred in the 2021/22 financial year relating to the process deficiencies that occurred at DHET in the appointment of some of the members of the Accounting Authority. It is unfortunate that irregular expenditure is reported against the bud-

get that incurred it. Thus SASSETA reports irregular expenditure in this regard.

The SETA further discloses fruitless and wasteful expenditure amounting to R22 000 being interest on late settlement owed to a training provider resulting from arbitration of a contractual dispute.

Both incidents were beyond the SETAs control.

#### Events after the reporting date

On the 11 May 2022 DHET issued a circular to SETAs informing them that each SETA's Accounting Authority was required to apply individually for condonation of the irregular expenditure incurred as a result of the process deficiencies in the appointment of some members of the Accounting Authority. The process that has been outlined will be followed.

#### Economic Viability

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

The current licence period of SASSETA expires on 31 March 2030 based on the recently gazetted extension of the NSDS III license period of the SETA's. The future existence and landscape of the SETA's after the above date will be based on a proclamation by the Minister of Higher Education Science and Innovation based on the future National Skills Development Strategy and landscape.

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



### Acknowledgement/s or Appreciation

On behalf of the entire SASSETA family I want to thank our clients, partners, and all stakeholders for enabling our successful collaborations. Together, we have ensured that SASSETA can look back on a very good performance year in 2021/22 and show that we have emerged from our challenging environment stronger than ever.

Sincere gratitude goes to the SASSETA Chairperson and all members of the Accounting Authority for their continued support, guidance and strategic leadership.

I also thank the Audit and Risk Committee, the Risk Management Committee, the ICT Steering Committee, the Department of Higher Education Science and Innovation, the National Treasury, and the Auditor General South Africa for their continued support.

I also extend thanks to organised labour in our sector and to our employer partners in the public and private sectors.

I want to acknowledge the work and dedication of the SASSETA Management team in making this financial year successful.

And to the SASSETA employees, I extend my heartfelt thanks and admiration for their exceptional and unwavering commitment, hard work, and for the tremendous flexibility they have shown in coping and excelling in our new normal.



**MR THAMSANQA MDONTSWA**  
CHIEF EXECUTIVE OFFICER  
SAFETY AND SECURITY SETA

### 3. 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 in the annual report is consistent with the annual financial statements audited by the Auditor General.

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

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

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2022.

Yours faithfully



**CHIEF EXECUTIVE OFFICER**  
MR. THAMSANQA MDONTSWA  
DATE: 31 JULY 2022



**CHAIRPERSON OF THE ACCOUNTING AUTHORITY**  
MR. CHRIS MUDAU  
DATE: 31 JULY 2022

## 4. STRATEGIC OVERVIEW

### VISION MISSION AND VALUES

#### PLEDGE:

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



#### VISION:

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



#### MISSION:

Transforming and professionalising the safety and security sector by providing qualifications and quality skills through effective and efficient partnerships.



#### VALUES:

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

##### Leadership

We commit to decisive leadership in advancing skills development within the sector.

##### Equity

We commit to treat all diverse stakeholders in an equitable manner.

##### Accountability, Transparency, and Integrity

We pledge to execute SASSETA's responsibilities in an open, honest, and ethical manner.

##### Professionalism

We work as a team and value the contribution of others, while maintaining proficiency and service excellence.

## 5. 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, Science and Innovation re-licenced the SETAs until 31 March 2030 to operate within the skills development framework articulated in the National Skills Development Plan 2020 (NSDP) framework and other policies and strategies as set out below:

LEGISLATION/POLICY/STRATEGY	DESCRIPTION
<b>Constitution of the Republic of South Africa, 1996</b>	<p>Section 29 (1) of the Constitution requires the State through reasonable measures, to make progressively available and accessible adult basic and further education to all citizens as a human right.</p> <p>Section 22 for the right to freedom of trade, occupation, and profession. It stipulates that every citizen has the right to choose their trade, occupation or profession freely.</p> <p>Section 195(1)(a)-(f) articulates the values and principles governing public administration.</p>
<b>Skills Development Act, No. 97 of 1998 (as amended)</b>	<p>The Act provides for the development of the skills of the South African workforce. It provides for measure 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.</p> <p>The Act also provides for the establishment, amalgamation, and dissolution of SETAs; the incorporation of a subsector of one SETA into another SETA; the composition of the Accounting Authority for each SETA; the regulation the eligibility to become a member of the Accounting Authority and for a constitution for every SETA.</p>
<b>Skills Development Levies Act, No. 9 of 1999</b>	<p>In terms of section 3(1) and 3(4) of the Act 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.</p> <p>The Act specifically excludes government departments from participating in the levies contribution scheme, but provisions are made in a circular for their participation.</p>

LEGISLATION/POLICY/STRATEGY	DESCRIPTION
<b>National Development Plan, 2030</b>	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.
<b>National Human Resources Development Strategy of South Africa</b>	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.
<b>National Qualifications Framework Act, No. 67 of 2008</b>	SASSETA employs the provisions of Chapter 5 of the National Qualifications Framework Act, No. 67 of 2008 (NQF) to design training programmes, to carry out quality assurance, assess learner achievement and to accredit training providers.
<b>White Paper on Post-School Education and Training</b>	The White Paper on Post-School Education and Training aims to establish a vision for the type of post-school education and training system that the Department of Higher Education and Training (DHET) (now the Department of Higher Education, Science and Innovation) desires by 2030 (DHET, 2013).
<b>National Skills Accord</b>	<p>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.</p> <p>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.</p>
<b>Youth Employment Accord</b>	<p>The Youth Empowerment Accord has six commitments that include education and training; access to work exposure; increase the number of young people employed in the public service; youth target set-asides; youth entrepreneurship and youth co-operatives; and to develop private sector youth absorption programmes.</p> <p>SASSETA has and continues to support Government's drive to empower the youth by facilitating access to its skills development opportunities and programmes that include learnerships, internships, workplace learning and bursaries. SASSETA has also facilitated access for the unemployed youth to such skills development opportunities.</p>
<b>Medium Term Strategic Framework</b>	(MTSF) Strategic Plan for Government for the current electoral term. It reflects the commitments made by the Government, including the commitment to implement the National Development Plan

LEGISLATION/POLICY/STRATEGY	DESCRIPTION
<b>Medium Term Expenditure Framework (MTEF)</b>	It provides the medium-term spending plans of Government and budget allocations. It further highlights the impact of key national priorities.
<b>New Growth Path</b>	It is a bold, imaginative, and effective strategy which seeks to create 5 million new jobs that South Africa needs.
<b>Re-establishment of the SETA's (Gazette No: 42589, July 2019)</b>	SETA's have been re-established until 31 March 2030.
<b>Resolutions of the job summit</b>	SASSETA will contribute towards resolutions of the presidential job summit such as expanding interventions by Public and Private sector on skills commitments for youth employment, including capacity building for young people.
<b>Declaration of the presidential summit against gender-based violence and femicide</b>	Government and key stakeholders to establish a multi-sectoral, coordinating structure to respond to GBV and femicide; to allocate the necessary and adequate resources required and to develop a national GBV and femicide strategy.
<b>Economic Reconstruction and Recovery Plan</b>	The Plan details practical interventions to be implemented to support efforts to improve competitiveness in the economy, build confidence and improve economic performance. The ERRP identifies skills development as one of the key enablers to restore growth.
<b>Skills Strategy to support the Economic Reconstruction and Recovery Plan</b>	The strategy was developed to support the ERRP. It sets out 10 interventions to ensure that the skills required are produced. 6 of the interventions are focused on delivery (specific skills to be produced immediately linked to sectoral strategies); and 4 interventions are systemic and include mechanisms for refining and adding to skills and qualifications needed for fast responsiveness as the economy changes with the ERRP interventions.

The Safety and Security sector is both public and private:

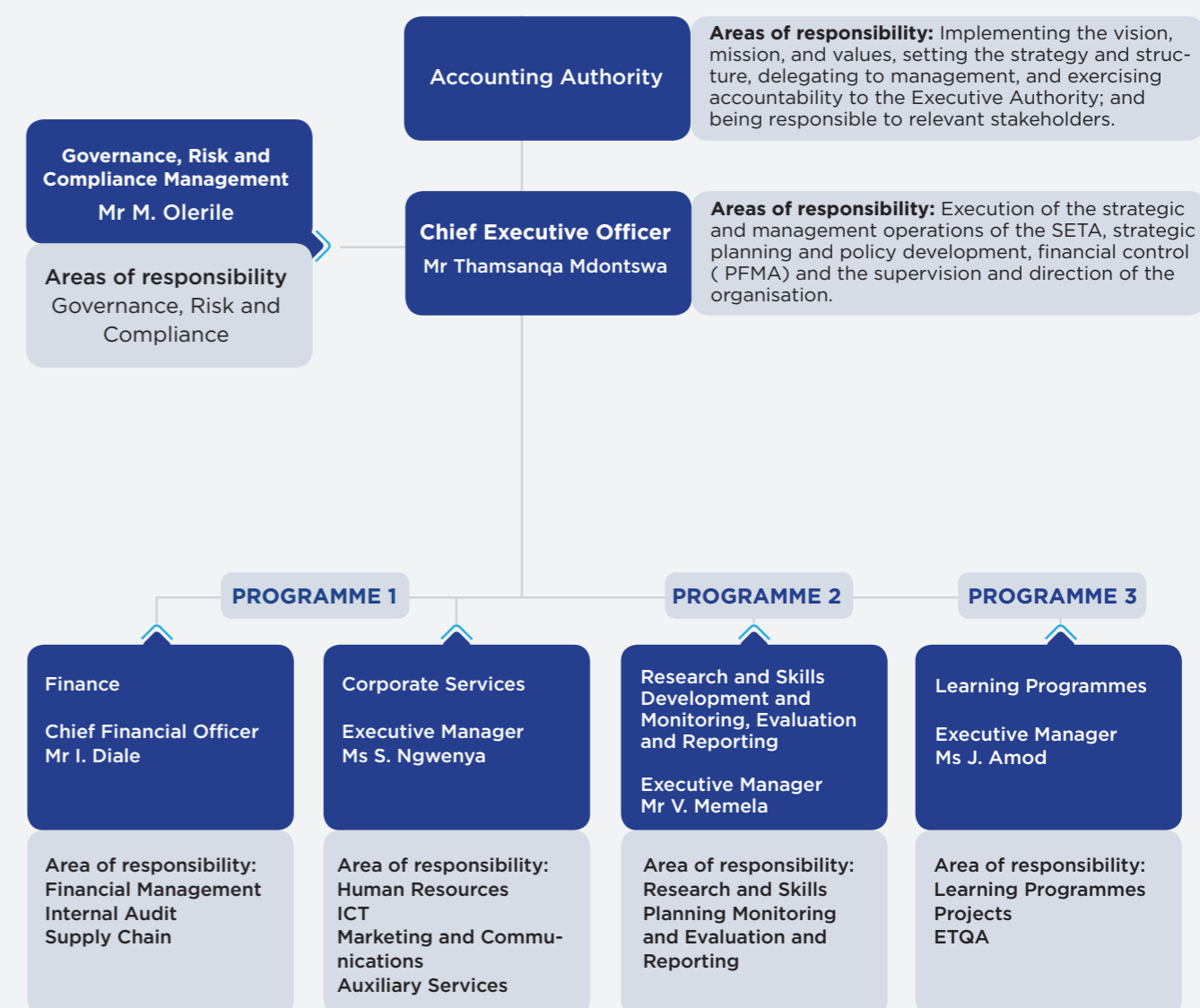
**Public Sector:** The public sector consists of government departments, security agencies and law enforcement bodies whose role it is to protect and serve the public and the interests of the State.

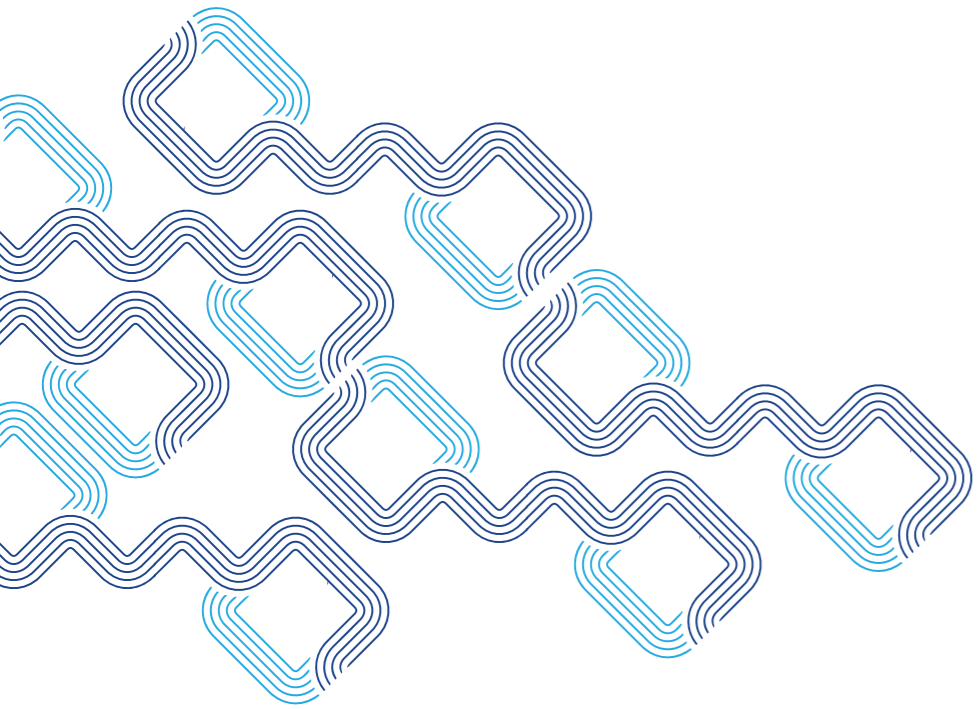
**Private Sector:** The private sector element comprises of those companies and bodies who provide security and legal services to paying clients.

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

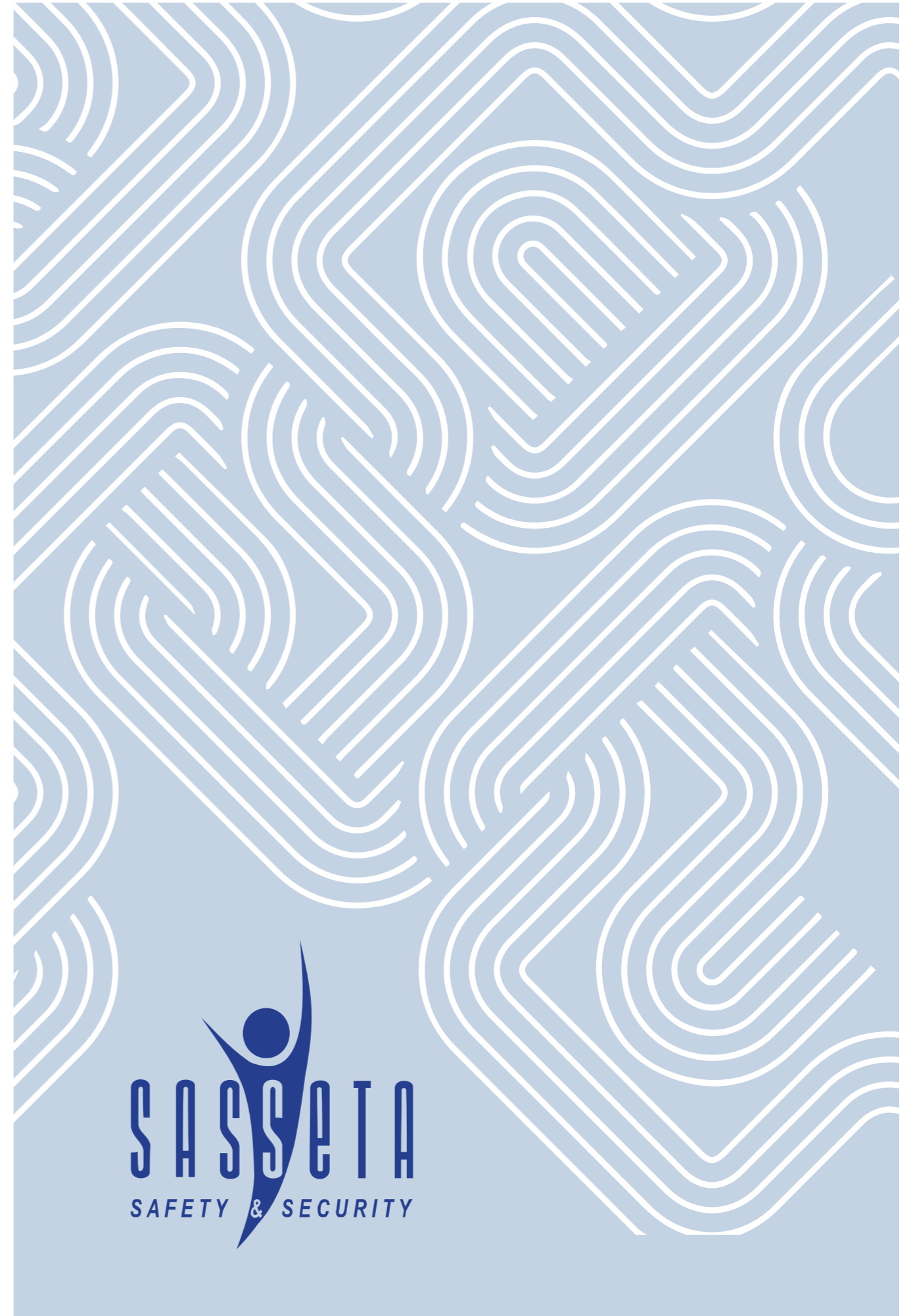
SIC CODES	SUB -SECTOR	CONSTITUENCY
9110A*	Policing	<ul style="list-style-type: none"> <li>The Independent Police Investigative Directorate (IPID),</li> <li>The Provincial Secretariats for Safety and Security,</li> <li>Civilian Secretariat for Police, Service (CSPS) and</li> <li>The South African Police Service (SAPS)</li> </ul>
91301 91302		<ul style="list-style-type: none"> <li>Municipal and Metropolitan Police Departments,</li> <li>Traffic Management / Law Enforcement, and</li> <li>Road Traffic Management Corporation (RMTC)</li> </ul>
9110B*	Corrections	<ul style="list-style-type: none"> <li>The Department of Correctional Services (DCS)</li> <li>Private Correctional Services Providers</li> <li>Kutama Sinthumule Correctional Centre.</li> <li>Mangaung Correctional Centre.</li> </ul>
9110D*	Defence	<ul style="list-style-type: none"> <li>The Department of Defence (DOD).</li> <li>South African National Defence Force (SANDF) (i.e. SA Navy, SA Air Force, SA Army and SA Military Health Services).</li> </ul>
9110C*	Justice	<ul style="list-style-type: none"> <li>The Department of Justice and Constitutional Development (DoJ &amp; CD)</li> <li>National Prosecuting Authority (NPA), and</li> <li>Special Investigations Unit (SIU) Office of the Chief Justice of South Africa.</li> </ul>
91104	Intelligence Activities	<ul style="list-style-type: none"> <li>State Security Agency (SSA), including its branches:</li> <li>The National Intelligence Agency (NIA),</li> <li>The South African Secret Service (SASS),</li> <li>The South African National Academy of Intelligence (SANAI),</li> <li>The National Communications Centre (NCC),</li> <li>The Office for Interception Centres (OIC), and</li> <li>The Electronic Communications Security (Pty) Ltd (COMSEC)</li> </ul>
88110	Legal Services	<ul style="list-style-type: none"> <li>Legal and paralegal services.</li> <li>Sheriffs.</li> </ul>
88111		<ul style="list-style-type: none"> <li>Legal Aid Services.</li> </ul>
88920	Private Security and Investigation Activities	<ul style="list-style-type: none"> <li>Private security, investigation, and polygraph services.</li> </ul>

## 6. ORGANISATIONAL STRUCTURE





# **PART B** GENERAL INFORMATION



## 2. OVERVIEW OF PERFORMANCE

### 2.1 SITUATIONAL ANALYSIS

With challenges and many successes, South Africa has managed to flatten the curve of COVID-19 pandemic to some degree. SASSETA was not spared by the COVID-19 pandemic; resources were strained, and institutional capacity was limited.

Skill development is critical for economic growth and social development. The demographic transition of South Africa makes it imperative to ensure employment opportunities for more than 3 million youths entering working age annually.

South Africa is presently facing a dual challenge of a severe shortage of highly trained, quality labour, as well as non-employability of large sections of the educated workforce that possess little or no job skills. The skill development issue in South Africa is thus pertinent both at the demand and supply levels. To meet the demand-side challenges, consistent efforts are being made toward the expansion of economic activities and the creation of large employment opportunities.

On the supply side, a simple look at the projected youth population provides a fair reason to believe that the country has the strength to cater to this demand. However, the employability quotient is questionable and remains a major area of concern. Already huge gaps exist between the industry requirements and the level of skills of workers due to varied reasons including inadequate training infrastructures, the inappropriate mix of skills and education, outdated curricula, limited industry interfaces, limited standards, etc.

The skill development ecosystem in South Africa is skewed towards a formal education system with limited meaningful vocational training. While the vocational training is in a dismal state both qualitatively and quantitatively, the higher education system itself is grappling with issues related to scale and quality.

Moreover, there is a disconnect between the formal education system and work requirements, compounding the challenges related to the skill gap. Concerted action is thus required on the supply side to ensure sustained employability opportunities. An extensive effort to skill the workforce is required, both in quantity and quality. Transforming the skill development ecosystem and making it responsive to the needs of both industry and citizens requires scalable, efficient, and comprehensive partnerships.

Skills development in South Africa is facilitated through various education and training interventions by, among others, sector education and training authorities (SETAs). SETAs are statutory bodies funded through the public purse and are regulated mainly by the Skills Development Act No. 97 of 1998 and the Skills Development Levies Act No. 9 of 1999. These Acts are supplemented by regulations that are published in the Government Gazette.

Also required is the establishment of industry participation mechanisms in training programmes. SASSETA will contribute to increasing public confidence in public sector institutions in the sector and enabling these institutions to address an increase in specific categories of crime. SASSETA is responsible for the facilitation of skills development in the safety and security sector and ensuring that skills needs are identified and addressed through a number of initiatives by the SETA and the sector.

Skills development is critical for our economic growth and social development. Unemployment, poverty, and youth skills development remain a prominent global concern. South Africa has one of the highest unemployment and inequality rates in the world, with the bulk of the workforce unskilled and historically employed in primary industries such as mining and agriculture. South Africa's unemployment rate continued to increase over the period in review. The rate increased to 35.3% in the fourth quarter of 2021, up from 34.9% in the previous year. The figure was the highest since the survey began in 2008.

According to International Labour Organisation, "Education, vocational training and lifelong learning are central pillars of employability, employment of workers and sustainable enterprise development". SASSETA had identified the following skills priority actions and will be at the apex of the SETA agenda, namely:

1. Strengthening partnerships with sector training institutions and academies,
2. Professionalisation and transformation of the sector,
3. Information and communication technology (ICT),
4. Technical and specialised skills, and
5. Building active citizenry.

The Accounting Authority and Management will continue to position the strategic framework of the SETA in the context of opportunities and risks, while also continuing to strengthen risk management capabilities that would enable an effective response to ensure the promotion of service delivery improvement and efficient utilization of resources to ensure the fulfilment of the SETA mandate.

## 2.2 IMPACTS AND OUTCOMES

### PROGRESS TOWARDS ACHIEVEMENT

SASSETAs impacts are:

1. Good Governance and Sound Administration
2. Improve Access to Occupations in high demand
3. Increased skills development in the safety and security sector targeted at occupations in high demand
4. Increased Number of learners with SAQA recognised qualifications

These impacts are supported by 9 Outcomes. The SETA is steadily progressing to the achievement of the outcome indicators. Under Program 1; 4 Partnership Memorandums of Understanding have been implemented.

The Sector Skills Plan is being annually updated with the list of occupations in high demand.

With regard to the 5 outcomes under program 3; beneficiaries were qualified and able to fill occupations in high demand thus far and the SETA is well under way to the achievement of the learners planned for.

In respect of occupational qualifications registered under sub-field 08 by SAQA there is steady progress towards the 15 qualifications required. Four (4) qualifications have thus far been registered by SAQA.

## 3. PROGRAMME PERFORMANCE

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

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

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

SASSETA has four operational programmes that work in tandem to achieve its organisational mandate, namely:

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

### 3.1 PROGRAMME 1 ADMINISTRATION

**Overview:**

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

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

**Risk Management** assists with proactively managing and addressing risks that have a negative impact on SASSETA's business, reputation, and performance. Risk Management is discussed in Part C.

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

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

**Information and Communications Technology** seeks to provide for the integration of the ICT 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.

**Marketing and Communication** coordinates 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.

**Auxiliary Services** ensure a safe and conducive work environment for employees and stakeholders.

Programme 1: ADMINISTRATION									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022 until date of re-tabling	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Strengthened collaboration with stakeholders to advance skills development within the sector	Newly established partnerships with stakeholders	Number of newly established partnerships with stakeholders to promote skills development within the sector by 31 March 2022	2	4	4	4	N/a	N/a	No Revisions were made
Enhance risk intelligence to promote good governance and ethical environment	Risk Management Framework fully implemented	Implemented Risk Management Framework which consists of: Risk Management Policy, PFMA Quarterly Compliance Charter, and Good Governance Quarterly Report by 31 March 2022	-	-	100%	100%	N/a	N/a	No Revisions were made



## FINANCE AND SUPPLY CHAIN MANAGEMENT SUB PROGRAMME

### Overview:

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

### Policy development

While the Policy on material losses through criminal conduct, irregular, fruitless, and wasteful expenditure was updated to ensure compliance with the related framework issued by the National Treasury, the Finance and Supply Chain Management Policies will be reviewed in the 2021/2022 financial year.

### Achievements

#### Revenue

Levies received from the Private Sector and Government Departments amounted to R381.2 million and R118.7 million, respectively while investment income was R25.1 million. Private sector levies accounts for 63% of the total revenue collected. Penalties and interest of R15.5 million was from late payments of levies by employers which contributed to the SETA's performance income.

Some government departments contribute levies monthly based on actual basic salary figures. The contributed levies are affected by variables such as resignations and appointments in these departments during the year. Most government departments can only afford to contribute on a 10% basis. Levies in this category accounts for 31% of the total revenue collected.

Investment income of R25.1 million is earned from surplus funds invested with the financial institutions. This amount accounts for 5% of the total revenue collected.

Other income for the financial year amounted to R432 thousands and was mainly from proceeds on the disposal of assets.

#### Expenditure

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

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

The largest component of the administration expenditure remained compensation of employees. A considerable effort is maintained to continuously stabilise the financial situation of SASSETA. While in the year under review the organisation was also challenged by deteriorating economic conditions caused by the restrictions imposed by the Government to curb the spread of the COVID-19 pandemic, and more importantly the four-month skills levy holiday the Government gave to employers, the organisation continued to be financially healthy.

### Commitments

SASSETA continued to manage and sustain its commitments balances from the previous financial years within the acceptable norm and without over-committing the organisation. The increasing balance of commitments to R497.7 million is mainly because of the delayed implementation of awarded projects which, in most cases, was not within the SETAs control.

### Irregular expenditure

The organisation implemented sound processes to ensure strict and uncompromised adherence to procurement laws and regulations to mitigate the occurrence of irregular expenditure instances.

The SETA incurred irregular expenditure amounting to R1.087 million during the financial year under review. This was triggered by expenditure relating to members of the Accounting Authority because of process deficiencies that occurred at DHET in the appointment of some of the members of the Accounting Authority. It is unfortunate that irregular expenditure is reported against the budget that incurred it, thus SASSETA reports irregular expenditure in this regard. This incident is unfortunately beyond the SETAs control.

### Challenges

Delayed and/or non-contribution of the skills development levies by some of the stakeholders which adversely affects the operations of the organisation.

Delayed submission of compliant invoices and stipends documentation required to support payments in respect of implemented projects which adversely affects timeous processing of payments.

### Future goals

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

### Measures to address under-performance

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

### Changes to the planned targets

There were no changes to planned targets during the 2021/2022 financial year.

## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SUB-PROGRAMME

### Overview:

The Strategic Objective of ICT is the effective provisioning of Information and Communication Technology to support the business of the SASSETA.

SASSETA developed an ICT Strategy with the purpose to revive and position the use of ICT within the organisation as a strategic tool to support, enable and drive the business operations and to automate cumbersome manual processes to derive efficiencies and economies of scale regarding the business processes.

### ICT priorities for the year under review and the impact of these priorities

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

Stabilisation of the Data Centre with the implementation of all the required hardware, software, environmental controls, and facilities.

Continued maintenance and support of the implemented Integrated Management Information System (IMIS), Cloud Backup Solution with Disaster Recovery Services, Office 365 SharePoint, ICT Helpdesk Solution, Human Resource Management System, Call Centre Management System and the Supply Chain Module in the Financial System.

Intensive capacity building of internal stakeholders (Management and Employees) as well as external stakeholders and partners around the dynamics of remote working.

Maintain and implement DR test plans and comply with assurance requirements relating to the approval of the DRP, alternate site, test plans, and offsite storage of the plan.

Stabilisation of the infrastructure, network, and security environments as well as the implementation of effective and efficient service level management.

Automation of manual business processes, integration of processes already automated and digitised.

### Policy Development

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

### Achievements

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

### Challenges

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

### Future goals

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

### Measures to address under performance

- There was no underperformance in the achievement of targets of the ICT sub-programme.

### Changes to the planned targets

- There were no changes to planned targets during the 2021/2022 financial year.

## MARKETING AND COMMUNICATIONS SUB-PROGRAMME

### Overview:

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

### Policy development

Marketing and Communications Policies were reviewed in 2021/2022 financial year and will be approved in quarter one (1) of the 2022/2023 financial year.

### Achievements

#### • Digital stakeholder communications

Communication with stakeholders, external and internal, has remained consistent, motivational, and helpful. The communication has been maintained via email marketing, newsletters, website postings, reminders of operational deadlines and social media platforms. The management and staff of SASSETA came together as one to assist in the process by using the tools of trade fully for remote working. Stakeholders also responded well to the increased communication and two-way conversations started up and continue.

#### • Email marketing

SASSETA sends electronic newsletters to subscribed stakeholders informing them of new developments, announcements, news updates and offering call to action to participate in operational functions such as the Mandatory Grant and Discretionary Grant processes. The online DG demonstrations have led to the stakeholders having direct interactions with SASSETA team members which lead to an increase of submissions with fewer errors. These messages result in two-way communication, thus facilitating an efficient work relationship, and professional query resolutions.

#### • Eventing

SASSETA continued with staging events digitally with the successful staging of the AGM in November 2021. The post-event survey shows that the event was well accepted. The AGM event is posted on our website and the SASSETA YouTube channel.

#### • Internal Communications

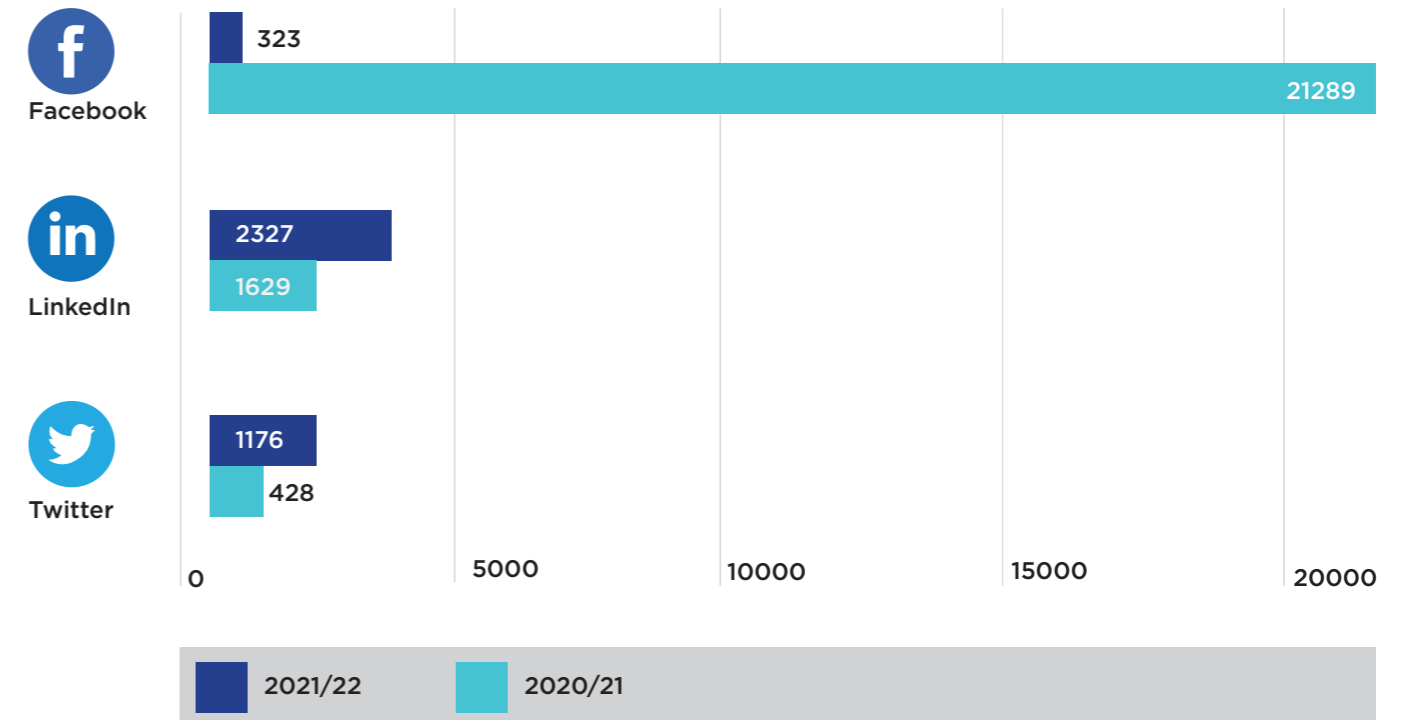
Internal communications campaigns are continuously rolled out to internal stakeholders. The campaigns include key COVID-19 updates.

#### • Social Media

Social media pages have grown during the past financial year. LinkedIn has 2327 active followers. Twitter was launched in November 2020 and currently has 1176 followers.

The SASSETA Facebook page was hacked, and a new page has been created. First posting on the new page, SASSETA - Safety and Security SETA, was on 2nd of March 2022. This had a negative impact on the Facebook followers' numbers, from 21 289 followers and now at 323 on the new Facebook page.

## SOCIAL MEDIA FOLLOWERS 2020 2021



### Challenges

Communication efforts in rural and marginalised communities needs to be intensified to capture the learning imagination of these communities. This is to guide them to view the safety and security sector as their career destination. The communication efforts could not be fully implemented in the past two financial years due to the COVID-19 restrictions. The efforts will be intensified in 2022/2023.

### Future goals

- Improving the interaction on social media platforms
- Increasing the frequency of digital stakeholder communications
- Improving reach into rural areas.

### Measures to address under-performance

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

### Changes to the planned targets

There were no changes to planned targets during the 2021/2022 financial year.

## AUXILIARY SERVICES SUB-PROGRAMME

### Overview:

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

### Policy development

There were operational changes in the OHS environment, that necessitated the review of the following policies to ensure alignment with OHS practices:

- Occupational Health and Safety Policy (OHS) including COVID-19 protocols.
- Fleet Management Policy

### Achievements

- Annual service of the fire maintenance equipment conducted, and certificate of service issued.
- Implementation of COVID-19 non-clinical protocols for internal employees and external stakeholders to reduce the spread of the virus.
- The statutory annual emergency evacuation drill was conducted in line with the OHS Act requirements.
- The fleet of the Seta is closely managed to ensure there is no abuse and/or unnecessary damage that will incur cost. The fleet is also serviced regularly to ensure that vehicles are in a good condition.
- A well-rounded Security Services Management is in place and discharges their responsibilities in line with the Control of Access to Public Premises and Vehicle Act.
- Maintenance of Heating, Ventilation and Air Conditioning (HVAC) systems.
- Close Circuit Television (CCTV) was installed in all strategic areas.
- 24 Hour response and panic buttons are in place for emergency purposes.

### Challenges

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

### Future goals

- Collaborate with the other tenants in the building on issues of OHS and Security Management.
- Continue to implement and enforce Health and Safety procedures.
- Prevent unauthorised access to the premises.
- Overcome effects of natural disaster.

### Measures to address under performance

There was no under-performance in the unit, however constant training of OHS Representatives is essential to be adequately empowered to deal with pandemics.

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

There were no changes to planned targets during the 2021/2022 financial year.

## 3.2 PROGRAMME 2 SKILLS PLANNING AND RESEARCH. MONITORING, EVALUATION, AND REPORTING

### Overview:

Purpose: Institutionalised and strengthen coordination for skills planning, research, monitoring and evaluation to promote evidence-based decision making and progress towards achievement of organisation's impact and outcomes.

Linking programmes with strategic outcomes: Programme 2 contributes to the following strategic outcome:

- Identified occupations in high demand in the safety and security sector.

### Overall programme performance:

Programme 2 contained a total of 4 indicators and 11 targets. Research, Skills Planning and Reporting achieved 100% of its annual targets as of 31 March 2022 and all targets were achieved as scheduled.

Programme 2 business operating model was adversely affected by the COVID-19 pandemic. Staff had to quickly adjust to a flexible hybrid work-from-home environment during the various levels of lockdown; face-to-face data collection, stakeholder engagements and physical monitoring visit was suspended to ensure the safety of staff and respondents.

### Subprogrammes:

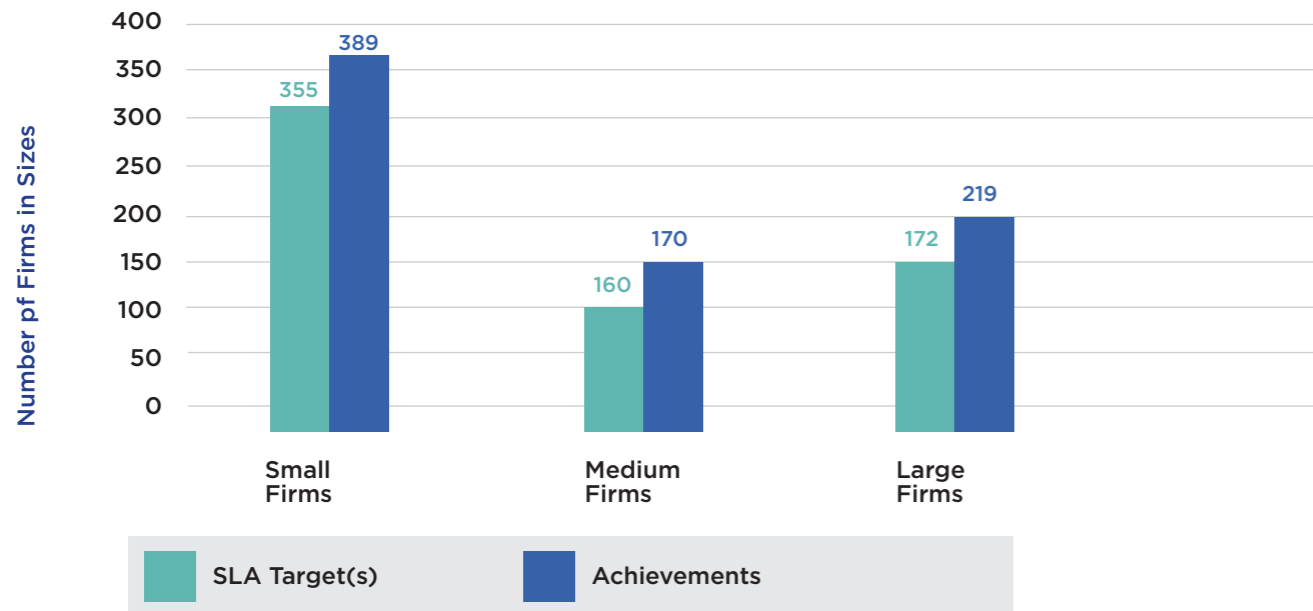
Research and Skills Planning provides leadership in the development of the sector skills plan (SSP), conduct, and manages research in which deliverables are an essential and critical element that form support and core foundation towards achievement of institutions impact and outcomes. Key outputs in 2021/22 included WSP/ATR evaluation and validation report, 2022/23 SSP and four research studies.

The following research studies have been completed and published:

- Policing Sub-sector: An overview of Human Capital, Skills & Occupations.
- Skills Survey for Legal Services and Private Security Sectors in South Africa: A Qualitative Modelling.
- Understanding the Role of Private Training Providers in the Safety and Security Sector: The Case of the Private Security and Legal Services Sub-sectors.
- The Importance of Workplace Learning in the Safety and Security Sector: A Case Study on Selected SASSETA Learnerships.

Figure 1 shows infographic information on the number of WSPs and ATRs approved for small, medium, and large companies vis-à-vis the SLA targets. SASSETA has achieved the SLA targets in all company categories.

### SLA Targets vs Achievements, 2021/22



Source: WSP/ATR Data (2021)

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

There was no underperformance in the achievement of targets of the Research and Skills Planning subprogramme.

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

There were no changes on planned targets during the 2021/2022 financial year.

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

There were no changes on planned targets during the 2021/2022 financial year.

#### Policy development

No new policies were developed during this reporting period.

#### Achievements

Research and Skills Planning has achieved all its planned annual targets as at 31 March 2022.

#### Challenges

The COVID-19 pandemic has created profound disruptions. During the various levels of lockdown, face-to-face data collection was suspended to ensure the safety of staff and respondents; a number of innovative methodologies albeit untested had to be deployed; and new relationships with stakeholders were forged on various aspects of data and information delivery.

#### Research and Skills Planning plans /goals

In this financial year (2022/2023) the department has four targets on research studies that focus on skills development matters to be completed by 31 March 2023. We would further strengthen and sharpen our research capacity in order to deliver insightful answers to the research questions.

**Monitoring, Evaluation and Reporting (MER)** coordinates the reporting of predetermine objectives performance information, conduct monitoring of projects and impact assessment studies. Key outputs in 2021/22 included projects monitoring reports, quarterly performance reports and three evaluation (or impact) studies.

The conducted and completed three evaluations (or impact studies) studies during the year under review namely:

- Understanding the **Impact of Skills Programmes**: A Case Study on Selected SASSETA funded Skills Programmes.
- Understanding the **Impact of the Artisan Programs**: An Explanation and Insight from Evidence.
- Understanding the **Impact of Candidate Attorneys Programs**: An Insight from Evidence.

These studies provided evidence that our learning programmes are adding value to learners and can play a significant role in securing employment and transforming the various industries. SASSETA remains committed to improving our services and will continue to implement measures to strength our project management capability and monitoring throughout the learnership process.

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

There was no underperformance in the achievement of targets of the MER subprogramme.

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

There were no changes on planned targets during the 2021/2022 financial year.

#### Policy development

No new policies were developed during this reporting period.

#### Achievements

MER has achieved all its planned annual targets as of 31 March 2022.

#### Challenges

The COVID-19 pandemic and the imposed regulations have had an impact in the way monitoring is conducted. Innovative ways were implemented to continue monitoring despite the circumstances. The department embraced conducting monitoring telephonically and using Skype. Although this is not the ideal way of conducting monitoring, we were able to reach most learners and training providers.

#### Future MER plans /goals

In this financial year (2022/2023) the department has four targets i.e., the number of evaluations and or impact studies focussing on skills development matters completed by 31 March 2023.

## Programme 2: SKILLS PLANNING AND RESEARCH. MONITORING, EVALUATION, AND REPORTING

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21		Planned Annual Target 2021/2022	*Actual Achievement 2021/2022 until date of re-tabling	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Identified occupations in high demand	Conducting and publishing research reports.	The number of research studies focused on Skills development matters that are completed by 31 March 2022	3	4		4	4	N/a	N/a	No Revisions were made
	Conducting and publishing evaluation reports	The number of evaluations (tracer studies) and or impact studies focused on Skills development matters completed by 31 March 2022	6	3		3	3	N/a	N/a	No Revisions were made
	2022/23 update of the SSP approved by SASSETA Board and submitted to DHET	2022/23 update of the SSP approved by SASSETA Board and submitted to DHET by the due date	2020/21 Update of the SSP approved by SASSETA Board and submitted to DHET by due date	2021/22 Update of the SSP approved by SASSETA Board and submitted to DHET by due date		2022/23 Update of the SSP approved by SASSETA Board and submitted to DHET by due date	2022/23 Update of the SSP approved by SASSETA Board and submitted to DHET by due date	N/a	N/a	No Revisions were made

### 3.3 PROGRAMME 3: LEARNING PROGRAMMES

The purpose of the programme is to facilitate skills development interventions and training with the aim to reduce the scarce and critical skills gap in the safety and security sector. This is achieved through the provision of quality learning programmes. These learning programs are targeted towards employees in the sector and unemployed youth aspiring towards their chosen careers.

Learning Programmes is a core division of SASSETA. At Learning Programs, the Discretionary Grants are awarded, learners are on-boarded, learners are registered on the SASSETA Learner Management Information System, learners are reported upon in line with the targets set in the SASSETA Annual Performance Plan and learning programs are implemented.

This is inclusive of all pivotal and non-pivotal learning programs. It should be noted that some of the non-pivotal learning programs are special projects targeted at dealing with critical challenges being faced by the country.

**The program is divided into two main sub-programmes:**

1. Learning Programme Implementation and
2. Grants & Project Management

**Learning Programme Implementation**

The following learning programs projects are implemented for employed and unemployed learners:

- Learnerships
- Skills programmes
- Bursaries
- Artisans
- Work Integrated Learning (covering Candidacy Programmes, Placement of TVET students, placement of University of Technology students and Internships)
- TVET Lecturer Development Programs

**Grants & Project Management**

- Discretionary Grant advertising and Awarding
- Career Guidance
- Strategic Projects
- Learner Registrations

The focus of this programme is to implement learning interventions across the sector that address the skills gaps as identified in the SASSETA' s Sector Skills Plan, as well as other national skills priorities. There is also focus is on training unemployed person to become more employable.

**This program is responsible for the following five outcomes:**

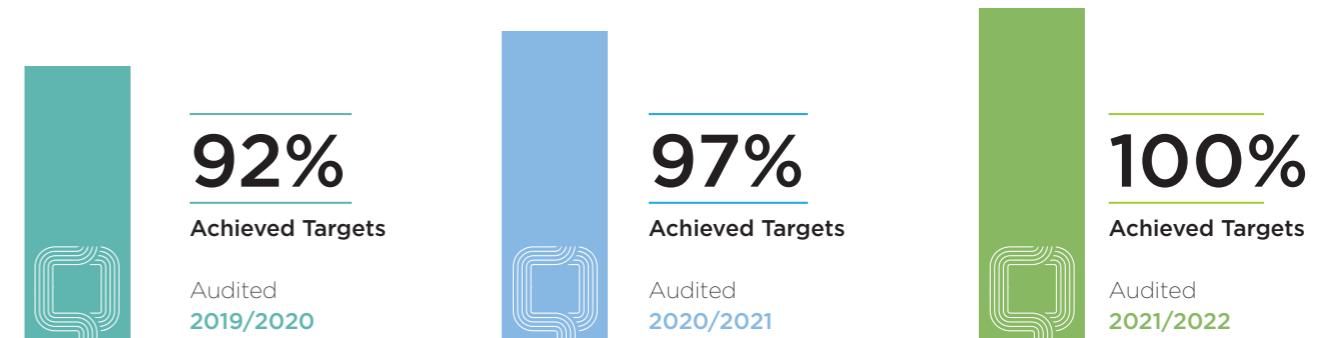
1. Increased production of Occupations in high demand
2. Linking education and the Workplace
3. Improved level of Skills in the Safety and Security Sector
4. Increased Access to Occupationally Directed Programs
5. The growth of the public college system supported.

For the year under review the program was responsible for 24 of the 30 outputs in the Annual Performance Plan. These outputs had corresponding targets, per output indicator and all targets for all outputs were achieved. This translates to a 100 % achievement, confirming a steady improvement in performance over the past 3 years.

The performance is quite notable as it is the first time in the 22 years of existence of the SETA that a 100% of the program indicators has been achieved. It has taken immense hard work and dedication for this achievement to be realised.

**The past 3-year review figures are as follows:**

2019/2020- 92 % \_ Audited  
2020/2021 - 97 %\_Audited  
2021/2022 - 100 %\_Audited



### Programme 3: LEARNING PROGRAMMES

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21		Planned Annual Target 2021/2022	*Actual Achievement 2021/2022 until date of re-tabling	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Increased production of occupations in high demand	Bursaries allocated for unemployed youth by 31 March 2022	Number of Bursary agreements entered into for unemployed youth by 31 March 2022	300	174		200	201	+1	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	Unemployed youth completed studies through bursaries award in prior years by 31 March 2022.	Number of unemployed youth that completed studies under a SASSETA funded Bursary by 31 March 2022	106	48		55	55	--	N/A	No Revisions were made
Linking Education and the Workplace	TVET students entered work integrated learning placement programmes by 31 March 2022	Number of TVET Students entered work integrated learning placement programmes by 31 March 2022	1003	157		500	511	+11	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	TVET students completed work integrated learning placement programmes by 31 March 2022	Number of TVET students completed work integrated learning placement programmes by 31 March 2022	130	153		550	561	+11	More learners than anticipated successfully completed the learning program and were reported on	No Revisions were made
	University of technology students provided with work integrated learning to complete their qualifications.	Number of University of Technology students placed in work integrated learning by 31 March 2022 to complete their qualifications.	-	104		310	311	+1	A learner dropped out and had to be replaced. The replaced learner had to also be reported on.	No Revisions were made



### Programme 3: LEARNING PROGRAMMES

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21		Planned Annual Target 2021/2022	*Actual Achievement 2021/2022 until date of retabling	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Linking Education and the Workplace	University of Technology students provided with work integrated learning thereby enabling them to complete their qualifications.	Number of University of Technology students who complete their work integrated learning by 31 March 2022, thereby enabling them to complete their qualifications	-	55		50	55	+5	More learners than anticipated, given the COVID 19 pandemic, successfully completed training	No Revisions were made
	TVET Lecturers exposed to workplaces	Number of TVET Lectures exposed to workplaces that are linked to qualifications the TVETs are accredited for by 31 March 2022	-	5		10	10	-	N/A	No Revisions were made
	Graduates entered workplace-based learning programmes in strong partnerships with the industry	Number of law graduates placed in the legal sector in candidacy programmes by 31 March 2022	-	143		150	166	+16	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	Graduates/ completed workplace-based learning programmes	Number of law graduates placed in the legal sector completing candidacy programmes by 31 March 2022	-	110		50	63	+13	More learners than anticipated, given the COVID 19 pandemic, successfully completed training.	No Revisions were made
	Graduates entered workplace-based learning programmes in strong partnerships with the industry	Number of graduates and interns entered workplace-based learning programmes, in partnership with industry, by 31 March 2022	430	107		500	503	+3	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made

### Programme 3: LEARNING PROGRAMMES

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21		Planned Annual Target 2021/2022	*Actual Achievement 2021/2022 until date of retableting	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Linking Education and the Workplace	Graduates completed workplace-based learning pro-grammes	Number of graduates and interns completed workplace-based learning programmes by 31 March 2022	335	263		100	114	+14	More learners than anticipated, given the COVID 19 pandemic, successfully completed training.	No Revisions were made
	Unemployed learners entered learnerships by 31 March 2022	Number of unemployed learners entered learnerships by 31 March 2022	2402	654		1000	1020	+20	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	Unemployed learners completed learnerships by 31 March 2022.	Number of unemployed learners completed learnerships by 31 March 2022.	1208	1030		450	490	+40	More learners than anticipated, given the COVID 19 pandemic, successfully completed training.	No Revisions were made
Improved Level of skills in the Safety and Security Sector	Employed learners entered learnerships by 31 March 2022	Number of employed learners entered learnerships by 31 March 2022	2000	247		600	604	+4	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	Employed learners completed learnerships by 31 March 2022	Number of employed learners completed learnerships by 31 March 2022	1506	1010		250	260	+10	More learners than anticipated, given the COVID 19 pandemic, successfully completed training.	No Revisions were made

### Programme 3: LEARNING PROGRAMMES

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21		Planned Annual Target 2021/2022	*Actual Achievement 2021/2022 until date of retabing	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Level of skills in the Safety and Security Sector	Employed learners entered Bursary Agreements by 31 March 2022	Number of employed learners entered Bursary Agreements by 31 March 2022	200	41		80	82	+2	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	Employed learners holding bursaries who completed studies by 31 March 2022	Number of SASSETA funded employed learners having bursaries who completed studies by 31 March 2022	60	56		35	35	-	N/A	No Revisions were made
	Employed learners entered skills programmes/ Short courses by 31 March 2022	Number of employed learners entered skills programmes/ short courses by 31 March 2022	3003	1256		1400	1449	+49	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	Employed learners completed skills programmes/ Short courses by 31 March 2022	Number of employed learners completed skills programmes/ Short courses by 31 March 2022	2505	1902		900	908	+8	More learners than anticipated, given the COVID 19 pandemic, successfully completed training.	No Revisions were made
Increased access to occupationally directed programmes	Learners entering artisan related learning programmes by 31 March 2022	Number of learners entering artisan related learning programmes by 31 March 2022	200	144		100	111	+11	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	Learners completing artisan related learning programmes by 31 March 2022 in partnership with public TVET Colleges	Number of persons declared competent on Trade Tests by 31 March 2022 in partnership with public TVET Colleges	73	62		50	50	-	N/A	No Revisions were made

### Programme 3: LEARNING PROGRAMMES

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21		Planned Annual Target 2021/2022	*Actual Achievement 2021/2022 until date of retableting	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Increased access to occupationally directed programmes	Entrepreneurs supported by 31 March 2022.	Number of entrepreneurs supported by 31 March 2022.	-	10		15	16	+1	1 more entrepreneur was supported and was reported on.	No Revisions were made
The growth of the public college systems supported.	Unemployed learners entered skills programmes/short courses by 31 March 2022	Number of unemployed learners entered skills programmes/short courses by 31 March 2022.	3003	201		400	407	+7	Revenue was higher than initially budgeted and excess funds was used to support more learners than initially planned	No Revisions were made
	Unemployed learners completed skills programmes/short courses by 31 March 2022	Number of unemployed learners completed skills programmes/short courses by 31 March 2022	-	101		200	208	+8	More learners than anticipated, given the COVID 19 pandemic, successfully completed training.	No Revisions were made

## SPECIAL INTERVENTIONS IMPLEMENTED BY THE SETA

### 1. Economy Reconstruction & Recovery Plan

SASSETA has been engaged in several interventions in facilitating the implementation of the Economic reconstruction and Recovery Plan.

#### Economic Stimulus

A number of businesses, particularly SMME's, were adversely impacted by the COVID-19 pandemic. Hundreds of thousands of people also lost their jobs and livelihoods. SASSETA has implemented an Economic stimulus project that is providing support to 75 small businesses to become competitive in their markets. The support includes establishment of new businesses, formal registration for compliance purposes, formal training on small business management, basic business financial literacy, how to prepare a business plan, marketing as well as getting business coaching from a Business Coach for a period of 12 months.

3 new projects will be implemented in the new financial year to further these efforts. A total of 550 individuals will be assisted to start their own new ventures.

### 2. Historical Debt Clearance

In response to the outcry of the students in the various universities, SASSETA committed R20 million to assist students to clear their historical debt and be able to either register for the 2022 academic year, or graduate as they had already completed their studies but could not graduate due to balances owing to the universities. To date, a total of 323 students' educational debts has been cleared, paving the way for them to graduate in the May/June 2022 graduation season and assisting in their job seeking initiatives.

The project is ongoing and will see many more students being supported in the new financial year. This initiative is implemented with USAf and in addition to Wits University, has benefited students that studied in the historically disadvantaged universities below.

- Mangosuthu University of Technology
- Walter Sisulu University
- University of Venda
- University of Limpopo
- University of Zululand
- University of the Western Cape
- University of Fort Hare

### 3. Violence in Society

It is common cause that one of the root causes of violence in society is that people resort to violence when in conflict situations. SASSETA did successfully implement a program to educate the youth on how to deal with conflict in a bid to reduce violence in Mpumalanga and Kwa Zulu Natal.

## 3.4 PROGRAMME 4: QUALITY ASSURANCE (ETQA)

### Overview

The SASSETA ETQA functions are mandated from DHET and QCTO. The purpose of this program is to ensure Quality Education and Training is delivered with the end goal of certifying learners timeously. The functional areas include the accreditation of Skills Development Providers, registration of Assessors and Moderators, development of Occupational Qualifications to address occupations in high demand, External Moderation of learner results and Learner Certification.

SASSETA's learner certification processes promote principles of assessment and learner information is recorded and uploaded on the National Learner Record Database (NLRD) hosted at SAQA on a quarterly basis.

The sub-programme consists of the following:

- Quality Assurance
- Certification and
- Development / Re-alignment of Occupational Qualification

Outcome	Ensured efficiency in the delivery of occupational qualifications for the safety and security sector
Output	Occupational qualifications submitted to QCTO for registration
Output Indicator	Number of qualifications realigned or newly developed in the sector and submitted to QCTO for approval by 31 March 2022
Audited Actual Performance 2019/20	4
Planned Annual Target 2020/2021	3
Planned Annual Target 2021/2022	3
*Actual Achievement 2021/2022 until date of re-tabling	3
Deviation from planned target to Actual Achievement 2020/2021	N/a
Reasons for deviations	N/a
Reasons for revisions to the Outputs / Output indicators / Annual Targets	No Revisions were made

The SASSETA ETQA conducted an internal audit and quality promotion workshop for registered assessors and moderators to promote compliance with implementation of assessments and moderation practices.

**Verifier Capacity Building Workshop**

The QCTO is striving towards the implementation of one Quality Assurance System of registered qualifications on the OQSF (Occupational Qualifications Sub-Framework). ETQA embarked on a Capacity Building Workshop aimed at our external verifiers on 07 March 2022 to enhance the quality of verification process within our Sector and to give them capacity on how to conduct verification on the QCTO FISA templates.

**Accreditation of Training Providers**

Summary of Accredited Providers, Registration of Assessor and Certifications issued

No	Category of Accreditation	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
1.	Full Accreditation	15	13	18	14	60
2.	Monitoring Visits	-	13	31	15	59
3.	Verification Visits	91	55	69	57	272
4.	Programme Approval	5	2	3	6	16
5.	Extension of Scope	5	9	4	8	26
6.	e-learning approval	-	2	1	3	6
7.	Assessor Registration	38	70	35	21	164
8.	Moderator Registration	13	18	22	9	62
9.	Certification	4 273	5 087	3 183	1 714	14 257

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

- OC: Correctional Service Manager
- OC: Traffic Officer
- OC: Electronic Security

## RESPONSE TO THE COVID 19 PANDEMIC

Small and Medium Enterprises (SME's) are an essential part of South Africa's economy, and they continue to play a key role in job creation in the business world and serve as a catalyst for employment generation, poverty reduction, national growth, and economic development.

The Safety and Security SETA continues to offer additional support to SME's during the COVID-19 pandemic. This is in the form of a COVID-19 relief project where 84 companies in the safety and security sector have been provided with COVID-19 Risk Assessments, Post-Lockdown Plans, Basic Awareness online Training as well as personal protective equipment. In these 84 companies, 784 learners have successfully completed the training programme to date. The project is ongoing.

SASSETA continues to strive to make a provision of support and assurance to SME's within the sector. The response of the SETA includes providing relief to 100 entities up to the value of R 4 450 000 and continues to ensure that SME's are supplied with the following during the COVID 19 pandemic:

- COVID-19 Risk Assessments to establish the extent to which business is vulnerable to COVID-19.
- Support with the preparation of evidence of COVID-19 compliance as required by the Department of Labour & Employment
- Post-Lockdown preparedness plans, updated as the legislations and regulations are amended.
- Compulsory SAIOSH accredited COVID-19 Workplace Hygiene Awareness Training course for up to 15 employees per company supported.
- Delivery of a handheld thermometer per company
- Delivery of 45 3 ply Material Masks per company
- Delivery of 30 Face Shields per company
- Delivery of 500 Ear loop surgical face masks per company
- Delivery of 15\* one litre hand and surface sanitisers
- Delivery of 15\* 5-litre sanitiser refills per company
- Delivery of 100 pairs of latex gloves per company

The Seta continues to respond to the goals of the National Skills Development Plan and makes an effort to assist small enterprises by equipping them with PPE and training to combat the spread of COVID 19.

Programme	Intervention	Geographic Location	No of Beneficiaries	Total budget allocation	Budget Spent as of 31 March 2022	Contribution to the outputs in APP	Immediate Outcomes
Programme 3	COVID -19 Response for SME's Project Code NP0819	Western Cape Eastern Cape Northern Cape Kwa-Zulu Natal Mpumalanga Gauteng Limpopo North West Free State	100 companies	R4 450 000	R1 102 200.00	This programme contributes to the Skills development of Learners. This programme contributes to the support of entrepreneurs within the Safety and Security Sector	Small and Medium Sized companies are better equipped to deal with the COVID 19 pandemic.

## INTERNAL COVID-19 INTERVENTIONS

### Programme 1

The COVID-19 protocols developed by the SASSETA War Room Task Team continued to be in place for the 2021/2022 period. The protocols changed to meet the COVID-19 level restrictions set out by National Government. The protocols were published on the website and intranet for ease of accessibility. The protocols were communicated to DHET together with a notification of infections as set out by the Minister.

#### **Implementation of the personal protection equipment supply plan and health protocols for employees**

At the start of the COVID-19 lockdown continuing throughout the various COVID-19 restriction levels, all employees were issued with two re-usable and washable masks, gloves, sanitiser for desk and laptop cleaning products. The sanitiser and laptop cleaning products are replenished when required by employees. All entrances and exits to the buildings have sanitisation stations installed and employees sign in at the front desk for temperature measurement before moving to their workstations.

An automated COVID-19 Health Questionnaire was developed for online completion. Regular analyses of the questionnaires are sent to management for further consultation with medium/medium-to-high and high-risk employees. SASSETA suffered 18 COVID-19 infections from March 2021 to end April 2022 but thankfully no deaths from this virus were recorded. Infected employees isolated at home and returned to the office only with physician's consent. Tracing was done in all instances and employees who were near the infected staff member also isolated and sought medical attention if COVID-19 symptoms occurred.

SASSETA appointed an approved supplier to sanitise the building and deep clean the carpets on a regular basis and immediately after an infection was reported. The office then closed for a couple of days to allow the chemicals to dissipate. Both internal and external stakeholders were informed of the office closure.

#### **Management of COVID-19 protocols for external stakeholders**

To minimise the risk of infection external stakeholders were encouraged to use the SASSETA online facilities to communicate with employees. The number of face-to-face visits has declined, and the online communication increased to allow business continuation. External stakeholders' temperatures were measured, and personal details recorded for tracing purposes.



## 4 REVENUE COLLECTION

SASSETA is primarily funded from Skills Development Levies (SDL) received from the Private Companies and Government Departments. For the 2021/22 financial year it collected R525.3 million in revenue.

This revenue is R129.6 million more than the revenue collected in the 2020/21 financial year.

## 5 CAPITAL INVESTMENT

### Acquisition of additional office space

Due to operational requirements, SASSETA had to acquire additional office space at the head office premises. Capital investment relating to furniture and fittings for this additional office space is expected to be incurred during the 2022/2023 financial year.



# PART C

## GOVERNANCE RISK AND COMPLIANCE



## GOVERNANCE, RISK AND COMPLIANCE

### Introduction

The Governance, Risk and Compliance Unit monitors and reports on an ongoing basis to the Risk Management Committee (RMC), the Audit and Risk Committee (ARC) and the Accounting Authority, regarding the risks facing SASSETA. The RMC advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The ARC advises SASSETA on risk management and independently monitors the effectiveness of the system of risk management and internal controls.

### Portfolio Committees

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

The role of Portfolio Committee is to:

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

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

### Executive Authority

The Minister of Higher Education, Science and Innovation is the Executive Authority of the Department of Higher Education and Training which SASSETA report to.

The Executive Authority is empowered to implement legislation, develop and implement policy, direct and co-ordinate the work of the government department and its entities, prepare and initiate legislation and perform other functions as called for by the Constitution or legislation.

The Executive Authority is also responsible for the appointment of the Accounting Authorities for the entities reporting to the department.

### Accounting Authority

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

### Risk Management

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

The SASSETA's Risk Management Policy promotes a standard approach to enterprise risk management (ERM) at SASSETA to ensure that all risks that could affect the organisation's strategy, reputation, business processes and systems, financial and environmental performance are identified, assessed, and mitigated to an acceptable level. Management and monitoring of SASSETA's risk management framework is facilitated through regular risk assessments and reporting by risk champions to the governance structures of the SASSETA, outlining the relevance, progress, and status of risks treatments.

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

The implementation of competitive risk management business processes ensured that SASSETA continued to achieve a level 5 risk maturity assessment level from the National Treasury at 31 March 2022. This translates that the SASSETA has an optimised risk maturity level with a continuous focus of embedding the risk culture across the organisation.

The ERM's efforts, during the year under review, have resulted in the mitigation of the main inherent risks that SASSETA was exposed to, thus contributing towards reducing the residual risk exposure to be within acceptable levels.

### Internal controls

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

Management is also assisted to track, implement, and report on audit recommendations through Audit Action Plans, and further supports management to maintain effective, efficient, and transparent systems of internal controls.

### Internal Audit and Audit and risk committees

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

SASSETA has outsourced its Internal Audit function to external service provider that 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. The tasks 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.

#### **Compliance with laws and regulations**

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

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

#### **Fraud and Corruption**

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

#### **Minimising Conflict of Interest**

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

SASSETA's Supply Chain Management, 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 its business is conducted in the interests of SASSETA and conforms with the Constitution of SASSETA as well as with the legislation and regulations governing SASSETA's activities and business practices. The code of conduct is applicable to all employees.

#### **Health, Safety and Environmental Issues**

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

The SASSETA has made statutory appointments to assist in ensuring the safety of employees. OHS Committees are in place, both at the Head Office and at regional level. Training sessions are conducted on a regular basis to ensure that Committee Members are up to date with legislation and their roles and responsibilities as statutory OHS Officers.

Compliance with OHS regulations is insisted upon, and regular inspections, assessments and maintenance are conducted to ensure the sustenance of a safe and healthy environment.

The COVID-19 pandemic was managed internally with SASSETA staff receiving PPE and education and externally by assisting 100 Small Medium Enterprises with PPE to protect themselves and their staff. The detail of the COVID-19 interventions by SASSETA is set out in Part B of this report.

#### **Company Secretary**

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

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

#### **Audit and Risk Committee**

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

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

### Key activities and objectives of the audit and risk committee

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

- The effectiveness of the Internal Audit function;
- The adequacy, reliability and accuracy of the financial and performance information provided by management to various stakeholders;
- The SASSETA's compliance with legal and regulatory provisions;
- Any accounting and audit concerns identified as a result of Internal and External Audits performed;
  - The activities of the Internal Audit function, including its annual work program, coordination with the Auditor-General (AGSA), the reports of significant recommendations and the response of management to those recommendations;
- The scope and results of the External Audit function, its cost effectiveness as well as the independence and objectivity of the AGSA;
- Reporting to the Executive Authority and the AGSA where a report implicates the Accounting Officer in fraud, corruption or gross negligence;
- Communicating any concerns, it deemed necessary to the Executive Authority, AGSA and Internal Audit function;
- Approving the Audit and Risk committee Charter, Internal Audit Charter, Policy and Plan; and
- Reviewing the Annual Financial Statements and Annual Performance Report prior to and after the annual audit.

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

The ARC consists of the members listed below, all of whom are independent of SASSETA. The Committee should meet at least 4 times per annum as per its approved terms of reference. During the financial year under review, eight (8) meetings were held. The table below discloses relevant information on the ARC members.

Members	Qualifications / Capacity	Geographic Location	Number of meetings attended
Ms. M Pillay	CA (SA)	Independent non-executive member	8
Mr. B. Gutswa	CIA, CCSA, CRMA	Independent non-executive member	8
Ms. P Mushwana	CISA, BSC IT	Independent non-executive member	7
Mr. E Tshilambavhumwa	Member of the Accounting Authority	Accounting Authority representative: Organised Employer	8
Ms. N Luzipo	Member of the Accounting Authority	Accounting Authority Organised Employer	8

## B- BBEE COMPLIANCE PERFORMANCE INFORMATION

### HAS THE PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 - 8) WITH REGARDS TO THE FOLLOWING:

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

## REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2022.

### Audit and risk committee Responsibility

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

### The Effectiveness of Internal Controls

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

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the 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 generally adequate and effective. Based on the internal audit outcomes, some areas of improvement are required in the internal controls over monitoring, evaluation & reporting; ICT and discretionary grants.

The ARC believes that the internal control environment will continue to be monitored and improved.

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

- Monitoring, evaluation and reporting
- Human Resources
- Enterprise Risk Management
- ICT (general controls and network security)
- Financial Management Review
- Education, Training and Quality Assurance
- Covid 19 compliance review
- Compliance and governance
- Performance reporting
- Supply chain management
- Mandatory grants
- Discretionary grants

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

### Risk Management

The ARC is responsible for providing oversight over the risk management function. The Board has adopted a risk management framework, strategy and relevant policies for SASSETA, in line with the PFMA. SASSETA has established a risk management committee, chaired by an independent audit and risk committee member, that reports quarterly to the audit and risk committee. The risk management processes are reviewed by internal audit. The audit and risk committee is satisfied with the overall risk management function and made recommendations to management for necessary enhancements.

### In-year Management and Quarterly Report

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

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

### Evaluation of Financial Statements

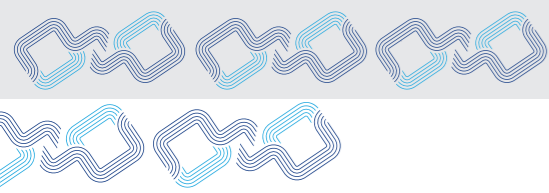
The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and management.
- Reviewed the AGSA's Management Report and Management's response thereto.
- Reviewed accounting policies and practices as reported in the Annual Financial Statements.
- Reviewed significant financial reporting judgements and estimates contained in the annual financial statements.
- Reviewed clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Reviewed the quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Reflected on unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reviewed reasons for major year-on-year fluctuations, including variances of actual versus budget.
- Reviewed specific provisions.
- Reviewed Write-offs and reserve transfers.
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues.
- Reviewed adjustments resulting from the audit of the entity.
- Reviewed changes to the Annual Financial Statements as presented by the entity for the year ending 31 March 2022.
- Reviewed the entity's processes for compliance with legal and regulatory provisions.

### Evaluation of report on predetermined objectives

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

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



#### Internal Audit

The Entity has in terms of section 51 of the Public Finance Management Act of 1999, put in place a system of Internal Audit under the control and direction of the Audit and Risk Committee that complies with and operates in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA. The primary objective of Internal Audit is to provide independent and objective assurance designed to add value and improve the SETA's operations. It helps the SETA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and recommend improvements regarding the effectiveness of risk and compliance management, internal controls, and governance processes. A risk based annual audit plan for 2021/22 was compiled and approved by the ARC.

Internal Audit has evaluated and contributed to the improvement of risk management, controls, and governance systems of the entity through the performance of adequate assurance activities in key areas identified in the risk assessment and by conducting audits in areas mandated by the PFMA and Treasury Regulations.

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

#### Report of the Auditor-General of South Africa

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

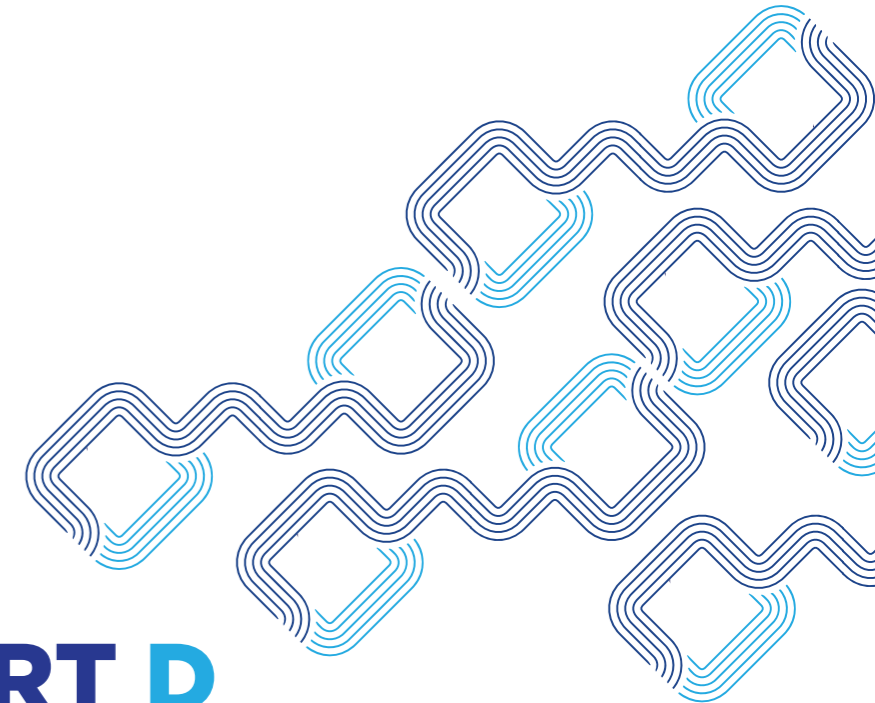
#### Appreciation

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

**MS E PILLAY - CA (SA)**

CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

31 JULY 2022



## PART D HUMAN RESOURCE MANAGEMENT

## HUMAN RESOURCE MANAGEMENT

### 1. Introduction

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

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

#### HR priorities for the year under review

- **Skills development of staff**  
Skills development of staff was a top priority at the centre of COVID-19 period. Skilled employees contributed to outstanding performance of SASSETA.
- **Retention of staff**  
Retained personnel ensured continuity of SASSETA business and reduction in recruitment costs.
- **Filing of critical positions**  
Critical positions of the Board Secretariat, ICT Manager, ETQA Manager and Marketing & Communication Manager were filled.
- **Integrated Human Resources System**  
Implementation of the system continued to improve efficiency in HR operations. There is an improvement in the efficiency.
- **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce.**
  - Workforce planning framework through review and implementation of the organization structure
  - Use of different media platforms to attract and recruit skilled and capable workforce.
  - Offering of market-related remuneration benefits to attract skilled and capable workforce.
- **Employee performance management framework**  
The Performance Management System (PMS) was successfully executed for the seventh year in a row. SASSETA achieved 97% overall performance during the year under review
- **Employee wellness programmes**  
SASSETA's partnership with a wellness service provider during the year under review 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.

- **Policy development**  
SASSETA engaged all relevant stakeholders, including organized labour, in wide consultation process of reviewing and enhancing all its Human Resources Policies.
- **Achievement**  
Legislative requirements were complied with, in terms of submitting mandatory HR Documents:
  - 2021/2022 Workplace Skills Plan was submitted to the ETDP SETA (affiliating SETA and implement the plan through various training interventions. Annual Training Report (ATR) for 2020/2021 was also prepared and submitted; accordingly, and
  - 2021 Employment Equity (EE) Report was submitted to the Department of Employment and Labour.
  - All set HR targets were 100% achieved.
  - Required interventions to combat COVID-19 pandemic were put in place. Although 17 cases several cases were reported, there were no fatalities.
- **Challenges faced by the public entity**
  - Inability to fill positions timeously.
  - Limited staff development budget
- **Future HR plans /goals**
  - Enhancing the culture of performance management across the organization to improve service delivery.
  - Reinforcing a mindset shift of working from home to physical work attendance after a recent upliftment of the State of National Disaster in March 2022.
  - Improving a pool of Managerial / Supervisory skills within the organization.
  - Review Employment Equity (EE) Plan

## 2. Human Resources oversight statistics

PERSONNEL COST BY PROGRAMME					
PROGRAMME	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total expenditure. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1	99 021	34 980	10%	66	530
Programme 2	31 855	15 267	4%	17	898
Programme 3	210 103	22 442	6%	43	522
Programme 4	11 733	9 466	3%	22	430

PERSONNEL COST BY SALARY BAND				
LEVEL	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 270	3%	1	2 270
Senior Management	8 521	10%	4	2 130
Professional qualified	13 766	16%	13	1 059
Skilled	30 035	35%	39	770
Semi-skilled	30 821	36%	79	390

PERFORMANCE REWARDS			
LEVEL	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	120	2 270	0%
Senior Management	1 237	8 521	1%
Professional qualified	630	13 766	1%
Skilled	1 622	30 035	2%
Semi-skilled	1 519	30 821	2%
Unskilled	131	3 688	0%

TRAINING COSTS					
PROGRAMME	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost.	No. of employees trained	Average training cost per employee (R'000)
Programme 1	34 980	687	2%	52	13
Programme 2	15 267	78	1%	17	898
Programme 3	22 442	128	1%	51	440
Programme 4	9 466	178	2%	24	394

EMPLOYMENT AND VACANCIES					
PROGRAMME	2021/2022 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Programme 1	46	62	46	16	25%
Programme 2	21	32	21	11	34%
Programme 3	41	73	41	32	43%
Programme 4	20	24	20	4	16%

EMPLOYMENT AND VACANCIES					
LEVEL	2021/2022 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Top Management	1	1	1	0	0
Senior Management	5	7	5	2	29%
Professional qualified	9	13	9	4	30%
Skilled	32	63	32	31	49%
Semi-skilled	74	99	74	25	25%
Unskilled	7	8	7	1	13%
<b>TOTAL</b>	<b>128</b>	<b>191</b>	<b>128</b>	<b>63</b>	<b>33%</b>

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

EMPLOYMENT CHANGES				
SALARY BAND	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	4	1	0	5
Professional qualified	8	3	2	9
Skilled	30	3	1	32
Semi-skilled	72	5	3	74
Unskilled	7	0	0	7
<b>TOTAL</b>	<b>122</b>	<b>12</b>	<b>6</b>	<b>128</b>

REASONS FOR STAFF LEAVING		
REASON	Number	% of total number of staff leaving
Death	0	0
Resignation	5	3.9%
Dismissal	0	0
Retirement	1	0.78%
Ill health	0	0
<b>Total</b>	<b>6</b>	<b>4.68%</b>

- Of the 5 resignations, 3 were due to employees receiving offers that SASSETA resources did not allow the organisation to match. 2 of the resignations were interns who got offered permanent employment elsewhere.
- The Marketing & Communication Manager retired during the period under review.

SASSETA's recruitment process has commenced for all vacant positions to be filled in the new financial year.

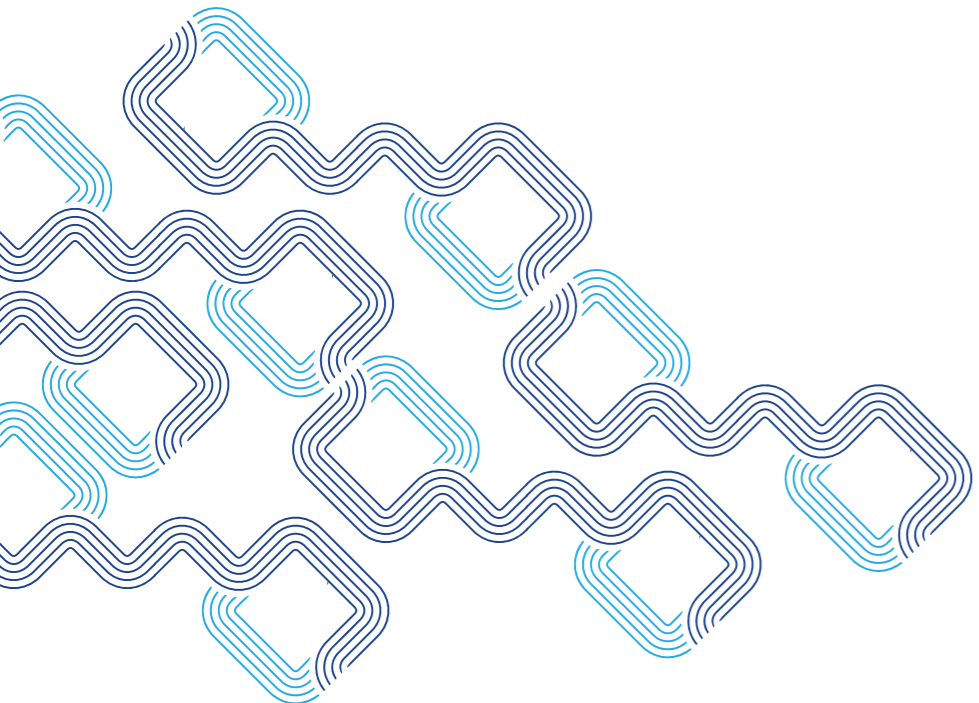


LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION	
NATURE OF DISCIPLINARY ACTION	Number
Verbal Warning	4
Written Warning	1
Final Written warning	0
Dismissal	0

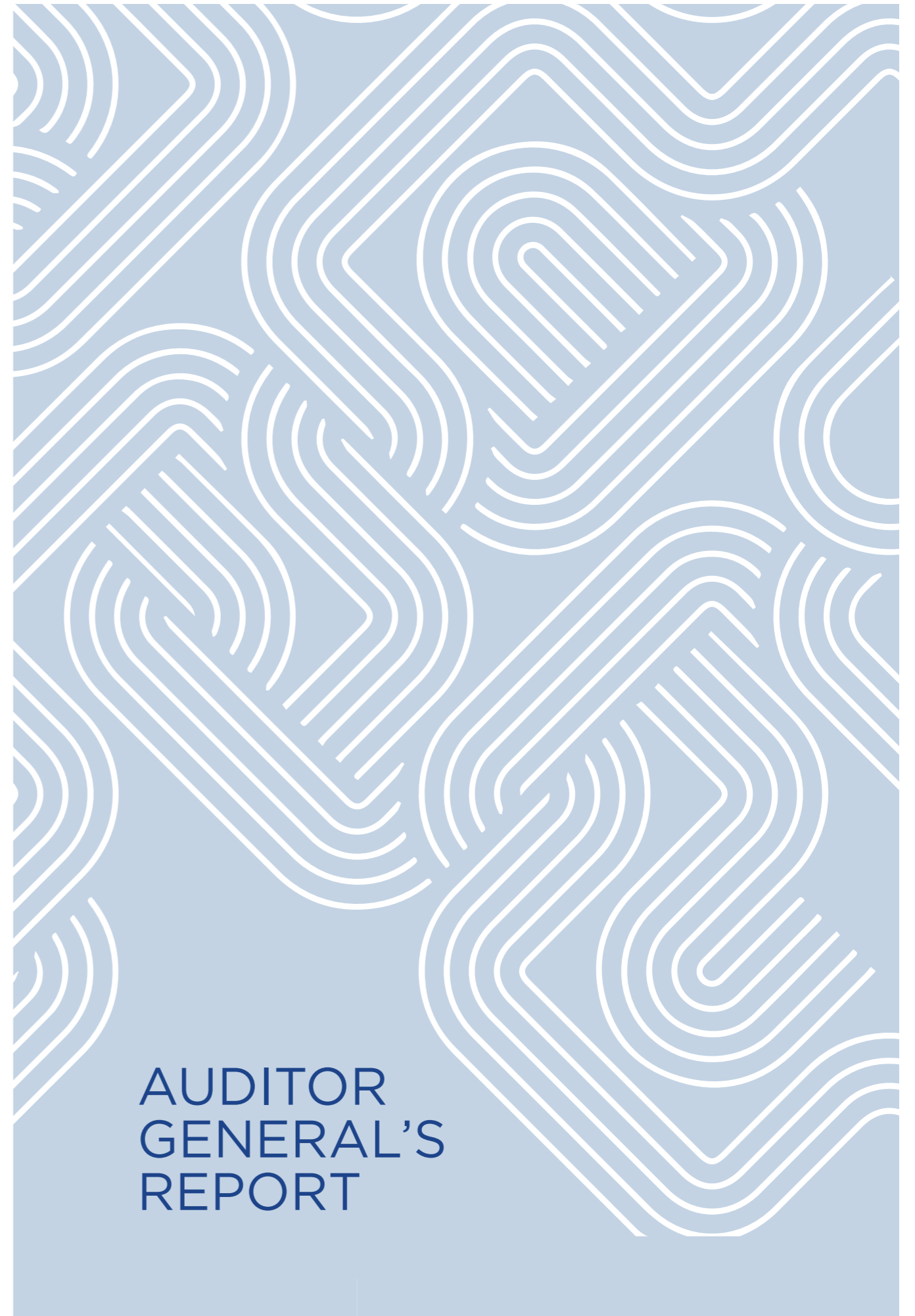
EQUITY TARGET AND EMPLOYMENT EQUITY STATUS								
MALE								
LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	2	1	0	1	0	0	0	0
Professional qualified	5	0	0	0	0	0	0	0
Skilled	18	1	1	0	1	0	0	0
Semi-skilled	7	9	0	2	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>34</b>	<b>11</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS								
FEMALE								
LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	1	1	0	0	0
Professional qualified	2	1	0	1	0	1	1	0
Skilled	12	2	0	0	0	0	0	0
Semi-skilled	65	2	1	0	1	0	0	0
Unskilled	5	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>85</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS				
DISABLED STAFF				
LEVELS	FEMALE		MALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	1
Skilled	0	1	0	1
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>



**PART E**  
FINANCIAL  
INFORMATION



AUDITOR  
GENERAL'S  
REPORT

## 1. AUDITOR GENERAL'S REPORT

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

#### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Safety and Security Sector Education and Training Authority set out on pages 79 to 137 which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Safety and Security Sector Education and Training Authority as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

##### Basis for opinion

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

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

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of 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 the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 3 - learning programmes	34-46

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 this programme:
- Programme 3 - learning programmes

#### Other matter

15. I draw attention to the matter below.

#### Achievement of planned targets

16. Refer to the annual performance report on pages 34 to 46 for information on the achievement of planned targets for the year and management's explanations provided for the over achievement of targets.

#### Report of the audit of compliance with legislation

#### Introduction and scope

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

19. 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 the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

20. 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 on it.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
23. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

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. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Pretoria  
31 July 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

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

### Financial statements

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

### Communication with those charged with governance

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

# ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements FOR THE YEAR ENDED 31 March 2022, set out on pages 79 to 137 have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:



**Mr. TE Mdontswa**  
Chief Executive Officer



**Mr. MC Mudau**  
Board Chairperson

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## ANNUAL FINANCIAL STATEMENTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2022

		2021/22	Restated 2020/21
	Note	R'000	R'000
<b>REVENUE</b>			
<b>Non-exchange transactions</b>			
Skills Development Levy: Income	2	484 152	361 854
Skills Development Levy: Penalties and interest	3	15 563	10 644
<b>Exchange transactions</b>			
Investment income	4	25 137	22 563
Other income	5	432	577
<b>Total Revenue</b>		<b>525 284</b>	<b>395 637</b>
<b>EXPENSES</b>			
Employer grant and project expenses	6	(289 570)	(200 863)
Administration expenses	7	(170 198)	(141 421)
<b>Total Expenses</b>		<b>(459 767)</b>	<b>(342 284)</b>
<b>NET (DEFICIT) / SURPLUS FOR THE YEAR</b>	1	<b>65 517</b>	<b>53 353</b>

**ANNUAL FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

			Restated
		2021/22	2020/21
	Note	R'000	R'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	<b>8,1</b>	25 622	26 505
Work in Progress	<b>8,2</b>	461	-
Intangible assets	<b>8,3</b>	6 890	3 455
		<b>32 974</b>	<b>29 960</b>
<b>Current Assets</b>			
Receivable from non-exchange transactions	<b>9</b>	5 623	7 546
Receivable from exchange transactions	<b>9</b>	8 093	6 305
Inventory	<b>10</b>	3 201	1 091
Cash and cash equivalents	<b>11</b>	611 666	524 339
		<b>628 582</b>	<b>539 280</b>
<b>Total Assets</b>		<b>661 556</b>	<b>569 240</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Finance lease obligations	<b>12</b>	1 069	-
		<b>1 069</b>	<b>-</b>
<b>Current Liabilities</b>			
Trade and other payables from non-exchange transactions	<b>13</b>	62 797	47 344
Trade and other payables from exchange transactions	<b>13</b>	20 387	11 122
Current portion of finance lease obligation	<b>12</b>	607	32
Provisions	<b>14</b>	18 652	18 214
		<b>102 443</b>	<b>76 713</b>
<b>Total Liabilities</b>		<b>103 512</b>	<b>76 713</b>
<b>NET ASSETS</b>		<b>558 044</b>	<b>492 527</b>

**Funds and Reserves**

Administration reserve	32 974	29 960
Employer grant reserve	127	310
Discretionary reserve	524 943	462 256
<b>TOTAL FUNDS AND RESERVES</b>	<b>558 043</b>	<b>492 527</b>
<b>TOTAL NET FUNDS AND LIABILITIES</b>	<b>661 556</b>	<b>569 240</b>

**ANNUAL FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**AS AT 31 MARCH 2022**

	Administration Reserve	Employer Grant Reserve	Discretionary Reserve	Unappropriated surplus	Total
Notes	R'000	R'000	R'000	R'000	R'000
<b>Restated balance as at 1 April 2020</b>	<b>22 075</b>	<b>710</b>	<b>416 394</b>	<b>-</b>	<b>439 180</b>
Net surplus as per Statement of Financial Performance	-	-	-	53 353	<b>52 958</b>
Prior period error adjustment	394	-	-	(394)	-
Allocation of unappropriated surplus	(11 448)	12 529	51 877	(52 958)	-
Excess reserves transferred to Discretionary reserve	18 939	(12 929)	(6 010)	-	-
<b>Balance as at 31 March 2021</b>	<b>29 960</b>	<b>310</b>	<b>462 256</b>	<b>0</b>	<b>492 527</b>
<b>Restated balance as at 31 March 2021</b>	<b>29 960</b>	<b>310</b>	<b>462 256</b>	<b>0</b>	<b>492 527</b>
Net surplus per Statement of Financial Performance	-	-	-	65 517	<b>65 517</b>
Allocation of unappropriated surplus	(25 880)	27 930	63 468	(65 517)	-
Excess reserves transferred to Discretionary reserve	28 894	(28 113)	(781)	-	-
<b>Balance at 31 March 2022</b>	<b>32 974</b>	<b>127</b>	<b>524 943</b>	<b>-</b>	<b>558 043</b>

The administration grant reserve carries accumulated reserves allocated to administration expenditure in future years. An amount of R32.9 million (2020/21:R29.9 million) is retained in the administration reserve equal to the carrying value of property and equipment, and intangible assets.

The employer grant reserve carries accumulated reserves allocated to mandatory grants (employer grants) expenditure in future years. An amount of R127.0 thousand (2020/21: R310 thousand) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. Refer to note 16.2 for disclosure of this contingent liability.

The discretionary grant reserve carries accumulated reserves allocated to discretionary grants and project expenses in future years. All surplus funds of the SASSETA, except for the amounts left in the administration grant reserve and employer grant reserve are swept to the discretionary grant reserve to fund future skills development. An amount of R524.9 million (2020/21:R462.3 million - restated) represents reserves against contractual commitment.

**ANNUAL FINANCIAL STATEMENTS**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2021/22	Restated
		R'000	2020/21
			R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
<b>Cash receipts from stakeholders</b>		<b>522 137</b>	<b>399 859</b>
Levies, interest and penalties received		497 000	377 296
Interest Income		25 137	22 563
<b>Payments</b>			
		<b>(423 045)</b>	<b>(362 987)</b>
Grants and project payments		(289 983)	(224 519)
Compensation of employees		(88 506)	(82 092)
Payments to suppliers and other		(44 555)	(56 377)
<b>Net cash inflow from operating activities</b>	<b>15</b>	<b>99 092</b>	<b>36 872</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment & intangible assets	<b>8.1/8.3</b>	(11 889)	(17 708)
Proceeds from sale of asset/insurance proceeds		344	33
		<b>(11 544)</b>	<b>(17 675)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments relating to finance lease payments		(222)	(129)
		<b>(222)</b>	<b>(129)</b>
<b>Net increase in cash and cash equivalents</b>		<b>87 326</b>	<b>19 068</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>11</b>	<b>524 338</b>	<b>505 269</b>
<b>Cash and cash equivalents at end of year</b>	<b>11</b>	<b>611 664</b>	<b>524 338</b>



**ANNUAL FINANCIAL STATEMENTS**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

		ACTUAL	APPROVED BUDGET	ADJUSTMENTS	REVISED APPROVED BUDGET	VARIANCE BETWEEN ACTUAL & FINAL APPROVED BUDGET
	Note	2021/22	2021/22	2021/22	2021/22	Favourable
		R'000	R'000	R'000	R'000	(unfavourable)
<b>REVENUE</b>						
Skills Development Levy: Private Companies	<b>23.1</b>	365 423	368 488	(19 128)	349 360	16 063
Administration (10.5%)		47 821	48 364	(2 511)	45 854	1 967
Discretionary (49.5%)		226 797	228 002	(11 835)	216 167	10 630
Employer Grants (20%)		90 805	92 122	(4 782)	87 340	3 465
Skills Development Levy: Government Departments	<b>23.1</b>	118 730	133 363	(14 930)	118 433	297
Donor Funding Income		-	-	-	-	-
Skills Development Levy: penalties and interest	<b>23.1</b>	15 563	10 951	7 437	18 387	(2 824)
Other Income		432	-	-	-	432
Investment Income	<b>23.2</b>	25 137	29 375	(5 624)	23 751	1 386
				-		
<b>TOTAL REVENUE</b>		<b>525 284</b>	<b>542 176</b>	<b>(32 245)</b>	<b>509 931</b>	<b>15 353</b>
<b>EXPENDITURE</b>						
Employer Grants	<b>23.4</b>	(62 875)	(62 510)	(6 962)	( 69 472 )	6 597
Discretionary Grants Expenses	<b>23.5</b>	(226 694)	(335 968)	82 714	(253 254)	26 560
Administration Expenses	<b>23.3</b>	(170 198)	(143 698)	(43 508)	( 187 206 )	17 008
<b>TOTAL EXPENDITURE</b>		<b>(459 767)</b>	<b>(542 176)</b>	<b>32 245</b>	<b>(509 932)</b>	<b>50 165</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>23.6</b>	<b>65 517</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65 518</b>

**ANNUAL FINANCIAL STATEMENTS**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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

**1. BASIS OF PREPARATION**

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

The cash flow statement has been prepared in accordance with the direct method. Specific information such as:

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

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

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

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

**1.1 Presentation currency**

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

**1.2 Going Concern**

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 24 months.

**1.3 Significant judgements and sources of estimation uncertainty**

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

Significant judgements include:

### 1.3.1 Receivables from exchange transactions

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

### 1.3.2 Receivables from non-exchange transactions

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

### 1.3.3 Payables from exchange transactions

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

### 1.3.4 Payables from non-exchange transactions

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

### 1.3.4 Provisions

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

## 2. REVENUE RECOGNITION

### 2.1 Statutory Receipts

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

#### Measurement

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

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

### 2.2 Levy income

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

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

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

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

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

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

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

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

In terms of Skills Development Circular 9/2013 - SETA should transfer all unclaimed refunds under section 190(1)(b) of the Tax Administration Act if such refunds are not claimed within 5 years of self-assessment.

These refunds will be treated in terms of the SETA Grant Regulations read in line with the Skills Development Levies Act.

80% of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund).

Levy income is recognised on the accrual basis.

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

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

### 2.3 Interest and penalties

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

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

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

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

### 2.5 Government grants and other donor income

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

### 2.6 Revenue from exchange transactions

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

### 2.7 Investment income

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

## 3. GRANTS AND PROJECT EXPENDITURE

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

### 3.1 Mandatory grants

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

### 3.2 Discretionary project expenditure

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

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

Project expenditure comprise:

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

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

### 3.3 Retrospective adjustments by SARS

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

## 4. Irregular and fruitless and wasteful expenditure

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

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

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred. The expenditure is classified in accordance with the nature of the expense, and where-ever recovered in the same accounting period, it is shown net of any recoveries. Where-ever it is recovered in a subsequent financial year, it is accounted for against the expense if the project is not completed or as revenue in the statement of financial performance if the project is completed.

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as a bad debt and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant Programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## 5. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

### *Key sources of estimation uncertainty*

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

### *Useful lives of property, plant and equipment*

Management assesses the appropriateness of the useful lives of property, plant and equipment and Intangible assets at the end of each reporting period. The useful lives of motor vehicles; furniture and office equipment; computer equipment and servers; intangible assets are determined based on the entity's replacement practices for the various assets and factors such as technological innovation.

When the estimated useful life of an asset differs from previous estimates, the change is accounted for as a change in estimate.

The following useful lives are used in the calculation of depreciation

<b>Class Category:</b>	
Computer equipment	3 to 10 years
Computer Server	3 to 10 years
Furniture and Fittings	5 to 16 years
Office equipment	5 to 16 years
Vehicles	5 to 10 years

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

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

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



## 6. INTANGIBLE ASSETS

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

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

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

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

### *Useful lives of Intangible assets*

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

The following useful life is used in the calculation of amortisation

Computer software:	1 to 10 years
--------------------	---------------

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

## 7. LEASES

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

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

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

## 8. EMPLOYEE BENEFITS

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

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

## 9. PROVISIONS

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

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

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

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

## 10. CONTINGENCIES

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

Contingencies are disclosed further in the note.

## 11. GRANTS AND PROJECTS EXPENDITURE

### *Mandatory grant payments*

A liability is recognised for grant payments once the specific criteria set out in the Seta Grant Regulation has been complied with by member companies and it is probable that the Seta will approve the payment.

The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount of levies received.

### *Discretionary projects*

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

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

## 12. FINANCIAL INSTRUMENTS

### Recognition

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

### Financial Assets

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

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

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

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

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

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

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

A financial asset or a portion thereof is derecognised when the SASSETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the SASSETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset.

On derecognising, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net surplus or deficit for the period

### Loans and receivables

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

### Effective interest method

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

### Impairment of financial assets

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

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

### Financial Liabilities

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

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

### Financial liabilities at FVTPL

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

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

### Other financial liabilities

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

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

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

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

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

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

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

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

### 13. RESERVES

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

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:

	2021/22	2020/21
	%	%
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
	<b>100</b>	<b>100</b>

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

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

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

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

### 14. COMPARATIVE FIGURES

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

### 15. TAXATION

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

### 16. VALUE ADDED TAXATION

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

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

### 17. INVENTORY

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

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

### 18. COMMITMENTS

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



## 19. SEGMENT REPORTING

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

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

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

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

## 20. SUBSEQUENT EVENTS

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

- Adjusting events; and
- Non-adjusting events.

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

- Subsequent events are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

1. Adjusting events - those that provide evidence of conditions that existed at the reporting date; and
2. Non-adjusting events - those that are indicative of conditions that arose after the reporting date.

## 21. CASH AND CASH EQUIVALENTS

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

## 22. RELATED PARTIES

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

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

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

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

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

## 23. PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

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

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

The budget covers the period 1 April 2021 to 31 March 2022 and has been prepared on the accrual basis of accounting.

## 24. STATUTORY RECEIVABLES

### Identification

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



## Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions.
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

## Measurement

### Initial measurement

The entity initially measures statutory receivables at their transaction amount.

### Subsequent measurement

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

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

### Derecognition

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

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

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

## ANNUAL FINANCIAL STATEMENTS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

	Total per Statement of Financial Performance 2020/2021 R'000	Total per Statement of Financial Performance 2021/2022 R'000	Administration Reserve R'000	Mandatory Reserve Grant R'000	Discretionary Grants Reserve R'000
<b>Total Revenue</b>	<b>395 638</b>	<b>525 284</b>	<b>144 317</b>	<b>90 805</b>	<b>290 162</b>
Skills Development Levy transfer from non - exchange transactions:					
Levy transfer Administration (10.5%)	129 791	143 885	143 885	-	-
Levy transfer Discretionary/Employer Grants (69.5%)	232 063	340 267	-	90 805	249 462
Skills Development Levy penalties and interest from non - exchange transactions	10 644	15 563	-	-	15 563
Investment Income	22 563	25 137	-	-	25 137
Other income	577	432	432	-	-
<b>Total Expenses</b>	<b>342 284</b>	<b>459 767</b>	<b>170 198</b>	<b>62 875</b>	<b>226 694</b>
Administration expenses	141 421	170 198	170 198	-	-
Employer grants and project expenses	200 863	289 570	-	62 875	226 694
<b>Net (deficit)/surplus per Statement of Financial Performance allocated</b>	<b>53 353</b>	<b>65 517</b>	<b>(25 880)</b>	<b>27 930</b>	<b>63 468</b>

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

	2021/22	2020/21
	R'000	R'000

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

### Levy transfer: Administration

	143 885	129 791
Levies received from Private Companies	47 821	31 333
Levies received from Government Departments	96 064	98 458
Inter-seta transfers in	-	-

### Levy transfer: Employer grants

	90 805	59 972
Levies received from Private Companies	90 805	59 972
Inter-seta transfers in	-	-

### Levy transfer: Discretionary grants

	249 462	172 091
Levies received from Private Companies	226 797	148 420
Levies received from Government Departments	22 665	23 671
Inter-seta transfers in	-	-
	<b>484 152</b>	<b>361 854</b>

## 3. SKILLS DEVELOPMENT LEVY: Penalties and Interest

	15 563	10 644

## 4. INVESTMENT INCOME

	2021/22	2020/21
	R'000	R'000

Interest received from the banks	25 137	22 563
	<b>25 137</b>	<b>22 563</b>

## 5. OTHER INCOME

	2021/22	2020/21
	R'000	R'000

Other income comprises:

Profit on disposal	264	24
Reversal of provision	-	486
Other income	168	67
	<b>432</b>	<b>577</b>

## 6. EMPLOYER AND DISCRETIONARY GRANT EXPENSES

	2021/22	2020/21
	R'000	R'000

### Mandatory grants

Disbursed/provisions and accruals	62 875	47 443
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### Discretionary grants

Disbursed/provisions and accruals	226 694	153 420
	<b>289 570</b>	<b>200 863</b>

### 6.1. Discretionary grants

Pivotal	210 401	150 021
Non-pivotal	13 914	2 500
Qualification development	574	362
Project administration costs	1 804	537
	<b>226 694</b>	<b>153 420</b>

### 6.1.1 Project administration costs

Travel and subsistence	370	146
Other	1 434	391
	<b>1 804</b>	<b>537</b>

## 7. ADMINISTRATION EXPENSES

	2021/22	2020/21
	R'000	R'000
Advertising, marketing and promotions, communication	1 175	1 100
Bad debts grants expenditure	385	14
Depreciation/amortisation and Impairment	<b>8.1/8.3</b> 10 659	7 568
External auditor's remuneration	3 534	3 477
Operating lease rentals (minimum lease payments)	9 308	8 035
Cost of employment	<b>7.1</b> 88 748	81 298
Consulting fees - Legal	1 785	2 682
Conflict of interest and CAATs	578	-
Filing and archiving	13 965	9 398
Business processes evaluation and documentation	-	2 569
Discretionary grant evaluation	2 399	11
IT maintenance	6 588	5 646
Utilities, maintenance, repairs and running costs	2 568	1 168
Remuneration to members of the accounting authority	2 252	1 891
Remuneration to members of the audit committee	596	387
Remuneration to members of other committees	921	-
Board training and workshop	418	45
Staff training and development	1 121	599
Repairs and maintenance	2 770	2 330
Travel and subsistence	231	83
<b>Other</b>	<b>20 194</b>	<b>13 121</b>
Other expenses	4 100	4 067
QCTO funding	1 630	2 207
Procurement advertisement	37	12
Monitoring, reporting & evaluation	35	27
Research	1 091	184
Bank charges	125	108
Employees assistance programme	51	123
Postage	34	24
Security	1 744	1 310
Risk management workshop	421	-
Insurance	320	327

Meetings and workshops	510	-
Telephone costs	1 663	1 136
Interest paid	131	19
Recruitment costs	587	628
Stationery, printing and consumables	1 160	800
Accommodation and meals	252	125
Assessor, moderators and verifiers	1 543	998
Internal audit fees	4 763	1 026
	<b>170 198</b>	<b>141 421</b>

### 7.1 Cost of employment

#### Salaries and wages

Basic salaries	51 908	47 152
Allowances	1 073	1 320
13th cheque	1 532	1 444
Performance bonus - provision	5 163	4 667
Leave	238	1 749
Overtime	934	323

#### Social contributions

Medical aid contributions	2 713	2 326
Provident fund contributions	7 243	6 602
UIF	284	239

#### Pay-as-you-earn

Tax expense	16 675	14 843
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#### Skills development levies expenditure

SDL Expenditure	776	509
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#### COIDA

Compensation assessment	209	122
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**88 748**      **81 298**

Average number of employees

146

155

## 8.1 PROPERTY, PLANT AND EQUIPMENT

### Year ended 31 March 2022

	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
Computer server	2 249	(1 199)	1 051
Computer equipment	8 330	(3 474)	4 856
Office furniture and fittings	22 305	(8 307)	13 998
Office equipment	5 274	(2 388)	2 886
Leased assets - office equipment	1 880	(209)	1 671
Motor vehicles	1 446	(286)	1 160
<b>Balance at end of year</b>	<b>41 485</b>	<b>(15 863)</b>	<b>25 622</b>

Made up as follows:

- Owned assets	39 605	(15 654)	23 951
- Leased assets	1 880	(209)	1 671

### Year ended 31 March 2021

	Restated		
	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
Computer server	2 249	(789)	1 460
Computer equipment	6 335	(4 148)	2 186
Office furniture and fittings	21 928	(3 902)	18 026
Office equipment	4 947	(1 397)	3 551
Leased assets - office equipment	341	(316)	25
Motor vehicles	1 807	(549)	1 258
<b>Balance at end of year</b>	<b>37 608</b>	<b>(11 102)</b>	<b>26 505</b>

Made up as follows:

- Owned assets	37 266	(10 786)	26 481
- Leased assets	341	(316)	25

### Movement Summary 2022

	Carrying amount 2021	Additions	Disposals	Depreciation charge	Accumulated depreciation on disposal	Carrying amount 2022
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	1 460	-	-	(409)	-	1 051
Computer equipment	2 185	4 680	(2 684)	(1 919)	2 594	4 855
Office furniture and fittings	18 025	384	(6)	(4 410)	5	13 998
Office equipment	3 551	349	(22)	(1 010)	18	2 885
Leased Assets - Office \ Equipment	25	1 880	(341)	(234)	341	1 670
Motor vehicles	1 258	-	(361)	(97)	361	1 161
<b>Balance at end of year</b>	<b>26 503</b>	<b>7 292</b>	<b>(3 414)</b>	<b>(8 079)</b>	<b>3 319</b>	<b>25 620</b>

### Movement Summary 2021

	Carrying amount 2020	Additions	Disposals	Depreciation charge	Accumulated depreciation on disposal	Carrying amount 2021
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	425	1 332	(5)	(296)	4	1 460
Computer equipment	1 847	1 539	(35)	(1 191)	25	2 185
Office furniture and fittings	11 851	9 845	(168)	(3 671)	168	18 025
Office equipment	3 587	883	-	(919)	-	3 551
Leased Assets - Office Equipment	138	-	-	(114)	-	25
Motor vehicles	1 161	-	-	97	-	1 258
<b>Balance at end of year</b>	<b>19 011</b>	<b>13 599</b>	<b>(207)</b>	<b>(6 095)</b>	<b>197</b>	<b>26 504</b>

SASSETA incurred R1,136m (2021: R0) on repairs and maintenance of property, plant and equipment.

Motor vehicles was given a residual value and extended useful life. The correction of the depreciation prior period resulted in negative amount for the year.

### Impairment

The amount of impairment losses of R6,519m is included in the depreciation line item of office equipment and recognised in surplus of current year. The impairment was due to change of expected useful life, redundancy of the asset and decision to dispose early. The recoverable amount was calculated as value in use.

## 8.2 WORK IN PROGRESS

### Balance at the beginning of the year

WIP for current year

Transferred to PPE

### Balance at the end of the year

WIP represent software in the process of development for SASSETA

## 8.3 INTANGIBLE ASSETS

### Year ended 31 March 2022

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

Made up as follows:

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

### Year ended 31 March 2021

	Cost	Accumulated amortization	Closing carrying amount
	R'000	R'000	R'000
Computer Software	4 433	(978)	3 455
<b>Balance at end of year</b>	<b>4 433</b>	<b>(978)</b>	<b>3 455</b>

Made up as follows:

- Owned assets	4 433	(978)	3 455
- Lease assets	-	-	-

	2021/22	2020/21
	R'000	R'000
<b>Balance at the beginning of the year</b>	-	2 246
WIP for current year	461	-
Transferred to PPE	-	(2 246)
<b>Balance at the end of the year</b>	<b>461</b>	<b>-</b>

## Movement Summary 2022

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

## Movement Summary 2021

	Carrying amount 2020	Additions	Disposals	Amortization charge	Accumulated amortization of disposed assets	Carrying amount 2021
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	819	4 109	-	(1 473)	-	3 455
<b>Balance at end of year</b>	<b>819</b>	<b>4 109</b>	<b>-</b>	<b>(1 473)</b>	<b>-</b>	<b>3 455</b>

## CHANGE IN ACCOUNTING ESTIMATE

The main assumption for the reassessment is:

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

Following the reassessment, the remaining useful lives of property, plant and equipment remaining useful lives were increased with 1 year while the remaining useful lives of intangible assets were increased with 1 year.

The additional information that became available has resulted in a change in the useful lives of the assets of 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 R158 000.

The depreciation and amortisation expenses have increased / (decreased) as follows for the 2022 financial year:

	Before change in estimate	After change in estimate	Net Increase / (Decrease)
	R'000	R'000	R'000
Depreciation: Computer equipment	273	118	(155)
Depreciation: Computer server	1	1	(1)
Depreciation: Office equipment	1	0	(0)
Depreciation: Furniture & fittings	4	2	(2)
	<b>279</b>	<b>121</b>	<b>(158)</b>

## 9. TRADE AND OTHER RECEIVABLES

	2021/22	Restated 2020/21
	R'000	R'000
<b>Non-exchange Transactions</b>		
<b>Statutory Receivables</b>		
Employer grant	10 317	9 322
Provision for impairment	(8 634)	(8 249)
Administration grant	3 940	6 473
	<b>5 623</b>	<b>7 546</b>

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

R10.3m (R9.3m) was recognized because of receivables, relating to the overpayment to the levy paying-employers in prior periods, because of levy income reversals done by SARS after the mandatory grants had been paid. SASSETA refunds amounts to employers in the form of mandatory grants, based on information from SARS.

Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are more than the amount SASSETA is permitted to have paid to such employers. All the amounts included in the receivable because of the overpayment are over 12 months and a provision has been raised per the analysis below.

A receivable relating to the overpayment to the employer in earlier periods is raised at the carrying amount of such mandatory grant overpayment, net of allowance for any doubtful debt, estimated based on assessment of the risk of non-recoverability. The carrying amount of these assets approximates their fair value.

Interest and penalty are payable on the outstanding amount at the rate contemplated in Tax Administration Act, as determined by the Commissioner.

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

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

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

1. Statutory receivable outstanding for more than 12 months, and collections efforts prove fruitless.
2. Statutory receivables not moving as indicated in the payment of mandatory grant cycle.

Statutory receivables are past due at reporting date and have been impaired amounts to R8.6m (R8.2m).

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

R3.9m (R6.4m) was recognized because of a receivable relating to a contribution from SAPS. This amount was settled in April 2022. An element of uncertainty is not applicable. SAPS has demonstrated without fail to honor its obligation towards SASSETA.

Statutory receivables that are past due at reporting date but have not been impaired amounts to R3.9m (R6.5m).

\* Prior year presentation adjusted to align to current year presentation.

### Reconciliation of provision for impairment of employer receivables

Opening balance	(8 249)	(8 735)
Provision for impairment raised in current period	(385)	486
Amounts written off as uncollectible	-	-
	<b>(8 634)</b>	<b>(8 249)</b>

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

### Exchange Transactions

Rental deposit	3 278	3 278
Interest receivable	2 465	1 377
Prepayments	2 174	1 490
Sundry receivables	176	160
	<b>8 093</b>	<b>6 305</b>
Provision for impairment	-	-
	<b>8 093</b>	<b>6 305</b>

There was no provision for impairment in the current year relating to receivables from exchange transactions.

## 10. INVENTORY

Balance at the beginning of the year	1 091	459
Amount utilised	(1 160)	(889)
Purchases	3 270	1 520
<b>Balance at the end of the year</b>	<b>3 201</b>	<b>1 091</b>

## 11. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	<b>82 613</b>	<b>524 339</b>
Cash at bank	82 613	524 339
Short term investments/instruments	529 053	-
Cash and cash equivalents at end of year	<b>611 666</b>	<b>524 339</b>

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The average interest rate on fixed-term bank deposits were 4.75% (2020/21: 6.4%).

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

The Skills Development Act Regulations state that a Seta may, if not otherwise specified by the Public Finance Management Act, invest monies in accordance with the investment policy approved by the relevant Seta.

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

## 12. LEASES

Finance Lease	2021/22	2020/21
	R'000	R'000
<b>Reconciliation between the total of the minimum lease payments and the present value</b>		
Future minimum lease payments	1 773	37
Finance costs	( 96 )	(5)
	<b>1 676</b>	<b>32</b>

### Summary Disclosure Note

Total Payments	2021/22			2020/21		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	665	1 108	1 773	37	-	37
	<b>665</b>	<b>1 108</b>	<b>1 773</b>	<b>37</b>	<b>-</b>	<b>37</b>

Capital Portion	2021/22			2020/21		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	607	1 069	1 676	32	-	32
	<b>607</b>	<b>1 069</b>	<b>1 676</b>	<b>32</b>	<b>-</b>	<b>32</b>

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

## Operating Lease - as lessee

	2021/22	2020/21
	R'000	R'000
<b>Total minimum lease payments due</b>		
Not later than one year	9 470	9 171
Later than one year but not later than five years	37 280	42 672
Later than five years	-	4 077
	<b>46 749</b>	<b>55 920</b>

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

## 13. TRADE AND OTHER PAYABLES

	2021/22	2020/21
	R'000	R'000
<b>From Non-Exchange transactions</b>		
Employer grant - accrual/payable	781	1 194
DOL control account	5	1
Trade payables	19 857	18 206
Accruals	42 154	27 943
	<b>62 797</b>	<b>47 344</b>

### From Exchange transactions

Trade payables	5 831	2 456
Accruals	11 347	6 621
Income received in advance	917	917
Employee cost related	1 253	1 011
Straight lining - leases	1 039	118
	<b>20 387</b>	<b>11 122</b>

## 14. PROVISIONS

	Overtime	Performance Bonus	Leave pay	500K	Other	Total
<b>Open carrying amount-restated</b>	-	4 528	5 286	6 906	1 494	18 214
Amounts utilised	(13)	(4 643)	(835)	(1 106)	(814)	(7 412)
Change in estimate	34	4 815	238	1 328	1 435	7 850
<b>Closing carrying amount</b>	<b>21</b>	<b>4 700</b>	<b>4 689</b>	<b>7 127</b>	<b>2 114</b>	<b>18 652</b>

In terms of Skills Development Circular No. 09/2013 issued by the DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after the expiry date of 5 years as stipulated in terms of section 190(4) of the Tax Administration Act. These funds have been transferred to the discretionary reserve as per the requirements of the above circular.

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

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

	2021/22	2020/21
	R'000	R'000
Net Surplus/ (deficit) as per Statement of Financial Performance	65 517	53 353
Adjusted for non-cash items:		
Depreciation and amortisation	10 659	7 568
Loss / (profit) on disposal of property, plant and equipment	(264)	(43)
Impairment loss on receivables	385	14
Movement of provisions admin	438	1 427
Movement of provisions employer grant	(385)	486
Adjusted for working capital changes:	22 742	(25 932)
(Increase)/ Decrease in receivables	135	4 775
(Increase)/ Decrease in inventory	(2 110)	(632)
(Decrease)/Increase in payables	24 717	(30 076)
<b>Cash generated by operations</b>	<b>99 092</b>	<b>36 872</b>

## 16 CONTINGENCIES

### 16.1 Contingent Liabilities

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

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

This is a civil claim instituted against SASSETA by MASTOFUSION (Pty) Ltd. MASTOFUSION is suing SASSETA for an estimated total amount of R5 838 630. The amount is broken down as follows: R5 688 630 and R150 000, for breach of contract and damages, and legal fees, respectively. We have excepted or objected to their particulars of claim and the court has allocated the 23rd of February 2023 for the hearing of the matter.

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

SANAMIK is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R405 000. The matter is dormant for now, the last communication came from new attorneys who have not filed a Notice of Acting and therefore are not properly before the court. We have been trying to set the matter down and apply for the dismissal of their claim but have been unable to serve on their new attorneys, who are in Tokoza. We shall now attempt, as a last resort, physical service in Tokoza.

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

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

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

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

#### CASE: BUSA

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



The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory grant percentage. DHET continued to show the mandatory levies portion as 20% in 2020/21 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2020/21 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure in Note 6 as well as the mandatory grant liability in note 13 were calculated using mandatory grant percentage of 20%. The SETA therefore discloses a contingent liability. This is disclosed as a contingent liability as the intention of the litigants, BUSA, was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. Currently the department is still in discussions with BUSA in regard to the Mandatory Grant percentage and effective date of implementation of the ruling. No new information has emerged which changes the status of this disclosure from the prior year.

#### CASE: MANANA MOROKA // SASSETA AND DHET

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

#### 16.2 First Time Employer registrations

The Skills Development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants. The employer grant reserve carries accumulated reserves allocated to mandatory grants (employer grants) expenditure in future years.

An amount of R127 thousands (2020/21: R310 thousands) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March.

The amount is contingent on the number of submissions received and approved.

#### 16.3 Surplus Funds

##### Cash surplus

In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realized in the previous financial year without obtaining the prior written approval of National Treasury. National Treasury Issued Instruction No.12 of 2020/21 further defines what constitutes cash surplus. There was is no cash surplus to surrender in the current year.

The SASSETA was granted approval by the National Treasury to retain the cash surplus of R461.5 million for the 2020/21 financial year.

Net cash surplus for the year ended 31 March 2022 amounts to R522.9 million, in line with Annexure A of the National Treasury Instruction 12 of 2020/21.

	2021/22	Restated 2020/21
	R'000	R'000
Cash and cash equivalents at the end of year	611 666	524 339
Add: Receivables	13 716	13 851
Less: Current liabilities	(102 443)	(76 713)
<b>Net cash surplus</b>	<b>522 938</b>	<b>461 476</b>

#### 16.4 Contingent Assets

##### Training provider not paying learners

A training provider was appointed through a transparent discretionary funding window process. The training provider was paid learner stipends along with the training provider fee, but failed to further distribute the stipend portion to the learners as per the contractual agreement. Communication was sent to him and a breach and cancellation letters were also sent but there was no response received from the provider. Matter has been referred to the attorney and as at reporting date SASSETA was awaiting further feedback from the legal representative. The total value of stipends affected amounted to R160 thousand.

## 17. COMMITMENTS

As at 31 March 2022, SASSETA had discretionary grant reserves of R524.9m to utilize against a definite pivotal/non-pivotal commitment closing balance of R509.6m.

### PIVOTAL

#### A. Definite

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

Project classification	Adjusted opening balance: 1 April 2021	Subsequent adjustment to the initial contract amount	New projects in 2021/22	Annual expenditure	Write back/savings and cancellations	Closing balance: 31 March 2022
Artisan	80 112	3 532	18 772	(21 982)	(4 849)	75 586
Workers entering bursaries	13 434	-	3 648	(3 483)	(4 207)	9 392
Unemployed entering bursaries	26 049	336	30 590	(15 726)	(1 036)	40 214
Candidacy	61 101	-	36 624	(20 373)	-	77 352
Unemployed entering internships	34 573	623	45 108	(16 454)	(3 020)	60 828
Workers entering learnerships	34 685	-	12 596	(20 357)	(10 387)	16 537
Unemployed entering learnerships	39 924	-	58 330	(21 233)	(15 207)	61 813
Lecture development	105	-	200	-	(105)	200
Workers entering skills program	18 308	-	4 185	(11 959)	(2 569)	7 965
Unemployed entering skills program	4 800	3 970	2 134	(5 092)	(594)	5 217
TVET student placement	81 026	360	50 022	(54 121)	(4 379)	72 907
University of Technology Placement	1 350	270	3 960	(1 319)	-	4 262
University student placement	27 536	-	-	(16 677)	(2 733)	8 127
	<b>423 003</b>	<b>9 091</b>	<b>266 169</b>	<b>(208 774)</b>	<b>(49 088)</b>	<b>440 401</b>

#### B. Not definite

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 2021	Subsequent adjustment to the initial contract amount	New projects in 2021/22	Annual expenditure	Write back/savings and cancellations	Closing balance: 31 March 2022
Unemployed entering internships			375	-	-	375
	-	-	<b>375</b>	-	-	<b>375</b>
<b>Total: definite/not definite commitment</b>	<b>423 003</b>	<b>9 091</b>	<b>266 544</b>	<b>(208 774)</b>	<b>(49 088)</b>	<b>440 776</b>

### NON-PIVOTAL

#### A. Definite

Project classification	Adjusted opening balance: 1 April 2021	Subsequent adjustment to the initial contract amount	New projects in 2021/22	Annual expenditure	Write back/savings and cancellations	Closing balance: 31 March 2022
Non-Pivotal	39 248	-	45 275	(15 568)	(69)	68 886
	<b>39 248</b>	<b>-</b>	<b>45 275</b>	<b>(15 568)</b>	<b>(69)</b>	<b>68 886</b>
<b>Total: definite commitment</b>	<b>39 248</b>	<b>-</b>	<b>45 275</b>	<b>(15 568)</b>	<b>(69)</b>	<b>68 886</b>
<b>Overall total commitment balance</b>						<b>509 662</b>

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

### 18.1 Irregular expenditure

	2021/22	2020/21
	R'000	R'000
Opening balance	33 429	31 970
Add: Irregular expenditure current year	1 088	1 459
Less: Amounts condoned	-	-
Less: Amount written-off	-	-
Less: Amounts recoverable	-	-
<b>Irregular expenditure awaiting condonation/write-off</b>	<b>34 517</b>	<b>33 429</b>

#### Details of irregular expenditure current year

Incidents	Description	Disciplinary	2021/22	2020/21
Extension of contract over the allowable 15% threshold	In the height of COVID-19 pandemic, the National Treasury issued a directive suspending any procurement activities. This coincided with the end of the security company contract. Failure to have secured security services would have resulted in theft risk exposure. The National Treasury was requested to support the security services extension, which they did not respond on time to. SASSETA did not suffer any financial losses and there were equally no fraudulent, corrupt or criminal conduct.	No official should be subjected to disciplinary action.	-	389
Non-compliance regarding appointment of members of the Accounting Authority	The irregular expenditure incurred in the current year is as a result of non-compliance by the DHET in the appointment of certain Accounting Authority members. SASSETA suffered no losses. The implementation of the outcome and recommendations subsequent to conclusion of the determination test will also be managed by the DHET. This did not result in fraudulent, corrupt or any criminal conduct.	No official should be subjected to disciplinary action.	1 088	1 070
			<b>1 088</b>	<b>1 460</b>

### Analysis of expenditure per age classification

Current year	1 088	1 459
Prior years	33 429	31 970
<b>Total</b>	<b>34 517</b>	<b>33 429</b>

As at reporting date, SASSETA had not received feedback from the National Treasury relating to condonation application associated with spending beyond the 10.5% administration grant revenue.

### 18.2. Fruitless and wasteful expenditure

	2021/22	2020/21
	R'000	R'000
Opening balance	-	-
Add: Fruitless and wasteful expenditure current year	22	-
Add: Prior period fruitless and wasteful expenditure	-	-
Less: Amounts written off	-	-
Less: Amounts recovered	-	-
<b>Fruitless &amp; wasteful expenditure awaiting write off</b>	<b>22</b>	<b>-</b>

Incidents	Description	Disciplinary	2021/22	2020/21
Interest on late settlement owed to a training provider resulting from the arbitration outcome.	A Discretionary Grant service provider sued SASSETA for the payment of invoices. The court rendered an unfavourable award against SASSETA. While SASSETA was in the process of engagements with its legal representatives in contesting the award, interest to the amount of R22 000 was incurred. It would not be cost effective to pursue this matter and SASSETA then arranged to pay the judgment debt and the related interest.	No official should be subjected to disciplinary action and there is no expectation to recover this amount from any employee.	22	-
			<b>22</b>	<b>-</b>

### Analysis of expenditure per age classification

Current year	22	-
Prior years	-	-
<b>Total</b>	<b>22</b>	<b>-</b>

### 18.3 Matters under investigation

Refer to Note 16.4

	2021/22	2020/21
	R'000	R'000
Opening balance	160	-
Add: Matter under investigation current year	-	160
Transferred to contingent asset	(160)	
<b>Total</b>	<b>-</b>	<b>160</b>

### 19. PRIOR YEAR ERRORS

Prior period error is due to correcting various accounting transactions in 2020/21 financial year. The net impact in the Statement of Financial Performance is R2.0 thousand.

The impact is narrated below but not limited to:

#### Administration expense

- The decrease of R89 000 is an asset found and capitalised from the expense account
- Motor vehicles useful life and residual values calculated and decrease corrected for prior years R384 000
- Increase Water and Electricity and Office rental lease accrued and calculated for prior year R182 000
- Decrease due to double charge from supplier corrected for filing services R160 000
- Increase Retrospective recognition of interest on rehabilitation costs R69 000
- Overtime and Impact of salary on 13th cheque contribution result in decrease of R1 200
- Decrease due to Invoice incorrectly recognised for equipment lease rental R12 000

#### Finance lease

- The decrease in correction of interest on finance lease R1 000.

#### Trade and other payables: exchange transactions

- The increase in payables of R10 000 is a result of double charge from supplier picked up and corrected and backpay of municipal rates, water and electricity.

#### Plant, Property and Equipment

- The increase of R473 000 is office equipment purchased relating to previous year.

#### Provision

- The increase R68 000 relate to retrospective recognition of interest on rehabilitation costs.

### Impact on the Statement of Financial Performance

Surplus/(deficit) as previously stated	<b>52 958</b>
	(394)
Increase other income	-
Increase in administration expenditure	(394)
Adjusted (surplus)/deficit	<b>52 564</b>

### Impact on the Statement of Financial Position

	<b>394</b>
Increase finance lease	(1)
Increase in provisions	(68)
Increase accounts payable - exchange	(10)
Increase in plant, property and equipment	473

### Reserves

	<b>394</b>
Increase in Administration reserve	394
Decrease in Discretionary reserve	-

\* Prior year presentation adjusted to align to current year presentation

## 20. RISK MANAGEMENT

### Interest rate risk

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

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

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

	Floating rate		Non-interest bearing	Total R'000
	Amount R'000	Effective interest rate	Amount R'000	
<b>Year ended 31 March 2022</b>				
Cash	611 666	4,75%	-	611 666
Trade and other receivable - exchange	-		8 093	8 093
<b>Total financial assets</b>	<b>611 666</b>		<b>8 093</b>	<b>619 759</b>
Trade and other payables - exchange	-		20 387	20 387
Trade and other payables - non-exchange	-		62 012	62 012
<b>Total financial liabilities</b>	<b>-</b>		<b>82 398</b>	<b>82 398</b>
<b>Year ended 31 March 2021</b>				
Cash	524 339	7.9%	-	524 339
Trade and other receivable - exchange	-		6 305	6 305
<b>Total financial assets</b>	<b>524 339</b>		<b>6 305</b>	<b>530 643</b>
Trade and other payables - exchange	-		11 123	11 123
Trade and other payables - non-exchange	-		46 148	46 148
<b>Total financial liabilities</b>	<b>-</b>		<b>57 271</b>	<b>57 271</b>

### 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 have 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:**

	2021/22		2020/21	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	4 655	-	2 867	-
Past due 31 - 90 days	-	-	-	-
Past due 90 and above	3 438	-	3 438	(1)
	<b>8 093</b>	<b>-</b>	<b>6 305</b>	<b>(1)</b>

**The ageing of cash and cash equivalents:**

	2021/22		2020/21	
	Gross	Impairment	Gross	Impairment
Not past due	611 666	-	524 339	-

In line with the Finance Policy, long outstanding irrecoverable debts are written off once efforts to recover such funds have proven futile. There was no provision for impairment in the current year.

**Liquidity risk**

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

**The ageing of trade and other payables exchange:**

	2021/22		2020/21	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	19 470	-	10 206	-
Past due 90 and above	917	-	917	-
	<b>20 387</b>	<b>-</b>	<b>11 123</b>	<b>-</b>

**The ageing of trade and other payables non-exchange:**

	2021/22		2020/21	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	62 012	-	46 148	-
	<b>62 012</b>	<b>-</b>	<b>46 148</b>	<b>-</b>

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

Fair values

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

Cash and cash equivalents

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

Accounts receivable

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

Investments

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

Borrowings

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

Accounts payable

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

## Prior period error

The prior period adjustment was necessitated by inclusion of the statutory receivable and the non-exchange payable (i.e., the portion relating to Mandatory Grant) amounts in the risk management disclosure section which was not required by the related accounting standard. This resulted in an adjustment of R7.5m in the assets and R1.2m in the liability portion of the Risk Management disclosure.

## 21 RELATED PARTIES AND RELATED PARTY TRANSACTION

### 21.1 Controlling entity:

Department of Higher Education and Training (DHET)

SASSETA has been established by the Department of Higher Education and Training (DHET) in terms of the Skills Development Act no. 97 of 1998. The Minister of Higher Education and Training is the executive authority of SASSETA. SASSETA is ultimately controlled by the DHET. It is therefore related to all other entities within the DHET. SASSETA is funded by levies collected by SARS. SARS transfers all levies collected to the DHET, and DHET then split and distributes the levies to each respective SETA and the NSF. Outstanding balances at year-end amounted to R nil (2020/21: R nil).

### 21.2 Entities under common control

#### 21.2.1 The Quality Council for Trades and Occupations (QCTO)

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

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

The legal mandate of SETAs provides for the SETAs to contribute part of the skills development levies collected towards funding the work of QCTO. Outstanding balances at year-end amounted to R nil (2020/21: R nil).

#### 21.2.2 Public Universities, Technical and Vocational Education and Training (TVET) Colleges and Community Education and Training (CET) Colleges

Transactions between SASSETA and public universities and TVETs occur within:

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

##### 21.2.2.1 Public Universities

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

The following are outstanding balances between SASSETA and public universities:

	2021/22	2020/21
	R'000	R'000
Accrual	(8 027)	(3 525)
Payable	(7 293)	( 905)
	<b>(15 320)</b>	<b>(4 430)</b>

##### 21.2.2.2 TVET Colleges

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

The following are outstanding balances between SASSETA and TVET colleges:

	2021/22	2020/21
	R'000	R'000
Accrual	(12 007)	(4 275)
Payable	(4 297)	(3 935)
	<b>(16 304)</b>	<b>(8 210)</b>

##### 21.2.2.3 CET Colleges

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

The following are outstanding balances between SASSETA and CET colleges:

	2021/22	2020/21
	R'000	R'000
Accrual	( 188)	( 250)
Payable	-	-
	<b>( 188)</b>	<b>( 250)</b>

### Prior period error

The prior period adjustment for the above comparative amounts was necessitated by a clerical error amounting to a total of R4.8m. This was as a result of erroneously excluding related amounts of payables and accruals.

### 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.

Name	2021/22					2020/21
	R'000					R'000
	Total Salary	Performance Bonuses	Employer contributions	Other benefits	Total	Total
Mdontswa, T (CEO)	2 080	120	24	-	2 224	668
Diale, I (CFO)	1 912	349	37	103	2 401	2 166
Amod, J	1 612	297	33	99	2 042	1 861
Memela, V	1 612	295	37	25	1 969	2 271
Ngwenya, S	1 612	296	51	25	1 984	1 878
	<b>8 830</b>	<b>1 357</b>	<b>181</b>	<b>252</b>	<b>10 620</b>	<b>8 844</b>

### 21.3 SASSETA Board Remuneration

Board Member	2021/22			2020/21
	R'000			R'000
	Meeting Allowance	Tools of Trade	Total	Total
Mudau, C (Chairperson)	302	23	325	395
Moyo, K	292	23	315	207
Mashoene, F	261	23	284	226
Luzipho, N	239	23	262	183
Pakathi, Z	221	23	244	148
Zulu, B	221	-	221	194
Mashau, N	197	23	220	170
Majozi, M	195	23	218	174
Tshilambavhumwa, E	166	23	189	166
Conradie, S	144	23	167	154
Molefe, M	14	23	37	106
Mphela, R	-	10	10	-
	<b>2 252</b>	<b>240</b>	<b>2 492</b>	<b>2 122</b>

### 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.

Board Member	2021/22			2020/21
	R'000			R'000
	Meeting Allowance	Tools of Trade	Total	Total
Docrat, F (Chairperson) <sup>1</sup>	-	-	-	216
Pillay, M (Chairperson) <sup>2</sup>	221	8	229	84
Gutshwa, B <sup>3</sup>	184	8	191	-
Mushwana, P	169	8	177	87
	<b>573</b>	<b>24</b>	<b>596</b>	<b>387</b>

1 Mr. Docrat's term expired 31 March 2021.

2 Ms. Pillay was appointed as Chairperson effectively from 1 April 2021.

3 Mr. Gutshwa was appointed to the committee on 1 April 2021.

### 21.5 Chamber Committee Remuneration

Chamber Committee members were appointed from 1 April 2021.

There were no Chamber Committee members appointed for 2020/21 financial year.

Board Member	2021/22			2020/21
	R'000			R'000
	Meeting Allowance	Tools of Trade	Total	Total
<b>Justice</b>				
Adonis, C	12	8	19	-
Tshoke, E	12	-	12	-
	<b>23</b>	<b>8</b>	<b>31</b>	<b>-</b>



**Police**

Gossmann, L	35	8	43	-
Maphala, V	-	8	8	-
Maponyane, K	44	8	52	-
Mokokong, V	43	8	50	-
Ntsime, P	36	8	44	-
Tundzi, T	44	8	51	-
	<b>202</b>	<b>46</b>	<b>248</b>	<b>-</b>

**Legal**

Badela, G	52	8	60	-
Gladwin-Wood, C	47	8	54	-
Murugan, A	43	8	50	-
Singh, J	35	8	43	-
	<b>177</b>	<b>31</b>	<b>207</b>	<b>-</b>

**Corrections**

Frede, F	50	8	58	-
Gadisa, T	55	8	63	-
Marimani, X	19	8	27	-
	<b>125</b>	<b>23</b>	<b>148</b>	<b>-</b>

**Private Security**

Bhembe, M	43	8	50	-
Hlatswayo, B	43	8	50	-
Mashigo, A	39	8	47	-
Ntshangase, V	55	8	62	-
Ralioma, I	16	8	23	-
Ramambila, V	46	8	54	-
	<b>241</b>	<b>46</b>	<b>287</b>	<b>-</b>
	<b>767</b>	<b>154</b>	<b>921</b>	<b>-</b>

Aggregated governance remuneration

**Number of personnel**

	2021/22	2022/21
	R'000	R'000
Aggregated governance remuneration	4 009	2 509
Number of personnel	36	15

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

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

GRAP No	Title	Date of Issue	Impact on entity
GRAP 25	Employee Benefits	April 2021	No material Impact
GRAP 104	Financial Instruments	April 2021	No material Impact

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

- Private levies received exceeded the budget with R16.1m. Penalty and interest due to late payment by the employers contributed significantly to the performance.
- Penalty and interest on SDL was R2.8m below the budget.
- Contributions from government departments was in with the budget. Four government departments can only afford to contribute on the 10% basis. Seven (7) government organs contributed at 30% basis, although contributions from three (3) organs is less than R2m combined.

**23.2 Investment Income:**

- Unutilised cash reserves were invested with Nedbank and Investec at better negotiated rates. On average the rate of return on investment is 4.75%.
- 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 R17.0m below budget. Key expenditure which impacted administration expenditure:
  - Utilities, maintenance and repairs relating to office
  - Upgrade the ICT infrastructure and new software licenses
  - IT Maintenance, New HR systems and Finance upgrades
  - Filing and Archiving contract with new company that will allow remote access of information
  - Discretionary grant evaluations,
  - New office rental costs
  - Internal Audit fees and adhoc audit assignments

**23.4 Mandatory Grant:**

- Mandatory grant expenditure is R6.6m below budget.
- Any unutilised amount will be transferred to discretionary grant revenue.

### 23.5 Project/discretionary spending:

- All awarded projects were subject to the LPERC evaluation and adjudication process.
- Late advertisement of funding windows resulted in late awarded and implementation of projects.
- The discretionary grant expenditure was driven by the servicing of commitments that were awarded at the later part of 2020/21 financial year.
- Project expenditure amount to R226.7m which was R26.6m below budget.
- Included in the R226.7m is R13.9m for non-pivotal and R1.8m used for project administration expenditure.
- SASSETA also had co-funded projects where possible.

### 23.6 Surplus/(Deficit):

- SASSETA' operating surplus for the year amounted to R66.0m when compared to a restated surplus of R53.4m in the prior year.

### 23.7 Budget revision

- SASSETA revenue split exercise was enforced by the following guiding documents:

- i. HR Directive 1 of 2013
- ii. Guidelines on public service as a training space

- Investment income was to change significantly based on the new investment technique.
- Information relating to government contributions became available at a later stage.

## 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 2030 based on the recently gazetted extension of the NSDS III license period of the SETA's. The future existence and landscape of the SETA's after the above date will be based on a proclamation by the Minister of Higher Education and Training based on the future National Skills Development Strategy and landscape.

## 25. SUBSEQUENT EVENTS

### 25.1 Condonation of irregular expenditure - Security services

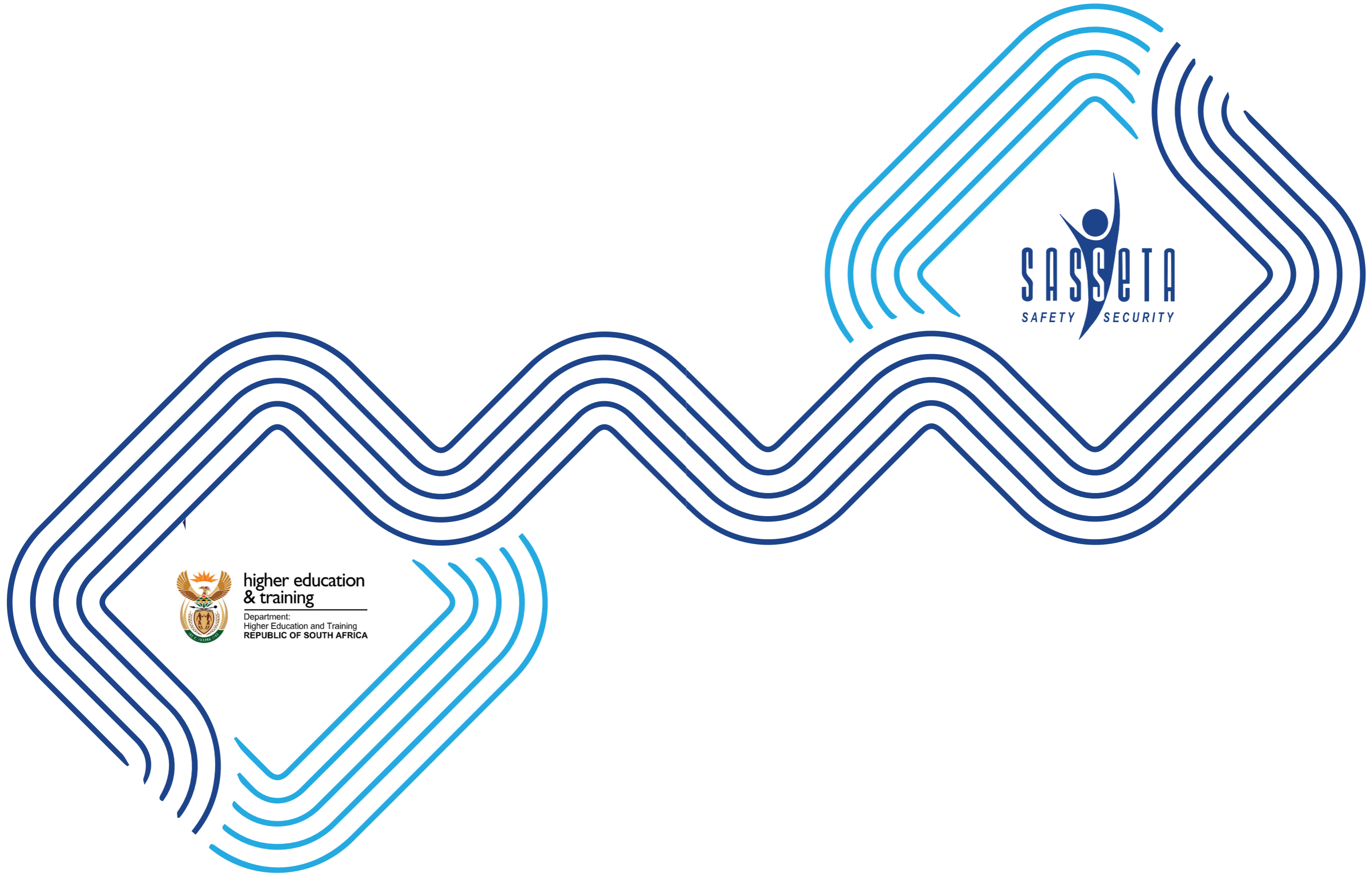
On April 2022, SASSETA received from the National Treasury a communication regarding rejection of the condonation application relating to the extension of security services contract. This matter will be escalated to the Accounting Authority to request a write-off of irregular expenditure not condoned by the National Treasury.

### 25.2 Condonation of irregular expenditure - Accounting Authority members

On May 2022, The Department of Higher Education and Training provided feedback to the SETAs that the National Treasury has refused to grant a blanket condonation regarding the irregular expenditure associated with payments to certain members of the Accounting Authority. SASSETA will initiate a condonation process internally.

### 25.3 Lost of device - Service Provider

During October 2021, SASSETA submitted a laptop for repairs with Ensure IT Services who is an accredited service provider for repair of HP laptops. In December 2021 the service provider reported a robbery and notified SASSETA the laptop was stolen during the robbery. The service provider ensured SASSETA of compensation. After several follow up communication the service provider notified SASSETA on 30 May 2022 of the amount to be refunded.



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SASSETA  
SAFETY SECURITY



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