

**Services Sector Education and Training Authority**  
**ANNUAL REPORT 2012/13**



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



## **General Information**

<b>Country of incorporation and domicile</b>	South Africa
<b>Registered office</b>	Ristone Office Park  15 Sherborne Road Parktown Johannesburg  2193
<b>Business address</b>	Ristone Office Park  15 Sherborne Road Parktown  Johannesburg  2193
<b>Postal address</b>	PO Box 3322  Houghton Johannesburg  2193
<b>Administrator/Accounting Authority</b>	Dr Sihle Moon  Appointed: 7 July 2011 to 7 January 2012 Extended to 30 June 2013
<b>Bankers</b>	Standard Bank, Investec Bank and  First National Bank
<b>Auditors</b>	Auditor General

At the end of the financial year 2011/2012, the Services SETA ushered in the ***dawn of a new era*** where we committed to a new life, new health and new strength with the promise of new beginnings and an extraordinary destiny with infinite possibilities.

Highly energised with renewed vigour, verve and enthusiasm we continue striving towards greater heights with spirited commitment and zeal in collaboration with our valued partners, stakeholders and communities. We are proud to present our ***Annual Report for the financial year 2012/2013***, in which we share with you the robust foundations that we have built and the road ahead for the Services SETA.



**2012/2013 STRIVING TOWARDS GREATER HEIGHTS**



## higher education & training

Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**



**Minister of Higher  
Education and Training**  
Dr Bonginkosi "Blade" Nzimande

### Submission of Annual Report to the Executive Authority

The Annual Report of the Services Sector Education and Training Authority (Services SETA) for the period 01 April 2012 to 31 March 2013, in accordance with the Public Finance Management Act, 1999 (Act 1 of 1999)

Dr Sihle Moon  
**Administrator / Acting  
Chief Executive Officer**

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# **SECTION 1**

## General Information



## Vision

Services SETA will instil in South Africa's working communities a tangible, trainable, certifiable and accountable measure of service excellence, which it will be proud to benchmark against comparable international standards of service.

## Mission

The Stakeholders in the services sector are committed to ensuring that:

- National standards and qualifications in the sector and sub-sectors are created and registered onto the national qualifications framework, which will be used to curricula, assess, certify, and manage performance in the sector to develop targeted skills and generic service skills.
- Quality learning provision is maintained throughout the sector.
- Information is gathered and a database is created and maintained to target generic and specific skills development; engage in ongoing skills audits inside the labour market, including the unemployed and in labour pools from learnerships and skills programme activities.
- Implementation of the sector skills plan, taking the specific needs of diverse subsectors into account in terms of practice and law.

# ORGANISATIONAL STRUCTURE as at 31 March 2013



**Administrator/Acting  
Chief Executive Officer**  
Dr Sihle Moon



**Executive Manager:  
Office of the CEO**  
Lerato Bogoshi



**Chief Financial Officer**  
Cindy Simons



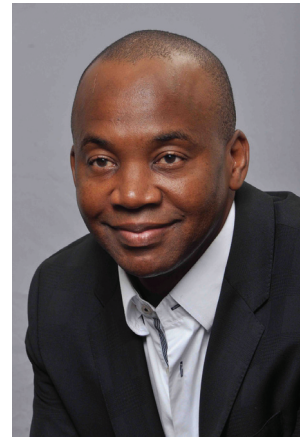
**Executive Manager:  
Quality Management**  
Debbie Machard



**Executive Manager:  
Corporate Services**  
Yoland Ruiters



# ACCOUNTING AUTHORITY'S (ADMINISTRATOR) OVERVIEW



**Administrator/Acting  
Chief Executive Officer**  
Dr Sihle Moon

The Administrator submits his report to the Department of Higher Education and Training and Parliament of the Republic of South Africa for the financial year ended 31 March 2013.

## 1. Incorporation

The Services Sector Education and Training Authority (Services SETA) was established in terms of Section 9(1) of the Skills Development Act, 1998 (Act No 97 of 1998) as amended, as a Sector Education and Training Authority with effect from 1 April 2000 to March 2005. It was re-established by the Minister of Labour for the period April 2005 – March 2010 in March 2005. The Minister of Higher Education and Training has in terms of Notice 52 of 2010, published in Government Gazette No 32917 of 5 February 2010, extended the period of establishment of all SETA's to 31 March 2016.

## 2. Review of activities

### Main business and operations

The Services SETA is engaged in sector education and training and operates principally in South Africa. The operating results and state of affairs of the Services SETA are fully set out in the attached financial statements and do not require any further comment.

## 3. Subsequent events

The Administrator's term ended on the 30 June 2013 and concurrently the Accounting Authority's term became effective. The Services SETA CEO Mr Johannes Mouton was appointed as at 15 July 2013.

## 4. Administration

The Services SETA was placed under administration effective 7 July 2011 as per Government Gazette no 3440 Vol 566. Dr. Sihle Moon was appointed as an Administrator. His term was extended several times and finally concluded on 30<sup>th</sup> June 2013.

## 5. Accounting Authority

The member of the entity during the year and to the date of this report is as follows:

Name	Citizenship	Changes
Dr S Moon - Chairman/Administrator	South African	Appointed: 21 April 2011

## 6. Corporate governance

### General

The Administrator is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Administrator supports the highest standards of corporate governance and the ongoing development of best practice.

The Services SETA is governed by the following Acts and regulations

1. Section 9 of the Skills Development Act, 1998 (Act No 97 of 1998) as amended;
2. Skills Development Amendment Act, 2008 (Act No 37 of 2008);
3. The South African Qualifications Authority Act, 1995 (Act No 58 of 1995);
4. The Skills Development Levies Act, 1999 (Act No. 9 of 1999);
5. The Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended;
6. Treasury Regulations for departments, constitutional institutions and public entities; and
7. The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)

The Services SETA confirms and acknowledges its responsibility to total compliance with these Acts. The Administrator discusses the responsibilities of management in this respect, and monitors the Services SETA's compliance with the Acts on a regular basis.

The salient features of the Services SETA's compliance with the Skills Development Act is outlined below:

### Remuneration

The Administrator's fees are based on the Service Level Agreement signed with the Department of Higher Education and Training.

### Audit and risk committee

The Audit and Risk Committee consists of independent members. The Committee operates within an approved terms of reference. The Chairperson of the Audit and Risk Committee is Doris Dondur. The committee has conducted 17 meetings for the period under review and 10 of these meetings have been in relation to policy development. Ms Rene Kenosi joined the committee during the year as an independent member.

### Internal audit

The Services SETA outsourced its internal audit function to Ernst and Young This is in compliance with the Public Finance Management Act.

## **Financial performance**

The financial results of the Services SETA and the levies collected and grants disbursed are reflected in the annual financial statements on pages 72 and 121.

The Services SETA has received approval to retain the accumulated surplus of R405 million for the year ended 31 March 2012. An application has been made for the roll-over of funds for the current year amounting to R552 million.

### ***Income received***

The levy income for the 2012/13 financial year was R1 032 million, which is an increase of 6.19% compared to prior year. The increase in the levy income indicates growth in the services sector and annual salary inflationary adjustments/increase, which led to higher Skills Development Levy (SDL) contributions by employers and hence a higher levy income for SETAs.

- Other income (including SDL interest and penalties) increased by 14.63% to R83,9million.

### ***Expenditure***

The expenditures per categories (mandatory 50% and discretionary 20%) did not exceed thresholds as per the Skills Development Regulations. However, administration expenses exceeded 10% mainly due to expenditure relating to consultant costs in the set-up of the Expression of Interest (EOI) process and action plans to facilitate achievement of targets and projects going forward

Employer grants and projects expensed was R391,3 million, which is a reduction of 23% compared to prior period, this is due to the budget and strategic plan for the year 2011/12 was only approved by Department Higher Education and Training (DHET) in December 2011, which had a roll on effect for the year under review.

- Commitments have been made on projects and have been included in the contingent liability note 24 in the financial statements as a contingent liability.
- The Services SETA introduced a web-based EOI and application process for discretionary grants funding, which assists in the expediting of the disbursement of grants.
- The total rand value of applications received to date is R2 800 million. This consists of Applicants who have completed the EOI process and successfully submitted an application with all necessary documentation.
- It is anticipated that through the demand received from the EOI the shortfall of spending will be corrected in the next financial year.

Employee costs increased by 20.3% in the year 2012/13 compared to the prior year. This is due to the filling of vacant positions and the inflationary related increase and market related benchmarking of salaries

### ***Reserves***

Discretionary reserves increased from R971 million to R1 523 million for the year 2012/2013, this is due to increase in the income received and the delays in implementation of the discretionary projects. A surplus of R347 million from mandatory grants have been reallocated to the discretionary reserve. These amounts have been included in the application for rollover to National Treasury through DHET.

Included in the reserves amount is a surplus arising from the revaluation of land and buildings in the prior year. This resulted in the revaluation reserve of R11 million.

### ***Cash and bank***

The Services SETA cash position at 2012/2013 year end was R1 811 million, which increased by 51,84%. Commitments have been made on projects and the Services SETA embarked on an electronic EOI process, which resulted in a demand of R2 800 million in discretionary applications. The committed projects and awarding of grants received through the EOI process will be funded from these reserves.

### ***Irregular expenditure and deviations***

The financial statements reflect irregular expenditure in note 30 and deviation from supply chain regulations in note 31. Irregular expenditure resulted from our supply chain process contravening the National Treasury Legislation. We have noted the root causes identified by management and we are in the process of rectifying the contraventions. Management has committed itself to significantly reduce the number of deviations. The current year reflects a 58.8% decrease in irregular expenditure which is an overachievement of the target of a decrease of 50% set in the Annual Performance Plan (APP). Deviations from normal supply chain regulations decreased by 86% from prior year.

### ***Fruitless and wasteful expenditure***

Fruitless and wasteful expenditure relates to South African Revenue Services (SARS) interest and penalties charged on a prior year transaction where the Services SETA was unable to conclude payment to SARS.

### **Appreciation**

At this point, I wish to express my appreciation to all stakeholders, service providers and members of staff who contributed to our efforts in the past financial year.





## Section 2

# Performance Information Report



# PERFORMANCE INFORMATION REPORT ON PRE-DETERMINED OBJECTIVES 2012/13

## Structure of results reporting

The Strategic and Annual Performance Plans structure the Services SETAs pre-determined objectives into seven programmes. Each programme has one or more strategic goals, strategic objectives, key performance indicators and annual targets. These are extracted and tabulated below. Results achieved between 1 April 2012 and 31 March 2013 or as at the end of this reporting period and variance, together with explanations, are also reported by performance indicator and corresponding target/s. Some of the indicators and targets were not specific, measurable, achievable, relevant and/or time-bound. Minor and reasonable amendments to strengthen alignment and clarify interpretation were effected. By way of introduction, a summary of achievements by programme is presented below.

### Programme 1: Governance

This programme comprises of 5 performance indicators extracted from the Strategic Plan and Annual Performance Plan. Programme outputs set out in the Strategic Plan but omitted from the Annual Performance Plan were grouped under related performance indicators. The period of Administration was extended twice during this reporting period and expires on 30 June 2013. The Ministerial appointments of Accounting Authority Members and the Chief Executive Officer were anticipated to take effect immediately thereafter. Delays in the appointment of the Accounting Authority resulted mainly from regulatory amendments and the need for more extensive stakeholder consultation. Stronger institutional capacity enabled the finalisation of all preparations necessary for effective governance and statutory compliance. The Audit and Risk Committee and Executive Management provided leadership and decision making support during administration. Significant improvements in planning and reporting were achieved enhancing accountability and gearing towards performance improvement. Collaboration with the Quality Council for Trades and Occupations positions the Services SETA to implement emerging best practices in new qualifications.

### Programme 2: Administration

This programme comprises of 9 performance indicators split across finance and Corporate Services, including Information Technology, Communications and Human Resources. One of the indicators was moved from programme 7 as it was more closely linked to Human Resources. This reporting period saw significant improvements in:

- financial management
- organisational restructuring and recruitment of skilled professionals
- systems strengthening through policy and procedure development.

### Programme 3: Mandatory Grants

This programme comprises of 4 performance indicators. Clarity on the interpretation of these indicators and targets was required. The number of employers that submitted Workplace Skills Plans and Annual Training Reports increased by 473 (18%). Notwithstanding, this was below target. The data showed interest from a greater number of employers that registered but failed to submit Workplace Skills Plans and Annual Training Reports within the statutory timeframe. A combination of expanded capacity development and simplifying the on-line system may result in increased submissions during the next period. Planned improvements to the payment processing system would expedite disbursements reducing the current 25% employers awaiting disbursement as at the end of the

reporting period. Regulatory changes effective for the next financial year require employers to submit generic and Pivotal Workplace Skills Plans and Annual Training Reports. In terms of these regulations 80% of discretionary grant funding must be disbursed to pivotal programmes.

### Programme 4: Funded Skills Development

This programme is structured into 6 sub-programmes and 7 performance indicators. All of these sub-programmes involve the awarding of discretionary grant funding for the enrolment through to certification of learners for various learning interventions. Certification of learners most often takes place in subsequent reporting periods either due to the duration of the learning intervention and/or timing of enrolment. As a result, most of the targets relate to enrolment.

This report differentiates between enrolments against prior year targets and that of 2012/13. Data for 3124 learners enrolled against prior year targets was reported. Contracts were still being concluded against 2011/12 targets. The total number of learners targeted for enrolment during this reporting period by learning intervention was as follows:

Learnerships	9 525	36%
Artisans	1 500	6%
Internships	1 850	7%
Bursaries	2 225	8%
Adult Education and Training	1 450	6%
Recognition of Prior Learning	2 000	8%
Skills Programmes	7 750	29%
<b>TOTAL</b>	<b>26 300</b>	<b>100%</b>

Against the above target, a total of 5900 learners have been allocated or enrolled. Of this total, 58 enrolled in internships and 200 completed HIV Awareness Training. Being placed under administration in 2011 and changing the service delivery model from intermediaries to recipient employers created delays in tendering and contracting for the enrolment of learners. Legal and project capacity to service the increased volume of contracts was lacking. More effective procurement has resulted in the demand from the pending EOI process exceeding the sum of the unallocated 2012/13 targets and 2013/14 targets for most learning interventions. Notwithstanding, some of these targets would be addressed through stakeholder agreements and special projects. Increased project management and legal service capacity should enable the enrolment of all unmet targets during the next financial year.

### Programme 5: Sector Skills Planning and Research

This programme comprises of 2 performance indicators. Through research questionnaires, interviews, workshops and capacity development, extensive stakeholder engagement was achieved. This identified demand and, scarce and critical skills by subsector. This informed the development of subsector skills plans and the review of the Sector Skills Plan.

### Programme 6: Sector Development

This programme comprises of 15 performance indicators the targets for which required clarification and interpretation. Quality management, qualifications development and all activities aimed at capacitating and promoting delivery of services sector occupational and vocational qualifications are included. In summary, the target for the number of learners certificated was exceeded by 90% and consequentially the monitoring of accredited training providers



was equally below target. Insufficient numbers of qualified external moderators resulted in the above prioritisation. Plans for systems improvement and capacity development are expected to address current inefficiencies. Five international partnerships reported included the European Marketing Commission, World Skills International and World Skills South Africa, Hamk University, Blackburn College and Hackney Community College. The status of collaboration with Further Education and Training Colleges and relationships with Higher Education and Training Institutions were reported on. A total of 3 career guidance and skills exhibitions were hosted.

## Programme 7: Monitoring and Evaluation

This programme comprises of 6 performance indicators. The targets and indicators in the Annual Performance Plan were realigned for technical accuracy. Significant improvements were achieved in the planning and reporting tools in terms of consistency and accuracy. The establishment of a performance information framework and procedures with technical indicator descriptions, overall systems development and performance evaluations would be achieved during the next financial year.

## Programme 1: Governance

### Strategic Goal: Effective governance, management, and financial management

#### Strategic Objectives/Outputs

A fully functioning Board, committees and sub-structures achieving effective governance in accordance with the Skills Development Act, National Treasury and other regulatory requirements.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Fully functioning board, chambers and committees	<ul style="list-style-type: none"> <li>A special General Meeting was held to adopt the Constitution and make nominations for Board members</li> </ul>	Achieved. The list of nominees was endorsed at a Special General Meeting on 27 June 2012. The Standard Constitution for SETAs was amended and regulated on 11 May 2012. The list of 6 labour and 6 business nominees for the Accounting Authority was submitted to the Minister of Higher Education and Training on 30 January 2013 for approval and appointment. The draft Services SETA Constitution based on the Standard Constitution for SETAs as at 22 March 2011 was adopted at the Special General meeting on 27 June 2012. The Constitution was revised in line with the version regulated on 11 May 2012 and submitted to the Minister of Higher Education and Training on 31 January 2013 for approval.	Not applicable.
	<ul style="list-style-type: none"> <li>The Minister of Higher Education and Training gazette the new Board</li> </ul>	Not achieved. The appointment of the administrator was extended twice during this reporting period by notices in the government gazette on 6 July 2012 and 22 March 2013 extending the term until 30 June 2013. The Administrator was appointed and authorised to act as the Accounting Authority and fulfil the duties of the Chief Executive Officer.	The Standard Constitution Regulations gazetted on 11 May 2012 delayed the appointment of the new Accounting Authority.



Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Board established and inducted</li> </ul>	Not achieved. All plans and preparations for the Accounting Authority were completed and would be implemented once the Minister of Higher Education and Training had finalised the appointments. Preparations included the framework, terms of reference, induction programme and related material.	As above.
	<ul style="list-style-type: none"> <li>Board establishes the Chambers</li> </ul>	Not achieved. Subcommittees and Chamber Committees would be established by the Accounting Authority.	As above.
	<ul style="list-style-type: none"> <li>Board establishes its other committees</li> </ul>	Partially achieved. The Audit and Risk Committee was the only subcommittee of the Accounting Authority that continued to function during administration. The committee met 17 times during this reporting period and functioned within approved terms of reference in compliance with the Public Finance Management Act of 1999. The committee fulfilled an advisory role beyond its scope to assist the Administrator and a Steering Committee. The latter comprised Executive Managers, Head of Legal Services and invited officials. The Steering Committee convened regularly to provide direction and support decision making.	As above.
	<ul style="list-style-type: none"> <li>All structures perform functions set out in Services SETA constitution</li> </ul>	Not achieved. A Company Secretary was appointed effective 1 February 2013. A governance framework and terms of reference for the Accounting Authority was drafted during March 2013. In compliance with the Skills Development Act and the Standard Constitution of SETA regulations, as amended, the framework provides for the establishment of 6 subcommittees and 6 chamber committees.	As above.
Performance planning tools and performance monitoring reports approved by the Board prior to external submission within prescribed timeframes	<ul style="list-style-type: none"> <li>Sector Skills Plan signed off annually before submission to the Department of Higher Education Training at the end of August annually</li> </ul>	Achieved. The Sector Skills Plan was submitted as annexure A to the Strategic Plan.	Not applicable.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Strategic Plan and Annual Performance Plan approved by the Accounting Authority and submitted to the Department of Higher Education Training annually as prescribed</li> </ul>	<p>Achieved. Following extensive engagement between the Services SETA and Department of Higher Education Training, the final Strategic Plan and Annual Performance Plan for 2012/13 was submitted on 3 July 2012. Official approval of these plans, including budget, was granted by the Minister of Higher Education and Training on 15 November 2012.</p> <p>The Administrator approved the 2013/14 Strategic Plan and Annual Performance Plan prior to submission on 31 August 2012. Following feedback, these plans were re-submitted on 30 November 2012, 7 February 2013 and 28 February 2013.</p>	Not applicable.
	<ul style="list-style-type: none"> <li>Annual report (including the Report of the Auditor-General) approved by the Accounting Authority and submitted to Parliament during August of each year</li> </ul>	<p>Achieved. The Draft Performance Report on Pre-determined Objectives was submitted to the Auditor-General for auditing on 31 May 2012 following approval by the Audit and Risk Committee and Administrator.</p> <p>The published Annual Report was submitted to the Department of Higher Education and Training and Parliament on 28 August 2012 and to the Auditor-General and National Treasury on 30 August 2012.</p>	Not applicable.
Board performance agreements and performance management process established and implemented	<ul style="list-style-type: none"> <li>Code of conduct for board members agreed by the Board and communicated amongst stakeholders in 2012</li> </ul>	No longer applicable. Annexure 2 of the Standard Constitution Regulations gazetted on 11 May 2012 provides a code of conduct for SETA Accounting Authority members removing the need to develop such internally. Notwithstanding, additional conduct requirements may be agreed by the new Accounting Authority.	Not applicable.
	<ul style="list-style-type: none"> <li>Performance review process for Board and individual board members agreed and operationalised by 2013</li> </ul>	Not achieved.	Performance criteria for the Accounting Authority members would be determined once appointments have taken effect.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Key performance areas, criteria and the recruitment and selection process for the new Chief Executive Officer agreed and appointment finalised by September 2012</li> <li>Chief Executive Officer performance agreement established and performance management system implemented to monitor performance</li> </ul>	<p>Partially achieved. The recruitment of the new Chief Executive Officer was managed by the Department of Higher Education and Training. The Ministerial appointment of the new Chief Executive Officer is anticipated to take effect at the start of the second quarter of the next reporting period.</p> <p>Not achieved.</p>	<p>External factors beyond control.</p> <p>Performance agreement for the Chief Executive Officer would be determined once appointment had taken effect.</p>
Education Training and Quality Assurance (ETQA) function reviewed and agreement reached with the Quality Council for Trades and Occupations (QCTO) on future role of the Services SETA	<ul style="list-style-type: none"> <li>ETQA function reviewed and agreement reached with QCTO on future role of the Services SETA</li> </ul>	Achieved. ETQAs were dissolved on 30 September 2012. In a letter dated 12 September 2012, the QCTO delegated the Services SETA to continue assessing and quality assuring the existing 109 Services SETA qualifications under the auspices of the Council. QCTO conducted an audit during March 2013, the results of which are awaited. The Services SETA is collaborating with the QCTO to pilot various practices and tools which will inform the development of new occupational qualifications.	The Services SETA is accountable to the QCTO in terms of quality assurance functions and will implement functional delegations under the guidance of the QCTO governed by established terms and conditions.
Mid-term review of Services SETA performance in relation to NSDS III conducted during 2013	<ul style="list-style-type: none"> <li>Mid-term review conducted</li> </ul>	Not applicable as yet. The mid-term of NSDS III is halfway through the next financial year i.e. 1 October 2013.	Develop Terms of Reference and implementation plan at the appropriate time.

## Programme 2: Strategic Goal

### Strategic Goal: Administration

#### Strategic Objectives/Outputs

An effective and efficient financial management structure and systems that enable the Services SETA to plan, control and manage income and expenditure in the interests of the sector and in accordance with public financial management legislation and regulations.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Services SETA adequately fund all its programmes and implement measures to avoid over/ under spending	<ul style="list-style-type: none"> <li>Budget aligned to Strategic Plan and Annual Performance Plan</li> </ul>	Partially achieved. The Strategic Plan 2013/14 shows an improvement in the alignment between the performance information programme budgets and the budgeted statement of financial performance for that financial year. Similarly, the Annual Performance Plan 2013/14 shows improvement in the alignment between annual programme budgets in the Strategic Plan and Annual Performance Plan for that period. The 2013/14 Annual Performance Plan provides budget breakdown for learning intervention targets and enabling programmes.	Lack of skills and capacity. Further improvement in strategic planning tools showing multi-year breakdowns linked to programmes and strategic objectives in the Strategic Plan and activity-based costing in the Annual Performance Plan would be prioritised.
	<ul style="list-style-type: none"> <li>Monthly management accounts are prepared, tabled and approved by the governance structures</li> </ul>	Achieved. Monthly management accounts were prepared, tabled and reviewed by the Audit and Risk Committee bi-monthly.	Not applicable.
	<ul style="list-style-type: none"> <li>Actual expenditure 80% matches the budget</li> </ul>	Partially achieved. 55% of the expenditure budget for 2012/13 has been disbursed.	The 45% unspent funds from 2012/13 was reserved for discretionary grants and would be awarded through the Expression of Interest process and stakeholder agreements for special projects.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Application for roll-over funds is reduced by 50%</li> </ul>	Not achieved. The application for roll-over funds increased by 47%.	The reason for the increase in roll-over was due to a 25% increase of income to budget and underspend of 45%.
	<ul style="list-style-type: none"> <li>No wasteful and fruitless expenditure is incurred</li> </ul>	Not achieved. Fruitless and wasteful expenditure was incurred and related to SARS interest and penalties for prior year transactions.	Fruitless and wasteful expenditure was a unique situation and reoccurrence is not anticipated.
	<ul style="list-style-type: none"> <li>Irregular expenditure is reduced by 50%</li> </ul>	Achieved. Irregular expenditure was reduced by 56%.	Reduction in irregular expenditure was due to the expiry of historical contracts and improved supply chain management.
Quality Annual Financial Statements and annual report are finalised timeously	<ul style="list-style-type: none"> <li>Quality Annual Financial Statements with no adjustments from the Auditor-General are finalised timeously</li> </ul>	Partially achieved: Draft AFS were submitted for auditing on 31 May 2012 following approval by ARC and administrator.  The AFS were withdrawn and re-submitted for audit on 21 August 2013	Material adjustments had to be posted relating to MG, levy income, payables, project expenses, receivables, reserves and other comparative figures
	<ul style="list-style-type: none"> <li>Quality annual report with performance information that reconciles with the financial information is completed and submitted to parliament timeously</li> </ul>	Not achieved. The 2011/12 Annual Report containing the required performance and financial information was submitted to Parliament on 28 August 2012 and tabled on 26 September 2012. Inconsistency and a lack of alignment between planning and reporting tools regarding objectives, indicators and targets were identified. The lack of a Performance Information policy and procedure compromised compliance.	The 2012/13 Annual Reports shows improved alignment between the planning and reporting tools and improvement in performance information management outstanding finalisation of policies and procedures.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Obtain a clean audit report	<ul style="list-style-type: none"> <li>Prior year audit findings relating to information technology, consultants, Human Resources and finance are addressed and regularly reported on to the audit and risk committee</li> </ul>	Achieved. An audit tracker was developed to document and monitor the resolutions of all outstanding audit findings. The audit tracker was tabled at every Audit and Risk Committee meeting and periodically reviewed by the Administrator. As at the end of this reporting period, the audit tracker indicated that 61% of all outstanding audit findings had been resolved, 36% have been partially resolved and 3% unresolved.	Not applicable.
	<ul style="list-style-type: none"> <li>Qualified audit opinion</li> </ul>	Not achieved	As per Audit report
Compliance with Public Finance Management Act of 1999, Skills Development Act of 1998, Supply Chain Management prescripts and relevant legislation and regulations	<ul style="list-style-type: none"> <li>Non-compliance is reduced by 60%</li> </ul>	Partially achieved. The audit tracker has resulted in many critical financial and performance information compliance gaps being addressed. To expand on this, a compliance matrix was developed in February 2013 listing applicable statutory provisions and regulations and, documenting the status of compliance. An action plan to address outstanding compliance gaps was drafted.	The Compliance function is being redirected to Governance as part of the Company Secretary's portfolio. Dedicated capacity will mitigate risks resulting from non-compliance in future.
Policies and procedures are developed, approved and implemented	<ul style="list-style-type: none"> <li>Governance and finance policies are developed, approved and implemented</li> </ul>	Partially achieved. As at the end of this reporting period, one Governance-related framework had been approved and another pending approval. Four Financial Policies and Procedures had been approved, 2 were pending signature and 5 were under development.	Considerable progress in strengthening policies and procedures was achieved after the appointment of relevant Executive and Senior Management appointments.
	<ul style="list-style-type: none"> <li>Human Resources policies are developed, approved and implemented</li> </ul>	As at the end of this reporting period, 11 Human Resources Policies had been adopted, one was pending signature and 7 were in the development phase.  Partially achieved	Not applicable.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Information Technology enables the business of Services SETA in all respects	<ul style="list-style-type: none"> <li>Implement an Enterprise Resource Planning (ERP) system</li> </ul>	Partially achieved. The Services SETA sought to develop an integrated software application that would facilitate information flow internally and externally. An ERP project was scoped, workflows were mapped and specification and design were finalised. Software and hardware components were installed. Systems development and testing was implemented by the end of December 2012. Notwithstanding, new business requirements were identified between January and March 2013 necessitating re-conceptualisation of the ERP system. To this end an integrated; comprehensive Management Information System (MIS) was targeted, requiring consultation and collaboration across all divisions. An expanded Terms of Reference were developed in March 2013 and a new Request for Tender was issued. The original scope of the ERP system informed the revised approach.	The expanded scope necessitated re-tendering and delayed implementation as a result. The new approach will enhance efficiency and speed up service delivery.
Implementation of Communications Strategy	<ul style="list-style-type: none"> <li>Annual Stakeholder surveys are conducted showing a 20% improvement in Services SETA reputation to its stakeholders</li> </ul>	Partially achieved. A stakeholder survey was conducted in January 2013. A total of 363 responses were received, 68 from employees and 295 from external stakeholders. The survey focused on brand equity and understanding of service offering or core business. The findings of survey, informed development of a Marketing and Communications Strategy which was adopted on 27 February 2013. The strategy seeks to reposition the Services SETA as a leading, credible and sustainable entity.	Baseline data was required before improvement can be calculated. The focus during this reporting period was to establish the status quo and develop appropriate response strategies. Implementation would commence during the next reporting period.
	<ul style="list-style-type: none"> <li>Services SETA brand is established amongst its stakeholders</li> </ul>	Partially achieved. Branding was undertaken at 20 events supported during this reporting period. Marketing content and materials development commenced in January 2013.	Lack of capacity.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Human Resources audit informs redesign of organisational structure aligned to strategic objectives	<ul style="list-style-type: none"> <li>Revise organisation structure, migrate current employees and approve new organogram that included adequate support services</li> </ul>	Achieved. The period of administration involved significant restructuring to align internal functions and capacity to service delivery requirements. The restructuring was informed by a Human Resources Audit completed at the beginning of this reporting period. The new organogram was finalised and effective 1 June 2012. Migration of current employees was concluded two months later.	Not applicable.
	<ul style="list-style-type: none"> <li>Job evaluations and job grading conducted and aligned to new salary structuring</li> </ul>	Achieved. High-level job profiling, job grading and salary structuring was completed and effective 1 June 2012.	Not applicable.
	<ul style="list-style-type: none"> <li>All executive and other vacant positions filled within the 10% administration budget</li> </ul>	Partially achieved. Recruitment of Executive and Senior Managers was prioritised. As at the end of this reporting period 4 out of 6 Executive Managers were incumbent and there were 46 vacancies out of a total staff complement of 259.	Target unrealistic as attrition and labour turnover is a reality.
	<ul style="list-style-type: none"> <li>All employees accommodated within current office space</li> </ul>	Achieved. Spatial planning and moving of employees and units was implemented to support organisational structural changes.	Not applicable.
	<ul style="list-style-type: none"> <li>Effective change management including training on responsibilities and functions implemented</li> </ul>	Not achieved. Organisational-wide change management interventions have not been implemented as yet.	Above targets were a necessary prerequisite hence postponed until the next financial year.
Individual Performance Management System supports operational performance requirements	<ul style="list-style-type: none"> <li>A performance management system aligned to operational performance plans is developed and organisational performance is regularly conducted and maintained at 90% or above</li> </ul>	Partially achieved. An Individual Performance Management Policy was drafted in November 2012. Procedural elements were piloted for the remainder of this reporting period. Individual performance agreements need to be concluded, aligned to annual and operational performance plans, for quarterly monitoring.	Following adoption, organisational wide implementation would commence during the next reporting period.



## Programme 3: Mandatory Grants

### Strategic Goal: Encouraging better use of workplace-based skills development

#### Strategic Objectives/Outputs

- Raising skills levels to support growth and employment
- Increase the number and value of submissions for 2012
- Ensure payments to large, medium and small companies are done timeously
- Increase SDF interventions

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Received and submitted electronic submissions of Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs)	<ul style="list-style-type: none"> <li>3300 employers submit a WSP and ATR</li> <li>Large (150+ individuals on payroll) = 300</li> <li>Medium (50-149 individuals on payroll) = 350</li> <li>Small (&lt;50 individuals on payroll) = 2650</li> </ul>	<p>Mostly achieved, 7.5% below target. A total of 3801 employers registered to submit WSPs and ATRs. Of these 3051, employers submitted WSPs and ATRs.</p> <p>This total is broken-down by size below.</p> <p>Large = 152/300 (51%)            Medium = 271/350 (77%)            Small (includes unclassified) = 2628/2650 (99%).</p>	<p>Size disaggregation shows greater success in reaching the targeted number of small and medium companies. The total target would have been exceeded if the 750 employers that registered but failed to submit had actually submitted. Given that 72% of these employers were small, the reason for non-submission may be attributed to a lack of capacity in respect of resources, knowledge and skills. Plans to simplify the system, increasing accessibility and user-friendliness, particularly in the interest of Small and Medium-sized Enterprises (SME's), were underway.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Annual increase in the number and quality of WSPs and ATRs	<ul style="list-style-type: none"> <li>Minimum of 25% increase</li> </ul> <p>The Annual Report 2011/12 baseline was 2578 employers that submitted WSPs and ATRs. A minimum increase of 25% means a target of 3223 employers</p>	<p>Mostly achieved, 7% below target. The 3051 employers that submitted WSPs and ATRs represents an 18% increase in the total number of employers. To achieve this target, training on the Skills Development Management System (SDMS) to register for submission and the Lab.Dex system to submit WSPs and ATRs was conducted mostly during the first quarter. In summary, a total of 180 SME's attended 16 training workshops across 8 provinces.</p>	<p>If all employers that registered for submission had actually submitted, the target would have been exceeded by 22%. The training workshops may have equipped employers to register but not adequately capacitated them to complete and submit WSPs and ATRs.</p>
Annual increase in proportion of mandatory grants paid to employers	<ul style="list-style-type: none"> <li>All employers that submitted WSPs and ATRs and received mandatory grants after verification of compliance</li> </ul>	<p>Mostly achieved, 25% below target. As at the end of this period, a total of 2223/3051 (73%) employers that submitted WSPs and ATRs were successfully enrolled in the quarterly disbursement process. Data by size are provided below.</p> <p>Large = 120/152 (79%)  Medium = 206/271 (76%)  Small (includes unclassified) = 1897/2628 (72%).</p>	<p>The balance of 828 (27%) employers that submitted WSPs and ATRs were pending verification and payment. Planned improvements to the payment processing system would expedite disbursements during the next reporting period. These efficiency improvements will enable the timely redirection of unspent funds to Discretionary Grants.</p>
Policies and procedures developed	<ul style="list-style-type: none"> <li>100% policies and procedures developed and approved</li> </ul>	<p>Partially achieved. The Mandatory Grants Policy was revised and approved by the Administrator on 7 December 2012. However, further changes were effected to align to the SETAs Grant Regulations regarding monies received by a SETA and related matters gazetted on 3 December 2012. The further updated Policy was submitted for approval during the period. 5 related procedures currently exist.</p>	<p>Regulatory amendments requiring further Policy updates and consequential changes to existing procedures.</p>

## Programme 4: Funded Skills Development

### Strategic Goal:

1. Increasing access to occupationally directed programmes.
2. Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities.
3. Addressing the low level of youth and adult language and numeracy skills to enable additional training.
4. Encouraging better use of workplace-based skills development.
5. Increasing public sector capacity for improved service delivery and supporting the building of a developmental state need to address the challenge of the low number of National Senior Certificate holders/high school graduates and those qualifying with a National Certificate (Vocational) at NQF level 4 who attain the required levels of competence in the identified priority areas.
6. Middle level skills needs are identified and addressed in all sectors.
7. To ensure that the projects being implemented includes the seven (7) key developmental and transformation imperatives.

### Strategic Objectives/Outputs

- Establishing effective partnerships between education and training systems and employers to provide for workplace training would ensure that skills have real labour market relevance and that young people gain an early appreciation of and exposure to the world of work. Workplace learning should be an integral part of all vocational programmes.
- Improved placement of both students and graduates, especially from the FET colleges and universities of technology.
- Services SETA needs to place particular emphasis on skills development to support government's goals for rural development.
- Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market.
- Implement skills development programmes that are purposefully aimed at equipping recipients with requisite skills to overcome related scourges of poverty and unemployment.
- Young people have access to education and training that enhances opportunities and increases their chances of success in further vocational training and sustainable employment.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
<p>Occupationally Directed Programme: Award discretionary grant funding to employers for training, certifying and gainfully employing learners on Occupationally Directed Programmes</p>	<ul style="list-style-type: none"> <li>A total of 9375 learners enrolled broken-down by learning intervention in subsequent rows</li> </ul>	<p>Partially achieved. 1350/9375 of which 58 enrolled and 1292 allocated.</p> <p>A total of 346 contracts valued at just above R300 million had been concluded as at the end of this reporting period for the October 2011 tender against 2011/12 targets. Contracting against these targets was still underway.</p> <p>Advertisements calling for an Expression of Interest (EOI) from Employers were placed in several national and provincial newspapers during December 2012 and February 2013. Wider distribution resulted in a significantly higher response rate. A total of 1651 responses were received of which 815 (49%) were compliant, These employers were invited to submit further grant applications. As at the end of this reporting period, 432/815 (53%) had submitted learning intervention applications. Work Readiness Evaluations (WREs) to assess the employer's workplace and capacity to implement and adjudication by the discretionary grant approvals committee precede contracting.</p>	<p>Being placed under administration in 2011 and changing the service delivery model from intermediaries to recipient employers created delays in tendering and contracting for the enrolment of learners. Legal and project capacity to service the increased volume of contracts was lacking. More effective procurement has resulted in the demand from the pending EOI process exceeding the sum of the unallocated 2012/13 targets and 2013/14 targets for most learning interventions. Notwithstanding, some of these targets would be addressed through stakeholder agreements and special projects. Increased project management and legal service capacity should enable the enrolment of all unmet targets during the next financial year.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Learnerships : 6725 (Unemployed = 1975, Employed = 4750)</li> </ul>	<p>Not achieved. From the 2012/13 targets: Unemployed Learnerships allocated = 200 for the Western Cape call centre project 80 of which were reserved for people with disabilities.</p> <p>From previous financial year targets: Learnerships entered = 314 (unemployed 17, employed 297).</p>	<p>Consistent with the above, the unmet Learnership target of 6525 (unemployed 1775, employed 4750) would be achieved through the pending EOI process and special projects. The Annual Performance Plan was not amended to reflect the rollover of targets from prior years.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Artisan : 1500 (Apprenticeship former section 13 = 500, trade test former section 28 = 1000)</li> </ul>	<p>Not achieved. The Quality Council for Trades and Occupations (QCTO) delegated the Services SETA to continue assessing and quality assuring existing qualifications and part qualifications, including trades, in September 2012. Hairdressing is the only artisan trade that falls within the scope of services sector qualifications. Notwithstanding, learners from member companies that enrol and certificate for other occupational trades also fall under the target for funded skills development.</p> <p>From previous financial year targets:</p> <ul style="list-style-type: none"> <li>Artisan apprenticeship = 26 hairdressing certificated and verified</li> <li>Artisan trade test = 47 hairdressing certificated and verified</li> <li>Artisan apprenticeship and trade test = 952 non service sector trades certificated and verified. This data could not be separated for apprenticeship and trade test.</li> </ul>	<p>Poor data and record management resulted in the Services SETA transferring its Artisan Unit to the Institute for National Development of Learnerships Employment Skills and Labour Assessments (Indlela) for a period of 6 months ending mid-July 2013. The objective was to develop effective operating procedures ensuring compliance for monitoring, assessing and quality assuring artisans. As a result, the artisans' component of the public tender was withdrawn delaying new enrolments and allocations. Regulatory, compliance and functional changes, internally and externally, created delays in enrolling and exiting artisans. The Annual Performance Plan was not amended to reflect the rollover of targets from prior years.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Internships : 1150</li> </ul>	<p>Partially achieved. From the 2012/13 targets: Internships entered = 58.</p> <p>Internships allocated = 1092 (592 Graduates with Disabilities under the scope of Public Sector Programmes and 500 under the scope of Public FET Programmes).</p> <p>From previous financial year targets: Internships entered = 968 (unemployed 95, employed 873).</p>	<p>Negotiations and planning to achieve the internships target was completed and as such these targets were committed through agreements and project plans, hence reported as allocated.</p> <p>The Annual Performance Plan was not amended to reflect the rollover of targets from prior years.</p>
	<ul style="list-style-type: none"> <li>70% of certificated learners gainfully employed</li> </ul>	Not achieved.	<p>Exiting or certification most often takes place in subsequent reporting periods either due to the duration of the learning intervention and/or timing of enrolment. An evaluation to measure the targeted outcome of gainful employment can only be conducted for prior year targets.</p>
	<ul style="list-style-type: none"> <li>Improved effectiveness and productivity of certificated learners</li> </ul>	Not achieved.	<p>As per the above, an evaluation to measure the targeted outcome of improved effectiveness and productivity can only be conducted for prior year targets.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Public Further Education and Training (FET) Programme: Partner with Public FET colleges to offer and implement funded qualifications and learning interventions	<ul style="list-style-type: none"> <li>Total of 2000 learners enrolled broken-down by learning intervention in subsequent rows</li> </ul>	Partially achieved. 700/2000 allocated Skills programmes were not targeted under Public FET Programmes. However, in response to demand an allocation of 250 would be deducted from the SME target under the SME and Related Skills Development Programme (130 for South Cape FET and 120 for West Coast FET).	See variance explanation under the Occupationally Directed Programme.
	<ul style="list-style-type: none"> <li>Internships : 700 ( FET = 500, FET practical experience = 200)</li> </ul>	Partially achieved. From the 2012/13 targets: Following collaborative agreements signed with Further Education and Training (FETs) colleges the following allocations have been made:  FET Internships allocated = 500 allocated in-principle (over and above this, additional targets were redirected from Occupationally Directed Programmes as reported above).  FET practical experience allocated = 200.	The total target for internships, including practical experience, has been allocated through stakeholder agreements and project plans.
	<ul style="list-style-type: none"> <li>Bursaries : 1300 (FET = 550, FET rural = 750)</li> </ul>	Not achieved.	The unmet target would be achieved through existing and pending collaborative agreements with FET colleges as reported under programme 6. Some may also be achieved through the pending EOI process and special projects.
	<ul style="list-style-type: none"> <li>Conclude agreements with at least 3 FET colleges</li> </ul>	Achieved.	Not applicable.



Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>70% of learners certificated</li> </ul>	Not achieved.	Exiting or certification most often takes place in subsequent reporting periods either due to the duration of the learning intervention and/or timing of enrolment. It is therefore not possible to report on the percentage of learners deemed competent and certified during this period.
Language and Numeracy Programme: Successful implementation of Adult Education and Training (AET) nationally and in rural areas enabling opportunities for continuing learning	<ul style="list-style-type: none"> <li>A total of 2400 learners successfully completing training (AET = 800, Rural AET = 600, Business Practice National Qualification Framework (NQF) Level 1 = 1000)</li> </ul>	Not achieved. The Services SETA commenced collaboration with the Department of Human Settlements and the Free State government to pilot community colleges in the City of Cape Town and Bethlehem respectively. This initiative would facilitate implementation of AET. The international collaboration with Hackney Community College would also support the transfer of best practice.	See variance explanation under the Occupationally Directed Programme.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Workplace-based Skills Development: Establish collaborative agreements with Higher Education and Training (HET) Institutions and, incentivised and encouraged employers to implement workplace-based skills development that recognises practical experience, remediates knowledge gaps and facilitates continued learning strengthening productivity, advancement and portability of skills	<ul style="list-style-type: none"> <li>Total of 5350 learners enrolled/ completing broken-down by learning intervention in subsequent rows</li> </ul>	Partially achieved. 710/5350 allocated.	See variance explanation under the Occupationally Directed Programme.
	<ul style="list-style-type: none"> <li>Learnerships: 950 employed</li> </ul>	Not achieved.	As above.
	<ul style="list-style-type: none"> <li>Recognition of Prior Learning (RPL) : 2000</li> </ul>	Not achieved.	As above.
	<ul style="list-style-type: none"> <li>Skills programmes : 1500 employed</li> </ul>	Not achieved.	As above.
	<ul style="list-style-type: none"> <li>HET : 900 (Undergraduate = 450, Post graduate = 450)</li> </ul>	Partially achieved. From the 2012/13 targets: HET undergraduate allocated = 130 rural top performing Matriculants. HET post graduate allocated = 580 in Management and Leadership Development Programmes. 500/580 allocated in-principle.	The unallocated HET target of 190 learners would be achieved through formal collaborative agreements concluded with HET institutions.
	<ul style="list-style-type: none"> <li>Agreements concluded with at least one HET Institution in each province</li> </ul>	Not achieved.	Considerable progress had been achieved in establishing cooperative relationships with HET institutions as reported under programme 6 but these take time to formalise.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
SME and Related Skills Development Programme: Small and Medium-sized Enterprises (SMEs), Cooperatives, Non-Governmental Organisations (NGOs) or Community Based Organisations (CBOs) and Organised Labour and Business supported through Learnerships and/or skills development programmes based on unit standards aimed at improving governance and business management. HIV threatens the sustainability of small and medium-sized enterprises and organisations and training to mitigate this risk is appropriate	<ul style="list-style-type: none"> <li>A total of 6950 learners enrolled/ completing broken-down by learning intervention in subsequent rows (Annual Performance Plan incorrectly states the total as 7050)</li> </ul>	<p>Partially achieved. 4050/6950 allocated of which 200 completed.</p> <p>The facilitate achievement of these targets, a total of 4 SME and Cooperatives Summits were held during the period to mobilise and capacitate stakeholders as follows:</p> <ol style="list-style-type: none"> <li>1. Thabo Mofutsanyana, Free State on 16 and 17 October 2012 attended by more than 85 SMEs, Cooperatives and NGOs</li> <li>2. Alfred Nzo and OR Tambo, Eastern Cape on 8 and 9 November 2012 attended by 158 SMEs, Cooperatives and NGOs</li> <li>3. Vhembe, Limpopo on 30 and 31 January 2013 attended by 97 SMEs</li> <li>4. uMkhanyakude, KwaZulu-Natal on 8 and 9 March 2013 attended by 186 SMEs.</li> </ol> <p>Further to the SMEs above, additional representatives attended from Cooperatives, District and Local Municipalities, local Universities and FET Colleges, other SETAs, Government Departments, Development Agencies and unemployed graduates. A further outcome of the Summits was signed collaboration agreements between the Services SETA and Office of the Premier and/or District Municipality. The current total being 4 signed collaboration agreements. Information gathered from these Summits would be used to develop the growth paths for the District aligned to skills development interventions.</p>	See variance explanation under the Occupationally Directed Programme.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Learnerships : 700 (Unemployed = 325, Employed = 375)</li> <li>Learnerships Unemployed : 325 (SMEs = 150, Cooperatives 100, NGO/CBO 75)</li> <li>Learnerships Employed : 375 (SMEs = 250, Cooperatives 50, NGO/CBO 75)</li> </ul>	Not achieved.	The unmet Learnership target of 700 would be achieved through the pending EOI process.
	<ul style="list-style-type: none"> <li>Skills programmes : 6250 (SMEs = 4000, Cooperatives = 500, NGO/CBO = 500, Organised labour = 100, Organised business = 100, HIV Counsellor = 50, HIV Awareness Training = 1000)</li> </ul>	Partially achieved. From the 2012/13 targets: 200 = completed 6 HIV Awareness Training session in rural areas across 2 Provinces). 3850 allocated as follows: SMEs = 3350 (3100 for SMEs and 250 for FETs refer to Public FET Programme above) and Cooperatives = 500 (supported by the South African National Apex Cooperative through a Memorandum of Understanding).	The unallocated skills programmes target of 2200 would be achieved through the pending EOI process and special projects.
Public Sector Programme: Public service employee skills developed through learning interventions aimed at strengthening public sector service delivery	<ul style="list-style-type: none"> <li>A total of 225 learners enrolled/ completing broken-down by learning intervention in subsequent rows</li> </ul>	Partially achieved. 90/225 allocated.  Public Sector demand for internships exceeded that of Learnerships. A collaborative agreement signed with the Disabled People of South Africa (DPSA) provided for the establishment of the Graduates with Disability Internship Programme. Through this programme, interns would be placed within provincial and local government departments. The targets allocated would be deducted from Occupationally Directed Programmes.	See variance explanation under the Occupationally Directed Programme.
	<ul style="list-style-type: none"> <li>Learnerships 150 (Unemployed = 75, Employed = 75)</li> </ul>	Partially achieved. Learnerships allocated = 90.	The unmet target of 60 would be achieved through the pending EOI process or special projects.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>AET = 50</li> </ul>	Not achieved.	The unmet target would be achieved through the pending EOI process or special projects.
	<ul style="list-style-type: none"> <li>HET = 25 Employed</li> </ul>	Not achieved.	The unmet target would be achieved through the pending EOI process or special projects.
Policies and procedures developed	<ul style="list-style-type: none"> <li>100% policies and procedures developed and approved</li> </ul>	Partially achieved. The discretionary grants policy was revised and approved in January 2013. However, the SETAs Grant Regulations regarding monies received by a SETA and related matters gazetted on 3 December 2012 necessitated further amendment.	Updating and revising policies and procedures was an on-going requirement, particularly to give effect to statutory and regulatory amendments.

## Programme 5: Sector Skills Planning and Research

### Strategic Goal: Research based Sector Skills Plan and Institutional mechanism for skills planning

#### Strategic Objectives/Outputs

The Services SETA Sector Skills is of a high quality, based on sound research and stakeholder engagement, and provides a sound basis for planning Services SETA skills development interventions Services SETA institutional mechanism for skills planning.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Quality Sector Skills Plan (SSP) signed off annually by the Accounting Authority	<ul style="list-style-type: none"> <li>150 key informant interviews conducted, sector development plans drafted and 2012 WSPs analysed</li> </ul>	<p>Partially achieved. During the previous reporting period, a study was designed and questionnaire developed to gather information from key industry informants on labour market trends, job creation opportunities, absorptive capacity and skills shortages to enable a comprehensive situational analysis for the sector. Key informants included learning institutions, training providers, government departments, public entities, labour organisations and member organisations (levy and non-levy paying).</p> <p>Raw data were collected up until October 2012. A total of 133/150 responses targeted were obtained via face-to-face and telephonic interviews and online submissions. A mid-way preliminary report was produced. Together with subsequent data received, these informed the agenda for further stakeholder consultation and revisions to the Sector Skills Plan 2013/14 .</p> <p>Formal analysis of WSPs and ATRs was not conducted.</p>	Lack of capacity.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>Survey of 7500 member organisations conducted, revised Sector Skills Plan including strengthened supply and demand</li> </ul>	<p>Partially achieved. To test the feasibility of investing in a wide scale member survey, a 5% representative sample comprising 7 500 employers was selected from the member company database. Contact information was found to be inadequate for data collection. Regions were tasked to obtain, verify and update contact information for sampled employers. Within a 3 month period only 500 companies were updated. As a result the survey was not conducted.</p> <p>As an alternative to the above, capacity building activities were implemented as summarised below:</p> <ul style="list-style-type: none"> <li>8 Youth Leadership Cultural Diversity Workshops were conducted during April and May 2012 attended by 113 SMEs and 235 NGOs</li> <li>10 Business Compliance Seminars on Environmental Management Systems and Understanding the Consumer Protection Act were conducted during May and June 2012 attended by 102 SMEs, 6 Cooperatives and 131 NGOs</li> <li>2 HIV Awareness Workshops were conducted during May and July 2012 attended by 42 SMEs, 2 Cooperatives and 22 NGOs</li> <li>2 Skills Symposiums were hosted on 5 and 6 November 2012 in Cape Town and Durban respectively. Data reported for 6 November 2012 recorded attendance of 140 SMEs and 9 NGOs</li> <li>6 Stakeholder Briefing Sessions hosted during July and September 2012 were attended by 57 SMEs</li> <li>40 SMEs were reached through one-on-one capacity building sessions.</li> </ul> <p>Two stakeholder engagement sessions were held with the top 20 levy paying members and labour recruitment services on 5 and 20 February 2013 respectively. Information was communicated regarding the SETAs Grant Regulations gazetted on 3 December 2012, new service delivery model, EOI process and expectations from employers. Opportunities for on-going engagement were explored. Follow-up one-on-one sessions were convened with the Administrator.</p>	<p>Inadequate member organisation contact information necessitated alternative approaches to gathering information to revise the Sector Skills Plan.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
	<ul style="list-style-type: none"> <li>16 subsector workshops conducted and, scarce and critical skills identified</li> </ul>	<p>Achieved. 15 subsector workshops, targeting 30 industry experts and employer representatives in each, were held during May and June 2012. The domestic and household services subsectors were combined. The primary purpose of these workshops was to obtain a better understanding of scarce and critical skills needs for which occupational and vocational qualifications were required. Further contextual information was gathered on trends, gaps, challenges and sector dynamics. The outcomes of these workshops included drafting of subsector development plans which informed revisions to the Sector Skills Plan for 2013/14 and the development of a list of scarce and critical skills.</p> <p>A total of 8 stakeholder information sharing sessions were hosted during the last quarter of this reporting period across 4 Provinces and 8 district municipalities as follows:</p> <ul style="list-style-type: none"> <li>2 in Western Cape on 28 February and 1 March 2013</li> <li>2 in Gauteng on 12 and 13 March 2013</li> <li>2 in Free State 19 and 20 March 2013</li> <li>2 in Mpumalanga 26 and 27 March 2013.</li> </ul> <p>These sessions were attended by 951 individuals from 409 SMEs, 24 Cooperatives and 68 NGOs. The primary purpose of these sessions was to confirm the list of scarce and critical skills by region and subsector for the 2014/15 Sector Skills Plan review. Questionnaires designed to determine demand and inform supply target setting were circulated. 162 completed questionnaires were received. During these sessions, expert practitioners were engaged to identify sources of technical support for developing new occupational qualifications.</p>	<p>Mobilising awareness amongst stakeholder on the importance of participating in research is critical for representative and legitimate results.</p>
	<ul style="list-style-type: none"> <li>Sector Skills Plan revised, submitted 31 August 2012, revised and resubmitted in December 2012</li> </ul>	<p>Achieved. Following all of the above, the 2012/13 Sector Skills Plan was revised. The draft Sector Skill Plan for 2013/14 was submitted and re-submitted to the Department of Higher Education and Training on the following dates: 31 August 2012, 30 November 2012 and 15 January 2013. The Sector Skill Plan was not amended thereafter but annexured to the final Strategic Plan and Annual Performance Plan submitted on 28 February 2013.</p>	<p>Not applicable.</p>



Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Institutional mechanism providing information to inform policy, planning and management	<ul style="list-style-type: none"> <li>Reliable management information on member companies, employers participating in skills development, training providers, qualifications and programmes, learner enrolment and throughput, and spending, ensuring alignment to planning and management tools</li> </ul>	Partially achieved. Various components of such a mechanism exist and have been progressed across divisions. These include databases, registers, on-line registration systems, plans to develop a Learner Management System, financial management and other systems. In addition to stakeholder research, Labour Market, Social, Economic and Demographic Statistics were obtained from research and academic institutions. Improvement in alignment was achieved to some extent. An emerging culture of collective planning and management by objectives will strengthen alignment.	Holistic systems integration and a formal framework should be developed and implemented especially post restructuring and changes to internal service delivery.

## Programme 6: Sector Development

**Strategic Goal: Quality provision of education and training that meets sector needs. Working with government and other SETAs to build a Services Sector that supports inclusive growth including in rural areas**

### Strategic Objectives/Outputs

Services SETA ETQA working effectively in terms of the requirements of SAQA and the QCTO. The Services SETA is delivering relevant and quality programmes that support sector development in all provinces, including rural areas.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Training provider accreditation and programme approval applications processed	<ul style="list-style-type: none"> <li>340 training provider applications compliant and processed</li> </ul>	Achieved. A cumulative total of 540/1093 training provider applications were complaint and processed during this reporting period.	Target was exceeded due to a high volume of applications received.
Increase the pool of external moderators through procurement and contracting	<ul style="list-style-type: none"> <li>12 additional external moderators contracted</li> </ul>	Achieved. The 2011 tender produced 6 successfully contracted evaluators. A total of 13 evaluators were successful and contracted from the 2012 tender. Only 12 out of the cumulative 19 evaluators were active during this reporting period due to a lack of interest and/or unsuccessful renewal of contracts.	Whilst the target was achieved the cumulative total number of moderators did not increase and was insufficient to service historical backlogs and twofold objectives of moderating training providers and learner achievements. The tender response rates were poor and the average level of competence amongst interested candidates was low. An EOI instead of a Request for Tender has been widely distributed for 2013 in an effort to establish a larger pool of preferred external moderator providers.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
			Plans to develop capacity, remediate skills and knowledge gaps and establish mentorship models using lead moderators hope to address capacity shortfalls during the next reporting period.
Monitoring of accredited training providers implementing funded and unfunded learning interventions (provider quality)	<ul style="list-style-type: none"> <li>900 monitoring site visits conducted (600 for funded learning interventions and 300 for unfunded learning interventions)</li> </ul>	Not achieved. Data cannot be segregated into funded and unfunded learning interventions. A total of 35 monitoring site visits were conducted during this reporting period.	The target was not achieved due to an insufficient number of external moderators and a prioritisation of moderating learner achievements to exit learners. Training providers were monitored largely in response to queries from learners or authorities. Because training providers are subjected to a comprehensive evaluation prior to accreditation, training providers that had not been monitored within their current accreditation cycle, were also prioritised.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Capacitation of training providers to reduce the number of remedial requirements after external moderation (learner achievements)	<ul style="list-style-type: none"> <li>180 external moderator visits to training providers conducted during which technical assistance was provided</li> </ul>	Achieved. A total of 510 external moderation visits were conducted. Baseline data were not available to calculate reductions in remediation. However, the increase in the number of learners exiting was indicative of improvement.	The target was exceeded due to the prioritisation of moderating learner achievements to exit learners.
Quality assurance of learner achievements (verified and certified): Increase the rate at which external moderation of learner achievements and internal moderation takes place. Increase the rate at which statements of results and certificates are issued	<ul style="list-style-type: none"> <li>6500 learners assessed and internally moderated by training providers, externally moderated, certificated and uploaded onto the National Learner Records Database (NLRD)</li> </ul>	Achieved. 9 480/12 334 learners that entered a full qualification successfully completed and were certificated during this reporting period. The balance of 2 854 (23%) learners that entered a full qualification successfully completed part of the qualification and were issued with Statements of Achievements during this reporting period.	The target was exceeded, a consequential achievement of prioritising external moderation of learner achievements to exit learners.
Contracted external moderators to be competent not only in designing and developing outcomes-based assessments but also in developing outcomes-based learning programmes	<ul style="list-style-type: none"> <li>20 contracted external moderators trained in developing outcomes-based learning programmes</li> </ul>	Not achieved. The tool developed for the internal skills audit may need to be modified for use amongst contracted external moderators to identify skills gaps.	This target was deferred due to high implementation demand and capacity shortages. Skills development of contracted external moderators would be aligned to employee skills development and may be structured as a formal coaching and mentorship programme to fast-track addressing of skills gaps.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Maintain a database of registered constituent assessors and moderators by qualification and region and increase their number	<ul style="list-style-type: none"> <li>2 500 applications for renewal, extension of scope or new registration processed resulting in 700 constituent assessors and 300 constituent moderators registered on the database</li> </ul>	Mostly achieved. Data were not compiled for the number and nature of applications processed. As at the end of this reporting period, the database comprised 619 registered constituent assessors and 202 registered constituent moderators.	Satisfactory progress was achieved despite not being able to measure the process indicator. Approved plans for the development of a Learner Management System (LMS) seek to address these and other data limitations.
Capacitating constituent assessors and moderators to improve the quality of assessments and moderation	<ul style="list-style-type: none"> <li>Train all registered constituent assessors and moderators on the new Quality Council for Trades and Occupations (QCTO) transition and Occupational Qualifications</li> </ul>	Not achieved. Technical assistance is provided during monitoring site visits and external moderator visits which improves the quality of assessment and moderation practices.	Training on the development of new occupational qualification curriculums and QCTO programme policies and tools can only take place once these have been finalised.
Development and registration of new occupational qualification curriculums informed by identified scarce and critical skills needs	<ul style="list-style-type: none"> <li>Commence the development of 10 new occupational qualification curriculums</li> </ul>	Partially achieved. 10 new occupational qualifications were identified through chamber stakeholder consultations and adoption was imminent. The process to procure a service provider was initiated during this reporting period.	Satisfactory progress was achieved. Qualifications development would span a period of 12 months before qualifications could be registered. Development would be based on new QCTO programme policies and tools.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
<p>Improve and expand the online application system for accreditation of training providers and registration of assessors and moderators ensuring that it is more user friendly, incorporates required functionality and enables more accurate tracking of service delivery and performance information</p>	<ul style="list-style-type: none"> <li>Develop and implement an integrated Learner Management System (LMS) that enables tracking a learner from enrolment to certification and integrates service provision</li> </ul>	<p>Partially achieved. The specification for the Learner Management System (LMS) was developed and the procurement process was initiated.</p>	<p>Systems improvement and expansion was originally planned using internal resources. This was unsuccessful and resulted in the decision to appoint an external service provider.</p>
<p>Capacitation of employees to strengthen competencies in developing, assessing and moderating outcomes-based learning programmes and advanced project management/ QCTO training</p>	<ul style="list-style-type: none"> <li>5 employees competent in developing, assessing and moderating outcomes-based learning programmes and 45 employees competent in advanced project management/ OCTO training</li> </ul>	<p>Not achieved. Of the 53 employees within the department, 8 were newly appointed and 5 were internally transferred during this reporting period. A tool was developed to conduct an internal skills audit to inform capacity development requirements.</p>	<p>This target was deferred due to internal restructuring and pending results of the skills audit. Notwithstanding, coaching and mentoring supported practical learning. Formal skills development programmes would be implemented during the next reporting period informed by individual development needs.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
<p>International Partnerships and Collaboration aimed at facilitating the reciprocity of qualifications, mobility of workers and increasing standards in the respective industries</p>	<ul style="list-style-type: none"> <li>Review existing partnerships through stakeholder engagement sessions, teleconferences and where necessary international visits</li> </ul>	<p>Achieved. Five current international partnerships and collaboration are summarised below.</p> <p>The Services SETA joined the European Marketing Confederation (EMC) in 2006 and serves on its Board to bring Africa onto the international agenda. The EMC aims to define standards for marketing, sales and communication education and training, facilitating global recognition of qualifications. Active participation on the Academic Group seeks to exchange information, research studies and best practice.</p> <p>World Skills International membership is open to agencies or bodies that have a responsibility for promoting vocational education and training in their respective countries. World Skills provides a unique means of exchange and comparison of world-class competency standards in the industrial trades and service sectors of the global economy. Competitions are hosted every two years. Hundreds of young skilled people, accompanied by their teachers and trainers, gather together from around the world to compete before the public in the skills of their various trades and test themselves against demanding international standards. The Services SETA led the establishment of World Skills South Africa and supported entrants for the 42nd World Skills Competition to be hosted in Leipzig, Germany in July 2013. The World Skills South Africa programme was planned to be launched in April 2013.</p> <p>A Memorandum of Understanding (MOU) was signed with Hamk University in Finland on 22 January 2013. This collaboration seeks to establish a programme on Entrepreneurship Development to be delivered through Further Education and Training (FET) colleges, capacitate technical experts to train competitors for World Skills International competitions and e-learning.</p> <p>A Service Level Agreement was signed with Blackburn College in the United Kingdom on 25 September 2012. Blackburn College has committed to assisting the Services SETA to develop content and capacitate FET colleges to deliver skills programmes in Leadership and Management, Project Management, Best Practices - changing a failing institution into a successful institution and, green environmental sustainability practices.</p>	<p>Satisfactory progress was achieved. Documenting case studies would enhance knowledge exchange and programme improvement. The Blackburn College programme would be replicated and implemented nationally. A further South Africa visit was planned for early in the next reporting period which would involve site visits to Further Education and Training colleges in the Western Cape, Northern Cape and Limpopo.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
		Collaboration with Hackney Community College in the United Kingdom was underway to develop a framework for establishing community colleges aimed at skilling learners for work. Adult Education and Training would be included as a focus area.	
An extensive programme of education and training is being offered through Further Education and Training (FET) colleges, expanding the Services SETA footprint and improving access	<ul style="list-style-type: none"> <li>Collaboration agreements concluded with 12 FET colleges</li> </ul>	<p>Partially achieved. The starting point for capacitating FET colleges was the conclusion of collaborative agreements. 12 FETs were identified as follows:</p> <ol style="list-style-type: none"> <li>Ingwe FET College, OR Tambo District, Eastern Cape</li> <li>Vhembe FET College, Vhembe District, Limpopo</li> <li>Letaba FET College, Mopani District, Limpopo</li> <li>West Coast FET College, Western Cape</li> <li>South Cape FET College, Eden District, Western Cape</li> <li>Northern Cape Rural FET College, Siyande District, Northern Cape</li> <li>Northern Cape Urban FET College, Frances Baard District, Northern Cape</li> <li>Orbit FET College, Bojanala District, North West</li> <li>Esayidi FET College, Ugu District, KwaZulu-Natal</li> <li>Umfoloji FET College, uMkhanyakude District, KwaZulu-Natal</li> <li>Maluti FET College, Thabo Mofutsanyana District, Free State</li> <li>Gert Sibande FET College, Gert Sibande District, Mpumalanga.</li> </ol> <p>During this reporting period, 3 collaborative agreements were signed (1-3 above) and signature of an additional 3 collaborative agreements was imminent (4-6 above).</p> <p>An inter-SETA satellite office has been allocated in the Northern Cape Rural FET College in Upington, Siyande, led by the Services SETA. This office would be utilised as a learner resource centre offering career guidance on all SETA learning programmes and a platform to stimulate local economic development in partnership with the District Municipality and FET.</p>	Satisfactory progress was achieved. Outstanding collaborative agreements were being drafted and expected to be finalised early in the next reporting period. Comprehensive site assessments to identify needs and opportunities would be conducted prior to adopting project plans.



Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Public Higher Education and Training (HET) relationships built to enable the provision of programmes offering higher level qualifications	<ul style="list-style-type: none"> <li>HET institutions engaged with respect to relevant post graduate qualifications and research</li> </ul>	<p>Achieved. Linked to the rural and FET projects, cooperation has been established with local universities as follows:</p> <ul style="list-style-type: none"> <li>University of Venda, Vhembe District, Limpopo</li> <li>University of the Free State, Thabo Mofutsanyana District, Free State</li> <li>Walter Sisulu University of Technology, OR Tambo District, Eastern Cape</li> <li>University of Zululand, uMkhanyakude, KwaZulu-Natal.</li> </ul> <p>Universities of Stellenbosch, Cape Town, Pretoria, Johannesburg and the University of the Witwatersrand had been engaged to support post-graduate enrolment of employed learners in Management and Leadership studies.</p> <p>Research seeks to focus on local economic development, identifying growth opportunities and skills requirements.</p>	Satisfactory progress was achieved. More specific objectives and targets would strategically guide future implementation.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Promote career guidance and mobilise awareness of occupational and vocational qualifications offered by various learning institutions to facilitate enrolment	<ul style="list-style-type: none"> <li>Promote career guidance at workshops and skills expositions and distribute relevant material</li> </ul>	<p>Achieved. The Services SETA hosted 3 Career guidance and skills exhibitions during this reporting period as follows:</p> <ul style="list-style-type: none"> <li>Jozini, Mkhanyakude, KwaZulu-Natal from 22 - 26 April 2012</li> <li>eThekweni, KwaZulu-Natal on 16 August 2012 at which 43 SMEs requested more information</li> <li>Career Guidance and Vocational Education and Training programme launch at Maluti FET College, Thabo Mofutsanyana District, Free State in March 2013.</li> </ul> <p>More than 3000 learners between grades 10 and 12 attended each. Exhibitors included other SETAs, government departments, development agencies.</p> <p>A collaboration agreement between the Services SETA and South African Youth Council (SAYC) was awaiting signature. This agreement seeks to facilitate the provision of career guidance to young people.</p>	Not applicable.
	<ul style="list-style-type: none"> <li>Collaborate with Further and Higher Education and Training Institutions to promote implementation of occupational and vocational qualifications</li> </ul>	Achieved. Collaboration with Further and Higher Education and Training Institutions was reported on under other performance indicators.	Not applicable.
	<ul style="list-style-type: none"> <li>Collaborate with Department of Higher Education and Training and South Africa Qualifications Authority Career Guidance Advice Centre</li> </ul>	Not achieved.	More specific objectives and targets would strategically guide future implementation.
	<ul style="list-style-type: none"> <li>Collaborate with other SETAs on occupational and vocational career guidance</li> </ul>	Achieved through skills exhibitions and activities reported on under other performance indicators.	Not applicable.

## Programme 7: Programme Monitoring and Evaluation

### Strategic Goal: Outcomes and impact of SETA strategy measured. Working with government and other SETAs to build a Services Sector that supports inclusive growth including in rural areas

#### Strategic Objectives/Outputs

- Systems and processes within the Services SETA for the monitoring of Services SETA funded skills development are reviewed and strengthened and an effective programme evaluation system linked to a management information system put in place.
- A comprehensive report is produced on the outcomes and impact of Services SETA funded training during the period of NSDSII.
- A programme of baseline studies and impact evaluations is developed and agreed for the period of NSDSIII.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
NSDS II impact assessment report developed and approved	<ul style="list-style-type: none"> <li>• Impact assessment study conducted as a baseline for NSDS III impact assessment</li> </ul>	<p>Partially achieved. A comprehensive impact study was not conducted. The Services SETA service delivery model pre-NSDS III was reliant on a relatively small number of lead employers and providers acting as intermediaries to deliver funded training to other employers and providers. This system was vulnerable to misuse. Contact information for beneficiary employers and learners was inaccessible creating difficulties in identifying a sampling frame. Notwithstanding, elements of a review were conducted including an analysis of spending by sub-sector and learning intervention, and several forensic audits on various programmes to gather evidence of implementation.</p>	<p>A comprehensive impact study on NSDS II is no longer considered relevant. Important lessons have been learnt and informed the design of a new service delivery model, one which contracts employers directly instead of operating through intermediaries. The value of documenting the analyses and audit findings as case studies would be considered. Furthermore, future programme evaluations may cover NSDS II implementation years.</p>

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
A strategic plan clearly demonstrates the alignment with NSDS III	<ul style="list-style-type: none"> <li>Introduce the culture of planning across the organisation, so that planning is not seen as the duty of executives</li> </ul>	Partially achieved. Whilst a significant improvement in fostering a culture of planning within and across the organisation was evident towards the end of this reporting period, coordination and the provision of technical assistance remains crucial for alignment.	Organisational restructuring, labour turnover and recruitment processes have caused delays in collective planning and capacity development. A culture of planning can only be successful if it informs delivery.
	<ul style="list-style-type: none"> <li>Strategic Plan, Annual Performance Plan and budget are submitted timeously</li> </ul>	Achieved. The developments and submission of the 2012/13 and 2013/14 Strategic Plans and Annual Performance Plans were reported under Programmes 1 and 2.	Not applicable.
	<ul style="list-style-type: none"> <li>Strategic Plan must contain a table that draws parallels to the NSDS III</li> </ul>	Achieved.	Not applicable.
	<ul style="list-style-type: none"> <li>Strategic Plan and Annual Performance Plan must be linked to budgets</li> </ul>	Partially achieved as reported under Programme 2.	See programme 2.
	<ul style="list-style-type: none"> <li>Divisions develop operational plans that give effective to the Strategic Plan and Annual Performance Plan</li> </ul>	Partially achieved. Divisional operations plans were developed for 2012/13 and partially completed for 2013/14.	Capacity building across divisions on effective planning would be implemented during the next financial year.
Systems and databases used to support service delivery and store routine performance information enhanced to ensure accurate, reliable and comprehensive data	<ul style="list-style-type: none"> <li>Databases developed and maintained including the learner; member companies; skills development facilitators; and, training providers, assessors and moderators</li> </ul>	Partially achieved. Divisions update and maintain their respective databases. Plans to develop a Management Information System were reported under Programme 2 and plans for the Learner Management System component was reported under Programme 6. This initiative must integrate all existing databases and address performance information monitoring, reporting and evaluation requirements.	Alongside systems development, documenting and strengthening data management practices and developing capacity would be prioritised.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
Monitoring systems enable quarterly reports on progress and challenges	<ul style="list-style-type: none"> <li>A monitoring system designed and implemented in line with the Department of Higher Education and Training monitoring and evaluation requirements</li> </ul>	Not achieved. A Performance Information Policy was drafted during this reporting period but requires revision to ensure compliance with National Treasury regulations. This would form the basis of a comprehensive Performance Information Framework.	Documenting routine performance information monitoring practices would be prioritised to support improvement and systems development. Indicator descriptions and all elements of data management to enhance accuracy and reliability would be incorporated during this process. Current results reported should be aligned to the applicable financial year.
	<ul style="list-style-type: none"> <li>Quarterly monitoring reports produced and submitted timeously</li> </ul>	Achieved. In the absence of procedures and capacity development; significant improvements were made in aligning planning and reporting tools during this reporting period.	Not applicable.
	<ul style="list-style-type: none"> <li>Clear project plans developed and approved for every project prior to implementation</li> </ul>	Achieved. The Project Management Office provides technical assistance across the organisation on project plan development, particularly in relation to the discretionary grants. Approval of plans is a prerequisite for implementation.	Not applicable.
Evaluations are conducted and used to inform sector skills planning and programme reviews	<ul style="list-style-type: none"> <li>Evaluation model designed and approved and a programme of evaluation projects agreed, including baseline studies, longitudinal studies and impact studies</li> </ul>	Partially achieved. Outcome and impact evaluations have not been conducted to date. A preliminary list of evaluation topics was developed. Each study requires its own terms of reference and research protocol. Following management consultation, these topics should be prioritised according to agreed criteria. Some studies may be implemented using internal resources; others would require the procurement of research providers. The draft project plan developed during this reporting period requires substantive review.	Implementation was delayed due to a lack of internal specialist knowledge and capacity.

Key Performance Indicator	Annual Performance Target	Annual Performance Result as at 31 March 2013	Variance Explanation
An information and knowledge management system enables the Services SETA to be a source of information and knowledge of the services sector and its development needs	<ul style="list-style-type: none"> <li>Information and Knowledge Management Strategy and system approved</li> </ul>	Not achieved. Preliminary ideas and capacity requirements have been discussed but a plan to finalise and integrate this function has not been developed.	More urgent performance objectives were prioritised. Organisational readiness should be considered prior to investment.

# SECTION 3

## Financial Information

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**Services Sector Education and Training Authority**  
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The annual financial statements for the year ended 31 March 2013 have been approved by the Accounting Authority in terms of section 51 (1) (f) of the Public Finance Management Act, No. 1 of 1999, as amended, and are signed on their behalf by:

A handwritten signature in black ink, appearing to be "Themba Mhambi", written over a faint, light-colored oval shape.

**Mr Themba Mhambi**  
**Chairman: Services SETA Accounting Authority**  
**Date: 21 August 2013**



**Services Sector Education and Training Authority**  
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## Report of the Audit and Risk Committee

Report of the Audit and Risk Committee as required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of sections 51(1)(a)(ii) and 76(4)(d) the Public Finance Management Act (PFMA) 1 of 1999, as amended by Act 29 of 1999

We are pleased to present our report for the financial year ended 31 March 2013. The Audit and Risk Committee (Committee) was appointed by the Administrator and consists of independent members. The Committee operates within an approved terms of reference and has performed its functions in terms of the Public Finance Management Act 1 of 1999, Treasury regulations and good governance.

### 1. Audit and Risk Committee members and attendance

The Committee has held a total of 17 meetings for the period under review. 10 of these meetings have been in relation to policy development and has met separately with the Administrator on governance matters and in line with good practice has met privately with the Office of the Auditor-General (AGSA) and the engagement director of the outsourced internal audit function .

The membership and relevant attendance of the Committee is as follows:

Member's name	Qualification	Constituency	Number of meetings attended
Doris Dondur	B Acc Hons B Compt CA (SA) MBA	Chairperson and Independent member	15 out of 17
Ernst Snyman	B Compt (Hons) CIA CCSA	Independent member	17 out of 17
James Maboia	B.Com (Fin Acc), P.G.D.A & CA (SA)	Independent member	16 out of 17
Rene Kenosi *	B. Compt Hons, Certified Theory in accounting, CA (SA)	Independent member	8 out of 8

\* Appointment date October 2012

The Committee wishes to report that it has complied with its responsibilities arising from section 51 (1)(a), as well as the by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of sections 51(1)(a)(ii) and 76(4)(d) of the Public Finance Management Act, as amended.

# Services Sector Education and Training Authority

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for the year ended 31 March 2013

### 2. Roles and Responsibilities

- Governance, Risk and Internal Control

It is the Committee's responsibility to review the systems of governance, risk management and internal control. A key part of this is its review of the Combined Assurance Framework. The Committee views the system of internal control as reasonably effective.

Focus has been on policy development and enterprise risk management for the financial year to address issues of governance and compliance and it can be reported that significant progress has been made in the development of policy and improvement of enterprise wide risk management.

- **Internal and External Audit**

#### *Internal Audit*

It is the Committee's responsibility to ensure that there is an effective internal audit function and has selected Ernst & Young to provide the service.

The Committee approved an internal audit 3 year rolling plan which covers the key priorities, objectives and is risk based. In reviewing internal audit reports throughout the year, the Committee has continued to focus on major findings and the resolution thereof.

#### *External Audit*

The Committee maintained effective relationships with the external auditors (AGSA) throughout the period, and AGSA representatives have a standing invite to Committee meetings. The external auditors continued to provide valuable advice. The Committee also monitored the working relationship between the auditors and the Finance Department, and was pleased to note that these continued to be constructive.

- **Management**

The Committee has continued to monitor the adequacy and timeliness of management responses in relation to all the reports received, and has challenged these where necessary to ensure sufficient progress has been made. The attendance of relevant management is required at meetings to report on matters and provide assurance.

- **Whistleblowing**

The Committee has continued to monitor the work of the Whistle Blower Administrator with running of an anonymous hot line throughout the year which assists in guarding against all types of fraud and corruption.

- **Review of Effectiveness**

The Committee is required to undertake a self-assessment on an annual basis. The annual review has been conducted and the results of which have been reported to the Administrator.

**Services Sector Education and Training Authority**  
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**3. Evaluation of financial statements**

The Committee, at its meeting held on 24 October 2013 resolved to recommend the annual financial statements for approval to the Accounting Authority.

**4. Conclusion**

The Committee concurs with and accepts the conclusions and the qualified audit opinion of the Auditor-General on the annual financial statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General.



**Ms Doris L.T. Dondur**  
**Chairperson: Audit and Risk Committee**

**Services Sector Education and Training Authority**  
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## Report of the Auditor-General

### REPORT OF THE AUDITOR-GENERAL TO THE PARLIAMENT ON THE SERVICE SECTOR EDUCATION TRAINING AUTHORITY

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the financial statements of the Services Sector Education Training Authority (Services SETA) as set out on pages 72 to 121, which comprise statement of financial position as at 31 March 2013, the financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), Skills Development Act, 1998 (Act No. 97 of 1998) (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.

##### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

# Services Sector Education and Training Authority

## Financial information

for the year ended 31 March 2013

### Basis for qualified opinion

#### Commitments

6. I was unable to obtain sufficient appropriate audit evidence about commitments of R292 273 000 as disclosed in note 24 of the financial statements as I was not provided with sufficient appropriate audit evidence. The entity's records management system did not allow me to perform alternative procedures. Consequently I was unable to determine whether any adjustments to commitment disclosed in the financial statements were necessary.

#### Qualified opinion

7. In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Services SETA as at 31 March 2013 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA and the SDA.

#### Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Significant uncertainties

9. As disclosed in note 25 to the financial statements, the entity is the defendant in law suits. The ultimate outcome of the matters cannot be presently determined.

#### Restatement of corresponding figures

10. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of errors discovered during the year ended 31 March 2013 in the financial statements of Services SETA at, and for the year ended, 31 March 2012.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

#### Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 12 to 52 of the annual report.
13. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

# Services Sector Education and Training Authority

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The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

14. The material findings are as follows:

### Usefulness of information

#### Consistency

##### Reported targets not consistent with planned targets

15. Treasury Regulation 30.1.3(g) requires that the strategic/ annual performance plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 26% of the reported objectives and 30% of the reported indicators are not consistent with the indicators as per the approved strategic plan.

#### Measurability

##### Performance targets not specific

16. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 53% of the targets were not specific in clearly identifying the nature and the required level of performance.

##### Performance indicators not well defined

17. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 64% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.

# Services Sector Education and Training Authority

## Financial information

for the year ended 31 March 2013

### Reliability of information

18. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to the following programmes:

- Programme 3: mandatory grants
- Programme 4: funded skills development
- Programme 6: sector development

### Compliance with laws and regulations

19. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

### Annual financial statements, performance and annual reports

20. The accounting authority did not submit the financial statements for auditing within two months after the end of financial year, as required by section 55(1)(c)(i) of the Public Finance Management Act. The financial statements submitted on 31 May 2013 were withdrawn and re-submitted on 21 August 2013 for auditing. Changes effected on the financial statements submitted on 21 August 2013 compared to the 31 May submission of financial statements related to commitments, levy income, prior year disclosure note, payables, receivables, reserves and certain comparative figures.
21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of irregular expenditure and prior period error disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements has resulted in the financial statements receiving a qualified audit opinion

### Strategic plan

22. The strategic plan for the public entity did not cover a period of 3 years as required by Treasury Regulation 30.1.3 (a)
23. The strategic plan of public entity did not include the objectives and outcomes as identified by the executive authority and key performance measures and indicators for assessing the entity's performance in delivering the desired outcomes and objectives] as required by Treasury Regulation 30.1.3(b) and or 30.1.3(d)

# Services Sector Education and Training Authority

## Financial information

for the year ended 31 March 2013

### Expenditure management

24. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

### Procurement and contract management

25. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
26. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1.

### Financial Misconduct

27. Sufficient appropriate audit evidence could not be provided to confirm that investigations into allegations of financial misconduct against officials were instituted within 30 days of discovery thereof, as required by Treasury Regulation 33.1.2
28. Sufficient appropriate audit evidence could not be provided to confirm that disciplinary hearings were held for financial misconduct committed by officials, as required by Treasury Regulation 33.1.1

### Internal control

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

### Leadership

30. There was a lack of review of the work performed by the consultants in relation to the strategic plan and annual performance plan produced by the consultants which resulted in the material findings on the usefulness of the strategic and annual performance plans.
31. There was a lack in oversight responsibilities over financial and performance reporting, compliance with supply chain management requirements and internal controls.
32. There was a lack transfer of skills and knowledge from the consultant used in the finance unit to the staff in the finance unit.
33. Lack of policies and procedures for the collating, verifying, recording and reporting on performance information.



# Services Sector Education and Training Authority

## Financial information

for the year ended 31 March 2013

### Financial and performance management

34. The daily and monthly processing of transactions did not always take place. This resulted in the lack of monthly credible financial and performance reporting.
35. Supporting information for financial and performance reporting and compliance was not always readily available, easily retrievable and accurate.

### OTHER REPORTS

#### Investigations

36. An investigation into certain payments made to the previous executive and senior management of the Services SETA has been concluded. The matter was handed over to the National Prosecuting Authority.
37. An investigation conducted by an independent consulting firm on request of the entity was concluded during the prior year. The investigation was initiated based on the allegation of possible irregularities relating to mandatory grants. The report led to the suspension of the manager concerned and his subsequent resignation. Services SETA is in a process of opening a criminal case against the employee and the company implicated.
38. An investigation was conducted by an independent consulting firm on request of the entity. The investigation was initiated based on the allegation of possible fictitious learners in skills programmes. This investigation was still ongoing at the date of this report.
39. An investigation was conducted by an independent consulting firm on request of the entity. The investigation was initiated on the activities of the artisan department. The investigation resulted in criminal proceedings being instituted.

*Auditor - general*

Pretoria

21 October 2013



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Services Sector Education and Training Authority

## Financial information

for the year ended 31 March 2013

## Accounting Authority Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the financial statements fairly present the state of affairs of the SETA as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data. The Services SETA was placed under administration per Government Gazette no 3440 Vol 566, therefore the Administrator was effectively an Accounting Authority and an acting CEO for the financial year ended 31 March 2013, thus these financial statements are his responsibility.

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

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Administrator acknowledges and accepts responsibility for the system of internal financial control established by the Services SETA and places considerable importance on maintaining a strong control environment. To enable the Administrator to meet these responsibilities, the Administrator sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Services SETA and all employees are required to maintain the highest ethical standards in ensuring the Services SETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Services SETA is on identifying, assessing, managing and monitoring all known forms of risk across the Services SETA. While operating risk cannot be fully eliminated, the Services SETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Administrator is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Administrator has reviewed the Services SETA's budget information for the year to 31 March 2014 and, in the light of this review and the current financial position, he is satisfied that the Services SETA has or has access to adequate resources to continue in operational existence for the foreseeable future.

# **Services Sector Education and Training Authority**

## **Financial information**

**for the year ended 31 March 2013**

The Accounting Authority is primarily responsible for the financial affairs of the Services SETA and is supported by the Services SETA's external auditors.

The external auditors are responsible for independently reviewing and reporting on the Services SETA's financial statements. The financial statements have been examined by the Services SETA's external auditors and their report is presented on page 58.

The financial statements set out on pages 72 to 121, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the Accounting Authority on 21 August 2013 and were signed by him:



**Mr Themba Mhambi**  
**Chairman: Services SETA Accounting Authority**

# Services Sector Education and Training Authority

## Financial information

for the year ended 31 March 2013

## Report of the Accounting Authority of the Services SETA

The Accounting Authority submits his report to the Department of Higher Education and Training and Parliament of the Republic of South Africa for the year ended 31 March 2013.

### 1. Incorporation

The Services Sector Education and Training Authority (Services SETA) was established in terms of Section 9(1) of the Skills Development Act, 1998 (Act No 97 of 1998) as amended, as a Sector Education and Training Authority with effect from 1 April 2000 to March 2005. It was re-established by the Minister of Labour for the period April 2005 – March 2010 in March 2005. The Minister of Higher Education and Training has in terms of Notice 52 of 2010, published in Government Gazette No 32917 of 5 February 2010, extended the period of establishment of all SETA's to 31 March 2016.

### 2. Review of activities

#### Main business and operations

The Services SETA is engaged in sector education and training and operates principally in South Africa. The operating results and state of affairs of the Services SETA are fully set out in the attached financial statements and do not require any further comment.

### 3. Subsequent events

The Accounting Authority's term ended on the 30 June 2013 and concurrently the Accounting Authority's term became effective. The Services SETA CEO Mr Johannes Mouton was appointed as at 15 July 2013.

The Services SETA has been served with a summons by Capital Outsourcing Group for the amount of R10,687 million.

### 4. Administration

The Services SETA was placed under administration effective 7 July 2011 per Government Gazette no 3440 Vol 566. Dr.Sihle Moon was appointed as an administrator. His term was extended several times and finally concluded on the 30 June 2013.

### 5. Accounting Authority

The member of the entity during the year and to the date of this report is as follows:

Name	Citizenship	Changes
Dr Sihle Moon	South African	Appointed: 7 July 2011
Themba Mhambi (Chairman)	South African	Appointed: 1 July 2013
Nolwandle Mantashe	South African	Appointed: 1 July 2013
Madoda Sambatha	South African	Appointed: 1 July 2013
Duduzile Letseli	South African	Appointed: 1 July 2013
Vikesh Roopchand	South African	Appointed: 1 July 2013
Kate Moloto	South African	Appointed: 1 July 2013
Samantha Brown	South African	Appointed: 1 July 2013
Willem Pietersen	South African	Appointed: 1 July 2013
Teleni Shabangu	South African	Appointed: 1 July 2013
Wiseman Dinwa	South African	Appointed: 1 July 2013
Pamela Snyman	South African	Appointed: 1 July 2013
Mosa Mofokeng	South African	Appointed: 1 July 2013
Leon Grobler	South African	Appointed: 1 July 2013

# Services Sector Education and Training Authority

## Financial information

for the year ended 31 March 2013

### 6. Corporate governance

#### General

The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practice.

The Services SETA is governed by the following Acts and regulations

1. Section 9 of the Skills Development Act, 1998 (Act No 97 of 1998) as amended;
2. Skills Development Amendment Act, 2008 (Act No 37 of 2008);
3. The South African Qualifications Authority Act, 1995 (Act No 58 of 1995);
4. The Skills Development Levies Act, 1999 (Act No. 9 of 1999);
5. The Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended;
6. Treasury Regulations for departments, constitutional institutions and public entities; and
7. The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)

The Services SETA confirms and acknowledges its responsibility to total compliance with these Acts. The Administrator discusses the responsibilities of management in this respect, and monitors the Services SETA's compliance with the Acts on a regular basis.

The salient features of the Services SETA's compliance with the Skills Development Act is outlined below:

#### Remuneration

The Accounting Authority fees are based on the Service Level Agreement signed with the Department of Higher Education and Training.

#### Audit and risk committee

The Audit and Risk Committee consists of independent members. The Committee operates within an approved terms of reference. The Chairperson of the Audit and Risk Committee is Doris Dondur. The committee has conducted 17 meetings for the period under review and 10 of these meetings have been in relation to policy development. Ms Rene Kenosi joined the committee during the year as an independent member.

#### Internal audit

The Services SETA has outsourced its internal audit function to Ernst & Young This is in compliance with the Public Finance Management Act.

**Services Sector Education and Training Authority**  
**Financial information**  
for the year ended 31 March 2013

## Materiality and Significant Framework

In terms of Treasury Regulations 28.1.5 for purposes of material [sections 50(1), 55(2) and 66(1) of the Act] and significant [section 54(2) of the Act], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors.

### TREASURY REGULATION 28.1.5

“For purposes of “material” [sections 50(1), 55(2) and 61(1) (c) of the Act] and “significant” [section 54(2) of the Act], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors.”

Materiality approach adopted		
Section 50(1) Section 54 (2)	<p><b>Section</b></p> <p>(1) The accounting authority for a public entity must -</p> <p>(a) Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;</p> <p>(b) Act with fidelity, honesty, integrity and in the best interest of the public entity in managing the financial affairs of the public entity;</p> <p>(c) On request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the executive authority or that legislature; and</p>	<p>Effective and efficient internal controls, governance and risk management processes are maintained and implemented.</p> <p>Services SETA sets high standards for good governance and ethical behaviour. The best interest of the public entity is always relevant and reflected in the business plan as approved by the Administrator (Accounting Authority) and the implementation of the business plan is of the utmost importance. Services SETA is committed to an open and transparent culture and in revealing any relevant information to its stakeholders. Materiality can only be determined if the nature of the information that will affect the decision of the stakeholder is known.</p>

**Services Sector Education and Training Authority**  
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for the year ended 31 March 2013

Section 50(1) Section 54 (2)	(d) Seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interests of the state.	A risk register is in place. SETA implement an on-going risk management assessment and review process. Identified processes aim to prevent any prejudice to the financial interest of the state.
	(1) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction.	
	Establishment or participation in the establishment of a company;	Not applicable.
	Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.	Not applicable.
	Acquisition or disposal of a significant shareholding in a company.	Not applicable.
	Acquisition or disposal of a significant asset.	Services SETA attains the approval of the Administrator (Accounting Authority).
	Commencement or cessation of a significant business activity; and	Not applicable.
	A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	Not applicable

**Services Sector Education and Training Authority**  
**Financial information**  
for the year ended 31 March 2013

<p>Section 55(2)</p>	<p>(2) The annual report and financial statements referred to by PFMA Subsection 55 (1)(d) must –</p> <p>(a) Fairly present the state of affairs of the public entity, its business, its financial results, its performance against pre-determined objectives and its financial position as at the end of the financial year concerned;</p> <p>(b) include particulars of –</p> <p>(i) Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p> <p>(ii) Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;</p> <p>(iii) Any losses recovered or written off;</p> <p>(iv) Any financial assistance received from the state and commitments made by the state on its behalf; and</p> <p>(v) Any other matters that may be prescribed; and</p> <p>(c) Include the financial statements of any subsidiaries.</p>	<p>Services SETA makes use of qualified independent financial service providers and is involved with disclosure forums for the presentation of annual financial statements to ensure that the AFS fairly present the affairs of Services SETA</p> <p>All losses, irregular as well as fruitless and wasteful expenditure are disclosed in the AFS.</p> <p>All activities are disclosed in the AFS.</p> <p>All losses and recoveries are disclosed in the AFS.</p> <p>All financial assistance received or committed is disclosed.</p> <p>Services SETA will apply any other matters that become prescriptive.</p> <p>Not applicable.</p>
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**Services Sector Education and Training Authority**  
**Financial information**  
**for the year ended 31 March 2013**

<p>Section 61 (1) (c )</p>	<p>The report of an auditor appointed in terms of section 58(1) (b) must be addressed to the executive authority responsible for the public entity concerned and must state separately in respect of each of the following matters whether in the auditor's opinion –</p> <p>(c) The transactions that had come to the auditor's attention during auditing were in all material respects in accordance with the mandatory functions of the public entity Determined by law or otherwise.</p> <p>(1) An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction –</p> <p>(a) Is authorised by this Act; and</p> <p>(b) In the case of public entities, is also authorised by other legislation not in conflict with this Act; and</p> <p>(c) In the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act No 48 of 1996).</p>	<p>The level of material loss is assessed at 1% of the total budgeted revenue.  Revenue includes levy income, interest and penalties and any other income.</p> <p>Services SETA operates within the ambit as set by this clause and its Related Acts.</p>
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# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

The reports and statements set out below comprise the financial statements presented to the parliament:

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**Services Sector Education and Training Authority**  
**Financial statements**  
for the year ended 31 March 2013

**Statement of Financial Position as at 31 March 2013**

	Note(s)	2013 R '000	2012 R '000 (Restated)
<b>Assets</b>			
Current Assets			
Inventories	6	314	222
Receivables from exchange transactions	7	50 922	52 088
Receivables from non-exchange transactions	8	176	-
Cash and cash equivalents	9	1 811 465	1 192 989
		<b>1 862 877</b>	<b>1 245 299</b>
<b>Non-Current Asset</b>			
Property, plant and equipment	3	47 332	53 736
Intangible assets	4	3 483	469
Deposits	5	575	349
		51 390	54 554
<b>Total Assets</b>		<b>1 914 267</b>	<b>1 299 853</b>
<b>Liabilities</b>			
Current Liabilities			
Payables from exchange transactions	13	45 382	33 922
Payable non-exchange transaction	14	302 399	249 833
Provisions	12	43 725	44 867
		<b>391 506</b>	<b>328 622</b>
<b>Total Liabilities</b>		<b>391 506</b>	<b>328 622</b>
<b>Net Assets</b>		<b>1 522 761</b>	<b>971 231</b>
<b>Net Assets</b>			
<b>Reserves Revaluation reserve</b>	10	<b>11 075</b>	<b>11 075</b>
Employer Grant reserve	11	1 814	3 412
Administration reserve	11	36 251	39 320
Discretionary reserve	11	1 473 621	917 424
<b>Total Net Assets</b>		<b>1 522 761</b>	<b>971 231</b>

**Services Sector Education and Training Authority**  
**Financial statements**  
for the year ended 31 March 2013

**Statement of Financial Performance**

	Note(s)	2013 R '000	2012 R '000 (Restated)
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Special project income	7	157	11 314
Interest received - investment	20	66 262	42 031
<b>Total revenue from exchange transactions</b>		<b>66 419</b>	<b>53 345</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Skills Development Levies	15	1 031 647	967 833
Skills Development interest and penalties	15	17 403	15 602
Other income	17	52	3 109
<b>Total revenue from non-exchange transactions</b>		<b>1 049 102</b>	<b>986 544</b>
<b>Total revenue</b>		<b>1 115 521</b>	<b>1 039 889</b>
<b>Expenditure</b>			
Employee Related Costs	19	(77 085)	(61 447)
Special project expenses		(157)	(11 314)
Employer grants and project expenses	16	(391 277)	(509 291)
Administration expenses	18	(95 448)	(52 479)
<b>Total expenditure</b>		<b>(563 967)</b>	<b>(634 531)</b>
Loss on disposal of assets and liabilities	21	(22)	(162)
<b>Surplus for the year</b>		<b>551 532</b>	<b>405 196</b>

**Services Sector Education and Training Authority**  
**Financial statements**  
for the year ended 31 March 2013

**Statement of Changes in Net Assets**

	Revaluation reserve	Employer grant reserve	Administration reserve	Discretionary reserve	Total reserves	Unappropriated reserve	Total net assets
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Opening balance as previously reported	-	-	19 768	536 849	556 617	-	556 617
Adjustments							
Reallocation of funds to reserves	-	3 481	3 176	(6 657)	-	-	-
Prior year adjustments	-	(352)	(475)	(830)	(1 657)	-	(1 657)
<b>Balance at</b>							
<b>1 April 2011</b>	<b>-</b>	<b>3 129</b>	<b>22 469</b>	<b>529 362</b>	<b>554 960</b>	<b>-</b>	<b>554 960</b>
Changes in net assets							
Surplus for the year	-	-	-	-	-	405 196	405 196
Total recognised income and expenses for the year	-	-	-	-	-	405 196	405 196
Application of unappropriated surplus/ (deficit)	-	277 535	9 576	118 085	405 196	(405 196)	-
Reallocation of funds to reserves	-	(277 252)	7 275	269 977	-	-	-
Surplus arising from revaluation of buildings	15 989	-	-	-	15 989	-	15 989
Deficit arising from devaluation of land	(4 914)	-	-	-	(4 914)	-	(4 914)
Total changes	11 075	283	16 851	388 062	416 271	-	416 271
Opening balance as previously reported	11 075	-	-	972 198	983 273	-	983 273
<b>Balance at</b>							
<b>1 April 2012</b>	<b>11 075</b>	<b>3 412</b>	<b>39 320</b>	<b>917 424</b>	<b>971 231</b>	<b>-</b>	<b>971 231</b>
Changes in net assets							
Surplus for the year	-	-	-	-	-	551 532	551 532
Total recognised income and expenses for the year	-	-	-	-	-	551 532	551 532
Application of unappropriated surplus/ (deficit)	-	342 228	(43 672)	252 976	551 532	(551 532)	-
Reallocation of funds to discretionary reserve	-	(343 826)	40 603	303 223	-	-	-
Total changes	-	(1 598)	(3 069)	556 197	551 530	-	551 530
<b>Balance at</b>							
<b>31 March 2013</b>	<b>11 075</b>	<b>1 814</b>	<b>36 251</b>	<b>1 473 621</b>	<b>1 522 761</b>	<b>-</b>	<b>1 522 761</b>
Note	10			11			

## **Services Sector Education and Training Authority**

### **Financial statements**

**for the year ended 31 March 2013**

An amount of R 36,251 million (2011/12:R39,320 million) is retained in the administration reserve equal to the carrying value of property, plant and equipment, and tangible assets excluding land and discretionary assets.

An amount of R1,814 million (2011/12 R3,412 million) 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 24 for disclosure of this contingent liability.

The adjustments to the opening balance of reserves is detailed in the prior year error note 28.

**Services Sector Education and Training Authority**  
**Financial statements**  
for the year ended 31 March 2013

**Cash Flow Statement**

	Note(s)	2013 R '000	2012 R '000 (Restated)
<b>Cash flows from operating activities</b>			
<b>Cash receipts from stakeholders</b>			
Levies, interest and penalties received	15	1 048 271	983 343
Investment income	20	67 962	51 034
Other cash receipts from Stakeholders	17	52	3 109
		<b>1 116 285</b>	<b>1 037 486</b>
<b>Cash payments to stakeholders, suppliers and employees</b>			
Employee costs	19	(76 992)	(97 771)
Grants and project payments	16	(346 455)	(382 718)
Payments made to Suppliers and others	18	(67 129)	(53 513)
Special project funds paid		(157)	(11 314)
		<b>(490 733)</b>	<b>(545 316)</b>
<b>Net cash flows from operating activities</b>	<b>23</b>	<b>625 552</b>	<b>492 170</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(3 858)	(2 702)
Proceeds from sale of property, plant and equipment	3	23	-
Purchase of other intangible assets	4	(3 241)	-
<b>Net cash flows from investing activities</b>		<b>(7 076)</b>	<b>(2 702)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>618 476</b>	<b>489 468</b>
Cash and cash equivalents at the beginning of the year		1 192 989	703 521
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>1 811 465</b>	<b>1 192 989</b>

**Services Sector Education and Training Authority**  
**Financial statements**  
for the year ended 31 March 2013

**Statement of Comparison of Budget and Actual Amounts**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	R '000
<b>Budget on Accrual Basis</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Non-exchange Revenue</b>						
Skills Development Levy Income	875 359	-	<b>875 359</b>	1 031 647	<b>156 288</b>	Note 15 & 33
Other income	-	-	-	52	<b>52</b>	Note 17 & 33
Skills Development Interest and Penalties	-	-	-	17 403	<b>17 403</b>	
<b>Exchange revenue</b>						
Interest received - Investment	36 935	-	<b>36 935</b>	66 262	<b>29 327</b>	Note 20 & 33
<b>Income</b>						
Special projects income	-	-	-	157	<b>157</b>	
<b>Total revenue</b>	<b>912 294</b>	-	<b>912 294</b>	<b>1 115 521</b>	<b>203 227</b>	
<b>Expenses</b>						
Compensation of employees	(49 446)	-	<b>(49 446)</b>	(77 085)	<b>(27 639)</b>	19 & 33
Employer grants and project expenses	(722 562)	-	<b>(722 562)</b>	(391 277)	<b>331 285</b>	16 & 33
Administrative expenses	(61 370)	-	<b>(61 370)</b>	(95 448)	<b>(34 078)</b>	18 & 33
Loss on disposal of assets	-	-	-	(22)	<b>(22)</b>	21 & 33
Special project expenses	-	-	-	(157)	<b>(157)</b>	
<b>Total expenditure</b>	<b>(833 378)</b>	-	<b>(833 378)</b>	<b>(563 989)</b>	<b>269 389</b>	
<b>Surplus for the year</b>	<b>78 916</b>	-	<b>78 916</b>	<b>551 532</b>	<b>472 616</b>	



**Services Sector Education and Training Authority**  
**Financial statements**  
for the year ended 31 March 2013

## Accounting Policies

### 1. Presentation of Financial Statements

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

These financial statements have been prepared on a historical cost basis except for the revaluation of certain non current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below. These accounting policies are consistent with the previous period.

#### 1.1 Revenue recognition

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Services SETA, which represents an increase in net assets.

Control of an asset arise when the Services SETA can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Exchange revenue is mostly derived from interest earned. Interest earned is recognised on a time proportionate basis that takes into account the effective yield on the interest investment.

Interest and penalties are economic benefits or service potential received or receivable by Services SETA, as determined by legislation, as a consequence of the breach of laws or regulations and is recognised on the accrual basis.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act no. 9 of 1999), registered member companies pay a skills development levy of 1% of the total payroll cost to the South African Reserve Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). 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.

Skills development levy income is classified as non-exchange revenue and is recognised when it is probable that future economic benefits will flow to the Services SETA and these benefits can be measured reliably. This occurs when the DHET makes the allocation or the payment, whichever event comes first, to the Services SETA as required by section 8 of the Skills Development Levies Act, 1999 (Act no. 9 of 1999).

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for the year ended 31 March 2013

Revenue is adjusted for inter-SETA transfers due to employers changing SETA's. Such amendments are disclosed separately as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the standard operating procedures of the DHET.

Voluntary contributions received from public service employers in the national and provincial spheres of government are recognised on the cash basis.

These funds may be used to fund the Services SETA administration costs. These contributions are recognised as other income and the Administrator has adopted that these funds should be used solely for the benefit of service industries in the form of discretionary projects.

### 1.2 Administration, grants and project expenditure

A registered company may recover a maximum of 70% 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).

#### Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the agreed upon cut-off period and such application complies with all legislative requirements. The grant is equivalent to 50% of the total levies paid by the employer during the corresponding financial period for the skills planning grant.

#### Discretionary grants and project expenditure

The funding for discretionary grants and projects stems from the 20% 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 Services SETA.

A SETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period.

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 Services 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.

# Services Sector Education and Training Authority

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Project costs are recognised as expenses in the period in which they are incurred and approved. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

### Administrative expenditure

The funding for administrative expenditure is derived from 10% of the total levies paid by the employers. Administration expenses consist of the operational expenditure incurred by the Services SETA in delivering their mandate.

#### 1.3 a. Property, plant and equipment

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Asset Management Policy provides for the revaluation of property to be conducted once in a three year cycle. Surpluses arising from the professional valuations of the property are taken direct to the revaluation reserve. Valuation surpluses are realised only on disposal and are then transferred from the revaluation reserve to the statement of financial performance. Any deficit arising from the professional valuation of the property is taken direct to the revaluation reserve to the extent that such deficit is regarded as temporary. Where a permanent diminution in value of the property is identified, the deficit is eliminated against the revaluation reserve in respect of the property with any excess being charged to the statement of financial performance.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The depreciation charge is to depreciate the book value over the the useful life of the asset to its assessed residual value. Depreciation is calculated and provided for on an annual basis. If the residual value of an asset is at least equal to its carrying amount, depreciation will cease.

Any gains or losses arising from the derecognition of an asset is included in profit or loss when the item is derecognised.

# Services Sector Education and Training Authority

## Financial statements

### for the year ended 31 March 2013

The Services SETA is relicenced until 31 March 2016 in terms of Government Gazette No. 33756 dated 11 November 2010 and published by the Minister of Higher Education and Training. In light of this requirement, management determined, consistent with the prior years, that the useful life of assets should be limited to the Services SETA's period of establishment.

#### *Residual values*

Residual values of other assets are determined by considering the second hand values of similar items which are already at the age the asset is expected to be at the end of its useful life. This would be applicable especially to vehicles.

The Services SETA has reviewed the residual values used for the purposes of depreciation calculations. The review did highlight requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed at each reporting date.

#### *Depreciation*

The depreciation of assets commences on the date that the asset is available for use, even if it is not yet in use. 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.

#### *Gains and losses on disposal*

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

### **1.3 b. Deposits**

Deposits consist of long term deposits required for leased premises and municipal services. The deposits are classified as non-current assets in the statement of financial position and are reflected at cost.

### **1.4 Intangible assets**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Services SETA; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired through a non-exchange transaction, the cost of the asset will be its fair value as at the date of acquisition.

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An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values. Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.5 Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of financial performance based on the straight-line method. 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 take place. The Services SETA does not hold any finance leases.

### 1.6 Retirement benefit costs

#### Defined contribution plans

The Services SETA provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 as amended. Contributions are at a rate of 15% of pensionable emoluments of which members contribute 7.5%.

The Services SETA's contribution to the defined contribution plans is charged to the Statement of financial performance in the year to which they relate and there is no further liability for the Services SETA beyond this.

### 1.7 Provisions, accruals and contingencies

Provisions and accruals are recognised when the Services SETA has a present legal or constructive obligation as a result of past events, 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.

Provision for levies exempt companies

Exempt companies provision includes employers who continued paying skills development levies after becoming exempt.

# Services Sector Education and Training Authority

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### Provision for grant

A provision is recognised for mandatory grant payments due once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 has been complied with by member companies and it is probable that the Services SETA will approve the payment. The measurement of the obligation involves an estimate, based on the established pattern of past practice of approval for each type of grant. Provision for mandatory grants is included in mandatory grants payable under non-exchange transactions.

Provisions are not made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

#### Other provision

Other provisions are recognised on the financial statements to the extent of goods received / services rendered at year-end and for which invoicing has been received subsequent to year-end.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

### Accruals

Accruals are recognised when the Services SETA has a present legal or constructive obligation as a result of past events, and it is certain that this will result in an outflow of economic benefits that can be reliably measured. The transactions are recorded when they occur and are recognised in the financial statements in the periods to which they relate.

### Accrual for employee entitlement

The cost of other employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is made for the estimated liability as a result of services rendered by employees up to the last day of the financial year.

Leave accruals are included under payables from exchange transactions in the statement of financial position (based on the current salary rates) Also included under payables from exchange transactions are trade payables.

An accrual for mandatory grants payable is recognised under payables from exchange transactions.

An accrual for mandatory grants payable is recognised under payables from non-exchange transactions. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

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A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

### Provision for levies exempt companies

Exempt companies' provision includes employers who continued paying skills development levies after becoming exempt.

### 1.8 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.

### 1.9 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.10 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including-

- a) this Act; or
- b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Practice Note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year 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.



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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 debt impairment 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.

### 1.11 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Services SETA has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met, a liability is recognised.

### 1.12 Financial instruments

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or



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- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

### Classification

The Services 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:

<b>Class</b>	<b>Category</b>
Receivables from non-exchange transactions	Financial asset measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.
Receivables from exchange transactions	Financial asset measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.
Cash and cash equivalents	Financial asset which comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

The Services 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:

<b>Class</b>	<b>Category</b>
Provisions	Financial liability is initially measured at fair value, and are subsequently measured at amortised cost.
Payables from exchange transactions	Financial liability is initially measured at fair value, and are subsequently measured at amortised cost.
Payables from non-exchange transactions	Financial liability is initially measured at fair value, and are subsequently measured at amortised cost.

### 1.13 Reserves

Equity is sub-classified in the statement of financial position between the following funds and reserves:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Revaluation reserve
- Unappropriated surplus.

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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).

Member employer company 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:

	2013	2012
Note(s)	R '000	R '000 (Restated)
Administration costs of the Services SETA	10	10
Mandatory grants fund	50	50
Discretionary grants and projects	20	20
	80	80

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source of the income. The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above.

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.

An amount is retained in the administration reserve equal to the carrying value of property, plant and equipment, and tangible assets excluding discretionary assets. A further amount 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 for disclosure of this contingent liability.

### 1.14 Comparative figures

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

### 1.15 Budget information

The approved budget covers the fiscal period from 2012/04/01 to 2013/03/31.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. There are no entity or timing differences on the budget to actual information.

### 1.16 Related parties

Transactions are disclosed as related party transactions where the Services SETA has in the normal course of its operations, entered into transactions with entities related to the DHET, payments to members of the Accounting Authority and key management. Disclosure is made of any transactions with close family members of related parties as well as any transactions not at arm's length and not in the ordinary course of business.

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In addition, inter-SETA transactions are disclosed as related party transactions due to employers moving from one SETA to another.

### 1.17 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

### 1.18 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Criteria developed by the entity to distinguish non-cash-generating assets from cash-generating assets are as follow: The cash generated assets are held with the primary objective of generating a commercial return.

### 1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which an entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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## Notes to the Financial Statements

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Services SETA has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

**Standard/ Interpretation:**

	<b>Effective date: Years beginning on or after</b>
• GRAP 23 : Revenue from Non-exchange Transactions	01 April 2012
• GRAP 24 : Presentation of Budget Information in the Financial Statements	01 April 2012
• GRAP 103 : Heritage Assets	01 April 2012
• GRAP 21 : Impairment of non-cash-generating assets	01 April 2012
• GRAP 26 : Impairment of cash-generating assets	01 April 2012
• GRAP 104 : Financial Instruments	01 April 2012

#### 2.2 Standards and interpretations issued, but not yet effective

The Services SETA has not applied the following standards and interpretations, which have been published and are mandatory for the Services SETA's accounting periods beginning on or after 01 April 2013 or later periods:

**Standard/ Interpretation:**

	<b>Effective date: Years beginning on or after</b>
• GRAP 18 : Segment Reporting	01 April 2013
• GRAP 25 : Employee benefits	01 April 2013
• GRAP 1 (as revised 2012) : Presentation of Financial Statements	01 April 2013
• GRAP 3 (as revised 2012) : Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013
• GRAP 9 (as revised 2012) : Revenue from Exchange Transactions	01 April 2013
• GRAP 12 (as revised 2012) : Inventories	01 April 2013
• GRAP 13 (as revised 2012) : Leases	01 April 2013
• GRAP 17 (as revised 2012) : Property, Plant and Equipment	01 April 2013
• GRAP 31 (as revised 2012) : Intangible Assets (Replaces GRAP 102)	01 April 2013
• IGRAP16 : Intangible assets website costs	01 April 2013

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### 2.3 Standards and interpretations not yet effective or relevant

The Services SETA has not applied the following standards and interpretations, which have been published and are mandatory for the Services SETA

- GRAP 20: Related party approved but no effective date

#### New Accounting Pronouncements:

An entity shall apply standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91 (1) (b) of the PFMA.

##### GRAP 18: Segment Reporting

The Standard provides guidance on accounting for determination of reporting segments and will require additional disclosure. This standard will impact future disclosures.

##### GRAP 20: Related Parties Disclosures

The standard provides guidance on related party disclosures to ensure that a reporting entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Standard becoming effective is not expected to significantly impact future disclosures since the Services SETA has applied the principles outlined in GRAP 20 to inform our current disclosure.

##### GRAP 25: Employee Benefits

The standard provides the accounting treatment for employee benefits. The changes prescribed from the current applicable standard relate mainly to the accounting requirement of defined benefit plans and as such are not expected to significantly impact the current accounting policies and disclosure.

##### GRAP 1: Presentation of financials

The revised standard prescribes the presentation and format for disclosure of financial information in the Annual Financial Statements and is not expected to significantly impact the current accounting policies and disclosure.

##### GRAP 3: Accounting policies and change in accounting estimates and errors

This revised standard provides guidance on disclosure of a summary of significant accounting policies or notes and judgements apart from those involving estimations that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

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### GRAP 9: Revenue from exchange transactions

The Standard provides guidance on accounting, recognition, measurement and disclosure of revenue from exchange transactions and also provides for South African Public Sector examples. The Standard becoming effective is not expected to significantly impact future disclosures since the Services Seta has applied the principles outlined in GRAP 9 to inform our current disclosure.

### GRAP 12: Inventories

The Standard provides guidance on accounting and disclosure for inventories and is not expected to significantly impact the current accounting policies and disclosure.

### GRAP 13: Leases

The Standard provides guidance on classification, recognition, measurement, accounting and disclosure of leases and is not expected to significantly impact the current accounting policies and disclosure.

### GRAP 17: Property, Plant and equipment

The Standard provides guidance on measurement, classification, recognition, accounting and disclosure of property, plant and equipment and is not expected to significantly impact the current accounting policies and disclosure.

### GRAP 31: Intangible assets

The Standard provides guidance on measurement, classification, recognition, accounting and disclosure of intangible assets and is not expected to significantly impact the current accounting policies and disclosure.

### GRAP 16: Intangible Assets (Website costs)

The Standard provides guidance on measurement, classification, recognition, accounting and disclosure of intangible assets (website costs) and is not expected to significantly impact the current accounting policies and disclosure.

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**3. Property, plant and equipment**

	2013 R'000			2012 R'000		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	13 500	-	13 500	13 500	-	13 500
Buildings	31 700	(7 925)	23 775	31 700	-	31 700
Building machinery	1 523	(488)	1 035	1 268	(213)	1 055
Furniture and fixtures	5 385	(3 324)	2 061	4 804	(2 963)	1 841
Motor vehicles	1 013	(430)	583	814	(345)	469
Office equipment	4 494	(2 997)	1 517	4 060	(2 588)	1 472
Computer equipment	9 077	(4 942)	4 135	6 803	(4 072)	2 731
Computer network	3 501	(2 775)	726	3 501	(2 533)	968
<b>Total</b>	<b>70 193</b>	<b>(22 861)</b>	<b>47 332</b>	<b>66 450</b>	<b>(12 714)</b>	<b>53 736</b>

**Reconciliation of property, plant and equipment – 2013**

	Opening balance	Additions	Disposals	Depreciation	Total
Land	13 500	-	-	-	13 500
Buildings	31 700	-	-	(7 925)	23 775
Building machinery	1 055	255	-	(275)	1 035
Furniture and fixtures	1 841	651	(15)	(416)	2061
Motor vehicles	469	199	-	(85)	583
Office equipment	1 472	473	(28)	(400)	1517
Computer equipment	2 731	2 280	(2)	(874)	4135
Computer network	968	-	-	(242)	726
<b>Total</b>	<b>53 763</b>	<b>3 858</b>	<b>(45)</b>	<b>(10 217)</b>	<b>47 332</b>

**Reconciliation of property, plant and equipment – 2012**

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	18 414	-	-	-	-	(4 914)	13 500
Buildings	15 711	-	-	15 989	-	-	31 700
Building machinery	-	1 268	-	-	(213)	-	1 055
Furniture and fixtures	2 160	46	(1)	-	(364)	-	1 841
Motor vehicles	546	-	-	-	(77)	-	469
Office equipment	1770	64	-	-	(362)	-	1 472
Computer equipment	2 133	1 324	(97)	-	(629)	-	2 731
Computer network	1 290	-	(64)	-	(258)	-	968
<b>Total</b>	<b>42 024</b>	<b>2 702</b>	<b>(162)</b>	<b>15 989</b>	<b>(1 903)</b>	<b>(4 914)</b>	<b>53 736</b>

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

### Revaluations

The effective date of the revaluations was 31 March 2012. Revaluations were performed by independent valuer, R. H. Roper, (B. Com. FRICS MIV (SA) of The Property Partners CC, GM Cowden (NDPV MSAIV) and R Grobler (B. Com NDPV MSAIV).

Land and buildings are re-valued independently every 3 years.

The valuation was performed using the investment method or first year's capitalisation approach. The assumptions used were based on current market conditions.

The carrying value of the revalued assets under the cost model would have been:

	2013	2012
	R '000	R '000 (Restated)
Land	18 997	18 997
Buildings	13 764	14 655
	<b>32 761</b>	<b>33 652</b>

### Useful lives

The useful lives of items of property, plant and equipment have been assessed as follows, but limited to current Services SETA's period of establishment, which ends on 31 March 2016:

Item	Average useful life
Building	20 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	5 years
Computer network	5 years

### Details of properties

#### The revaluation amounts of Erven 203, 204 & 896 Parktown

The property is held in freehold tenure by Services SETA, in terms of Deed of Transfer No. T41303/2008, wherein it is described as:

- Erf 203 measuring 6010 square metres
- Erf 204 measuring 5755 square metres
- Erf 896 measuring 6171 square metres



# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### Made up of:

	2013	2012
	R '000	R '000 (Restated)
Land	12 000	12 000
Buildings	26 705	26 700
	<b>32 025</b>	<b>38 700</b>

### The revaluation amounts of Portion 4 of Erf 651, Brickfield

Erf 651 measuring 1,507 square metres in extent

### Made up of:

	2013	2012
	R '000	R '000 (Restated)
Land	1 500	1 500
Buildings	3 750	5 000
	<b>5 250</b>	<b>6 500</b>

## 4. Intangible assets

	2013 R'000			2012 R'000		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	5 119	(4 106)	1 013	4 348	(3 879)	469
Intangible assets under development	2 470	-	2 470	-	-	-
<b>Total</b>	<b>7 589</b>	<b>(4 106)</b>	<b>3 483</b>	<b>4 348</b>	<b>(3 879)</b>	<b>469</b>

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### Reconciliation of tangible assets – 2013

	Opening balance	Additions	Amortisation	Total
Computer software	469	771	(227)	1 013
Intangible assets under development	-	2 470	-	2 470
	<b>469</b>	<b>3 241</b>	<b>(227)</b>	<b>3 483</b>

### Reconciliation of tangible assets – 2012

	Opening balance	Amortisation	Total
Computer software	587	(118)	469

### Useful life

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values but limited to current Services SETA's period of establishment, which ends on 31 March 2016. The useful life of computer software is 5 years.

## 5. Deposits

### Long term deposits for lease and Municipal deposits

	2013 R '000	2012 R '000 (Restated)
Bloemfontein	58	58
Cape Town	279	89
Durban	2	2
East London	73	39
Johannesburg	136	136
Nelspruit	20	18
Port Elizabeth	7	7
	<b>575</b>	<b>349</b>

Prior year error relates to R0,349 million relating to reclassification of deposits to non-current assets.

## 6. Inventories

	2013 R '000	2012 R '000 (Restated)
Consumable stores	314	222

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### 7. Receivables from exchange transactions

	2013	2012
	R '000	R '000 (Restated)
Staff loans	-	31
Prepayments	196	29
Operating lease receivables	119	62
Special project fund receivable	48 539	48 382
Accrued investment income	1 883	3 583
Other receivables	185	1
	<b>50 922</b>	<b>52 088</b>

**Previously stated figure for FY2012: R62,261 million**

Prior year error relates to R0,349 million relating to reclassification of deposits to non-current assets

Prior year operating lease amortisation was incorrectly calculated and reclassified to receivables R0,062 - prior year amount R0.042 million payable.

Other receivables amount of R9,887 million stated in prior year. This amount was raised in error relating to levy income, the calculation of which was based on accrual basis instead of cash basis.

### 8. Receivables from non-exchange transactions

	2013	2012
	R '000	R '000 (Restated)
Mandatory Grants receivable overpayments to employers	176	-

### 9. Cash and cash equivalents

	2013	2012
	R '000	R '000 (Restated)
Cash and cash equivalents consist of:		
Cash on hand	11	7
Bank balances	402 857	734 104
Short-term deposits	1 408 597	458 878
	<b>1 811 465</b>	<b>1 192 989</b>

As required in Treasury Regulations 31.2, the Services SETA holds bank accounts with financial institutions approved by National Treasury.

Cash equivalents are short term, highly liquid investments that are held with registered banking institutions, mature in less than 1 year and are subject to an insignificant risk of change in value. Short term investments comprise of short term fixed deposits held with banking institutions.

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### 10. Revaluation reserve

	2013	2012
	R '000	R '000 (Restated)
Reserve on revaluation of property, plant and equipment.		
Opening balance	11 075	-
Change during the year - Revaluation of buildings	-	15 989
Change during the year - devaluation of land	-	(4 914)
	<b>11 075</b>	<b>11 075</b>

Revaluation and devaluation of land and buildings per note 3

### 11. Accumulated surplus

#### Allocation of net surplus for the year to reserves – 2013

	Administration reserve	Employer grant reserves	Discretionary reserves	Total per statement of financial performance
Skills development levy income	-	-	-	-
- Administration levy income	128 874	-	-	128 874
- Grant levy income	-	644 375	-	644 375
- Discretionary levy income	-	-	258 398	258 398
Penalties and interest	-	-	17 403	17 403
Investment income	-	-	66 262	66 262
Other income	-	-	52	52
Special project income	-	-	157	157
<b>Total income</b>	<b>128 874</b>	<b>644 375</b>	<b>342 272</b>	<b>1 115 521</b>
Administration expenses	(172 546)	-	-	(172 546)
Employer grant	-	(302 147)	-	(329 995)
Project expenses	-	-	(89 139)	(89 139)
Special project expenses	-	-	(157)	(157)
<b>Total expenses</b>	<b>(172 546)</b>	<b>(302 147)</b>	<b>(89 296)</b>	<b>(563 989)</b>
<b>Net surplus allocated</b>	<b>(43 672)</b>	<b>342 228</b>	<b>252 976</b>	<b>551 532</b>

	Administration	Employer grant reserves	Discretionary reserves	Revaluation	Total
<b>Reserves movement</b>					
Opening balance	39 320	3 412	917 424	11 075	971 231
Net surplus allocated	(43 672)	342 228	252 974	-	551 530
Excess/reversal of funds to discretionary	40 603	(343 826)	303 223	-	-
	<b>36 251</b>	<b>1 814</b>	<b>1 473 621</b>	<b>11 075</b>	<b>1 522 761</b>

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### Allocation of net surplus for the year to reserves – 2012

	Administration reserve	Employer grant reserves	Discretionary reserves	Total per statement of financial performance
Skills development levy income				
- Administration levy income	123 601	-	-	123 601
- Grant levy income	-	607 530	-	607 530
- Discretionary levy income	-	-	236 702	236 702
Penalties and interest	-	-	15 602	15 602
Investment income	-	-	42 031	42 031
Other income	-	-	3 109	3 109
Special project income	-	-	11 314	11 314
<b>Total Revenue</b>	<b>123 601</b>	<b>607 530</b>	<b>308 758</b>	<b>1 039 889</b>
Administration expenses	(114 025)	-	-	(114 025)
Employer grant	-	(329 995)	-	(329 995)
Project expenses	-	-	(179 359)	(179 359)
Special project expenses	-	-	(11 314)	(11 314)
<b>Total expenses</b>	<b>(114 025)</b>	<b>(329 995)</b>	<b>(190 673)</b>	<b>(634 693)</b>
<b>Net surplus (deficit)</b>	<b>9 576</b>	<b>277 535</b>	<b>118 085</b>	<b>405 196</b>

	Administration	Employer grant reserves	Discretionary reserves	Revaluation	Total
<b>Reserves movement</b>					
Opening balance	22 469	3 129	529 362	-	554 960
Net surplus (deficit) for the year	9 576	277 535	118 085	-	405 196
Excess/reversal of funds to discretionary	7 275	(277 252)	269 977	-	-
Revaluation of land and buildings	-	-	-	11 075	11 075
	<b>39 320</b>	<b>3 412</b>	<b>917 424</b>	<b>11 075</b>	<b>971 231</b>

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### 12. Provisions

#### Reconciliation of provisions – 2013

	Opening balance	Additions	Utilised during the year/ Change in estimate	Total
Exempt companies provision	44 867	7 957	(9 099)	43 725

#### Reconciliation of provisions – 2012

	Opening balance	Additions	Utilised during the year/ Change in estimate	Total
Exempt companies provision	44 990	9 588	(9 711)	44 867

Previously stated figure for FY2012: R55,068 million

Exempt companies provision includes employers who continued paying skills development levies after becoming exempt, to date the total amounts to R43,725 million (2012: R44,867 million).

Employee leave accrual was previously incorrectly classified as a provision R2,332 million. This amount has been moved to payables from exchange transactions.

Exempt companies provision decreased by R7,869 million due to an error in calculation which was based on accrual basis instead of cash basis in the prior year.

### 13. Payables from exchange transactions

	2013 R '000	2012 R '000 (Restated)
Trade payables	22 099	14 231
Employee Costs	4 114	5 372
Accrued leave pay	3 683	2 332
Accrued expenses - Administration expense	1 633	1 216
Accrued expense - Discretionary grants expenses	13 853	10 771
	<b>45 382</b>	<b>33 922</b>

Previously stated figure for FY2012: R19,261 million.

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

Invoices received after year end were not accrued for in the relevant financial year 2012. Accruals were understated by R6,972 million and trade payables were understated by R0,027 million.

Leave accrual was incorrectly classified as a leave provision R2,332 million.

Salaries payable were erroneously classified as non-exchange transaction instead of exchange transaction R2,232 million, and SARS Penalties and interest were incurred on late payment of PAYE amounting to R3,141 million totalling R5,373 million.

Prior year lease amortisation was incorrectly calculated. The correction of the error resulted in R0.042 million decrease in payables and the recognition of a receivable of R0.062 million.

### 14. Payables from non-exchange transactions

	2013	2012
	R '000	R '000 (Restated)
SARS error payable	24 441	-
Mandatory grants non-exchange transactions	277 375	249 833
Other accrued expenses non-exchange transactions	583	-
InterSETA payable	<b>302 399</b>	<b>249 833</b>

Previously stated figure for FY2012: R252,075 million.

Other accrued expenses non-exchange transactions, which were mandatory grant related as a result of employers providing incorrect banking details, were incorporated under the line Mandatory grant non-exchanges in the prior year.

Salaries payable were erroneously classified as non-exchange transaction instead of exchange transaction R2,232 million.

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### 15. Revenue

	2013	2012
	R '000	R '000 (Restated)
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Transfer revenue</b>		
Skills Development Levy interest received	9 858	8 065
Skills Development Levy penalties received	7 545	7 537
	<b>17 403</b>	<b>15 602</b>
<b>The total levy income per the statement of financial performance is as follows:</b>		
Levy income: Administration	137 901	123 479
Inter-Seta transfers in	21	111
Inter-Seta transfers out	(73)	(4)
Levies relating to SARS error	(9 165)	-
Levies contributed by Exempt Employers	143	15
	128 827	123 601
Levy income: Employer grants	658 964	606 917
Inter-Seta transfers in	104	554
Inter-Seta transfers out	(364)	(18)
Levies relating to SARS error	(15 276)	-
Levies contributed by Exempt Employers	714	77
	644 142	607 530
Levy income: Discretionary grants	257 504	235 590
Inter-Seta transfers	42	222
Inter-Seta transfers out	(146)	(7)
Levies contributed by Exempt Employers	285	31
Voluntary contributions	993	866
	258 678	236 702
<b>Total</b>	<b>1 031 647</b>	<b>967 833</b>

During the year under review, a SARS error occurred and an amount of R24,441 million was overpaid to Services SETA in error as levies.

**Previously stated figures for FY2012:R 976,447 million.**



# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### 16. Employer grants and project expenses

	2013	2012
	R '000	R '000 (Restated)
Mandatory grants	302 147	329 995
Discretionary grants	89 130	179 296
<b>Total Employer Grants</b>	<b>391 227</b>	<b>509 291</b>
Project expenditure consist of:		
Direct project costs	(73 939)	(164 307)
Overhead allocation	(321)	(5 842)
Direct administration expenses	(14 870)	(9 147)
<b>Total project costs</b>	<b>(89 130)</b>	<b>(179 296)</b>

Previously stated figure for FY2012: R512,194 million.

#### Project expenditure consist of:

### 17. Other income

	2013	2012
	R '000	R '000 (Restated)
Recoveries	52	2 356
Other income	-	753
	<b>52</b>	<b>3 109</b>

Recoveries in the prior year includes an amount of R2,2 million received for QALA project from SAQA, which amounts to 100% recovery of the expenditure incurred by the Services SETA. Previously stated figures for FY2012: R3,975 million.

During the prior year, income from voluntary contributing government departments was erroneously included under Other Income instead of Discretionary Levy Income (R0,866 million).

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### 18. Administration expenses

	2013	2012
	R '000	R '000 (Restated)
Advertising	2 670	2 477
Auditors remuneration	5 651	3 392
Consulting and professional fees	40 772	18 341
Fines and penalties	-	2 689
Insurance	1 128	1 036
Stakeholders participation	2 112	1 345
IT expenses	10 147	8 961
Motor vehicle expenses	81	57
Printing and stationery	2 362	510
Security	1 419	1 148
Staff welfare	355	171
Communication costs	1 694	683
Training and recruitment	565	1 717
Travel - local	10 600	4 939
Travel - overseas	670	502
Electricity and water	2 666	1 195
Other expenses	717	136
Repairs and maintenance	1 715	1 491
Other administration costs - Projects	-	8 953
Depreciation and amortisation (excluding projects depreciation and amortisation)	10 124	1 689
Less: Costs allocated to project expenditure	-	(8 953)
	<b>95 448</b>	<b>52 479</b>

Previously stated figure for FY2012: R48,952 million. Prior year invoices were received in the current year amounting to R3,527 million.

### 19. Employee related costs

	2013	2012
	R '000	R '000 (Restated)
Salaries and wages	47 646	46 861
PAYE, SDL, UIF and workman's compensation	13 441	10 613
Medical aid contributions	4 415	3 496
Leave pay provision charge	1 351	-
Pension contributions - Defined contribution plan	10 217	6 417
Less: Allocated to projects expenses	-	(5 940)
Other fringe benefits	15	-
	<b>77 085</b>	<b>61 447</b>

# Services Sector Education and Training Authority Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

## Average number of employees

2013	2012
------	------

216	220
-----	-----

-	-
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-	-
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## Remuneration of executive management

Annual Remuneration

6 673	4 373
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Travel & Subsistence Allowance

57	193
----	-----

Bonuses awards

233	84
-----	----

Contributions to UIF, Medical and Pension Funds

753	437
-----	-----

Leave encashment

-	72
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Severance package

693	215
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<b>8 409</b>	<b>5 374</b>
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The above remuneration includes Dr Moon's remuneration as CEO/Administrator.

## Remuneration of non executive council

Travelling expense

-	5
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Allowances

-	32
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-	<b>37</b>
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## 20. Investment revenue

<b>2013</b>	<b>2012</b>
-------------	-------------

	<b>R '000</b>
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	<b>(Restated)</b>
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### Interest revenue

66 262	42 031
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Bank

## 21. Gains or losses on property, plant and equipment

<b>2013</b>	<b>2012</b>
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	<b>R '000</b>
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	<b>(Restated)</b>
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Loss on disposal of assets

(22)	(162)
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# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

### 22. Auditors' remuneration

	2013	2012
	R '000	R '000 (Restated)
External Audit Fees	2 208	2 367
Internal Audit Fees	3 443	1 025
	<b>5 651</b>	<b>3 392</b>

### 23. Cash generated from operations

	2013	2012
	R '000	R '000 (Restated)
Surplus	551 532	405 196
<b>Adjustments for:</b>		
Depreciation and amortisation	10 445	2 021
Loss on sale of assets	22	162
Increase in provisions	(1 142)	(123)
<b>Changes in working capital:</b>		
Inventories	(92)	(212)
Decrease in receivables from exchange transactions	1 165	(2 343)
Increase in receivables from non-exchange transactions	(403)	(60)
Increase in payables from exchange transactions	11 459	(33 921)
Decrease in account payable - non-exchange transaction	52 566	121 450
	<b>625 552</b>	<b>492 170</b>

### 24. Commitments

#### 24.1 Discretionary reserves

	2013	2012
	R '000	R '000 (Restated)
<b>Already contracted for but not provided for</b>		
Discretionary expenditure	292 273	69 563

**Previously stated figure FY2012: R75,390 million**

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

(Notes of the Financial Statements - figures in Rand thousand)

	Opening balance	Approved by Accounting Authority	Utilised/ adjustments	Total Commitments
<b>2012 (See note below*)</b>				
FET sector agreement	-	-	-	-
Constituency capacity building	1 502	-	(1 502)	-
ISOE Funding	774	-	-	774
ETQA Support Grant	2 011	-	(2 011)	-
Research	887	-	-	887
Three star programme	2 033	-	(1 449)	584
Scarce Skills Bursary Support	166 953	-	(138 168)	28 785
Small, medium, micro enterprises co-ordination	2 311	-	(2 311)	-
Scarce & Critical Skills	28 812	-	(28 812)	-
Skills Development Facilitators	507	-	-	507
Learnership implementation*	37 334	-	(1 934)	35 400
Sector Specialist Capacity Building	2 776	-	(2 776)	-
Employee Disability Grant	5 311	-	(2 685)	2 626
Other expenses	216	-	(216)	-
	<b>251 427</b>	<b>-</b>	<b>(181 864)</b>	<b>69 563</b>

	Opening balance	Approved by Accounting Authority	Utilised	Total Commitments
<b>2013</b>				
FET sector agreement	-	487	(243)	243
Constituency capacity building	-	1 799	-	1 799
Partnership & skills promotion	-	4 142	(1 914)	2 228
ISOE Funding	774	-	(534)	240
ETQA Support Grant	-	19 123	(12 990)	6 133
Research	887	133	(306)	714
Three star programme	584	-	(584)	-
Scarce Skills Bursary Support	28 785	162 466	(22 700)	168 551
Small, medium, micro enterprises co-ordination	-	19 331	(4 884)	14 447
Scarce & Critical Skills	-	4 667	(1 448)	3 219
Skills Development Facilitators	507	-	(507)	-
Learnership implementation	35 400	75 532	(23 768)	87 164
Employee Disability Grant	2 626	4 930	(21)	7 535
	<b>69 563</b>	<b>292 610</b>	<b>(69 899)</b>	<b>292 273</b>

\*Prior year accruals adjustment R0,830 million.

\*Included in 2012 opening balance is R0,830 million which was erroneously added instead of being deducted. It relates to invoices which were received in the current financial year but the costs were incurred in the 2011 period.

The opening balance should have been R249,767 million.

The utilised amount increased due to invoices (R6, 657 million) that were received in the current financial year but relates to prior year 2012. The overall impact of prior year errors is a decrease in closing balance of commitment amounting to R5,827 million.

# Services Sector Education and Training Authority

## Financial statements

for the year ended 31 March 2013

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### 24.2 Operating leases

	2013	2012
	R '000	R '000 (Restated)
<b>Minimum lease payments due</b>		
- within one year	4 042	1 028
- in second to fifth year inclusive	9 634	1 204
	<b>13 676</b>	<b>2 232</b>

Operating lease payments represent rentals payable by the Services SETA for eight of its provincial office properties. Leases are negotiated for an average term of five years, but limited to the current mandate ending 31 March 2016. No contingent rent is payable.

## 25. Contingencies

### *Surplus Funds*

In terms of the PFMA (1999), as amended, all surplus funds as at year-end must be forfeited to National Treasury should an application for retention of surplus funds be denied. The Services SETA submitted an application to National Treasury through the DHET for the retention of surplus funds as at 31 March 2013.

### *First time employer registrations*

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant. At the reporting date it is estimated that, as a result, additional mandatory grants expenditure of R1, 774 million (2011/12: R3,178 million) will be payable. The amount is contingent on the number of submissions received and approved.

### *New scheme year levies received*

At the reporting date levies were received in respect of the new scheme year, for which, the Skills Development legislation allows an employer until 30 June 2013 to submit an application for a mandatory grant.

At the reporting date it is estimated, as a result, that additional mandatory grant expenditure of R0.040 million (2011/12 R0,233 million) will be payable. The amount is contingent on the number of submissions received and approved.

### *Constructive obligation*

The Services SETA has made commitments for discretionary grants and administration services to employers and service providers in the amount R769,7 million of which R292 million has been contracted. As at 31 March 2013, the remaining contracts were not finalised, therefore this amount could not be regarded as contractual commitments as per the Skills Development Act. The Services SETA however included these amounts in the application for retention of surplus funds to National Treasury.

# Services Sector Education and Training Authority

## Financial statements

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### Contingent liabilities on legal matters

- A claim by Life Long Education and Development for the amount of R4 million, with regards to the contract that was cancelled.
- A claim by M&I Labour Consultants for alleged outstanding monies resulting in a claim of R1,065 million.
- Previous employees of the Services SETA have raised matters with the CCMA resulting in contingent liability of R5.644 million.
- Services SETA has been served with a combined summons by Advtech for monies allegedly due, owing and payable to them arising from contractual obligations R0,031 million.

### Contingent assets

Pending the results of the investigation in respect of the irregular expenditure referred to in Note 31, proceedings have commenced against the employees concerned to recover an amount of R40,823 million in respect of severance package payments-. According to Services SETA's legal advisors, it is possible that the proceedings will result in the recovery of the full amount.

Arbitration has been awarded to Services SETA in a case against Bryanlee for the amount of R0,296 million. As at the 31 March, there was an application to make the arbitration award a court order.

## 26. Related parties

### Relationships

Management has identified the following parties as related parties:

Members of the Accounting Authority	Refer to member's report note 27
Ultimate controlling department	Department of Higher Education and Training
Other department with significant influence	National Treasury
Key stakeholder	National Skills Fund
Significant affiliates	Other 20 SETA's
Defined contribution scheme for employees of entity	Momentum Life
Members of key management	Debbie Machard - Executive Manager QMD
	Lerato Bogoshi - Executive Manager Office of the CEO
	Cindy Simons - Chief Financial Officer
	Yoland Ruiters - Executive Manager Corporate Services
	Nkosazana Tengimfene - Acting Executive Manager Stakeholder Relations
	Paul Dhlamini - Acting Executive Manager Learning and Levies
	Donovan Baaitjies - Acting Executive Manager Learning and Levies
	Dr Sihle Moon-Administrator/Acting CEO

# Services Sector Education and Training Authority

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### 26. Related parties (continued)

#### Related party transactions and balances

##### Loan accounts - Owing (to) by related parties

	Opening Balance	Transaction Value	Closing Balance
<b>Amounts included in Trade receivable regarding related parties</b>			
FY2013 National Skills Fund/Authority	48 382	157	48 539
FY2012 National Skills Fund/Authority	37 068	11 314	48 382

#### Transactions with related parties included in the Statement of Financial Performance

##### FY2013

FASSET		19	-
BANKSETA		32	-
TETA		45	-
AGRISETA		45	-
W&R SETA		2	-
<b>Total Received/Receivable</b>		<b>143</b>	<b>-</b>

##### FY2012

INSETA		1	-
CETA		602	-
FIETA		191	-
HWSETA		64	-
W&R SETA		29	-
<b>Total Received/Receivable</b>		<b>887</b>	<b>-</b>

#### Inter-SETA Paid/Payable

##### FY2013

CHIETA		(10)	(10)
FOODBEV SETA		(130)	(130)
ISETT		(222)	(222)
INSETA		(72)	(72)
MERSETA		(92)	(92)
SASSETA		(24)	(24)
WRSETA		(27)	(27)
TETA		(6)	(6)
<b>Total Paid/Payable</b>		<b>(583)</b>	<b>(583)</b>

##### FY2012

TETA		(29)	29
<b>Total Paid/Payable</b>		<b>(29)</b>	<b>29</b>



# Services Sector Education and Training Authority

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### 27. Member's emoluments

	<b>2013</b>	<b>2012</b>
	<b>R '000</b>	<b>R '000</b>
		<b>(Restated)</b>
<b>Administrator - Dr S Moon</b>	3 456	2 394

Remuneration to the Administrator for services rendered as a CEO and Accounting Authority for the period 1 April 2012 to 31 March 2013. Prior year remuneration is for period July 2011 to March 2013.

	<b>Emoluments</b>	<b>Pension paid or receivable</b>	<b>Compensation for loss of office</b>	<b>Travel and subsistence</b>	<b>Bonus Payments</b>	<b>Other short term benefits</b>	<b>Total</b>
<b>Executive</b>							
<b>2013</b>							
Bogoshi LM - 07/07/2012 *N1	628	57	-	55	85	114	939
Ruiters YL - 20/08/2012	542	48	-	-	29	73	692
Simons C - 01/02/2013	197	16	-	-	-	3	216
Machard DC - 01/09/2012	502	41	-	-	19	8	570
Naidoo SN *N2	411	39	300	2	75	152	979
Penfold D *N2	379	37	393	-	25	41	875
Tengimfene NB - 07/01/2013	208	17	-	-	-	4	229
*N3							
Dhlamini P - 07/01/2013 *N3	173	15	-	-	-	46	234
Baaitjies D - 07/01/2013 *N3	177	15	-	-	-	27	219
	<b>3 217</b>	<b>285</b>	<b>693</b>	<b>57</b>	<b>233</b>	<b>468</b>	<b>4 953</b>

	<b>Emoluments</b>	<b>Travel and Subsistence</b>	<b>Pension paid or receivable</b>	<b>Compensation for loss of office</b>	<b>Severance packages</b>	<b>Bonus Payments</b>	<b>Other short term benefits</b>	<b>Total</b>
<b>Executive</b>								
<b>2012</b>								
Blumenthal IA - CEO	249	23	10	-	-	-	42	324
Moshoeshoe MT - Deputy CEO	353	31	29	-	-	-	36	449
Naicker N - Deputy CEO	970	120	82	72	-	84	197	1 525
Naidoo V - Deputy CEO/CFO	407	19	22	-	215	-	19	682
	<b>1 979</b>	<b>193</b>	<b>143</b>	<b>72</b>	<b>215</b>	<b>84</b>	<b>294</b>	<b>2 980</b>

\*N1 Promotion

\*N2 Resigned 7 January 2013

\*N3 Acting Position

The Services SETA employees contribute an equal amount to the pension fund which has been included under emoluments.

# Services Sector Education and Training Authority

## Financial statements

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### 28. Prior period errors

The following errors relating the prior period were corrected in the current financial period:

- a) Management discovered that R0,857 million disclosed as an expense in the current year was actually incurred in the prior year, this led to an increase in prior year administration cost and accruals.

An amount of R5,285 million disclosed as an expense in the current year was actually incurred in the prior year, this led to an increase in prior year discretionary grant costs and accrual

Discretionary Reserves decreased by an amount of R0,852 million which relates to R0,830 million discretionary expense and R0,022 million administrative expense which relates to the years prior to the comparative year.

Prior year trade payables were understated due to invoices received in the current year R0,27 million  
The correction of errors resulted in adjustments as follows:

#### Statement of Financial Position

Increase in trade Payables	(R0,027)
Increase in Payables – Accrual Administration	(R0,857)
Increase in Payables – Accrual discretionary grants	(R6,115)
Decrease in Discretionary Reserves	R0,857
	<u>(R6,142)</u>

#### Statement of Financial Performance

Increase in Administration Expense	R0,857
Increase in Discretionary Expense	R5,285
	<u>R6,142</u>

- b) The following movement (R8,099 million) in the provision for Exempt Employers whose payroll is less than R500 000, was incorrectly allocated to mandatory grants expenditure instead of being adjusted against levy income. The correction thereof resulted in an decrease in expenses and an decrease in revenue which nets out the effect on reserves in the prior year. In addition, the provision for Exempt Employers had been overstated by R7,869 million.

#### Statement of Financial Performance

Levy income:	
Decrease in Administration levy income	R1,012
Decrease in Discretionary levy income	R2,025
Decrease in Mandatory levy income	R5,062
Decrease in Mandatory grant expense	(R8,099)
	<u>-</u>

#### Statement of Financial Position

Decrease in opening balance of reserves	R0,354
Decrease in provisions	R7,869
	<u>R8,223</u>

#### Statement of Financial performance

Increase in Administration levy income	(R1,028)
Increase in Discretionary levy income	R2,056
Increase in Mandatory levy income	(R5,139)
	<u>(R8,223)</u>

# Services Sector Education and Training Authority

## Financial statements

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(Notes of the Financial Statements - figures in Rand thousand)

- c) The voluntary levy income contributed by employers who are public entities and or government institutions, was erroneously classified as Other Income in the prior year instead of Discretionary Levy Income:

### Statement of Financial Performance

Decrease in Other Income	(R0,866)
Increase in Discretionary Levy Income	<u>R0,866</u>
	<u>-</u>

- d) Long term deposits erroneously classified as current assets in the previous year, long term deposits were erroneously classified as receivables from exchange instead of non-current assets. This resulted in a decrease in receivables from exchange transactions and an increase in non-current assets of R0,349 million which had a net effect on the Statement of Financial Position.

### Statement of Financial Position

Decrease in receivables	(R0.349)
Increase in Non-Current Asset from exchange transactions	<u>R0.349</u>
	<u>-</u>

- e) Receivables from exchange transactions amounting to of R9,886 million stated in prior year. This amount was raised in error relating to levy income, the calculation of which was based on accrual basis instead of cash basis.

### Statement of Financial Position

Decrease in Receivables exchange transactions	<u>(R9,886)</u>
---	-----------------

### Statement of Financial Performance

Decrease in Administration Levy income	R0,948
Decrease in Employer Grants Levy income	R5,713
Decrease in Discretionary Grants Levy income	R2,943
Decrease in Interest on Levy income	R0,863
Increase in Penalties Levy income	<u>(R0,581)</u>
	<u>(R9,886)</u>

- f) Leave accrual was incorrectly classified as a leave provision R2,332 million.

### Statement of Financial Position

Decrease in Provisions	R2,332
Increase in payables from exchange transactions	<u>(R2,332)</u>
	<u>-</u>

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- g) Salaries payable were erroneously classified as non-exchange transaction instead of exchange transaction R2,242 million, and SARS Penalties and interest were incurred on late payment of PAYE amounting to R3,141 million. The latter.

### Statement of Financial Position

Increase in payables from exchange transaction	(R5,383)
Decrease in opening balance of reserves	R0,452
Decrease in payables from non-exchange transactions	R2,242
	<u>(R2,689)</u>

### Statement of Financial performance

Increase in administrative expenses	<u>R2, 689</u>
-------------------------------------	----------------

- h) In the prior year, all reserves were swept to the discretionary reserve instead of retaining an amount equal to the carrying value of property plant and equipment and intangible assets excluding land and discretionary assets as well as retaining an employer grant reserve. In addition the corrections from note 28 (a) to (g) above and (j) below had a net impact of R12, 042 million. The correction of this resulted in an increase in admin reserve and mandatory grant reserve and a decrease in discretionary reserves relating to the prior year.

Employer Grant reserve	(R3,412)
Administrative reserve	(R39,320)
Discretionary reserve	R54,774
	<u>(R12,042)</u>

### Statement of Financial Performance

Net decrease in opening balance of reserves due to changes to prior year income and expenditure	R1,650
Net increase of expenses as per note 28(a),(b),(g) & (j)	R0,628
Net decrease of income as per note 28(b),(c) & (e)	R9,764
	<u>(R12,042)</u>

- i) Accruals relating to the prior year resulted in a decrease in commitments disclosure note closing balance for 2011/12 amounting to R5, 827 million.
- j) Prior year operating lease amortisation was incorrectly calculated and reclassified to receivables R0,062 million. In the previously disclosed financial statements there was a R0,042 million payable.

### Statement of Financial Position

Decrease in payables from exchange transactions	R0,042
Increase in receivables from exchange transactions	R0,062
	<u>R0,104</u>

Statement of Financial performance	(R0,104)
Decrease in expenses	

# Services Sector Education and Training Authority

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### 29. Risk management

#### Financial risk management

The Services SETA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Services SETA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Services SETA's financial performance. The Accounting Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of investment of excess liquidity.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, The Services SETA treasury maintains flexibility in funding by maintaining availability under committed short-term investments. At year end the investment in short-term deposits amounted to R1,408 million.

The Services SETA's risk to liquidity is a result of the funds available to cover future commitments. The Services SETA manages liquidity risk through an ongoing review of future commitments.

The table below analyses the Services SETA's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amounts	Contractual cash flows	6 months or less	6 – 12 months	More than 1 year
<b>2013</b>					
Trade and payables from exchange transactions	(45 382)	(45 382)	(42 038)	(1 028)	(2 316)
<b>2012</b>					
Trade and payables from exchange transactions	(33 922)	(33 922)	(33 922)	-	-

# Services Sector Education and Training Authority

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### Market risk

The Services 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 Services SETA is aware of.

### Interest rate risk

The Services SETA manages its interest rate risk by effectively investing Services SETA's surplus cash in terms of deposits with different financial institutions according to the SETA's investment and cash flow management policy.

### Fair value interest rate risk

	Floating Rate Amount	Effective Interest Rate	Non-interest bearing	Total
<b>Year ended 31 March 2013</b>				
Receivables from exchange transactions	-	-	50 922	50 922
Cash and cash equivalents	1 811 465	5.2%	-	1 811 465
Payables from exchange transaction	-	-	(45 382)	(45 382)
<b>Net financial assets</b>	<b>1 811 465</b>	<b>-</b>	<b>5 540</b>	<b>1 817 005</b>

	Floating Rate Amount	Effective Interest Rate	Non-interest bearing	Total
<b>Year ended 31 March 2012</b>				
Receivables from exchange transactions	-	-	52 088	52 088
Cash and cash equivalents	1 192 989	5.6%	-	1 192 989
Payables from exchange transaction	-	-	(33 922)	(33 922)
<b>Net financial assets</b>	<b>1 192 989</b>	<b>-</b>	<b>18 166</b>	<b>1 211 155</b>

### Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Services SETA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

### The ageing of other receivables from exchange transactions that are not impaired:

	2013 Gross	2013 Impairment	2012 Gross	2012 Impairment
Not past due	2 383	-	15 018	-
Past due 1 – 30 days	-	-	-	-
Past due 31 – 120 days	-	-	-	-
Past due 120 – 365 days	157	-	13 653	-
More than one year	48 382	-	23 417	-
	<b>50 922</b>	<b>-</b>	<b>52 088</b>	<b>-</b>

# Services Sector Education and Training Authority

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### The ageing of cash and cash equivalents:

	2013 Gross	2013 Impairment	2012 Gross	2012 Impairment
Not past due	1 811 465	-	1 192 989	-
Past due 1 – 30 days	-	-	-	-
Past due 31 – 120 days	-	-	-	-
Past due 120 – 365 days	-	-	-	-
More than one year	-	-	-	-
	<b>1 811 465</b>	<b>-</b>	<b>1 192 989</b>	<b>-</b>

### 30. Fruitless and wasteful expenditure

	2013 R '000	2012 R '000 (Restated)
SARS Interest and penalties prior year	3 141	-
SARS Interest and Penalties current year	40	-
Wasteful purchases	2	-
Overpayment of learner stipend	-	1 254
Interest and penalties of late payments	-	538
Over insurance of assets	-	3
Security services for executives	-	705
	<b>3 183</b>	<b>2 500</b>

Expenditure relating to SARS interest and penalties relate to a prior year transaction where the Services SETA was unable to conclude payment to SARS which resulted in the charge of interest and penalties. No criminal or disciplinary actions were taken as the circumstances were beyond the control of the staff of the Services SETA and the action was not criminal. The amount has been written off.

### 31. Irregular expenditure

	2013 R '000	2012 R '000 (Restated)
Opening balance	40 823	37 264
Add: Irregular Expenditure relating to prior year	-	16 305
Add: Irregular Expenditure - current year	141 403	246 958
Less: Amounts condoned to date	(91 790)	(259 704)
	<b>90 436</b>	<b>40 823</b>

# Services Sector Education and Training Authority

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### Expenditure pending condonment.

This expenditure incurred in FY2011 classified as recoverable and not condoned resulted in the relevant 12,5% administration expenditure limit being exceeded by R36,198.

Prior year opening balance previously R73,462 million. This amount included R36,198 million disclosed as a duplication which resulted from the payment of severance packages incurred in FY2011 of R40,823 million.

### Analysis of expenditure awaiting condonation per age classification

	2013	2012
	R '000	R '000 (Restated)
Current year	49 613	3 559
Prior years	40 823	37 264
	<b>90 436</b>	<b>40 823</b>

### Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Contravention of Treasury Regulation 8.2: Procurement of goods and services and payments thereof was made to the suppliers in excess of the approved contract or quoted amount	None	26 670
Contravention of Treasury Regulation: PN 1 of 2003 par 1.2 and 2.3 : Procurement of goods and services, and payments thereof was made to the suppliers without a written signed contract.	None	33 433
Contravention of Treasury Regulation 28.2.1 and PFMA section 55 (2) (b) – All Irregular expenditure incurred as a result of non-compliance with the grant regulations must be determined by management and disclosed in the financial statements.	None	40 327
Contravention of Treasury Regulation PN 8 of 2007/08 par 3.3 – Goods or services of a transaction value of R10 000 to R500 000 were procured without inviting at least three written price quotations from prospective suppliers and the deviation was not approved by delegated person.	None	292
Contravention of Sec 14 (3) (b) of Skills Development Act 97 of 1998, Paragraph 7(5) of the Grant Regulations 713 of 18 July 2005	None	40 681
		<b>141 403</b>



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### Details of irregular expenditure condoned

<b>Condoned by</b>	
Administrator	91 790

Current year irregular expenditure -  
Administrator

Contravention of National Treasury Regulation:  
16A 6.4 and 16A 6.1, 8.2, 28.2.1, Section 55(2) 9(b) of PFMA,  
PN 1 of 2003 par 1.2 and 1.3; PN 8 of 2007/08 par 3.3

### Details of irregular expenditure not condoned

<b>2013</b>
<b>R '000</b>
40 823
37 264
3 120
439
<b>49 613</b>
<b>90 436</b>

Opening Balances:

Prior year 2011 - Severance package payments

Prior year 2011 - Severance package payments - not accrued in prior year

Prior year 2012 - Severance package payments

Current year 2013 - Contravention of the National Treasury Regulation: 16A 6.4 & 16A  
6.1, 8.2, 28.2.1, Section 55(2) 9(b) of PFMA, PN 1 of 2003 par 1.2 and 1.3; PN  
8 of 2007/08 par 3.3. Sec 14(3)(b)SDA and Grant Regulations 713 of 18 July 2005

### The irregular expenditure recoverable (not condoned) incurred in prior year resulted in the following:

Exceeding 12.5% Administration expenditure limit	36 198
--	--------

The expenditure relates to the payments made to previous management. This is currently under investigation by the HAWKS.

### Actions to be taken to prevent further reoccurrence:

- Contracts entered into by officials with delegated powers
- Tendering process is fast tracked to ensure proper contracts are in place with providers
- Contract Manager will ensure contract register is updated and maintained
- A Project accountant will conduct reconciliations of project expenditure against budget , this will minimise spending in excess of contract amounts.
- An update to the discretionary grant policy has been proposed for approval.
- Strict adherence to the regulations will be done.
- Continuous monitoring of expenditure is reported monthly.

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### 32. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Authority may dispense with the official procurement process in certain circumstances, provided that the reasons for any deviations are recorded and reported to the next meeting of the Accounting Authority and includes a note to the financial statements.

Goods and services amounting to R11,552,198 were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Authority who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Summary of deviations for 2013:

Description	Amount
Urgent/ Emergency	1,089,584
Single/ Sole Supplier	1,399,779
Impracticality	9,062,834
<b>Total</b>	<b>11,552,198</b>

The prior year deviations amounted to R83,529 million.

Urgent/ Emergency	Where immediate action is necessary to avoid danger, risk, misery or disaster
Single/ Sole supplier	Where such goods or services are produced or available from a single provider only
Impracticality	Any exceptional case where it is impractical or impossible to follow the official processes

# Services Sector Education and Training Authority

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### 33. Budget differences

#### Material differences between budget and actual amounts

##### Skills Development Levy

The levy receipt for the current year was 17.9% more than budget for the year. The increase in the levy income indicates a growth in the services sector and annual salary inflationary adjustments/ increase, which lead to higher SDL contributions by employers and hence a higher levy income for SETAs.

##### Skills Development Levy - penalties and interest

Income from penalties and interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary significantly from year to year. At the end of the financial year the full balance is reallocated into discretionary reserves for utilisation in projects. Interest and penalties charged are not budgeted for.

##### Investment Income

Investment income exceeded budget by 79.4%. This was due to a delay in the roll out of contracts due to late approval of the budget in the previous years leading to an accumulation of funds available for investing.

##### Employer Grants and project expenses

Employer grants and special projects disbursed decreased by 46% compared to budget. This was due to the late approval of the budget in the prior years which had a roll on effect on the current year. The Services SETA has introduced a web-based Expression of Interest process for discretionary grants funding, which assists in the expediting of the disbursement of grants. The response has been overwhelming and the demand exceeded expectation. It is expected that the shortfall will be spent in the first half of the new financial year.

##### Administration expenses

Administrative costs exceed budget by 56%. Expenditure relating to the set-up of the EOI process and projects team was an additional cost to facilitate achievement of targets and projects going forward, resulting in an unfavourable variance.

##### Employee related costs

Employee related costs exceed budget by 56%. Officials were employed into vacant positions previously occupied by consultants which were budgeted for over the MTEF period. Salary adjustments were effected due to organisational restructuring.

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# **SECTION 4**

## Human Resources Management

## 1. INTRODUCTION

In the financial year ended 2012/2013, the Human Resource Department concluded the following key initiatives:

1. Development of the Human Resources Framework
2. Development of the Human Resources Policies and Procedures
3. Reviewed the organisational structure
4. Completed the Skills Audit for 2012
5. Placed dedicated effort to reduce the organisation's vacancy rate
6. Designed and approved the organisations performance management system

Whilst these are key achievements as Human Resources of the organisation, there is still much room for improvement.

## 2. SERVICE DELIVERY

The Human Relations Department is structured to incorporate the following important elements:

- a) Human Resources
- b) Industrial Relations
- c) Training and Development
- d) Recruitment
- e) Health and Wellness
- f) Payroll

## 3. EXECUTIVE MANAGEMENT EXPENDITURE APRIL 2012 - MARCH 2013

Employee code	Name	Date engaged	Department	Gender	Race	Job Grade	Category	Salary	Bonus	Total
100069	Miss LM Bogoshi	2003/07/01	Office of the CEO	F	African	E Banding	Executive Management	R854 000,00	R85 000,00	R939 000,00
100342	Miss YL Ruiters	2012/08/20	Corporate Services	F	Coloured	E Banding	Executive Management	R663 000,00	R29 000,00	R692 000,00
100345	Miss DC Machard	2012/09/01	SSETQA	F	White	E Banding	Executive Management	R551 000,00	R19 000,00	R570 000,00
100334	Mrs C Simons	2013/02/01	Financial Management	F	White	E Banding	Executive Management	R216 000,00	R -	R216 000,00

#### 4. EMPLOYMENT AND VACANCIES BY SALARY BANDS, 31 MARCH 2013

2011/2012 NO. OF EMPLOYEES	2012/2013 APPROVED POSTS	2012/2013 NO. OF EMPLOYEES	2012/2013 VACANCIES	% OF VACANCIES
216	259	213	46	18

Occupational Category	Number of Posts	Headcount	Vacancy Rate
Semi- Skilled (BL –BU)	98	88	10%
Skilled (CL-CU)	108	87	19%
Middle Management (DL)	36	24	33%
Senior Management (DU)	11	10	9%
Top Management (E)	6	4	33%
<b>TOTAL</b>	<b>259</b>	<b>213</b>	<b>18%</b>

#### 5. RECRUITMENT FOR THE PERIOD 1 APRIL 2012 TO 31 MARCH 2013

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Semi- Skilled (BL –BU)	3	1	0	0	3	0	0	1	8
Skilled (CL-CU)	1	0	0	0	4	0	0	0	5
Middle Management (DL)	3	0	1	0	2	0	0	0	6
Senior Management (DU)	2	1	0	1	1	1	0	1	7
Executive Management (E)	0	0	0	0	0	1	0	3	4
<b>TOTAL</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>2</b>	<b>0</b>	<b>5</b>	<b>30</b>

#### 6. EMPLOYMENT CHANGES

##### 6.1 PROMOTIONS FOR THE PERIOD 1 APRIL 2012 TO 31 MARCH 2013

Division	Department	Name	Old Designation	New designation	Commencement date to new position	Job grade
Office of CEO	Office of the CEO	Lerato Bogoshi	Senior Manager: QCTO	Executive Manager: Office of the CEO	01.07.2012	E
Office of the CEO	Office of the CEO	Moloko Ramohlale	Projects Specialist	Enterprise & Sectoral Development Specialist	01.07.2012	DU
Levies & Learning	Levies & Learning	Rajan Naidoo	Projects Senior Manager	Executive Manager: Levies & Learning	01.07.2012	E
Financial Management	Office of the CFO	Lamees Badroodien	Research Secretary	Executive Assistant: CFO	01.01.2013	CL

## 6.2 REASONS FOR STAFF LEAVING FOR THE PERIOD 1 APRIL 2012 TO 31 MARCH 2013

REASON	NUMBER
Resignation	10
Discharged	5
End of contract	3
Retrenched	3
Absconded	1
Pension	1
Deceased	1
<b>TOTAL</b>	<b>24</b>

## 7. EMPLOYMENT EQUITY AS AT 31 MARCH 2013

OCC LEVEL	OCC CATEGORY	MALE				FEMALE				TOTAL
		A	C	I	W	A	C	I	W	
1	Top management	0	0	0	0	1	1	0	2	4
2	Senior management	3	1	0	1	1	1	0	1	10
3	Professionally qualified and experienced specialists & mid management	3	1	1	1	10	-	4	5	24
4	Skilled technical & academically qualified workers, junior management, supervisors	12	2	4	1	33	7	3	6	70
5	Semi-skilled and discretionary decision making	20	7	1	7	41	14	6	9	104
6	Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
<b>TOTAL</b>		<b>38</b>	<b>11</b>	<b>6</b>	<b>10</b>	<b>87</b>	<b>23</b>	<b>13</b>	<b>23</b>	<b>213</b>

## 8. INJURY ON DUTY FOR THE PERIOD 1 APRIL 2012 TO 31 MARCH 2013

Nature of injury on duty	Number	% Total
Required basic medical attention only	1	100,00
Temporary Total disablement	0	0,00
Permanent Disablement	0	0,00
Fatal	0	0,00
<b>TOTAL</b>	<b>1</b>	<b>100,00</b>

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# **SECTION 5**

## Other Information



## ABBREVIATIONS AND ACRONYMS

<b>AET</b>	Adult Education and Training
<b>APP</b>	Annual Performance Plan
<b>ATR</b>	Annual Training Report
<b>BCEA</b>	Basic Conditions of Employment Act
<b>BEE</b>	Black Economic Empowerment
<b>BPO</b>	Business Plan Objectives
<b>BUSA</b>	Business Unity South Africa
<b>CBO</b>	Community Based Organisation
<b>CHE</b>	Council of Higher Education
<b>CPD</b>	Continuous Professional Development
<b>DHET</b>	Department of Higher Education and Training
<b>DoE</b>	Department of Education
<b>DoL</b>	Department of Labour
<b>DTI</b>	Department of Trade and Industry
<b>EOI</b>	Expression of Interest
<b>EMC</b>	European Marketing Confederation
<b>ETQA</b>	Education and Training Qualifications Authority
<b>EXCO</b>	Executive Committee
<b>FET</b>	Further Education and Training
<b>FSA</b>	Formal Summative Assessment
<b>GDS</b>	Growth and Development Summit
<b>HET</b>	Higher Education and Training
<b>HIV</b>	Human immunodeficiency Virus
<b>INDLELA</b>	Institute of National Development of Learnerships, Employment skills and Labour Assessment
<b>LMS</b>	Learner Management System
<b>MoU</b>	Memorandum of Understanding
<b>NEDLAC</b>	National Economic Development and Labour Council
<b>NGO</b>	Non-Governmental Organisation
<b>NPO</b>	Non-Profit Organisation
<b>NQF</b>	National Qualification Framework
<b>NSA</b>	National Skills Authority
<b>NSDS</b>	National Skills Development Strategy
<b>NSF</b>	National Skills Fund
<b>PDI</b>	Previously Disadvantaged Individuals
<b>PFMA</b>	Public Finance Management Act
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>QMD</b>	Quality Management Division
<b>QMS</b>	Quality Management System
<b>SARS</b>	South African Revenue Services
<b>SETA</b>	Sector Education and Training Authority
<b>SME</b>	Small Micro Enterprise
<b>SSP</b>	Sector Skills Plan
<b>WSP</b>	Workplace Skills Plan
<b>WRE</b>	Workplace Readiness Evaluation

# SERVICES SETA OFFICE DETAILS



## Head Office:

Johannesburg  
Tel: 011 276 9600  
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## Centurion:

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Corner Hendrick Verwoerd & Embankment  
Centurion,  
Pretoria

## Port Elizabeth:

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Southern Life Gardens,  
70-2nd Avenue  
Newton Park  
Port Elizabeth

## Bloemfontein:

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Fax: 051 430 8771  
Address: 57 Kellner Street, Suite 5, 6 and 7, Westdene Park  
Bloemfontein

## Cape Town:

Tel: 021 003 0904  
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Cape Town

## Durban:

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Fax 031 207 1766  
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Durban

## East London:

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Chiselhurst,  
East London

## Nelspruit:

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Nelspruit

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