

dedication enhancement provision
employees security career strategy
loyalty education goal training
experience change partnership
learning quality mobility team

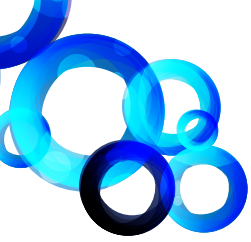
ANNUAL REPORT 2013/2014

integrity qualifications opportunity
deliver transformation
challenges development skill
success fair placement
growth strengthen
quality goal



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





General information

Registered name

Safety and Security Sector Education and Training Authority (SASSETA)

Registration number (if applicable)

19/SASSETA/01/07/11

Physical address:

Riverview Office Park, Janadel Avenue, Midrand

Postal address

PO Box 7612, Halfway House, 1685

Telephone number/s

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Fax number

+27 (0)11 205 0046

Email address

callcentre@sasseta.org.za

Website address

www.sasseta.org.za

External auditors:

Auditor General of South Africa

Bankers

Nedbank Limited

Company / Board secretary

Ntanga-nkuhlu Attorneys (Acting)

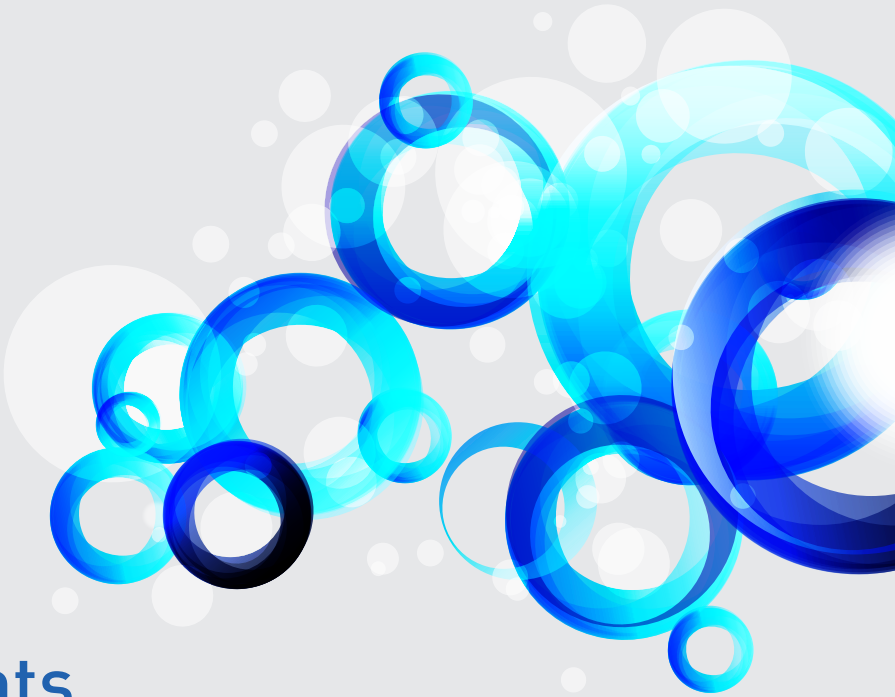


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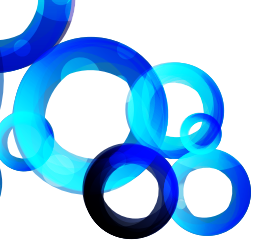
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General Information

PART A





List of abbreviations and acronyms

AGSA	Auditor General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CA-SA	Chartered Accountant South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Certified Internal Auditor
CORBIT	Control Objectives for Information and Related Technology
DHET	Department of Higher Education and Training
DQP	Degree Qualifications Profile
ETQA	Education and Training Quality Assurance
FET	Further Education and Training
FETC	Further Education and Training College
GTAC	Government Technical Advisory Centre
ICT	Information and Communication Technology
LPQA	Learning Programmes Quality Assurance
MEC	Member of Executive Council
MERSETA	Manufacturing Engineering and related Services Seta
MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NC	National Certificate
NGO	Non-governmental organisation
NMMU	Nelson Mandela Metropolitan University
NPO	Non Profit Organization
NSDS III	National Skills Development Strategy III
PFMA	Public Finance Management Act
QALA	Quality Assurance of Learner Achievements
QCTO	Quality Council for Trades and Occupations
QDF	Qualification Development Facilitator
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SMME	Small, Medium and Micro-sized Enterprises
SSP	Sector Skills Plan
TAU	Technical Assistance Unit (National Treasury)
TR	Treasury Regulations
TVET	Technical Vocational and Educational Training Institutions
WIL	Work Integrated Learning
WSP	Workplace Skills Plan



Dr Blade Nzimande

Minister of Higher Education and Training
The Republic of South Africa



Mr Mduduzi Manana

Deputy Minister of Higher Education and Training
The Republic of South Africa



Mr Abbey Witbooi

Chairperson of the Board
SASSETA (Safety and Security Sector Education and Training Authority)

Honourable Minister, it is my pleasure and privilege to present to you the Annual Report of the SASSETA for the financial year ended 31 March 2014

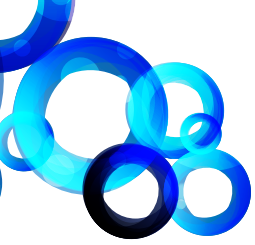


Mr Makubetse Sekhonyane

Acting Chief Executive Officer
SASSETA (Safety and Security Sector Education and Training Authority)

Honourable Minister, I have pleasure in presenting the Annual Report of the SASSETA for the financial year ended 31 March 2014.





Strategic overview

Vision

To be the leaders in skills development for safety and security

Mission

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

Values

Value	Behaviour
Transparency	Our programmes and services are easy to access and understand. Our decisions and actions are clear, reasonable and open to examination.
Fairness	Those we serve and those we work with are treated equally and without prejudice and bias, and in a timely manner.
Professionalism	We are professionals, well trained in our specialties, committed to service excellence, and dedicated to the successful accomplishment of our mission.
Quality	We constantly seek opportunities to improve our services and products. Quality and continuous improvements are an integral part of our daily operations.
Teamwork	We work as a team and value the contributions of each individual. We know that our people are our most important resource.

Strategic Outcome Oriented Goals

Strategic Outcome Oriented Goal : 1	A credible institutional mechanism for skills Planning
Goal statement	A credible institutional mechanism for skills Planning within the safety and security sector established within 5 years.
Strategic Outcome Oriented Goal : 2	FET Colleges & Universities that are responsive to the needs of the sector.
Goal statement	Increased growth and capacity of FET colleges to provide relevant programmes within the sector
Strategic Outcome Oriented Goal : 3	Employability of youth in the sector
Goal statement	Empowerment of youth with skills development opportunities enabling them to be marketable in the labour market
Strategic Outcome Oriented Goal : 4	Skilled and productive workforce in the safety and security sector
Goal statement	Enhanced productivity in the safety and security sector through implementation of skills development interventions
Strategic Outcome Oriented Goal : 5	Optimal capacitated SMMEs, Trade Unions, CBOs, CBCs and NGOs in the safety and security sector
Goal statement	Improve skills targeting identified skills needs for cooperatives, small business, Unions, NGOs and CBO to fulfill and sustain their mandate.
Strategic Outcome Oriented Goal : 6	Improved skills development service in the sector
Goal statement	Effective and efficient service delivery through Corporate Governance and Institutional Capacity by 2015/2016

Legislative and other mandates

SASSETA is established in terms of the Skills Development Act, 1998 (Act No 97 of 1998) as amended. It is also required to operate within the following legislative mandates:

Constitutional Mandates

The following sections within the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) are also used as a basis for operations of the SASSETA:

- Rendering an accountable, transparent, and development-oriented administration;
- Responding to people's needs;
- Providing service impartially, fairly, equitably and without bias;
- Promoting and maintaining high standards of ethics.

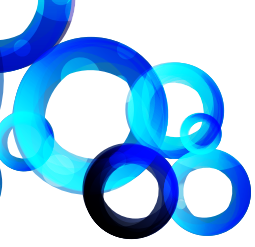
The mandate of the SASSETA is derived from the following legislations:

Legislation	Responsibilities according to the legislation
Skills Development Act 1998 (Act No 97 of 1998) as amended	<ul style="list-style-type: none"> • Develop and implement sector skills plan • Establish and promote learning programmes • Register agreements for learning programmes • Perform any functions delegated by the QCTO • Collect and disburse skills development levies
Skills Development Levies Act, 1999 (Act No 09 of 1999)	<ul style="list-style-type: none"> • Receive and distribute levies paid into its account by constituencies
National Qualifications Framework Act 2008, (Act No 67 of 2008)	<ul style="list-style-type: none"> • Learners are registered to the National Learner Record Database • Learning programmes are accredited and outcome based
Public Finance Management Act 1999, (Act No 29 of 1999)	<ul style="list-style-type: none"> • The SETA submit its Annual Report, Strategic Plan and Annual Performance plan strategic plan and annual performance plan within the framework of Act
Employment Equity Act, 1998 (Act No 55 of 1998)	<ul style="list-style-type: none"> • When recruiting learners the SETA considers the employment equity targets as outlined in the Act for redress
Public Service Act, 1994 as amended by Act No 30 of 2007	Entities are required to account to the public on service provided in line with Public Service ethos as contained in the act
White Paper on Post School Education and Training 2014	Improving and enhancing post school education systems as part of the broader government interventions in skills development, reducing poverty and unemployment
New SETA's Grant Regulations , No: 35940 December 2012	Management of mandatory and Discretionary Grants
Treasury regulations	Makes provision for planning, budgeting and reporting for public entities

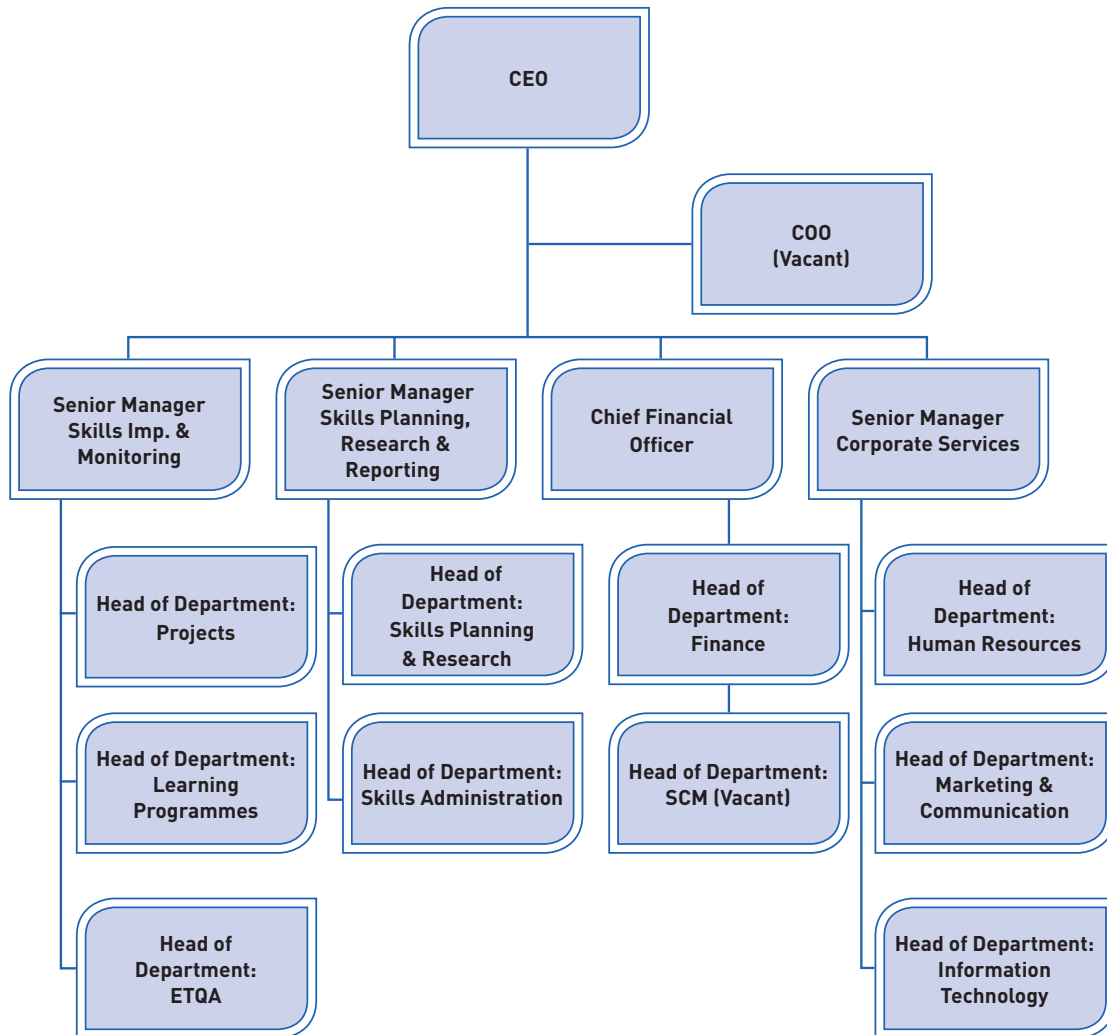
Policy Frameworks

- National Skills Development Strategy III
- National Development Plan
- Industrial Policy Action Plan
- National Skills Accord





Organisational structure





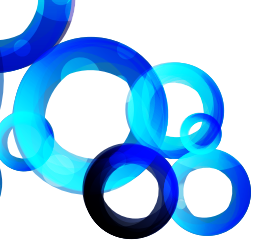
Mr Abbey Witbooi
Chairperson of the Board

Foreword by the Chairperson

FOREWORD

The 2013-14 was a year of improved performance for SASSETA. We entered the financial year faced with the results of the 2012-13 year that required the Accounting Authority to review the financial and performance information of SASSETA. The performance of SASSETA in 2013/14 was a marked improvement from the previous Financial Year. SASSETA has moved from the consecutive qualified opinions of 2011/12 and 2012/13 to an unqualified opinion in 2013/14. The year had not been an easy one for the entity. We started the financial year with key resignations at senior management level.





Foreword by the Chairperson

Introduction

The Chief Financial Officer and the Senior Manager: Corporate Services resigned. At the same time, SASSETA had appointed the new CEO, albeit the appointment did not live up to the Board's expectations. In addition a number of officials were placed under suspension and two others were dismissed. These posed challenges to the organisation. Despite the setbacks, the Accounting Authority ensured the continued operation of the institution. I would like to commend the SASSETA Board for its resilience during these trying times.

One of the areas that the Board paid particular attention to was the development of the Strategic plan that is aligned to the National Skills Development Strategy III (NSDSIII) as well as the Sector Skills Plan (SSP). The Governance and Strategy Committee – a Board Committee – played a critical role in ensuring compliance and implementation of the Strategic Plan (SP) and the Annual Performance Plan (APP). A notable success from this endeavour was the fact that the 2013-14 SP and APP had addressed several findings from the AGSA.

I must however state that, for the first time in SASSETA's life span, the entity had aligned itself to the planning cycle of government. However, the downside of this achievement is that project implementation started late.

The net result was that our initial performance did not place the entity in good stead. Several measures were undertaken to correct this anomaly one of which was the development of the action plan.

This had gone a long way in improving performance as evidenced by the performance information reported in this document. The performance of the entity will be detailed in part B of the annual report.

Strategic Relationships

SASSETA realised the forging of strategic relationships across various sectors in the year under review. In October 2013, SASSETA held its first summit ever. The purpose was to strengthen its partnerships across

the sector. Over 600 delegates from all the sectors had responded and during this period a number of critical strategic issues were debated that included the Recognition of Prior learning and Work Integrated Learning. One of the key areas where SASSETA had made great strides was in relation to strengthening partnerships with Technical Vocational and Educational Training Institutions (TVET) formerly known as Further Education and Training Colleges (FETs). SASSETA had responded to the Department of Higher Education's directive to increase its provincial and rural footprint.

I am happy to pronounce that SASSETA has opened offices in Kwa Zulu Natal colleges of Majuba, Elangeni and Ethekwini. In addition, we have entered into strategic partnerships with Maluti FET and Motheo FETs in the Free State, Buffalo City, King Hintsa, King Sabata Dalindyebo in the Eastern Cape, Tshwane South College in Gauteng, Waterberg in Limpopo and Taletso in the North West.

We are in the process of increasing the SASSETA footprint in 2014-15. In an effort to enhance our partnerships with colleges we are accrediting the delivery of some of our learning programmes in a selection of colleges.

Our partnerships with Departments in the Justice Crime Prevention Cluster has seen an intake of large numbers of learners in various skills programmes and learnerhips for both employed and unemployed learners. These include 1000 unemployed school patrollers in Gauteng, delivery of skills programmes for 1000 learners in the Western Cape, and intake of employed 1000 SAPS officers. We have also improved our delivery on work integrated learning with over 700 learners placed as well as over 100 bursaries awarded in partnership with NSFAS.

We have finalised an MoU with the Private Security Industry Regulation Authority (PSIRA). The Private Security is an amorphous and complex industry. It is our intention to ensure that SASSETA plays a critical role in bringing the industry together. Some of the issues relate to the migration of grades to skills programmes and recognition of prior learning.

Challenges faced by Board

The SASSETA Board over the last three years has remained stable and united. The Board and management are in the process of reviewing the constitution, the charters and the operations of several of its committees and chambers. There were several changes in many of these committees due to resignations, deaths, recall of members as well as members resigning from their organisation or facing disciplinary processes. These issues affected the functioning of the committees. Some of the chambers that were affected included the Private Security, State Security and the Justice Chambers. Amongst the affected committees was the Discretionary Grants Committee, the Policy Formulation Committee, the Finance and Remuneration Committee as well as the Learnership Programmes and Quality Assurance Committee that had to deal with these challenges.

The other area of challenge was the capacity of the Board Secretariat. For the year under review, SASSETA had used the services of a law firm which served very well.

However, the Board acknowledged that it required a full time Board secretariat. The secretariat has been appointed and will start operating during the 2014-15 financial year.

Changes at senior management level undoubtedly provided the biggest challenge. There were several resignations and dismissals that affected operations. These took place towards the latter part of the financial year. The Board in cooperation with management moved with speed to stabilise this level of management. The departure of the CEO as well as the vacant posts of the CFO and Senior Managers; Corporate Services and Skills Planning, Research and Reporting left a gap. These posts have been filled and management levels have stabilised. There are several disciplinary processes at management level. Some have been concluded and others are ongoing. Management is working to finalise all disciplinary processes and ensure uninterrupted operations during 2014-15.

The year ahead

As the Accounting Authority we approach the year ahead being positive of the developments of the latter part of the financial year and the focus is on maintaining an unqualified audit opinion. Other focus areas are

1. Improving the IT environment to enhance service delivery
2. Capacitating the Corporate Services to ensure SASSETA has the correct capacity and skills for delivering on the mandate.
3. Prioritise the filling of vacant posts.
4. Implementation of projects on time so as to have maximum impact on poverty, unemployment and improved workplace operations.
5. Review of the Strategic Plan and structure to ensure alignment to the mandate as set out in the NSDSIII, Skills Development Act and the National Development Plan (NDP).
6. Aligning the Service Level Agreement (SLA) targets with the Annual Performance Plan and allocate appropriate budget.

Acknowledgement and Appreciation

The SASSETA Board has worked tirelessly during the financial year to ensure that the entity delivers against its mandate. I would therefore like to thank Board members, as well as members of other committees and chambers, and the Department of Higher Education for its continued support. I would also like to thank our partners in the safety and security sector, both public and private partners for ensuring that they facilitate the delivery of learning programmes.

Conclusion

The financial year 2013/14 started off slowly but the hard work put in by the Board and management ensured that we closed the year at a better position. In 2014/15, we will keep the momentum. Indications are that the first quarter of 2014/15 will reflect improved performance compared to 2013/14.



Mr Abbey Witbooi
Chairperson of the Board
31 July 2014



SASSETA BOARD AND SENIOR MANAGEMENT 2013 – 2014



Back row (L-R) Mr Patrick Ntsobi (Senior Manager: Corporate Service), Mr Thembelani Mangena (Acting Senior Manager: SIM), Mr Mzwandile Makwayiba (Board member), Mr Nicholus Maziya (Board Member), Mr Zanoxolo Mpendu (Board Member), Dr Barney Delport (Board Member), Mr Veile Kweyama (Chairperson - Audit Committee), Mr Charles Simonse (Board Member)

Middle row: (L-R) Ms Lena-Marie Fourie (Board Member), Mr Bhekinkosi Mvovo (Board Member), Mr Mpopolo Masekela (Board Member), Mr Robert Nogumla (Board Member), Mr Mongezi Ntanga (Acting Board Secretary), Mr Yukani Memela (Acting Senior Manager: Skills Planning Research and Reporting), Mr Phehello Tsotetsi (Chief Financial Officer)

Front row: (L-R) Ms Mpho Sechoaro (Senior Manager: Skills Planning Research and Reporting), Mr Makubetse Sekhonyane (Acting CEO), Ms Linda Bond (Board Member), Mr Abbey Witbooi (Board Chairperson), Ms Michelle Beatson (Board Member), Ms Mapula Thebethe (Board Secretary)

Not featured in this photograph: Brig General (Ret) Petronella Petra Tembe (Board and Exco member), Divisional Commissioner SAPS Nobulele Mbekele (Board Member)

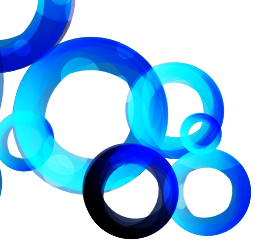


Mr Makubetse Sekhonyane
Acting Chief Executive Officer

Chief Executive Officer's OVERVIEW

According to PFMA section 55(2) (a), the Accounting Authority (Board) has additional responsibilities to ensure that the annual report and audited financial statements fairly present the performance against the predetermined objectives of SASSETA. The Accounting Authority is also responsible for ensuring a sound controlled environment in the SETA.





Chief Executive Officer's Overview

Overview

The SASSETA has sufficient financial and administrative controls in place to provide reasonable assurance that all transactions are conducted within the parameters of generally accepted business practices, and that approved policies and procedures are adhered to. The majority of finance policies have been reviewed and approved in the past financial year to strengthen and enhance compliance with the internal controls. The Finance Division is responsible for the processing of all financial transactions and reassuring the Accounting Authority of the integrity of financial data and reporting (including the preparation of financial statements, annual budgets and monthly and quarterly financial reports).

The Finance Division also manages the organisation's cash flow and investments in accordance with the approved investment policy.

Administrative Revenue and Expenditure

Operational expenditure amounted to R77.95 million (2012/13: R76.59 million) against revenue collected of R96.65 million (2012/13: R86.36 million). This means that administrative surplus transferred to Discretionary Reserve amounted to R19.32 million (2012/13: R10.92 million) therefore we were within the 10.5% limit on administration costs.

Mandatory Grants and Project Expenditure

SASSETA funded mandatory and project expenditure amounted to R170.14 million (2012/13: R129.69 million) against revenue of R202.94 million (2012/13: R178.78 million). This has resulted in a total net surplus of R51.5 million (2012/13: R58.8 million) (including the admin surplus transferred to discretionary grants reserves) which contributed to the total available reserves of R255.58 million. 95% of these available funds have been committed into projects. Irregular expenditure is a result of blanket approval of extension of the submission date of the WSPs from the previous financial year (2012 scheme year).

Investment Strategy

The SASSETA has invested its excess funds with Investec and Nedbank call accounts in line with its

investment policy. The average interest rate for the year totalled 6%.

Financial Management

We remain committed to the sound management of funds in terms of the PFMA, Treasury Regulations and other relevant legislations in order to revert back to an unqualified audit report. In the new financial year, we will intensify the rolling out of projects, while maintaining the financial discipline required by PFMA. The control environment will be improved in order to reduce risk of financial mismanagement.

SASSETA runs a number of projects. The key to effective project management is monitoring and evaluation.

During 2013, SASSETA, in partnership with the Technical Assistance Unit (TAU), conducted a diagnostic study. The diagnostic found that monitoring and evaluation capacity in SASSETA needs to be enhanced. There is also lack of capacity in the ETQA department and in particular programme evaluators. SASSETA is also in the process of developing a monitoring and evaluation unit.

The Finance Department, for most part of the financial year, required the services of the Supply Chain Management Manager. The capacity not only includes the head of department but other important functionaries. Several gaps were identified in Finance that included Accountant and Discretionary Grant officers. Another area that faced challenges was the Audit and Risk element. SASSETA has advertised and is in the process of filling the post of the Governance, Risk and Compliance Officer.

The Information Communication and Technology Department is also being strengthened to comply with the Government Information Technology Office as well as the Department of Public Service and Administration's regulations that include CORBIT. SASSETA is in the process of moving to Cloud technology to improve management of the IT environment.

The key support function played by Human Resources is also an area that SASSETA is paying attention to. Lack of capacity has had an effect on the turnaround time in filling of vacant posts. There is a process

underway to boost the capacity of HR and this includes capacitating SASSETA to ensure:

- Implementation of the Human Resource Plan
- Job evaluation and grading
- Performance management system

Discontinued activities / activities to be discontinued

No activities were discontinued.

New or proposed activities

Proposed activities include the development of the monitoring and evaluation unit which was outsourced. SASSETA is building its own capacity. There will also be movement of personnel to place them where their skills and competencies are matched with their job descriptions.

Requests for rollover of funds

- No requests were made for rollover of funds.

Supply chain management

The process is underway to appoint a Head of Department for Supply Chain Management.

All officials in Supply Chain Management have signed the code of conduct in compliance with the Practice Note number 4 of 2003. All officials dealing with procurement as well as Senior Managers and new appointees will undergo training in supply chain.

No unsolicited proposals were concluded in the year under review

SCM plans and processes are in place as indicated above including policies, procedures, code of conduct and training. SASSETA in partnership with the Government Technical Advisory Center (GTAC) formerly the Technical Assistance Unit (TAU) are in the process of reviewing the efficiency of the systems. For 2014-15 SASSETA is exploring the automation of SCM processes to improve delivery and efficiency.

SASSETA faced a number of challenges in the finance and projects environment. These related to potential fraud and corruptions. A number of investigations have been instituted. These include investigations into

unauthorised changes in bank accounts, duplication of projects, abuse of subsistence and allowance, and forging of signatures. Due to these processes some officials have been placed on suspension. One official is on final written warning and others are still going through a disciplinary process.

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

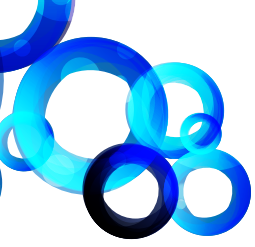
- SASSETA obtained a qualified audit opinion for two consecutive years. The key issues were:
- Reconciliation of Finance and Projects (Commitments)
- Performance Information
- Document Management System (completeness of expenditure)

A turnaround strategy has been developed with assistance from National Treasury. Over and above the strategy management has undertaken the following measures:

- Disciplinary action against officials who fail to comply with legislative requirements
- Integration of the projects (Enterprise Project Management) and Finance (Great Plains) systems.
- Development of policies and standard operating procedures
- Appointment of the Chief Financial Officer and Governance Risk and Compliance Officer
- Deployment of IT expertise to assist with the IT audit
- Review of the Annual Performance Plan in particular the alignment of objectives to indicators and targets and the development of technical indicator descriptors
- Instituting the In-Year Monitoring process for finance and monthly performance against plans (PAP) for performance information
- Review of the structure to support strategy

An action plan will also be developed to address audit findings emanating from the 2013-14 audit and monitor these on monthly basis.





Chief Executive Officer's Overview

Outlook/ Plans for the future to address financial challenges

- Recruitment of HOD Supply Chain Management, Accountant and Discretionary Grants Officer
- Provide training on PFMA and SCM
- Ongoing training on finance systems such as Great Plains
- Disciplinary action to be taken for non-compliance and infringements of policies
- Automation of SCM and other Financial systems over the medium term

Events after the reporting date;

No events identified after reporting

Acknowledgements and Appreciation

I would like to acknowledge the strategic direction provided by the Board, committees and chambers during the year under review. I would also like to thank the Department of Higher Education for

providing support in the planning, budgeting and reporting processes to ensure that our plans are aligned to Service Level Agreement. Appreciation is also extended to employers and service providers for their participation in implementing programmes. The management of SASSETA had shown resilience and commitment to improving the situation and for this I would also like to thank them and SASSETA personnel for providing much needed support to management in order to ensure improved performance and turning around the negative audit opinion. My sincere appreciation to the Technical Assistance Unit (TAU) for their constant advise and guidance.

Makubetse Sekhonyane
Acting Chief Executive Officer
31 July 2014

Statement of responsibility and confirmation of accuracy for the Annual Report

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

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

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Principles standards applicable to the public entity.

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2014.

Yours faithfully



Acting Chief Executive Officer
Makubetse Sekhonyane
31 July 2014



Chairperson of the Board
Abbey Witbooi
31 July 2014





Performance Information

PART B



Performance information

1. Auditor's Report: Predetermined objectives

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page 54 of the Report of the Auditors Report, published as Part E: Financial Information.

2. Overview of public entity's performance

2.1 Service delivery environment

SASSETA operates within the safety and security environment. Until this year, South Africa's been branded as a crime capital. However, this perception has been challenged by the recent United Nations report that showed that considerable progress in reducing crime levels.

Notably, the UN reported that South Africa has reduced the murder rate by more than 50%. Murder rate is arguably the most reliable indicator of crime. Therefore the report provides an accurate reading of the crime in South Africa.

However, it needs to be acknowledged that crimes do not necessarily follow the same pattern and therefore the challenge for South Africa is still real. SASSETA is partner to the Justice, Crime Prevention and Security Cluster that include police, corrections, justice and defence. In addition, the private security and the legal fraternity are integral part of the SASSETA environment.

The key role played by SASSETA is improving the skills and capacity of the sector to carry out its mandate effectively. The learning programmes that include Information Technology, Project Management, Driving Skills, Firearm training, legislative programmes

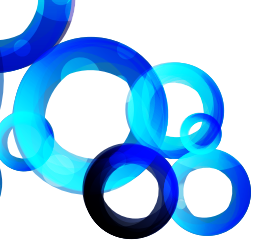
and foundational learning competencies are geared towards supporting the sector. This will ensure that officials are effectively trained. The training is also geared towards unemployed learners who seek opportunities in the sector. Through its learnerships, bursaries, internships and work placements SASSETA seeks to empower learners, reduce unemployment and change lives of many South Africans, in particular youth, women, people in rural areas and people with disabilities.

During the year under review SASSETA was able to increase its national footprint. The entity has opened offices in KZN and has initiated projects in rural areas that include Mvezo in the Eastern Cape, Impendle in the KwaZulu-Natal, Taelotso FET in the North West, and Ekurhuleni and Soweto in Gauteng. The bursary scheme in partnership with NSFAS had ensured support for learners in at least six universities. There has also been a fruitful engagement with a number of FETs that include Maluti in the Free State, Waterberg in Limpopo, Buffalo City in the Eastern Cape and Tshwane North College in Gauteng.

However, the entity was faced with numerous challenges. During the year under review there was lack of capacity of senior management level. The post of the Chief Financial Officer and Senior Manager Corporate Services became vacant at the beginning of the financial year. The post of the Chief Executive Officer was filled however the post became vacant after the third quarter. Therefore for most part of the financial year, the entity had to appoint officials in acting capacity. Despite these setbacks the entity managed to operate and improve performance. By the end of the fourth quarter, capacity at senior management level had been stabilised and this assisted in keeping operations on track.

A number of investigations were undertaken leading to suspension of people at the second tier of management level. These took place during the last part of the financial year. The investigations were a result of a number of problems in the finance and projects environment which in the main had led to a qualified opinion. It had become evident to the Board and management that SASSETA was battling to deliver due to challenges in these environments.





Performance Information continued

During 2012/13 SASSETA conducted a diagnostic in partnership with the Technical Assistance Unit from National Treasury. The diagnostic findings pointed to a weak monitoring and evaluation system and capacity issues.

Late implementation of projects had seen poor performance of the entity in the first two quarters of the Financial Year. During the third quarter and following engagement with the Department of Higher Education SASSETA developed an action plan.

The last quarter has seen considerable improvements in the fourth quarter and some instances, the targets were exceeded.

The problems encountered by the entity were numerous but the key challenges were:

- Late implementation of project
- Lack of comprehensive monitoring and evaluation system
- Staff turnover due to dismissals, suspensions and resignations

In order to mitigate against these challenges the entity took the following measures:

- Expedite the filling of key posts at senior management level
- Instituting investigations
- Obtaining expert services in vulnerable areas such as IT
- Developing a turnaround strategy

The capping of the budget had significant effect on the approach to be taken by the entity in the delivery of its targets as set out in the Service Level Agreement and the Annual Performance Plan. This required review of the budget and targets but the final outcome is that the entity had taken measures to deal with the matter.

The performance of the entity was also impacted by some of the chambers in particular as it related to

submission of learner lists for unemployed learners. Strategies have been developed in partnership with chambers to improve on this weakness.

2.2 Organisational environment

There were a number of changes in personnel in SASSETA during the 2013-14 financial year.

The Senior Manager: Skills Planning Research and Reporting was dismissed during the end of the third quarter. This meant that changes had to be made in the final quarter in order to stabilise the entity. As at January 2014, only one senior manager was permanent. The Senior Manager: Skills Implementation and Monitoring was appointed acting CEO. The accounting authorities took measures to stabilise this critical level of the entity.

The appointment of the CFO and Senior Manager: Corporate Services were concluded towards the end of the Financial Year. The Head of Projects was appointed to act as Senior Manager: Skills Implementation and Monitoring. These appointments, changes and amendments brought stability to the entity.

At the Head of Department level, there were two resignations namely Information Technology and Skills Administration. Management appointed an ICT expert on contract basis and the post of HOD Skills Administration was advertised and at the time of writing this report the post was due to be filled. The impact on delivery was mitigated and the organisation continued to function as required.

2.3 Key policy developments and legislative changes

No major changes in legislation took place in the year under review. The grant regulations were adopted and management reviewed the Discretionary and Mandatory Grants policies to align to regulations. New policies were developed and others reviewed.

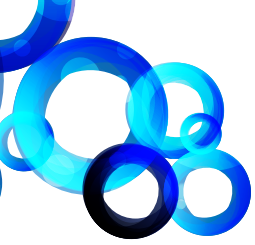
Below is the list of developed and reviewed policies that include:

- Supply Chain Management
- Recognition of income
- Remuneration policy
- Information Technology Governance Framework
- Information Technology Strategy
- Information Technology Risk
- Denotations and Sponsorship
- Conditions of Service of the Chief Executive Officer
- Human Resource Plan
- Verification Policy
- Integrated Marketing Communication Strategy
- Human Resources Plan

2.4 Strategic outcome oriented goals

Goal	Statement	Achievement
Strategic Outcome Oriented Goal : 1 Goal statement	<p>A credible institutional mechanism for skills Planning.</p> <p>A credible institutional mechanism for skills Planning within the safety and security sector established within 5 years.</p>	<p>SSPs were approved and contributed to identification of scarce and critical skills in the sector.</p>
Strategic Outcome Oriented Goal : 2 Goal statement	<p>FETs Colleges & Universities that are responsive to the needs of the sector.</p> <p>Increased growth and capacity of FET colleges to provide relevant programmes within the sector.</p>	<p>The engagement with FETs has been slow, in particular, accreditation of the programmes to be offered by the sector.</p> <p>SASSETA has contributed to the programmes towards improving the FETs infrastructure.</p>
Strategic Outcome Oriented Goal : 3 Goal statement	<p>Employability of youth in the sector.</p> <p>Empowerment of youth with skills development opportunities enabling them to be marketable in the labour market.</p>	<p>A number of projects were concluded for trained unemployed youth in various learnerships and provision of bursaries. They include 1 000 school patrollers in Gauteng, over 100 bursaries across different universities and work placements for at least 700 learners. While a number of targets were not met, the performance was an improvement from the previous financial year.</p>
Strategic Outcome Oriented Goal : 4 Goal statement	<p>Skilled and productive workforce in the safety and security sector.</p> <p>Enhanced productivity in the safety and security sector through implementation of skills development interventions.</p>	<p>There were a number of projects that were funded towards achieving this outcome. While a number of outputs have been achieved, SASSETA has engaged the University of Zululand to conduct impact assessment.</p>
Strategic Outcome Oriented Goal : 5 Goal statement	<p>Optimal capacitated SMMEs, Trade Unions, CBOs, CBCs and NGOs in the safety and security sector.</p> <p>Improve skills targeting identified skills needs for cooperatives, small business, Unions, NGOs and CBOs to fulfill and sustain their mandate.</p>	<p>The support for entities in this sector has been positive and achievements have been 100%. However, we need to review the nature and extent of this support. More importantly, SASSETA must conduct an assessment of the interventions in this area.</p>
Strategic Outcome Oriented Goal : 6 Goal statement	<p>Improved skills development service in the sector.</p> <p>Effective and efficient service delivery through Corporate Governance and Institutional Capacity by 2015/16.</p>	<p>This is an area that requires further attention. There has been progress in developing policies such as the Discretionary Grants policy to drive delivery of learning programmes. In order to improve Corporate Governance, SASSETA has advertised and will fill the post of the Chief Operations Officer as well as Governance, Risk and Compliance Officer in 2014/15.</p>





Performance Information continued

3. Performance information by programme

3.1 PROGRAMME 1: SKILLS PLANNING, RESEARCH AND REPORTING

The purpose of the programme: To develop a credible institutional mechanism for skills planning to provide reliable information on supply and demand for skills in the Safety and Security Sector.

Indicator	Actual Achievement 2012/13	Planned Target(s) 2013/14	Achievements 2013/14		
			Actual	Variance	Comments
7.1.1: Established a credible institutional mechanism for skills planning.					
A well-researched and updated SSP approved by DHET and other relevant stakeholders	SSP compiled, adopted and submitted to DHET for approval by due date.	SSP compiled and accepted by all stakeholders and approved by DHET.	SSP compiled, submitted and approved.	None	Achieved.
7.1.2: Established partnerships with universities for labour market research.					
Number of partnerships entered into with Universities for labour market research.	MOU with 1 university. Consultations with University of Zululand, Stellenbosch, Wits, Tshwane University of Technology, Free State and Western Cape. The following FET Colleges were engaged: Amajuba, Ethekewini, Boland, Nkangala and Ehlanzeni.	Signing 2 MOUs with Universities.	2 MOUs have been entered into with Universities.	2	Achieved.
Number of commissioned research projects for impact analysis of the learning interventions.		2 research impact analysis for NSDS II & NSDS III for interventions.	2 research impact analysis are being conducted with University of Zululand.	Studies have not yet been completed	Impact studies were conducted but not yet approved by the Board. The universities needed to verify the information. 2 research impact analysis are being conducted for Court interpreters & General Security Officer skills training projects.
7.1.3: Increase number of employers accessing the mandatory grants					
Increase of Mandatory Grants claimed.	1052	1060 (1%)	944	(116)	Not achieved. The reduction of Mandatory Grant from 50% to 20 % has impacted negatively on the willingness of the employers to submit the WSP's and ATR's. SASSETA will embark on Road shows to encourage stakeholders to submit the WSPs/ATRs.

Number of SDF trained	- (new indicator)	500	552	+52	Over Achieved. There was lot of interest shown, more than anticipated.
7.1.4: Build capacity within government departments for skills planning and submission of WSPs/ATRs					
Number of HRD units capacitated in sector skills plan and submission of WSPs/ARTs.	- (new indicator)	5	5	None	Achieved.

The Skills Planning, Research and Reporting department is responsible for the key function of the organisation which is, planning the facilitation of skills development within the sector and ensuring that the sector has requisite skills to perform optimally. According to the Skills Development Act, SETAs are tasked with developing a 5 year Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS) III, which must be updated on a yearly base. The SSP therefore is important in making decisions about the priorities for skills development.

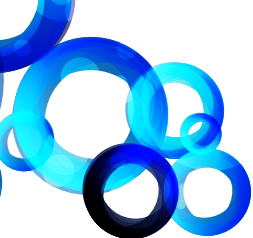
Goal 1 of NSDS III addresses the need to “Establish a credible institution mechanism for skills planning”. To support this goal, SASSETA formed partnerships with Nelson Mandela Metropolitan University (NMMU) and University of Zululand to assist in conducting credible research. The main research focus was to understand SASSETA through labour market information research and to identify skills needs and the scarce and critical skills of the sector. The efforts made assisted in generating accurate data for the development and update of the SSP. The scarce and critical skills outlined in the SSP were cornerstone of projects SASSETA ran to address the skills shortages.

The key function that could not be concluded was the evaluation of the impact analysis due to the length of time it takes to make proper assessment of the impact. However, considerable progress was made in this regard and it is anticipated that this task will be finalised in the next financial year. We also have plan in place to improve our research capacity with universities we have partnered with in 2014/15.

The development of the SSP and identifying critical and scarce skills is assisted by the data based on Workplace Skills Plan (WSP) and the implementation reports submitted each year by employers in the safety and security sector. The concern that WSPs submitted are not of good quality and compiled only for compliance sake persists. SASSETA will continue building capacity within the sector by holding workshops especially in areas that were not covered in the last financial year due to cost cutting measures. The purpose of these workshops will be to empower SDFs and HRD units in compiling the WSPs and proper submission thereof.

It is also important to note that there was a decline in submission of the WSPs/ATRs and this can be attributed to the reduction of mandatory grants payment from 50% to 20% which may have discouraged employers from submitting the document. In order to address this challenge as well, SASSETA will embark on road shows to encourage stakeholders to submit the WSPs/ATRs and claim the mandatory grants. The road shows will also be used to encourage and capacitate SDF to submit WSPs/ATRs electronically to reduce the difficulty for SASSETA to capture all the information manually.





Performance Information continued

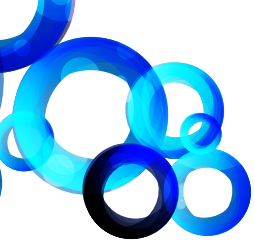
3.2 PROGRAMME 2: SKILLS IMPLEMENTATION AND MONITORING

Purpose of the programme: Facilitation of the delivery of quality Learning Programmes, specially targeting the scarce and critical skills within the sector. Identification of skills development provision challenges and addresses to ensure improved access to quality and relevant education and training in the sector including rural areas.

Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Achievements 2013/14		
			Actual	Variance	Comments
7.2.1: Partnership agreements with universities and public FET Colleges in place by 2015/16 for implementation of SASSETA learning programmes.					
No. of partnership agreements in place with Universities.	2 University MoU's	3 MoUs with Universities in place	2	(1)	Not Achieved. 2 Partnerships were entered into with Universities. There were challenges with identifying specific deliverables within timelines. We have approached more public Universities in order to meet this target and address the Ministerial objectives.
No. of partnership agreements in place with Public FET Colleges.	1 FET MoU	3 MoUs with FETs in place	3 MoU signed	None	Achieved.
7.2.2: Approval of Universities and FET colleges to offer learning programs within scope of SASSETA.					
No. of universities approved to offer SASSETA learning programmes	-	2 universities approved to offer SASSETA learning programmes	-	(2)	Not Achieved. Capacity issues in ETQA and challenges of engaging institutions made it difficult to reach this target. However, in addressing the capacity the ETQA HOD has been appointed and target will be addressed.
No. of FET approved to offer SASSETA learning programmes	-	3 Public FETs approved to offer SASSETA learning programmes	-	(3)	Not Achieved. Capacity issues in ETQA and challenges of engaging institutions made it difficult to reach this target. However, in addressing the capacity the ETQA HOD has been appointed and target will be addressed.
7.2.3: Provide Learnerships and Skills Programmes for both employed and unemployed learners focussing on scarce and critical skills by 2015/16.					
No. of employed learners entering learnerships	3010	1500	1789	+289	Over Achieved. Target overachieved due to improved partnerships with employers and increased participation

No. of employed learners completing learnerships		750	271	(479)	Not achieved. Target affected by late implementation of projects which was caused by project advertised late, followed by the evaluation process taking longer. It should be noted, however; that this process has been corrected and streamlined accordingly.
No. of employed learners entering skills programmes		4000	2996	(1004)	Not achieved. The initial target was 1080, however the target was increased by DHET with 2920 which makes the target 4000. DHET increased SLA targets based on anticipated increment of Levy payment from 10% to 20% by Employers which was never effected due to revised decision by Cabinet.
No. of employed learners completing skills programmes		2000	990	(1010)	Not achieved. The initial target was 864, however the target was increased by DHET with 1136 which makes the target 2000. DHET increased SLA targets based on anticipated increment of Levy payment from 10% to 20% by Employers which was never effected due to revised decision by Cabinet.
No. of unemployed learners entering learnerships		2500	2422	(78)	Not achieved. The initial target was 1200, however the target was increased by DHET with 1300 which makes the target 2500. DHET increased SLA targets based on anticipated increment of Levy payment from 10% to 20% by Employers which was never effected due to revised decision by Cabinet.
No. of unemployed learners completing learnerships		1250	1576	+326	Over Achieved. Projects were implemented late but the execution phase was managed well leading to achieving of the target.
No. of unemployed learners entering skills programmes		1500	1559	+59	Achieved. Projects were implemented late but the execution phase was managed well leading to over achieving of the target.
No. of unemployed learners completing skills programme.		750	974	+224	Over Achieved. Projects were implemented late but the execution phase was managed well leading to over-achieving of the target.



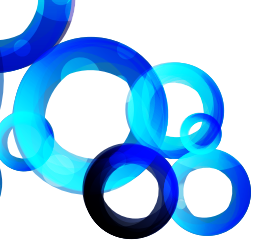


Performance Information continued

7.2.4. Artisans trained and qualified through different learning routes, learnerships, apprenticeships, RPL and NCV (3442)					
No. of artisans workers entering through: RPL Learnerships	478	165	-	(165)	Not achieved. The completion of artisan was delayed by the legal dispute between Service provider and MERSETA which led to suspension of accreditation. Management has intensified the process of working with FET colleges.
No. of artisans workers completing and successfully completing through: Learnerships RPL		85	-	(85)	Not achieved. The completion of artisan was delayed by the legal dispute between Service provider and MERSETA which led to suspension of accreditation. Management has intensified the process of working with FET colleges.
No. of unemployed artisans entering through: Learnerships RPL Apprenticeships NCV		165	432	+267	Over Achieved. As a result of changes to the Skills Accord target we were required to increase our intake of artisans.
No. of unemployed artisans successfully completing through: Learnerships RPL Apprenticeships NCV		85	-	(85)	Not achieved. The completion of artisan was delayed by the legal dispute between Service provider and a MERSETA which led to suspension of accreditation. Management has intensified the process of working with FET colleges.
7.2.5: Provide Workplace Integrated learning, Internships and workplace experience to youth focussing on scarce and critical skills by 2015/16					
Number of Learners entering WIL: FET	3	1000	FET: 703	(297)	Not achieved. This was the first experience and actually implementation was delayed by the planning process which was necessary to make sure this long term intervention went well.
Number of Learners entering WIL: Universities		350	-	(350)	Not achieved. This was the first experience and actually implementation was delayed by the planning process which was necessary to make sure this long term intervention went well.

Number of Learners successfully completing WIL: FET		500	-	(500)	Not achieved. Learners will be completing during 2014/15.
Number of Learners successfully completing WIL: Universities		175	-	(500)	Not achieved. Learners will be completing during 2014/15.
No of learners enrolled for internships programmes	266	150	177	+27	Over-achieved. Due to the implementation of the catch up plan.
No of learners enrolled for workplace experiential learning programmes		150	703	+553	Over Achieved. Due to the implementation of the catch up plan.
No of learners completing internships programmes		75	37	(38)	Not achieved. This was the first experience and actually implementation delayed by the planning process which was necessary to make sure long term this intervention went well.
7.2.6: Provide Adult Language and Numeracy skills to employed and unemployed learners to enable additional training.					
No. of learners enrolled in AET programmes	-	50	26	(24)	Not achieved. The project for the Department of Justice was not implemented. The number of learners approved was 50.
No. of learners successfully completing AET programmes		25	-	(25)	Not achieved. No learners were certificated. Programmes still ongoing.
7.2.7: Career guides distributed to learners in rural areas and townships.					
No. of learners in rural areas reached.	3441	15 000 career guides to learners in rural areas.	10304	(4696)	Not achieved The target could not be met as a result of poor attendance of learners. Furthermore SASSETA was unable to roll-out other exhibitions due to cost cutting measures.





Performance Information continued

7.2.8: Support training needs for Trade Unions, NGOs, CBOs, NLPE, SMME and Cooperatives.					
No. of Trade Unions	10 organisations	4	–	(4)	Not achieved. The Discretionary Grant rate offered is set to be reviewed as providers find it unattractive.
NGO's		4	4	None	Achieved. Various NGOs were supported and going forward we are intending to expand support especially in rural areas
CBO's		1	1	None	Achieved. The strategy is to expand into the rural areas and in people living with disabilities.
NLPE's		4	2	(2)	Not achieved. The strategy is to expand into the rural areas and in people living with disabilities
SMME's		600	496	(104)	Not achieved. The strategy is to expand into the rural areas and in people living with disabilities
Cooperatives supported.		2	2	None	Achieved.
7.2.9: Reviewed, aligned and registered QCTO qualifications in place by 2015/16 in partnership with employers.					
No of qualifications registered with QCTO	1	4 qualifications registered with QCTO	–	(4)	Not achieved. The process of finalising qualifications proved to be a challenge
7.2.10: Bursary awarded to learners for study on NQF Level 6 and above addressing scarce and critical skills shortages.					
No of employed learners awarded bursaries entered.	100	100	60	(40)	Not Achieved. The target for bursaries was not achieved due to slow learner participation. Some learners only registered after they received the bursary awards.
No. of employed learners successfully completing bursaries		50	–	(50)	Learners still studying
No of unemployed learners entering bursaries		250	148	(102)	Not achieved The target for bursaries was not achieved due to slow learner participation. Some learners only registered after they received the bursary awards.
No. of unemployed learners successfully completing bursaries		25	–	(25)	Learners still studying

7.2.11: Flagship programmes incorporating management of HIV/AIDS Implemented, targeting learners with disabilities, from rural areas, women and the youth.

No of learners registered in flagship programmes.		210	210	None	Achieved. The strategy is to expand into the rural areas and in people living with disabilities.
No of learners successfully completing flagship programmes.		105	29	(76)	Not achieved. Projects still ongoing.
Number of learners placed as a result of the interventions. 50% of learners being placed		105	-	(105)	Not achieved. Placement affected by several factors that include registration with PSIRA, willingness by employers as well as learners obtaining jobs elsewhere.

7.2.12: Monitored and evaluated discretionary grants projects.

Quarterly reports generated for all projects		Quarterly reports generated for all projects	4 Quarterly Monitoring Reports	None	Achieved.
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The Skills Implementation Programme is the largest programme in SASSETA. It comprises the three sub-departments namely Project Management Office (PMO), ETQA and Learning Programmes. The PMO is responsible for the implementation of the learning programmes through the Discretionary Grants process. The largest percentage of the budget – Discretionary Funds – is allocated to this programme to drive delivery. It is responsible for the delivery of the 12 of the 16 strategic objectives that include artisan development, Work Integrated Learning and bursaries. Through the DG allocations the programme is responsible for the delivery of the core business of SASSETA.

In carrying out the mandate of skills development the programme is assisted by Chambers and these are the Corrections, Defence, Justice, Legal, Policing and Private Security Chambers. The chambers comprise labour and employer representatives. They are key in the development of the Sector Skills Plan and the identification of scarce and critical skills in the sector. Once the skills have been identified, request for proposals are issued for interested parties to participate in the delivery. Chambers are instrumental in identifying learners and entering into contracts for the delivery of learning programmes.

The table above lists programme’s strategic objectives with the actual outputs achieved in the prior year, the

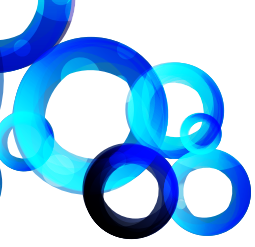
planned targets as per the Annual Performance Plan and the actual outputs for the financial year under review. During the year under review the programme succeeded in achieving 81% of the total targets.

The ETQA department is responsible for accreditation and quality assurance. Through increased accreditation, SASSETA is able to increase the pool of providers to participate in the provision of learning programmes. However, the launch of the White Paper on Post School will require a change in strategy to focus on partnerships with institutions of higher learning. Therefore in 2014/15 SASSETA will increase the number of FETs and University accredited to providing learning programmes in the safety and security sector.

The table is the summary of the accredited providers for 2013/14

1.	Full accreditation Reports	23
2.	Provisional Accreditation Reports	64
4.	Program Approval Reports and other Seta	46
5.	Status Upgrade from Provisional to Full approval Reports	9
6.	Extension of Scopes Reports	56
TOTAL		198





Performance Information continued

The learning programme has, over the past years – been responsible for monitoring and evaluation of the running programmes. However, SASSETA has identified shortcomings in the M&E system following a diagnostic by the Technical Assistance Unit from National Treasury. A new framework for M&E has been developed and will be implemented during 2014/15. An improve M&E will assist in SASSETA obtaining information on its performance. This will also assist in the planning process for outer years.

Strategy to overcome areas of under performance

SASSETA had under-performed in a number of areas. The reasons for under achievement are stated under the comments on deviations in the table above. The main reason for under achievement was due to late implementation of projects. This was caused by lengthy and cumbersome discretionary grants evaluation process which has since been reviewed.

In order to mitigate against underachievement SASSETA developed a catch plan which contributed to the improve performance of the entity in 2013-14. In order to ensure better performance in the 2014-15 financial year, SASSETA reviewed its discretionary grant evaluation process and this will have a positive effect on delivery. Some of the changes include issuing request for proposal in the final quarter of the 2013/14 financial year, reducing the time for the evaluation and aligning the approval process with the calendar year to enable the Board to approve projects on time. Due to this intervention SASSETA will be able to have a much improve performance in the first quarter of the 2014/15 financial year. In addition, the entity will introduce a monthly performance against plan reporting process. This will allow the entity to have early warning on performance and take corrective measures well in advance.

Changes to planned targets

There were a number of targets that were changed during the year under review. The following were targets that were changed.

Learning Programme	Revised targets
Workers Entering Learnerships	1 500
Workers Entering Bursaries	100
Employed Entering Skills Programmes	4 000
Unemployed Entering Learnerships	2 500
Unemployed Entering Bursaries	250
Artisans Certificated	1 000
FET Graduate Placement	1 000
Work Integrated Learning Programmes	300

Quality Council of Trade and Occupations

During the year under review the ETQA Department was involved in Process 6 of QCTO Qualification Development Process and the purpose was clearly outlined in terms of roles and responsibilities of the DQP in relation to the QCTO staff and QDF processes.

The actual development process is led by the Quality Development Facilitator DF and Learner QDF. The Development Quality Partner (DQP) is responsible for communicating with stakeholders, managing the process and providing administrative support to the QDF and Learner QDF.

SASSETA Chambers have commenced with the process of Knowledge Module Development in relation to coordination of knowledge module specifications, in terms of obtaining experts (active relevant people in Occupations, Supervisors and Assessors) and preparation of inputs for the curriculum and Qualification documents

The QCTO Activities of Knowledge Module Development vary from one chamber to the other and activities are outlined below.

Department of Correctional Services

PAROLE BOARD (QCTO QUALIFICATION)

Registration of: Occupational Certificate: Parole Board Member (Offender Release and Placement Practitioner) - 263509001

The focus was on the knowledge module development. The next workshop will look in to Practical Skills Modules.

South African Police Services

Registration of NC: Policing Qualification (50122) through the QCTO framework.

Pre-Scoping meeting conducted in June 2013. ETQA recently received the go ahead from SAPS for the development of the qualification. QDF contract was signed and appointed for the development of the qualification.

Road Traffic Management Cooperation

Registration of NC: Road Traffic Management (62289) through the QCTO framework.

Development of the qualification is in process and workshops have been scheduled to take place in:

1. Knowledge Modules
2. Practical Skills Modules

FETC CORRECTION SCIENCE NQF LEVEL 4

ETQA had knowledge development Module for FETC Correction Science Occupational Qualification the session was held at Zonderwater Training College.

The knowledge topics were discussed and recommended for the 7 Modules

- Phrasing topic elements
- Internal assessment criteria
- Assigning NQF levels and credits
- Assigning weight to topics
- Identifying critical aspects of internal assessment criteria to be reassessed externally
- Training provider accreditation requirements

- Purpose statements
- Exemptions

ETQA is in the process of reviewing the Service Level Agreement between the QCTO and SASSETA for the development of the three Occupational Qualifications namely:

- FETC: Correction Science
- FETC: Parole Board
- FETC: Road Traffic Law Enforcement

The learning programme has, over the past years – been responsible for monitoring and evaluation of the running programmes. However, SASSETA has identified shortcomings in the M&E system following a diagnostic by the Technical Assistance Unit from National Treasury. A new framework for M&E has been developed and will be implemented during 2014/15. An improved M&E will assist in SASSETA obtaining information on its performance. This will also assist in the planning process for outer years.

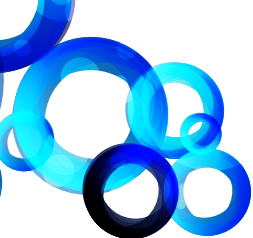
Capacity Building workshops:

The capacity building workshops were held in Gauteng and North West for government departments. The purpose of the workshop was to outline the roles of the Quality Assurance Department. A very detailed information was provided from the process of accreditation (outlining the requirements), verification/ QALA (accuracy and validity of learner assessment records) QCTO processes.

There was another workshop in the Western Cape with the South African Board of Sheriffs. The Quality Assurance processes were discussed in detail and also the verification report was discussed at length. The stakeholder members felt that it is appropriate to look into areas that were picked during the verification visit so as to avoid making the same mistakes in the future. Facilitators, assessors and moderators were part of the capacity workshop.

There was also a workshop with SASSETA External verifiers to look into the tool being used in order to ensure that verifiers apply the same standards/ principles during the verification visit.





Performance Information continued

3.3 Programme 3: Chief Executive Officer

Purpose of the programme: To provide strategic direction and leadership to SASSETA with regard to implementation of strategic priorities in the Sector Skills Plan and Strategic Plan. And the Annual Performance Plan.

Indicator	Actual Achievement 2012/13	Planned Target(s) 2013/14	Achievements 2013/14		
			Actual	Variance	Comments
7.3.1: Corporate governance framework for the institution in place by 2015/16.					
Improved performance on SASSETA quarterly monitoring report	–	80% achievement of targets	81% (24 542/31 105)	1%	Achieved.
Effective facilitation of governance meetings	New indicator	All Governance Meetings scheduled and held in line with the Constitution	Year planned developed and approved	None	Achieved.
	–	Annual evaluation of effectiveness of Governance Meetings held	–		Not achieved. The provider was not appointed to conduct the evaluation. This will be done in 2014/15.
Complied with legal requirements	–	Compliance with all applicable laws, regulations and policies ensured	AGSA report not yet released	AGSA report received	None.
7.3.2: Developed and Implemented Sector Skills Plan and strategic plan of the SETA by 2015/16.					
100% achievement of target	–	Target not specified.	–	–	–
7.3.3: Established 3 Provincial offices to improve delivery of services at Provincial level by 2015.					
No. of provincial offices established.	–	1 provincial office established.	1	None	Achieved. KZN Provincial office - Ethekewini has been opened.

This programme plays a pivotal role in setting the tone for delivery. The development of the Sector Skills Plan that informs the Strategic Plan and Annual Performance Plan forms the backbone of delivery. In addition, the programme ensures that the plans are properly costed. During the year under review, the programme improved on the annual target of 72% to 78%. Another notable achievement was the opening of the branch office in KwaZulu-Natal. The central office is based at Ethekwini college, but in order to ensure that SASSETA's footprint in the province stretches beyond the urban area, two satellite offices have been opened in Majuba FET college in Northern-KwaZulu-Natal and the Elangeni FET in Pinetown. Although the college is Pinetown it has various offices that include areas of Ndwedwe on the outskirts of the urban area.

However, there were a number of areas where the programme had not performed well. The risk register was developed late in the financial year, monthly monitoring of financial and performance information

was not undertaken. These would have assisted in identifying challenges early on time. The filling of the vacant posts, in particular at Senior Management level had been a challenge. This challenge was exacerbated by the early departure of the Chief Executive office at the end of the third quarter.

Strategy to Overcome Areas of Under Performance

The Departure of the Chief Executive Officer (CEO), the dismissal of the Senior Manager and suspension of the Head of Department in Finance created pressure for the entity. This required the entity to make significant changes with the most important intervention to expedite the filling of the posts of the Chief Financial Officer and Corporate Services that had been vacant for over six months. This brought stability to the entity.

Changes to Planned Targets

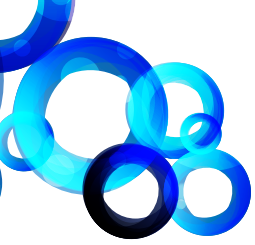
No changes in the targets for the programme.

3.4 Programme 4: Finance

Purpose of the programme: Design and implement financial controls that ensure good financial governance and financial viability of SASSETA.

Indicator	Actual Achievement 2012/13	Planned Target(s) 2013/14	Achievements 2013/14		
			Actual	Variance	Comments
7.4.1: Financial stability of the SETA achieved through the development and implementation of Financial Strategy by 2015/16.					
Improved financial management within the prescripts of PFMA and SETA Grant Regulations	Qualified report received	Maintenance of Unqualified Audits	Unqualified audit opinion achieved	None	Achieved
Implemented Financial Strategy	Development and formulation of strategy	Implementation of the financial strategy	Document not yet developed	Not achieved	Not achieved. The post of the CFO was vacant for the year under review with the appointment made only on the last month of the financial year, mid-March 2014.





Performance Information continued

7.4.2: Established and maintained appropriate asset management and Supply Chain Management systems by 2015/16					
Effective and efficient Supply Chain Management and Asset Management systems in place	Developed and Implemented Asset Management and Supply Chain Management Policy.	Developed and Implemented Asset Management and Supply Chain Management Policy.	Policy approved	None	Achieved.
7.4.3: Developed Risk Management Strategy that addresses the control environment of SASSETA by 2015/16					
Reduced risk incidents at SASSETA	Developed and Implemented Risk Register Action Plan.	Developed and Implemented Risk Register Action Plan.	Risk register developed and implemented	None	Risk register developed late due to capacity in the organization and the absence of the Governance, Risk and Compliance Officer. The post has since been advertised and will be filled in 2014/15.
	Developed and Implemented Management Letter Action Plan.	Developed and Implemented Management Letter Action Plan.	Action plan developed and monitored		
7.4.4: Effective collection of contributions levies from government departments annually.					
Quarterly contributions	Late annual contributions	Advance quarterly contributions	Contributions submitted late	Levies not received on time	Not achieved. The target has not been achieved as a result of poor relations between SASSETA and its partners. This has further been exacerbated by the DPSA directive for increased contribution which remains unresolved.

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3.5 Programme 5: Corporate Services

Purpose of the programme: To provide effective and efficient corporate human capital, integrated marketing and communication and information technology administrative support to the entity.

Indicator	Actual Achievement 2012/13	Planned Target(s) 2013/14	Achievements 2013/14		
			Actual	Variance	Comments
7.5.1: Implemented and reviewed Human Capital Management Strategy in the SETA by 2015/16.					
Approved Human Resources Strategy	Implementation and assessment	Review and Amendment of HR Strategy	HR Strategy reviewed and approved	None	Achieved.
Optimised attraction and retention of top talent within SASSETA	Implementation of Programmes and Plans	Development and Approval of Retention Strategy	Strategy approved and currently being implemented	None	Achieved.

Optimised remuneration of top talent within SASSETA	Implementation of programmes and plans	Implementation of remuneration strategy	Remuneration strategy implemented	None	Achieved.
7.5.2: Developed, implemented and reviewed Organizational Structure.					
Organisational structure that supports the mandate of SASSETA	Approved Organizational Structure	Reviewed, amended and approval of organizational structure	Structure reviewed and amended	None	Achieved.
7.5.3: Increased service delivery, employee productivity and customer relations through the development and implementation of Information Technology Services.					
Information and communication system that supports the operations and services of SASSETA	Information Management systems (Data Net) maintained.	Develop and Implement an Information Technology Strategy - Phase I.	Re-engineered the IT SETA Management System (Deloitte Vanilla).	None	Achieved.
7.5.4: Developed and maintained positive Corporate reputation on a National scale through measureable marketing tactics.					
Increased SASSETA awareness at a national level (Achieving a national footprint)	National Exhibitions, Road Shows and Events.	Strengthen Internal Marketing. Develop Customer Relationship Management	National Exhibitions, Road Shows and Events.	None.	Achieved.
	Improved Senior Management visibility	Market Research and implementation of Phase 1	Improved Senior Management visibility	None	Achieved.
7.5.5: Automation of records management.					
Automated system in place	New Objective. No historical data	Developed and maintained automated records management system	Automated record management system is not yet developed	0	Not achieved. Automated record management system is not yet developed. Consultation with prospective service providers was prolonged





Governance **PART C**



1. Introduction

SASSETA has put in place processes and systems which directed, controlled and held the Board and Management accountable. The entity has established committees that support the Board such as the Audit and Risk Committee, the Governance and Strategy Committee, the Policy Formulation Committee and the Finance and Remuneration Committee. The Internal Audit was also appointed. There were also chambers that had been established that represent the different sectors. In addition, the organisation developed policies to strengthen compliance and governance in line with the PFMA, and other related legislation.

Parliament, the Executive and the Accounting Authority of the public entity were responsible for corporate governance.

2. Portfolio committees

- SASSETA did not appear before the Portfolio Committee in the year under review.
- The organisation has developed strategic and operational risk registers which are reviewed by the Audit and Risk Committee, the Strategy and Governance Committee and are approved by the Board.

3. Executive Authority

The Minister of Higher Education and Training through its Director General Higher Education and Training is the Executive Authority and Shareholder of SASSETA.

Composition of the Board

As at the end of the financial year under review, the Board consisted of the following members:-

1.	Mr Abbey Witbooi	Chairperson	Ministerial Appointee
2.	Mr Bhekinkosi Mvovo	Member	Ministerial Appointee
3.	Mr Robert Nogumla	Member	Ministerial Appointee
4.	Zanoxolo Mpendu	Member	Organised Labour Representative
5.	Lena-Marie Fourie	Member	Organised Labour Representative
6.	Colonel Charles Simonse	Member	Organised Labour Representative
7.	Mr Nicholus Maziya	Member	Organised Labour Representative
8.	Mr Mzwandile Makwayiba	Member	Organised Labour Representative
9.	Gen. Nobubele Mbekela	Member	Organised Employer Representative
10.	Brig General (Ret) Petronella Petra Tembe	Member	Organised Employer Representative
11.	Ms Linda Bond	Member	Organised Employer Representative
12.	Ms Michelle Beatson	Member	Organised Employer Representative
13.	Dr Barnet Delpont	Member	Organised Employer Representative
14.	Mr Mpopolo Masekela	Member	Organised Employer Representative

Board members meeting attendances are detailed in the financial statements.

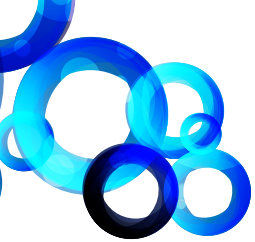
SASSETA submitted a report to the Executive Authority on the 18th of March 2014 that included:

- The turnaround strategy, and
- Investigations reports

4. The Accounting Authority: Board of SASSETA

- **The role of the Board** in summary is to give strategic direction to the organisation and retain full and effective control and monitor management closely in implementing strategic plans.
- **The importance and purpose of the Board**
Within any organisation, a Board is required in order to safeguard the interests of the shareholder be it government or otherwise. It is responsible for developing and addressing strategies and options to maximize shareholder interest in economic, social and development terms, which in public entities are aligned with the broader objectives of government.
- **Section 49 and 50 of PFMA which requires that the Board**, as the accounting authority, should:-
 - i. Ensure economic, efficient, effective and transparent systems of financial and risk management;
 - ii. Ensure that internal controls are in place;
 - iii. Ensure economic and efficient management of available working capital and
 - iv. Define objectives and the allocation of resources in an economic, efficient, effective and transparent manner.





Board Committees

The Committees below were established in line with the Constitution of the SETA's as gazetted:-

Audit and Risk Committee

The Committee performs its function in terms of the PFMA. It is established to monitor and reinforce internal control systems. The committees' functions are detailed below under internal audit and audit committees report.

Finance and Remuneration Committee

The Finance and Remuneration Committee performs its duties as delegated by the Board in order to ensure that the SETA meets the requirements of the service level agreement, PFMA and National Treasury that relate to finance and the remuneration of Executive Management and the governance structures.

It must also advise the Board on any matters relating to remuneration in order to enable the Board to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its members and staff and make recommendations to the Board.

Governance and Strategy Committee

This Committee is established to develop policies, principles, criteria and guidelines that are necessary for governance and strategy function for the SETA, promote good governance, develop the skills development strategy for the sector and report to the Board on such matters.

SSP Committee

The SSP Committee provides guidance to the organization in the achievement of DHET objectives. It guides compilation of the SSP and monitor the implementation thereof through members of different chambers.

LPQA

The main function of this committee is to enhance efficiencies in terms of the resolution to act in an advisory capacity, to encourage smooth flow of information between SASSETA ETQA, Learning Programmes and Chambers.

Remuneration of Board members

Board members are remunerated in line with National Treasury Guidelines as issued in the annual directives. In line with the National Treasury directives, Board

members who are employees of National, Provincial and Local Government or Agencies or Entities of Government are not entitled to remuneration other than travel expenses. Members are remunerated for attending meetings.

5. Risk Management

SASSETA has developed a risk management policy which was approved by the Board. The risk strategy will be developed in the 2014/15 financial year. SASSETA has appointed the Governance, Compliance and Risk Officer to enhance risk management.

Progress on strategic risks is monitored on a regular basis by the Governance and Strategy and Committee. Operational risks workshops have been held during the year to review and assess risks. The SETA has identified a need to hold more workshops in the 2014/15 financial year. The Audit and Risk Committee monitors organisational risk with the assistance of the internal auditors.

6. Internal Control Unit

SASSETA has not established internal control unit as yet. The appointment of the Governance Compliance and Risk Officer will entail the internal control unit function.

7. Internal Audit and Audit Committees

Internal Audit Function

The Internal Audit function was outsourced to Business Innovations Group late in the year under review. The internal audit function reported functionally to the Audit Committee in line with the Internal Audit Charter and provided objective assurance late in the year regarding the state of internal control, risk management and governance processes of SASSETA. The input received from the Internal Auditors and the risks identified previously as a result of the internal audits conducted contributed to the effectiveness of the organisation and the strengthening of its internal control systems.

Key activities and objectives of the internal audit included:

- Review the adequacy and effectiveness of internal control, risk management and governance processes
- Provide reasonable assurance on the integrity of financial and operational information
- Evaluate the adequacy of management controls for the prevention and detection of fraud

- Provide a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities, and
- Evaluate the risk management processes and provide recommendations for improvement.

Audit work carried out

The Internal Auditors were appointed late during the financial year. The audit was conducted in line with the approved 2013/14 internal audit plan and operational areas.

Audit Committee

The independent Audit Committee of the SASSETA carried out their duties during the period under review according to its Audit Charter. The Audit Committee met six 9 times during the year and was chaired by an independent chairman appointed by the SASSETA Board.

The Audit Committee plays a valuable role in ensuring that the organisation embodies ethical conduct, fair practice and good corporate

governance. The Audit Committee, working with the Board and SETA staff, oversees the implementation of relevant and up to date policies and procedures across all governance structures and SETA departments to ensure the implementation of sound financial management, effective risk management and legal compliance:

Key activities and objectives of the Audit Committee are for;

- Monitor performance of the Internal Audit function
- Review the Annual Risk Assessment process and prioritisation of major risks identified
- Monitor the implementation of checks and balances to ensure compliance with pertinent laws and regulations
- Assist the Board in reviewing the integrated reporting and disclosure (sustainability reporting)
- Review the financial statements included in the integrated report and regard all factors and risks that may impact on the integrity of the integrated report.

The table below discloses relevant information on the Audit Committee members:-

Name	Qualification	Status	If internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended
Velile Kweyama	CIA, CCSA	External – Independent	-	2011	None	9
Sathie Gouden	CA(SA)	External Independent	-	2011	None	4
Khanyi Mdutshana	CA(SA)	External – Independent	-	2011	None	8
Charles Simonse	Board Member	External Labour representative	-	2011	None	7
Michelle Beatson	Board Member	Employer	-	2011	None	5

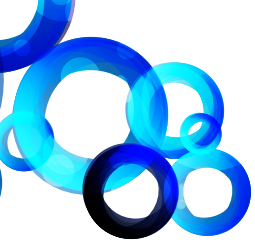
8. Compliance with Laws and Regulations

SASSETA has developed policies and procedures to guide financial management, HR management and the implementation of operational activities at the entity. These documents are reviewed from time to time to ensure compliance with the relevant laws and regulations. The Internal Auditors continually reviews the compliance state of the SETA in terms of the approved Internal Audit Coverage Plan. Additional

assurance is provided via compliance audits conducted by other government institutions such as SAQA / QCTO and the DHET.

SASSETA complies with the reporting requirements as prescribed by National Treasury and DHET and has submitted the entity's strategic and annual performance plans, the sector skills plan and SETA quarterly management reports timeously.





Governance continued

Internally, the SASSETA has identified areas where further capacity building is required in order to meet all compliance criteria and have undertaken training interventions to strengthen the capacity of staff in this regard.

Externally, SASSETA has communicated new developments and changes pertaining to skills development legislation to its broader stakeholder base through workshops, bulk email and its website to equip stakeholders with the necessary information to meet regulatory requirements thereby encouraging compliance.

Finally the organisation has developed a regulatory compliance framework that is monitored by the Audit and Risk Committee.

9. Fraud and Corruption

SASSETA has a Fraud Prevention Plan in place to guide the entity in its efforts to curb fraudulent behaviour that could lead to financial loss and reputational damage to the SETA.

SASSETA has a dedicated toll free number, managed by an independent service provider that is accessible to internal and external stakeholders to report suspicious behaviour. The independent service provider sends monthly reports to the SETA according to the protocols approved by the Board.

Claims regarding suspected fraudulent behaviour that were submitted via the fraud line during the period under review were investigated. As a result, SASSETA launched a forensic investigation.

Fraud Awareness Training was conducted internally during the period under review to increase awareness of the processes to engage in order to identify and report fraudulent behaviour.

10. Minimising conflict of interest

SASSETA has 'Declaration of Interest' practices in place at all levels of the organisation. Staff members are required to disclose their financial interest annually and staff in the SCM Division also declare any interest in relation to transactions entered into with service providers – the declaration is printed on the purchase order.

Board and Committee members are required to annually declare any financial interest or commercial activities that may conflict with their functions.

11. Code of Conduct

The Code of Conduct contained in the Constitution guides the conduct and performance of members of the Board and committees and provides an ethical framework for the functioning of SASSETA governance structures. The Code of Conduct is supported by policies and procedures relating to the disclosure of interest and gifts as well as confidentiality of information.

The Code of Conduct stipulates that Board members must:

- stand in a fiduciary relationship with the SASSETA
- comply with all applicable laws and regulations that regulate the activities of the SETA
- perform their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Act and the Constitution
- protect and promote the reputation of the SETA and promote goodwill towards it
- perform their duties conscientiously and in the best interest of the SETA
- conduct themselves ethically and in accordance with the principles of good governance.

Serious or continuous neglect of duties or any misconduct may result in a member being removed from office or his or her termination of membership of a committee of the SETA.

12. Health Safety and Environmental Issues

SASSETA has a moral obligation to safeguard its employees, customers and any other person who may be effected by the organisation's activities, by ensuring a safe working environment that comply at the very minimum with all relevant legislation and approved codes of practice.

The Board and management of the SETA are committed to the protection of all its assets, both human and material, from exposure to risk that could arise from sub-standard practices, procedures or conditions.

Comprehensive health policies and procedures have been developed to provide adequate control of health and safety risks arising from work activities. Safety and security policies and procedures have been implemented to ensure the safety of staff and assets.

SASSETA is committed to provide necessary training to ensure employees are competent to do their work thus minimising the exposure to risk and to engage and consult with employees on day-to-day health and safety conditions.

13. Board Secretariat Function

SASSETA appointed Ntanga Nkuhlu Inc as an external service provider to assist with the provision of secretarial services to the Board and Governance Structures for the period 2013-14. The services also included giving the board and its structures legal direction and advise during meetings.

14. Social Responsibility

Social responsibility is an important element of good corporate governance and the SASSETA Board and Management are committed to invest in and assist with skills development projects and training interventions that help advance the communities in which the SASSETA and sector operate.

It is with this in mind that the SASSETA Board and management have designed a discretionary funding strategy that is not solely focused on the provision of grant funding to its levy paying constituent members for the provision of training to their current workforce.

The SASSETA discretionary grant strategy also facilitates the allocation of grant funding specifically aimed at up-skilling unemployed youth (through learnerships, apprenticeships and skills programmes) and assisting designated groups (people with disabilities, youth and women) through the implementation of skills interventions that will provide these beneficiaries with the necessary skills to become employable or self-sustainable through the creation of new ventures. SASSETA annually allocates 8% of its special projects budget towards the implementation of skills interventions aimed at assisting people with disabilities and 20% of the special projects budget towards the implementation of skills interventions in rural areas. These skills interventions, in many cases, are provided by small businesses (accredited training providers) and community based organisations (NGOs and NPOs) that have a passion for skills development and for the promotion of social justice in previously disadvantaged communities.

SASSETA realises that it cannot operate in isolation to the community, and that social responsibility necessitates the allocation of funding in such manner that will provide fair opportunity to all to share in the benefits of skills development.

15. Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2014.

Audit Committee Responsibility

The Audit and Risk Committee reports that it has complied with the responsibilities arising from Section 51 (1) (a) (i), (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Committee has adopted an appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Audit and Risk Committee Members and Attendance

The Committee consists of the members listed hereunder and should meet at least six times per annum as per the approved Charter. During the financial year six meetings were held.

Name	Number of meetings attended
Velile Kweyama - Chairperson	9
Sathie Gounden	4
Khanyi Mdutshana	8
Charles Simonse	7
Michelle Beatson	5

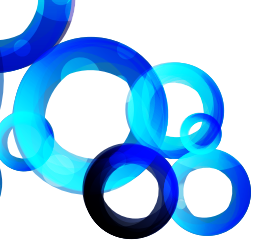
The Effectiveness of Internal Control

The review of the effectiveness of the system of internal controls by the Audit and Risk Committee is informed by reports submitted by external audit, internal audit and management. The development and maintenance of an effective internal control system is the responsibility of management.

The Audit and Risk Committee has drawn the attention of management to significant issues that have been raised in the previous year audit report and management report of the Auditor General as well as matters raised in the reports of internal audit in the current financial year. Management have expressed their commitment in dealing with these issues.

The Committee is satisfied that a system of internal controls has been put in place by the Department and that these controls have functioned partially during the period under review. The Audit and Risk Committee and the organisation is aware that there is a need for improvement in the internal controls and the adherence to these controls, the Audit and Risk Committee is committed to assisting the department in this regard.





Governance continued

A risk assessment was carried out during the year under review and the internal audit plan was developed based on this risk assessment. As noted above, certain weaknesses were identified and reported upon by Internal Audit, these weaknesses were reported to, and discussed with management.

The following areas were covered by internal audit during the year under review:

- HR and Payroll
- Risk management
- Projects / Discretionary Grants
- Supply Chain Management

The following are still areas of concern, although management has made some progress in terms of addressing them:

- Follow up of previous Auditor General and Internal Audit Action Plans
- Commitments
- Financial and performance reporting
- The internal audit service provider was appointed late in the year
- High turnover of Senior Executives
- Record Keeping and Management Systems
- Information Technology environment impacting on the integrity of information
- Management and monitoring of risk
- Management and monitoring of projects
- Quality of in-year reporting

In-Year Management and Monthly/Quarterly Report

The Audit and Risk Committee has noted the content and quality of the monthly / quarterly financial reports prepared and issued by the organisation during the year under review, in compliance with the statutory reporting framework. The Committee raised concerns with management in respect of findings raised during the Interim Audit by the Auditor General.

Evaluation of Financial Statements

The Audit and Risk Committee has reviewed and discussed the unaudited financial statements for 2013/14 financial year with management. This process included a review of the accounting policies and practices, and any changes thereto.

The Committee has also reviewed and discussed the unaudited performance information for the 2013/14 financial year with management.

We therefore recommend that Sassetta should submit the unaudited Annual Financial Statements and performance information for the 2013/14 financial year to the Auditor-General for audit purposes.

Auditor General's Report

The Committee has reviewed Sassetta's implementation plan for audit issues raised in the prior year.

The Committee is satisfied with the plan, but have communicated concerns to management in relation to the speed with which agreed upon action plans are implemented.

The Audit Committee has met with the Auditor General and confirmed that there were no unresolved issues.

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

Appreciation

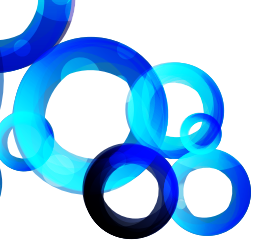
The Committee would like to take this opportunity of expressing its sincere appreciation to the Chairperson of the Board of Directors, Chief Executive Officer, the management of Sassetta, Internal Audit and the AGSA for their support and co-operation during the year under review.

Velile Kweyama
Chairperson of the Audit Committee
31 July 2014



Human Resource Management **PART D**





Human resource management

1. Introduction

SASSETA strives to be an employer of choice and, as such, complies with a number of applicable employment legislations, i.e. The Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Skills Development Act, Occupational Health and Safety Act, as well as various human resources codes of best practice.

To promote employee engagement and boost staff morale, the organisation holds regular staff meetings, which are conducted by senior management. In addition to the general staff meetings, there is a structured engagement with organised labour addressing issues that are subject to collective bargaining. Employees are also encouraged to participate in various in-house sponsored recreational activities, such as road-running and some indoor action sport.

Set HR priorities for the year under review and the impact of these priorities

The organisation is in the process of phasing in the implementing and reviewing the Human Capital Management Strategy by 2015/16. We are also phasing in the implementation of our reviewed structure so that we can deliver on our mandate and set objectives.

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

The following efforts are being undertaken to attract skill, retain personnel and manage succession:

- Identify key positions required for the achievement of SASSETA's mandate
- Implement the Remuneration Strategy (cash and non-cash incentives)
- Succession Planning

Employee performance management framework

SASSETA has adopted a new Performance Management System and training all employees in this regard. The

organisation shall conduct performance reviews at least twice a year and at the same time efforts shall be put in place to address non-performance.

Employee wellness programmes

SASSETA strives to maintain a healthy work environment through its Employee Wellness Programmes.

Policy development

SASSETA policies are subject to a yearly review to ensure that they are aligned to all the relevant legislations. Full consultation processes are followed before approval for implementation.

Highlight achievements

The implementation of the turn-around strategy has commenced, focusing on performance management, reporting, systems development, supply chain challenges and change management.

The following key positions have been filled:

- Chief Executive Officer
– but was vacant from Jan - March 2014
- Chief Financial Officer
- Projects Manager
- Senior Manager: Corporate Services

Challenges faced by the public entity

Relative shortages of skilled workforce to ensure that processes are dealt with efficiently. There is, however, an urgent need to improve performance results.

Future HR Plans and Goals

- Capacitate the organisation with skilled employees;
- Encourage culture of performance;
- Full implementation of the HR Plan.

2. Human resources oversight statistics

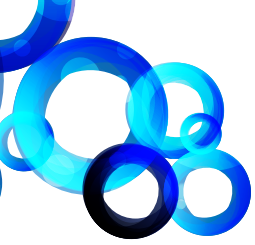
Personnel Cost by programme for the entire 2013/2014

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee (R'000)
CEO's Office	17 295	2 665	15.41%	05	533
Skills Implementation and Monitoring (SIM)	135 289	10 233	07.56%	32	320
Skills Planning, Research and Reporting	61 352	9 468	15.43%	29	326
Corporate Services	11 713	5 656	48.29%	18	314
Finance	22 437	4 023	17.93%	11	366
TOTAL	248 086	32 045	12.92%	95	337

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	1 246	03.89%	1	1 246
Senior Management	3 041	09.49%	5	608
Professional qualified	6 322	19.73%	9	702
Skilled	9 201	28.71%	23	400
Semi-skilled	11 775	36.74%	55	214
Unskilled	460	01.44%	2	230
TOTAL	32 045	100%	95	337





Human resource management continued

Performance Rewards

Programme	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	-	-	-
Senior Management	-	-	-
Professional qualified	-	-	-
Skilled	-	-	-
Semi-skilled	-	-	-
Unskilled	-	-	-
TOTAL	-	-	-

Training Costs

Directorate / Business unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee (R'000)
CEO's Office	2 665	-	0.00%	-	-
Skills Implementation and Monitoring	10 233	62	0.60%	7	9
Skills Planning, Research and Reporting	9 468	22	0.23%	3	7
Finance	4 023	127	3.15%	10	13
Corporate Services	5 656	62	1.10%	7	9

Employment and vacancies as at 31 March 2014

Programme	2012/2013 No. of employees	2013/2014 Approved posts	2013/2014 No. of employees	2013/2014 Vacancies	% Vacancies
CEO's Office	4	9	3	6	66.67%
Skills Implementation and Monitoring	33	37	28	9	24.32%
Skills Planning, Research and Reporting	29	31	28	3	09.68%
Finance	10	17	10	7	41.18%
Corporate Services	15	22	15	7	31.82%
TOTAL	91	116	84	32	27.59%

	African	Coloured	Indian	White	2013/2014 Vacancies	% Vacancies
Top Management	-	0	0	0	1	1%
Senior Management	3	0	0	0	1	1%
Professional qualified	6	0	1	1	8	10%
Skilled	17	1	0	0	14	16%
Semi-skilled	49	2	2	0	8	10%
Unskilled	2	0	0	0	-	0%
TOTAL	77	3	3	1	32	38%

Normal recruitment processes were followed to fill top and senior management positions. A similar approach was followed in the filling of highly skilled and management positions. Between April 2013 and March 2014, the organisation filled the following positions: Chief Executive Officer, Chief Financial Officer, Senior Manager Corporate Services, HOD Projects, Call Centre agent, Data typist and two supply chain officers.

One top management position for the Chief Operations Officer (COO) and all highly skilled supervision posts were advertised in February/March 2014. They had been vacant between December 2013 and March 2014. Normal recruitment processes were in place to

attract staff. Fair remuneration and skills development interventions were used to retain staff.

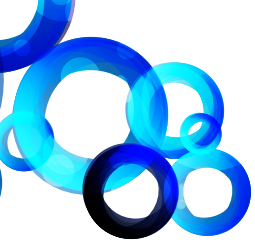
It took between two to three months to fill a position. Positions were vacant as a result of resignations, officials taking maternity leave, suspension, dismissals and the creation of new positions in response to organisational needs. Short-term interventions were explored such as part-time and fixed-term replacements in extra ordinary circumstances.

The following key positions were advertised; Supply Chain Manager, Chief Operations Officer, Governance Compliance and Risk Officer (GCR), and Board Secretary.

Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	1	1	-
Senior Management	3	2	2	3
Professional qualified	8	1	3	6
Skilled	21	2	3	20
Semi-skilled	51	3	2	53
Unskilled	2	-	-	2
TOTAL	86	9	11	84





Human resource management continued

Reasons for staff leaving

Reason	Number	% of employees that left
Death	-	-
Resignation	7	64%
Dismissal	4	36%
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	11	100%

Some staff members left for better offers and career advancement opportunities elsewhere. We made efforts to empower our personnel by providing employee bursaries. We also prioritise internal applicants for advancement in the effort to retain skills. Positions were advertised to replace them. In some instances we head hunted if suitably qualified candidates were not found through the normal interview process.

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Labour Relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal Warning	4
Final Written warning	1
Dismissal	4

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	1	-	-	-	-	-	-
Senior Management	3	2	-	-	-	-	-	-
Professional qualified	6	10	-	-	-	-	-	-
Skilled	7	-	-	-	-	-	-	-
Semi-skilled	7	-	1	-	1	-	-	-
Unskilled	1	-	-	-	-	-	-	-
TOTAL	24	13	1	-	1	-	-	-

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	-	2	-	-	-	-	-	-
Professional qualified	-	4	-	1	1	1	1	-
Skilled	10	-	1	-	1	-	-	-
Semi-skilled	43	-	-	-	-	-	-	-
Unskilled	1	-	-	-	-	-	-	-
TOTAL	54	6	1	-	2	1	1	-

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	1
Professional qualified	-	-	-	1
Skilled	-	-	-	-
Semi-skilled	-	-	1	-
Unskilled	-	-	-	-
TOTAL	-	-	1	2

There are many challenges facing SASSETA on meeting EE numerical goals; ranging from the size of the organisation to lack of capacity within the organisation to effectively implement the EE Plan during the period under review. The next financial year will see the EE Plan reviewed and implemented.





Financial information

PART E



1. Report of the external auditor

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Safety and Security Sector Education and Training Authority (SASSETA) set out on pages 58 to 98, which comprise the statement of financial position as at 31 March 2014, the statement of 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 board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), and for such internal control as management 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 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 audit opinion.

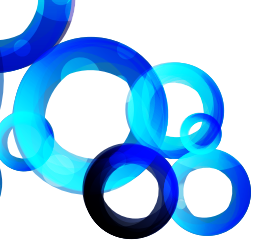
Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of SASSETA as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the PFMA and SDA.

Emphasis of matters

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





Restatement of corresponding figures

- As disclosed in note 16 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of errors discovered during the year ended 31 March 2014 in the financial statements of the SASSETA at, and for the year ended, 31 March 2013.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

- I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2014:
 - Programme 4.1: Skills development and administration on pages 24 to 25.
 - Programme 4.2: Skills implementation and monitoring on pages 26 to 31.
- I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPPI).
- I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

- Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, we draw attention to the following matter:

Achievement of planned targets

- Refer to the annual performance report on pages 24 to 37 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

- I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of the public entity for programmes 4.1: Skills development and administration and 4.2: Skills implementation and monitoring. As management subsequently corrected the misstatements we did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

- I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

19. 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 provisions, payables and commitments identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were subsequently provided, resulting in the financial statements receiving an unqualified audit opinion.

Internal audit

20. Internal audit did not evaluate the effectiveness and efficiency of controls and did not make recommendations for its enhancement and improvement, as required by treasury regulation 27.2.10.

Procurement and contract management

21. A construction contract was awarded to contractors that did not qualify for the contract in accordance with CIDB regulation 17.

Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Leadership

23. The lack of stability at leadership resulted in oversight mechanisms not being effective regarding financial, performance reporting and compliance with laws and regulations. Action plans were therefore not timely implemented and monitored to prevent recurring findings.

Financial and performance management

24. The material misstatements identified were attributable to the lack of adequate reviews and the lack of quality assurance of the financial statements and performance reporting.

Governance

25. The internal audit unit was not fully operational for the year under review and therefore did not assist the audit committee in its oversight function by timely identifying internal control deficiencies and recommending corrective actions for implementation by the entity.

OTHER REPORTS

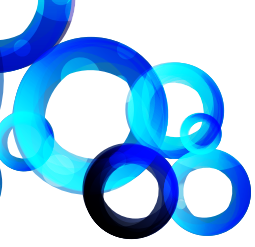
Investigations

26. An independent consulting firm conducted an investigation into duplicate projects and payments on the Enterprise Project Management System, which was finalised in December 2013. Disciplinary actions were instituted and one employee was dismissed.
27. An investigation by an independent consulting firm into the use of discretionary grants allocated to service providers was finalised and the outcome indicated alleged abuse of the discretionary grant allocations and collusion between some staff and service providers.

Auditor-General

Auditor-General
Pretoria
31 July 2014





2. Annual Financial Statements

Audited Annual Financial Statements For the year ended 31 March 2014

The Financial Statements for the year ended 31 March 2014, set out on pages 58 to 98 *have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board*, and are signed on their behalf by:

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Mr M. Sekhonyane

Acting Chief Executive Officer
31 July 2014

Mr A. Witbooi

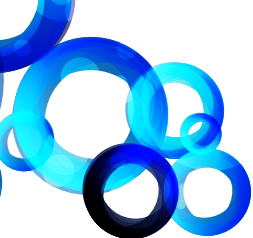
Board: Chairperson
31 July 2014

Safety and Security Sector Education and Training Authority

For the year ended 31 March 2014

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Safety and Security Sector Education and Training Authority
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2014

REPORT OF THE ACCOUNTING AUTHORITY

1. COMPOSITION OF THE SASSETA BOARD

The composition of the SASSETA Board is in line with the provision of section 11 of the Skills Development Act, 1998 which requires that SETAs should carry out their mandate in consultation and co-operation with stakeholders. SASSETA Board, in compliance with the said provisions and as the Accounting Authority, consists of the following members:

Representatives of Board

Name	Total number of meetings attended	Total number of scheduled meetings
Abbey Witbooi - Chairperson	8	8
Dr Barnet Delport	5	8
Bhekinkosi Mvovo	8	8
Colonel Charles Simonse	7	8
Lena-Marie Fourie	7	8
Linda Bond	4	8
Mpopolo Masekela	8	8
Mzwandile Makwayiba	5	8
Michelle Beatson	3	8
Nicholus Maziya	4	8
General Nobubele Mbekela	1	8
Brig General (Ret) Petronella Petra Tembe	5	8
Robert Nogumla	4	8
Zanoxolo Mpendu	7	8

2. PERFORMANCE INFORMATION

SASSETA's performance is measured by the Department of Higher Education and Training against the National Skills Development Strategy III. The Service Level Agreement and Scorecard were signed between SASSETA and the Department of Higher Education and Training. SASSETA has adequate infrastructure which it uses for record keeping and updating purposes, quality and assurance requirements as well as reporting to the Department of Higher Education and Training.

SASSETA reports quarterly to the Department of Higher Education and Training and ultimately annually as contained in this annual report, refer to the performance information section on pages 24 to 37.

3. CORPORATE GOVERNANCE

SASSETA is committed to sound and transparent governance that will enhance its relationship with all its stakeholders, build a productive culture of good corporate governance and leadership and embrace corporate

practices based on values, integrity, excellence and equity within the organization. SASSETA endorses the Code of Corporate Practices and Conduct as contained in the King III Report where appropriate.

A structured approach is followed for delegation, reporting and accountability, which includes reliance on Board Committees. The Board has approved a constitution that provides guidance to the members in discharging their duties and responsibilities.

SASSETA has nine (9) sub committees, which assist the Board in discharging its responsibilities. Each Committee operates within its terms of reference and delegated responsibilities. The Board sub-committees are:

3.1 Audit and Risk Committee

The Audit and Risk Committee consists of two Board members and three members independent of the Board. All members are suitably skilled and experienced. During the year under review 9 meetings were held. The committee's meetings have regularly included the internal auditors and representatives from the office of the Auditor-General South Africa. An independent member chairs the committee. The functions of the Committee are as follows:

- The Committee has an oversight role with accountability to both the Board and Stakeholders.
- The Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities.
- The Committee is responsible for overseeing the internal audit function.
- The Committee is an integral component of the risk management process.
- The Committee oversees the annual financial statements, performance information and related reports.

Representatives of Audit and Risk Committee and meetings attended

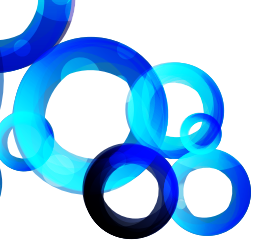
Name	Total number of meetings attended	Total number of scheduled meetings
Velile Kweyama - Chairperson	9	9
Sathie Gounden	4	9
Khanyi Mdutshana	8	9
Colonel Charles Simonse	7	9
Michelle Beatson	5	9

3.2 Finance & Remuneration Committee

The Finance and Remuneration Committee consists of five (5) non-executive members appointed by the Board and the Chief Executive Officer (CEO), Senior Manager: Corporate Services and the Chief Financial Officer (CFO), who are Ex-Officio members. It is chaired by a Board Member and;

- Must perform all functions referred or delegated to it by the Board to ensure that SASSETA meets the requirements of the Act, the SDLA, PFMA and Treasury Regulations that relate to finance and the remuneration of the CEO and staff.
- Must evaluate and make recommendations to the Board in respect of financial matters.
- Must advise the Board on any matters relating to remuneration to enable the Board to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its staff in order to attract, motivate and retain talented people.
- Advise the Board on any other finance governance issues.





Representatives of Finance & Remuneration Committee and meeting attended

Name	Total number of meetings attended	Total number of scheduled meetings
Bhekinkosi Mvovo – Chairperson	6	6
Anna Maoko	6	6
Linda Bond	3	6
George Ramotsoto*	–	6
Andisiwe Sigonyela	4	6

* Member has been withdrawn by the affiliated stakeholder and the Accounting Authority will consider appointment of a replacement member.

3.2 Executive Committee

The Executive Committee (EXCO) consists of five (5) non-executive members appointed by the Board, consisting of one (1) ministerial appointee, two (2) representing the employer and two (2) representing organised labour, and Senior Management (Ex Officio). Exco is responsible for recommending and reporting business issues to the Board.

Name	Total number of meetings attended	Total number of scheduled meetings
Abbey Witbooi - Chairperson	15	15
Brig General (Ret) Petronella Petra Tembe	12	15
Lt. General Nobubele Mbekela	3	15
Mzwandile Makwayiba	11	15
Nicholus Maziya	9	15

3.4 Learning Programmes & ETQA Committee

The Learning Programmes & ETQA Committee consists of five (5) non-executive members appointed by the Board. The Chairperson is an independent Board member, two (2) members represent employers and two (2) represent organised labour. The CEO is an Ex-Officio member of this committee. The committee is responsible for recommending and advising on the identification and development of learning programmes and qualifications and coordination of learning programmes and qualifications in the safety and security sector.

Representatives of Learning Programmes & ETQA Committee and meeting attended

Name	Total number of meetings attended	Total number of scheduled meetings
Zanoxolo Mpendu - Chairperson	4	4
Brig General (Ret) Petronella Petra Tembe	–	4
Xolile Mashukuca	–	4
Dr Barnet Delpport	4	4
David Sibisi	2	4

3.5 Sector Skills Plan (SSP) Committee

The SSP Committee consists of five (5) non-executive members appointed by the Board. A Chairperson is independent, two (2) represent employers and two (2) who represent organised labour, the CEO and Senior Manager: Skills Planning and Administration who are Ex-Officio members of this committee. The Committee is responsible for determining education and training priorities in the safety and security sector. The committee is chaired by a Board Member.

Representatives of SSP Committee and Meetings attended

Name	Total number of meetings attended	Total number of scheduled meetings
Dr Barnett Delport - Chairperson	3	4
Clarissa Maponyane	4	4
Lena-Marie Fourie	2	4
Malibongwe Kayiyane*	-	4
Maureen Nkgati	4	4

*Member was withdrawn by the affiliated stakeholder.

3.6 Bid Adjudication Committee (BAC)

The BAC consists of six (6) non-executive members appointed by Board. The CEO and CFO are Ex-Officio members of this committee. The BAC is responsible for adjudication of bids of at least R500 000.00 in value and depending on the delegated powers make:

- a recommendation to the Board to make a final award; or
- make another recommendation to the Board on how to proceed with the relevant procurement.
- The committee is chaired by a Board Member

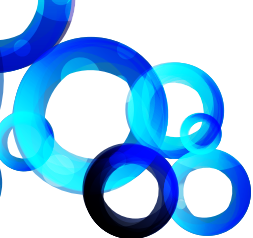
Representatives of Bid Adjudication Committee and meetings attended

Name	Total number of meetings attended	Total number of scheduled meetings
Nicholus Maziya – Chairperson	2	2
Mpopolo Masekela	2	2
Lulekwa Ngcwabe*	0	2
Edith Mogotsi**	0	2
Paul Nephawe	2	2
Phakamisa Herald Mdineka*	0	2

* Ms NGWABE immediately after her appointment moved to another employer organisation that was outside of SASSETAs Sector and there was no replacement made.

** Ms MOGOSTI and Mr MDINEKA did not attend any of the scheduled meetings as a result there was no replacement.





3.7 Discretionary Grants Committee (DG)

The DG Committee consists of five (5) non-executive members appointed by Board. The CEO, CFO and Senior Manager: Skills Implementation and Monitoring are Ex-Officio members of this committee. The DG Committee is responsible for evaluation of projects that address the NSDS III, by ensuring that:

- All necessary RFP documents have been submitted, which may include but not limited to: accreditation, programme approvals for the programme to be delivered, tax clearance, registration with Umalusi to offer a learnership or full qualifications.
- Disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over DG applications.
- Evaluations have been fair, and in line with the Discretionary Grants Guidelines as approved by the Board.

The committee is chaired by a Board Member

Representatives of Discretionary Grants Committee and meetings attended

Name	Total number of meetings attended	Total number of scheduled meetings
Mpopolo Masekela - Chairperson	5	5
Nicholus Maziya	3	5
Xolile Mashukuca	–	5
Rose Sekotlong	3	5
Brigadier Suzette Hall	3	5

3.8 Governance and Strategy Committee

The Governance and Strategy Committee consists of 5 non-executive members appointed by the Board. The CEO, CFO, Senior Managers, Skills Development and Administration and Skills Implementation and Monitoring and Senior Manager Corporate Services, are all ex- officio members.

The Governance and Strategy Committee is Chaired by a Board member and must

- ensure the development of policies, principles, criteria and guidelines that are necessary for the governance and strategy function of SASSETA;
- promote good governance;
- report to the Accounting Authority on such matters as it deems necessary; and
- develop a skills development strategy for the Sector.

Representatives of Governance and Strategy Committee and meetings attended

Name	Total number of meetings attended	Total number of scheduled meetings
Brig General (Ret) Petronella Petra Tembe- Chairperson	3	5
Linda Bond	3	5
Dr Barnet Delport	5	5
David Sibisi	4	5
Logan Naidu	5	5

3.9 Policy Formulation Committee

The Policy Formulation Committee consists of six (6) non-executive members appointed by the Board. The CEO, CFO, Senior Managers, Skills Development and Administration and Skills Implementation and Monitoring and Senior Manager Corporate Services, are all ex-officio members. The Policy Formulation Committee is chaired by a Board member and must

- provide advice to the Board on matters relating to the Policy Framework and its implementation;
- monitor and provide advice on the development, approval and review of policies;
- provide expertise to enhance the quality of Board discussions on policy and facilitate effective Board decision making in this area
- monitor the implementation of the approved SASSETA Constitution
- provide advice to the Board on national economic, sectoral developments impacting on the SASSETA Constitution;

Representatives of Policy Formulation Committee and meetings attended

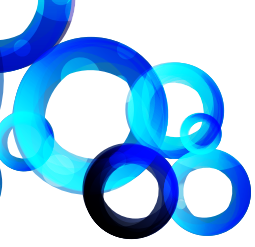
Name	Total number of meetings attended	Total number of scheduled meetings
Michelle Beatson- Chairperson	1	1
Bhekinkosi Mvovo	1	1
Linda Bond	1	1
Moses Lebaka	1	1
Dr. Bongiwe Zulu	1	1
Nicholus Maziya	1	1

RISK MANAGEMENT AND INTERNAL CONTROLS

SASSETA endeavours to minimize risk by maintaining appropriate systems, policies, personnel and controls throughout the organization. A risk assessment exercise was performed during the 2013/14 financial period to identify areas of risk and to map appropriate controls over the past financial period. The process was facilitated to determine the material risks to which SASSETA was exposed and to evaluate the strategy for managing these risks.

SASSETA relied on the outsourced internal audit function and external auditors for independent appraisal of the adequacy and effectiveness of the internal controls. The Audit and Risk Committee, with extensive input from the internal and external auditors, played a major role in assisting Board to assess the adequacy and effectiveness of the accounting system, records and internal controls.





REPORT OF THE ACCOUNTING AUTHORITY continued

INTERNAL AUDIT

SASSETA has an internal audit function, which has been outsourced to Big Innovation Group who provides the Audit and Risk Committee and Management with reasonable assurance that internal controls are appropriate and effective

MATERIALITY FRAMEWORK

The SASSETA Board has developed a materiality framework in line with the Public Finance Management Act.

RECORD OF MEETINGS

The following is a record of meetings of the SASSETA governance structures from April 2013 to March 2014.

SASSETA Structure	Board	Audit and Risk Committee	Finance & Remuneration Committee	Chambers	Executive Committee	Learnership Programmes & ETQA Committee	Discretionary Grant Committee	SSP Committee	Bid Adjudication Committee	Governance and Strategy	Policy formulation
No. of meetings	8	9	6	28	15	4	5	4	2	5	1

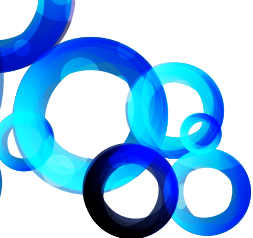
Safety and Security Sector Education and Training Authority
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STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2014

		Restated	
		2013/14	2012/13
	Note	R'000	R'000
REVENUE			
Non-exchange Revenue			
		288 866	256 806
Skills Development Levy: income	2	284 083	252 664
Skills Development Levy: penalties and interest		4 783	4 142
Exchange Revenue			
		10 726	8 331
Investment Income	3	10 305	7 844
Other Income	4	421	487
Total Revenue		299 592	265 137
EXPENSES			
Employer grant and project expenses	5	(170 139)	(129 690)
Administration expenses	6	(77 947)	(76 586)
Total expenses		(248 086)	(206 276)
NET SURPLUS FOR THE YEAR	1	51 506	58 861





Safety and Security Sector Education and Training Authority
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2014

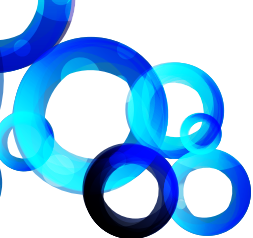
			Restated
		2013/14	2012/13
	Note	R'000	R'000
ASSETS			
Non-current assets			
Property, Plant and Equipment	7	3 423	4 040
Intangible Assets	8	-	-
		3 423	4 040
Current assets			
Trade and Other Receivable - Exchange	9	3 252	4 657
Trade and Other Receivable - Non-Exchange	9	4 750	4 841
Inventories	10	842	342
Cash and Cash Equivalents	11	275 139	242 115
		283 983	251 955
TOTAL ASSETS		287 406	255 995
EQUITY AND LIABILITIES			
Non-current liabilities			
Finance Lease Obligations	12	-	79
		-	79
Current liabilities			
Trade and Other Payable - Exchange	13	22 032	7 507
Trade and Other Payable - Non-Exchange	13	4 764	29 884
Current portion of finance lease obligations	12	79	673
Provisions	14	915	9 742
		27 790	47 806
TOTAL LIABILITIES		27 790	47 885
NET ASSETS		259 616	208 110
Represented by:			
Funds and reserves			
Administration reserve		3 423	4 040
Employer grant reserve		618	-
Discretionary reserve		255 575	204 070
		259 616	208 110

Safety and Security Sector Education and Training Authority
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2014

	Notes	Administration reserve R'000	Employer Grant Reserve R'000	Discretionary reserve R'000	Unappropriated surplus R'000	Total R'000
Balance at 01 April 2012		3 176	-	143 120	-	146 296
Errors relating to the 2011/12 financial year		2 007	-	946	-	2 953
- Interest received and not accounted for		-	-	431	-	431
- Funds recovered due to overpayment of expenditure in previous years		-	-	133	-	133
- Computer equipment incorrectly recognized (cost less accumulated depreciation)		-	-	(219)	-	(219)
- Reassessment of useful life		2 007	-	834	-	2 841
- Lease commitment previously incorrectly accounted for		-	-	(79)	-	(79)
- Administration expenditure not previously recognized		-	-	(153)	-	(153)
Balance at 01 April 2012 as restated		5 183	-	144 066	-	149 249
Net surplus/(deficit) per Statement of Financial Performance		-	-	-	58 861	58 861
Allocation of unappropriated surplus		9 775	32 770	16 316	(58 861)	-
Excess reserves transferred to Discretionary reserve		(10 919)	(32 770)	43 689	-	-
Balance at 31 March 2013 as restated		4 040	-	204 070	-	208 110
Net surplus/(deficit) per Statement of Financial Performance		-	-	-	51 506	51 506
Allocation of unappropriated surplus		18 704	19 125	13 677	(51 506)	-
Excess reserves transferred to Discretionary reserve		(19 321)	(18 507)	37 828	-	-
Balance at 31 March 2014		3 423	618	255 575	-	259 616



Safety and Security Sector Education and Training Authority
ANNUAL FINANCIAL STATEMENTS

CASH FLOW STATEMENT

For the year ended 31 March 2014

		2013/14	Restated
	Note	R'000	2012/13
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		281,112	262,988
Levies, interest and penalties received		280,731	262,285
Other cash receipts from stakeholders		381	703
Cash paid to stakeholders, suppliers and employees		(256,168)	(193,564)
Grants and project payments		(183,736)	(116,163)
Compensation of employees		(32,106)	(31,223)
Payments to suppliers and other		(40,326)	(46,177)
Cash generated from operations	15	24,944	69,425
Interest income	3	10,305	7,844
Finance Cost	6	(91)	(230)
Net cash inflow from operating activities		35,158	77,039
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(1,354)	(720)
Purchase of intangible assets	7	-	-
Disposal of property, plant and equipment		(116)	-
Net cash outflow from investing activities		(1,470)	(720)
CASH FLOW FROM FINANCING ACTIVITIES			
		(664)	(764)
Net cash (outflow) from financing activities		(664)	(764)
Net increase in cash and cash equivalents		33,024	75,555
Cash and cash equivalents at beginning of the year	11	242,115	166,560
Cash and cash equivalents at end of the year	11	275,139	242,115

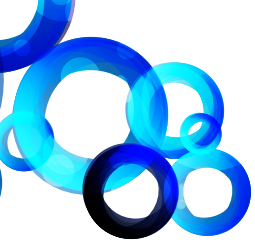
Safety and Security Sector Education and Training Authority
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL COSTS

For the year ended 31 March 2014

	Approved	Final	Actual Amounts on Comparable Basis	Difference: Final Budget and Actual
REVENUE				
Non-exchange Revenue				
Skills Development Levy: Income	274 805	274 805	284 083	(9 278)
Skills Development Levy: Penalties and Interest	4 556	4 556	4 783	(227)
Exchange Revenue				
Investment Income	11 981	11 981	10 305	1 676
Other Income	535	535	421	114
Total Revenue	291 877	291 877	299 592	(7 715)
EXPENSES				
Employer Grants and Project Expenses	(219 243)	(219 243)	(170 139)	(49 104)
Administration Expenses	(72 634)	(72 634)	(77 947)	5 313
Total expenses	(291 877)	(291 877)	(248 086)	(43 791)
Net Surplus/ (deficit)	-	-	51 506	(51 506)





ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

Statement of Compliance

The Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practices (GRAP) issued by the National Treasury.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act no. 29 of 1999).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

Summaries of the significant accounting policies are disclosed below.

1.1 REVENUE RECOGNITION

Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange

transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As SASSETA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No. 29 of 1999) and is recognised when the recovery thereof from the responsible board members or officials is virtually certain.

Levies transferred from DHET

The accounting policy for the recognition and measurement of skills development levy income was further interpreted in line with the Skills Development Act, Act no. 97 of 1998 and the Skills Development Levies Act No. 9 of 2001.

The interpretation allows SETA's to recognise revenue on the receipt of the funds from the Department of Higher Education in the bank account of the SETA or on allocation by Department of Higher Education and Training, whichever comes first.

The revision was completed and issued by National Treasury on the 27th July 2007 and was effective from 1 April 2007.

Levies Received from Government

Levy income from government departments is recognised on an accrual basis. However, the following is taken into account on recognition:

- Definition of an asset as per GRAP 1, when recognising asset (receivables) relating to Levy Income from Government Departments.
- A recognition of an asset arising from non-exchange transaction when SASSETA gains control of resources that meet the definition of an asset and satisfy the recognition criteria.
- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

1.1.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS).

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

A net receivable/payable is recognised for levies accrued as well as estimated

SARS adjustments. An estimate due to retrospective adjustments by SARS and outstanding levies due at period-end is based on grant overpayments to employers.

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

Revenue is adjusted for inter-SETA transfers due to employers changing SETA's. Such adjustments are separately disclosed as Inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the Standard Operating Procedures and guidelines from the Department of Higher Education.

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

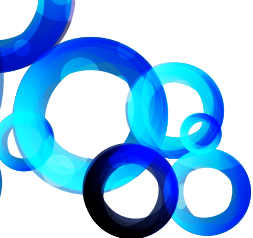
1.1.2 Interest and penalties

Interest and penalties on the skills development levy are recognised on the receipt of the funds from the Department of Higher Education in the bank account of the SETA or on allocation by Department of Higher Education, whichever comes first.

1.1.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the Financial Statements of SASSETA as a liability until the related eligible special project expenses are incurred, when the liability is utilised the revenue that is recognised as income in the statement of financial performance.





ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

Property, plant and equipment acquired for NSF Special Projects are capitalised in the Financial Statements of SASSETA, as SASSETA controls such assets for the duration of the project. The NSF disposes of such assets in terms of an agreement and specific written instructions

1.1.4 Other donor income

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that SASSETA 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.

1.1.5 Investment income

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

1.1.6 Firearm income

SASSETA charges a nominal fee for the administration of the firearm certificates. Revenue received is recognised as income received in advance and only recognised as income on issue of certificates.

1.2 GRANTS AND PROJECT EXPENDITURE

A registered Entity may recover a maximum of 20% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Levies 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 cut-off period. The grant is equivalent to 20% (2012/13: 50%) of the total levies paid by the employer during the corresponding financial period for the skills planning grant of the total levies paid by the employer during the

corresponding financial period for the skills planning grant and the skills implementation grant respectively.

Discretionary grants

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. The grant payable and the related expenditure are recognised when the application has been approved and certain performance conditions have been achieved.

Project expenditure

Project expenditure comprise of the following:

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

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

Project costs are recognised as expenses in the period in which they are incurred. 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.

1.3 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

- The PFMA,
- The Skills Development Act,

Fruitless and wasteful expenditure means expenditure that was made in vain and would

have been avoided had reasonable care been exercised.

All irregular, fruitless and wasteful expenditure are charged against income in the period in which they are incurred.

1.4 PROPERTY, PLANT AND EQUIPMENT

SASSETA recognises assets when it has a control of the resource as a result of the past events and from which future economic benefits or service potential are expected to flow to the entity.

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Plant and equipment is initially measured at cost.

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Depreciation of property, plant and equipment is calculated to write off the cost of the asset to its residual value, on the straight-line basis, over its expected useful life as follows:

Computer Equipment	3 years to 10 years
Computer Server	3 years to 10 years
Furniture and Fittings	5 years to 16 years
Office Equipment	5 years to 16 years
Vehicles	5 years to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

When an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to SASSETA and the cost of the item can be measured reliably.

Repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred. Borrowing costs are capitalised in accordance with SASSETA policy. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Items of plant and equipment are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of an item plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such difference is recognised in surplus or deficit when the item is derecognised.

Useful lives and residual values of Property, plant and equipment

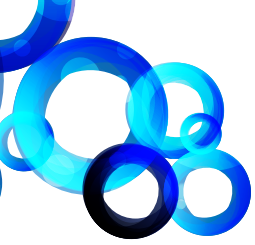
- The useful lives of property, plant and equipment are reviewed at each balance sheet date. Management based on historic analysis and other available information estimates these useful lives.
- The residual values of property, plant and equipment are reviewed at each statement of financial position date. The residual values are based on the assessment of useful lives and other available information.
- The carrying amounts of the assets are disclosed in note 7.
- Depreciation rates are limited to the life of the SETA.

1.5 INTANGIBLE ASSETS

Acquired computer software licences and computer application packages are capitalised on the basis of the costs incurred and bring to use the specific software. These costs are amortised over their estimated useful lives. Amortisation on these costs is provided to write down the intangible assets, on a straight-line basis, over their useful lives as follows: | Useful life

- Computer software 2 years to 10 years





ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

Expenditure on research is recognised as an expense when it is incurred. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Authority, and that will probably generate economic benefits or service potential exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Amortisation commences when the intangible asset is available for use. Computer software development costs recognised as assets are amortised over their estimated useful lives. Internally generated brands are not recognised as intangible assets.

Surplus or deficit on the retirement or disposal of intangible assets, being the difference between the actual proceeds and the carrying amounts of the assets, are recognised in the surplus or deficit in the period in which they occur. The disposal date is determined as the date in which SASSETA has transferred all the significant risk and rewards of ownership, SASSETA does not retain either continuing managerial involvement to the degree associated with ownership or effective control over the goods sold, proceeds on the sales can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to SASSETA and the costs incurred or to be incurred in respect of the transaction can be reliably measured. Amortisation commences when the intangible asset is ready for its intended use. Depreciation of an intangible asset ceases at an earlier of the day the asset is classified as held-for-sale in accordance with GRAP 100 or the date the asset is derecognised.

All intangible assets that arise from development are recognised SASSETA can demonstrate that the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it, its ability to use or sell the intangible asset, how the intangible asset

will generate probable future economic benefits or service potential, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and its ability to measure reliably the expenditure attributable to the intangible asset during its development. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method is changed to reflect the changed pattern.

The residual value of an intangible asset with a finite useful life are assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and such residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life. An intangible asset is derecognised on disposal of such intangible asset or when no future economic benefits or service potential are expected from its use or disposal.

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of assets stated in the statement of financial position, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated at the higher of the selling price (less costs to sell) and its value in use. An impairment loss is recognised in the statement of financial performance whenever the carrying amount exceeds the recoverable amount.

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate the carrying amount may not be recoverable. For the purpose of assessing

impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing value in use, the expected future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in previous years.

1.7 LEASING

Finance lease as per the Treasury Regulations 32.2 refer to a contract that transfer the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases. Operating leases with fixed escalation rates are written off over the term of lease agreement.

The SETA as a lessee

Assets held under finance leases and the corresponding liability is recognised at their present value of the minimum lease payments at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the estimated present value of the assets acquired, are charged to the statement of financial performance over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

1.8 RETIREMENT BENEFIT COSTS

Long Term Employee Benefits

The entity operates a defined contribution plan, the assets of which are generally held in separate trustee-administered funds. The plan is generally funded by payments from the entity and employees, taking account of the recommendations of independent qualified actuaries.

The SETA carries no financial obligations after retirement of the employee.

1.9 LIABILITIES

SASSETA recognises a liability when it has a present obligation as a result of past events and the settlement of which will be expected to lead to an outflow of resources embodying economic benefits or service potential.

1.10 CONTINGENT ASSETS

SASSETA discloses a contingent asset where, as a result of past events, it is highly likely that economic benefits will flow to it but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, which are not wholly within the control of the Authority.

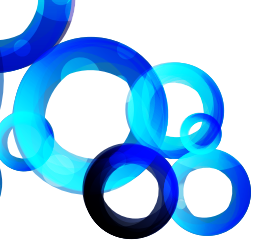
1.11 PROVISIONS

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

Various assumptions are applied in arriving at the carrying value of provisions that are recognized in terms of the requirements of GRAP 19 specific to Provisions, Contingent Liabilities and Contingent Assets. The carrying amounts of the provisions are disclosed in note 14 and 18 respectively.

Management further relies on input from the lawyers in assessing the probability of matters of a contingent nature. Contingent liabilities are disclosed in note 18.





ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

The principal accounting policies adopted in the preparation of these Financial Statements are set out below and are, in all material respects, consistent with those of the previous period, except as otherwise indicated.

1.11.1 Provision for employee entitlements

The cost of other employee benefits (not recognised as retirement benefits – see note VIII above) is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees as at the reporting date. Provision included in the statement of financial position is provision for bonuses.

1.11.2 Other Provisions

Grant payments

A provision is recognised for grant payments 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 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.

Projects

No provision is 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 Annual Financial Statements.

Exempt Employers

This provision is as a result of the employers with an annual payroll cost of less than R500 000.00. Per grant regulations, these employers are exempt

from levy contributions. There are employers that do contribute regardless.

The provision is retained for a maximum period of 5 years.

1.12 CONTINGENT LIABILITIES

The contingent liability is disclosed as a contingent liability when SASSETA has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or it has a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources will be required to settle an obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

1.13 FINANCIAL INSTRUMENTS

Recognition

Financial assets and financial liabilities are recognised on the SETA's statement of financial position when the SETA becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are measured at fair value on the date of acquisition, including directly attributable transaction costs and thereafter at amortised costs, unless through profit/loss.

Currency

These Financial Statements are presented in South African Rands since that is the currency in which the majority of the entity transactions are denominated.

Financial liabilities

The SETA's principal financial liabilities are interest bearing borrowings, accounts and other payables and bank overdrafts. All financial liabilities are measured at amortised cost, comprising original debts less principal payments

and amortisations, except for financial liabilities held-for trading and derivative liabilities, which are subsequently measured at fair value.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments are included in net surplus or deficit in the period in which it arises.

De-recognition

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

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharge, cancelled, or expires. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortized costs, and the amount paid for it is included in the net profit or loss for the period.

1.16 RESERVES

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

	2013/14	2012/13
	R'000	R'000
Administrative Reserve	3,423	4,040
Employer Grant Reserve	618	-
Discretionary Reserve	255,575	204,070
Capitalisation Reserve	-	-
Revaluation Reserve	-	-
Unappropriated surplus	-	-
	259,616	208,110

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).

Fair value considerations

The fair values at which financial instruments are carried at the statement of financial position date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the SETA could realise in the normal course of business.

Off-setting

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

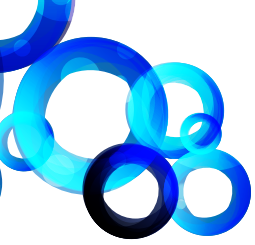
1.14 COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current financial year and recognition of prior period errors.

1.15 CONSUMABLE INVENTORY

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of the acquisition. Subsequently inventories are measured at the lower of cost or net realisable value.





Safety and Security Sector Education and Training Authority
ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

Member employer Entity 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:

	2013/14	2012/13
	%	%
Administration costs of the SETA	10.50	10.00
Employer Grant Fund Levy	20.00	50.00
Mandatory Workplace Skills		
Planning Grant	20.00	50.00
Mandatory Workplace Skills		
Implementation Grant	-	-
Discretionary grants and projects	49.50	20.00
	80.00	80.00

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs. Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received. The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above (include basis of movement).

1.17 RELATED PARTIES TRANSACTIONS

SASSETA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of SASSETA, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. SASSETA regards all individuals at senior management as key management per the definition of the financial reporting standard.

Close members of the family of key management personnel are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with SASSETA.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

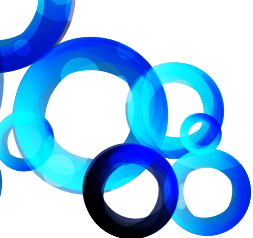
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES

	Total per Income Statement (R'000)	Administration Reserve (R'000)	Employer grants reserve (R'000)	Discretionary reserves (R'000)
For the year ended 31 March 2014				
Total Revenue	299 592	96 651	69 674	133 266
Skills development levy: income				
Admin levy income (10.5%)	96 230	96 230	-	-
Grant levy income (69.5%)	187 853	-	69 674	118 178
Skills development levy: penalties and interest	4 783	-	-	4 783
Investment income	10 305	-	-	10 305
Other income	421	421	-	-
Total expenses	248 086	77 947	50 549	119 590
Administration expenses	77 947	77 947	-	-
Special project expenditure	170 139	-	50 549	119 590
	51 506	18 704	19 125	13 677
For the year ended 31 March 2013				
Total revenue	265 137	86 362	119 902	58 873
Skills development levy: income				
Admin levy income (10%)	85 875	85 875	-	-
Grant levy income (70%)	166 789	-	119 902	46 887
Skills development levy: penalties and interest	4 142	-	-	4 142
Investment income	7 844	-	-	7 844
Other income	487	487	-	-
Total expenses	206 276	76 587	87 132	42 558
Administration expenses	76 587	76 587	-	-
Employer grants and project expenses	129 690	-	87 132	42 558
	58 861	9 775	32 770	16 316





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For the year ended 31 March 2014

2. SKILLS DEVELOPMENT LEVY INCOME

	2013/14 R'000	Restated 2012/13 R'000
The total levy income per the Statement of Financial Performance is as follows:		
Levy income: Administration	96 230	85 875
Levies received	95 923	85 875
Levies transferred from DHET	26 495	24 863
Government levies received	69 418	60 918
Inter-SETA transfers in	10	94
Inter-SETA transfers out	-	-
Levy provision	308	-
Levy income: Employer Grants	69 674	119 902
Levies received	68 087	119 902
Levies transferred from DHET	68 067	119 435
Inter-SETA transfers in	20	467
Inter-SETA transfers out	-	-
Levy provision	1 587	-
Levy income: Discretionary Grants	118 178	46 887
Levies received	117 606	46 887
Levies transferred from DHET	117 556	46 701
Inter-SETA transfers in	50	186
Inter-SETA transfers out	-	-
Levy provision	572	-
	284 083	252 664

3. INVESTMENT INCOME

Interest received on bank deposits	10 305	7 844
	10 305	7 844

4. OTHER INCOME

Other income comprises:		
Revenue from supporting services rendered by	369	487
Other	51	-
Refund on bursaries	11	-
Proceeds from insurance	40	-
	421	487

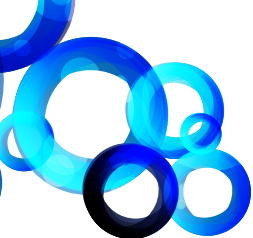
5. EMPLOYER GRANT AND PROJECT EXPENSES

	2013/14 R'000	Restated 2012/13 R'000
Mandatory grants	50 549	87 132
- Disbursed	76 808	74 667
- Movement in Provisions and Accruals	(26 259)	12 465
Project Expenditure	119 590	42 558
- Disbursed	106 928	41 496
- Movement in Provisions and Accruals	12 662	1 062
	170 139	129 690

6. ADMINISTRATION EXPENSES

Depreciation		1 857	2 282
Loss on disposal of property, plant and equipment		57	65
Impairment losses on property, plant and equipment			
Operating lease rental (minimum lease payments)		3 525	3 801
Buildings		3 525	3 801
Maintenance, repairs and running costs		1 318	5 939
Property and buildings		1 318	2 354
Machinery and equipment		-	3 521
Other		-	63
Advertising, marketing and promotions, communication		4 839	7 760
Entertainment expenses		56	714
Professional fees		6 431	1 091
Legal fees		2 806	543
Cost of employment	6.1	32 045	31 223
Travel and subsistence		1 887	3 496
Staff training and development		329	558
Remuneration to members of the accounting authority		2 338	1 608
Remuneration to members of the audit committee		450	480
Remuneration to members of other committees		874	780
External auditor's remuneration		2 531	1 983
Audit fee		2 531	1 983
Bad Debts		981	45





Safety and Security Sector Education and Training Authority
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For the year ended 31 March 2014 (continuation of note 6)

	Notes	2013/14 R'000	Restated 2012/13 R'000
Other		15 623	14 219
Other Expenses		2 679	2 919
Telephone and Fax		935	1 117
Insurance		140	237
Meetings and Workshops		3 544	2 044
Interest Paid		91	230
Recruitment		1 522	491
Stationery and Printing		804	926
Subscription and Publication		115	297
Secretarial Fees		2 105	794
Fire Arm Expenses		289	393
Accommodation & Meals		1 723	1 755
Administration Expenses		1 449	1 939
Internal Audit Fees		228	1 076
		77 947	76 586

6.1 Cost of employment

Salaries and wages		27 668	26 991
Basic salaries		27 029	25 996
Performance Bonuses		-	515
Leave payments		448	301
Overtime payments		190	179
Social contributions		4 378	4 232
Medical aid contributions		1 469	1 371
Pension contributions: defined contribution plans		2,755	2 721
UIF		154	140
		32 045	31 223
Allocation of cost of employment			
Administration expenses	6	32 045	31 223
		32 045	31 223
Average number of employees		84	89

7. PROPERTY, PLANT AND EQUIPMENT

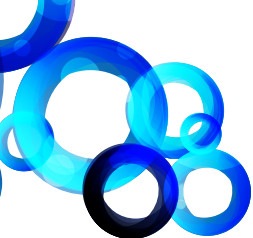
	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
For the year ended 31 March 2014			
Computer Server	2 345	(1 719)	627
Computer equipment	5 767	(3 846)	1 921
Office furniture and fittings	3 002	(2 233)	769
Office equipment	3 816	(3 765)	51
Motor vehicles	487	(431)	56
Balance at end of year	15 417	(11 995)	3 423
Made up as follows:			
- Owned assets	11 601	(8 230)	3 372
- Lease assets	3 816	(3 765)	51

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
For the year ended 31 March 2013			
Computer Server	2 022	(1 572)	450
Computer equipment	5 260	(3 216)	2 044
Office furniture and fittings	2 848	(1 980)	868
Office equipment	3 816	(3 221)	595
Motor vehicles	487	(403)	84
Restated balance at end of year	14 432	(10 393)	4 040
Made up as follows:			
- Owned assets	10 616	(7 172)	3 445
- Lease assets	3 816	(3 221)	595

Movement summary 31 March 2014

	Opening Carrying Amount 2012/13	Additions	Disposals	Depreciation charge	Impairment Losses (recognised) / reversed	Accumulated Depreciation on disposals	Closing Carrying amount 2013/14
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	450	324	-	(147)	-	-	627
Computer equipment	2 044	774	(265)	(840)	-	151	1 865
Office furniture and fittings	867	256	(108)	(348)	-	106	774
Office equipment	595	-	-	(493)	-	-	101
Motor vehicles	84	-	-	(28)	-	-	56
Balance for the year ended	4 040	1 354	(373)	(1 857)	-	257	3 423





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For the year ended 31 March 2014

Movement summary 31 March 2013

	Opening Carrying Amount 2011/12	Additions	Disposals	Depreciation charge	Impairment Losses (recognise) / reversed	Accumulated Depreciation on disposals	Closing Carrying amount 2012/13
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	793	-	-	(343)	-	-	450
Computer equipment	2 414	535	(385)	(899)	-	380	2 044
Office furniture and fittings	1,309	120	(949)	(437)	-	824	867
Office equipment	1 139	-	-	(544)	-	-	595
Motor vehicles	143	-	-	(59)	-	-	84
Restated balance for the year ended	5 798	655	(1 334)	(2 282)	-	1 204	4 040

8. INTANGIBLE ASSETS

For the year ended 31 March 2014

	Historical Cost R'000	Accumulated amortisation/ impairment R'000	Closing carrying amount R'000
Computer Software	2 553	(2 553)	-
Balance at end of period	2 553	(2 553)	-
Made up as follows:			
- Owned assets	2 553	(2 553)	-

For the period ended 31 March 2013

	Cost R'000	Accumulated amortisation/ impairment R'000	Closing carrying amount R'000
Computer Software	2 553	(2 553)	-
Balance at end of period	2 553	(2 553)	-
Made up as follows:			
- Owned assets	2 553	(2 553)	-

Movement summary 31 March 2014

	Opening Carrying Balance	Additions	Disposals	Amortisation charge	Accumulated amortisation on disposals	Closing Carrying amount 2014
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	-	-	-	-	-	-
Balance for the year ended 31 March 2014	-	-	-	-	-	-

Movement summary 31 March 2013

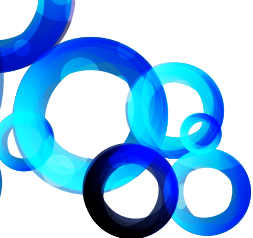
	Opening Carrying Balance	Additions	Disposals	Amortisation charge	Accumulated amortisation on disposals	Closing Carrying amount 2013
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	124	-	-	(124)	-	-
Balance for the year ended 31 March 2013	124	-	-	(124)	-	-

9. TRADE AND OTHER RECEIVABLE

	Note	2013/14 R'000	Restated 2012/13 R'000
Exchange Transactions			
Interest receivable		1 373	1 798
Staff debtors		8	15
Prepaid expenses		278	254
Other receivables		1 593	1 690
Rental Deposit		1 593	1 477
Amounts recoverable from a provider due to overpayment made		-	133
Irregular Expenditure debtors	20	-	981
		3 252	4 657
Non-exchange Transactions			
Employer receivables	9.1	4 722	4 812
Skills development levy debtors		28	29
Admin levy debtors		4	4
Employer grant levy debtors		20	21
Discretionary grant debtors		4	4
Project debtors		-	-
		4 750	4 841
		8 002	9 498
9.1 Employer receivable			
Employer receivable		4 722	4 812
Overpayment to employers		-	-
Provision for grant payable		4 722	4 812

During the year R4, 7 million was recognised relating to the overpayments to the employer in the earlier periods, and is based on the amount of such grant over payments.





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For the year ended 31 March 2014

	2013/14 R'000	Restated 2012/13 R'000
Note		
10. INVENTORIES		
Balance at beginning of year	342	262
Amounts utilised	(804)	(930)
Purchases	1 305	1 010
Balance at end of year	842	342

11. CASH AND CASH EQUIVALENTS

Cash in hand and in the Bank	160 625	133 416
Cash at bank	160 624	133 415
Cash on hand	1	1
Short term investment/instrument	114 514	108 699
Cash and cash equivalents as at year end	275 139	242 115

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 6% (2012/13: 6%).

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12. FINANCE LEASE OBLIGATIONS

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

Up to 1 year

Future minimum lease payments	86	764
Finance cost	(6)	(91)
Present value	79	673

1 to 5 years

Future minimum lease payments	-	86
Finance cost	-	(6)
Present value	-	79

Analysed for financial reporting purposes:

Non-current finance lease liability	-	79
Current finance lease liability (recoverable within 12 months)	79	673
Finance lease liability	79	752

Finance Leases

The finance leases relate to the photocopying machines and the PABX system which commenced on the 1st April 2011 and 13 July 2011 respectively. The lease for the photocopying machines expired on the 31st March 2014 and that of the PABX system is expiring on the 31 July 2014.

13. TRADE AND OTHER PAYABLE

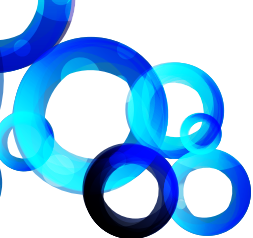
	NOTE	2013/14 R'000	Restated 2012/13 R'000
Exchange Transactions			
Skills development grants payable - discretionary		15 089	2 419
Service provider fees outstanding		3 825	2 176
Income received in advance		881	994
Sundry payables		2 237	1 917
Straight lining - operating lease		684	304
Other - leave accrual		1 166	1 235
Other - 13th cheque accumulation		387	378
		22 032	7 507
Non-exchange Transactions			
Skills development grants payable - mandatory		3 396	28 773
Skills development grants payable – SARS Reversals		1 368	1 111
		4 764	29 884
		26 796	37 391

14. PROVISIONS

	Exempt Employers (R'000)	Employee performance bonus provision (R'000)	Mandatory Grants (R'000)	Others (R'000)	Total (R'000)
Open carrying amount	3 382	-	881	5 479	9 742
Amounts utilised	(3 382)	-	(881)	(5 479)	(9 742)
Change in estimate	915	-	-	-	915
Closing carrying amount	915	-	-	-	915
Non-current	-	-	-	-	-
Current	915	-	-	-	915
Total	915	-	-	-	915

- Employee leave provision is calculated on the number of leave days outstanding as at 31 March 2014 and their basic salaries.
- Employee bonus (13th cheque) is calculated for those employees who choose to have this incorporated into their salary structure.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

	2013/14	Restated 2012/13
	R'000	R'000
Net surplus as per Statement of Financial Performance	51 506	58 861
Adjusted for non-cash items:		
Net profit/loss on disposal	57	(65)
Proceeds from insurance	(40)	-
Depreciation	1 857	2 282
Prior year error adjustments	(1 078)	(7 420)
Bad debts written off	981	45
Movement in provisions	(8 827)	5 703
Investment income	(10 305)	(7 844)
Finance costs	91	230
Adjusted for working capital changes	(9 298)	17 632
(Increase)/decrease in inventory	(500)	(81)
(Increase)/decrease in receivables	1 496	1 061
Increase/(decrease) in smoothing lease	380	304
Increase in short portion of finance lease	(79)	(673)
Increase/(decrease) in payables	(10 595)	17 021
Cash generated from operations	24 944	69 425

16. PRIOR PERIOD ERROR

The prior period error arose due to incomplete recording of administration and project expenditure for the 2011/2 and 2012/13 financial year. The current year financial statements have been adjusted through the prior period journals that had the effect of correcting the comparative figures.

The adjustment on the depreciation was due to re-assessment of the useful life of the assets. This has resulted in accumulated depreciation amounting to R2,97 million being reversed and annual increment of R698K being realised.

The effect of the prior period error is as illustrated below:

	2012/13 R'000
Statement of Financial Performance	
Admin Expenditure	402
Discretionary Expenditure	212
Statement of Financial Position	
Reserves - Administration Expenditure <i>2011/12 financial year</i>	(2 953)
Payables	
- Projects Expenditure	(212)
- Administration Expenditure	27
Inventory	33
Cash and Cash Equivalents	(1 002)
Trade and Other Receivables	1 565
Finance lease Obligation	(79)
Property, Plant and Equipment	2 007

17. CONTINGENCIES

Legal Cases

- There is also a pending case of the former executive manager which arose from non-confirmation of employment in December 2013, at the end of the probation period. The case is with the CCMA and total exposure to SASSETA is R3 million.
- The contract of another former executive manager expired on 31st March 2012 and it was not renewed. He was awarded by the CCMA an amount to the value of R636K and has been paid by SASSETA. He also took SASSETA to Labour Court, the case is pending and the total exposure is R 3,8 million.
- There are two additional cases of staff where the staff members have been suspended and the investigations into their conducts have commenced. The estimated legal costs to be incurred in defending SASSETA are R500K.

Uncommitted Funds

- The new grant regulation stipulates that uncommitted surplus should be paid over to the NSF by August the following year. It also stipulates that uncommitted surplus which is less than 5% of the commitments balances may be carried over to the following financial year. A request has been submitted to the Minister to roll-over these funds to the following financial year.
- Section 53 of the PFMA requires uncommitted funds to be paid over to National Treasury. A request was made to the National Treasury to also roll-over the uncommitted funds to the following year.
- Refer to note 18 below for details on the uncommitted surplus.

Employer Grant Reserves

- Disclosed in the Statement of Changes in Net Assets regarding the Employer Grant Reserve of R618K represents a provision for new employers raised on the basis that these new employers may possibly submit WSP as required by legislation and request approval thereof for the employer grants to be paid back to these employers.

18. COMMITMENTS

Discretionary Reserves

The projects will be funded from the Discretionary Reserve. Out of the balance of R256 million available in the discretionary reserve at the end of 31 March 2014, R243 million has been allocated for future projects and skills priorities as set out below. Amounts for expenses that have already been contracted or incurred, and therefore included in the grant expenses in the Statement of Financial Performance, are also indicated.

Per the new grant regulations, uncommitted surplus in excess of 5% need to be paid over to the National Skills Fund by end of August. As the uncommitted surplus funds constitute 5% of the available discretionary reserves, the surplus funds are retained and the National Treasury and the DHET have been notified.



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For the year ended 31 March 2014

COMMITMENT SCHEDULE FOR THE 2013/2014 FINANCIAL YEAR

Category / Chamber	Balance as at 01 April 2013 (R'000)	Adjustments (R'000)	Restated New Balance as at 01 April 2013 (R'000)	New Contacts (R'000)	Utilised (R'000)	Savings / Write Backs (R'000)	Closing Balance (R'000)
Bursaries	-	2 317	2 317	23 638	(3 198)	-	22 758
Corrections	7 907	519	8 426	7 552	(97 327)	-	8 651
Defence	16 536	1 840	18 376	33 642	(20 588)	-	31 429
FET	-	150	150	25 178	(1 339)	-	23 989
Flagship	-	1 040	1 040	43 415	(9 055)	-	35 400
Justice	11 304	(417)	10 887	19 568	(5 579)	(65)	24 811
Legal	20 767	(491)	20 276	5 050	(10 550)	(838)	13 937
NGOs / CBO's / Trade Unions	1 568	150	1 718	1 200	(1 536)	-	1 382
NSF and NSFAS	-	-	-	30 724	(30 724)	-	-
Policing	20 421	(3 082)	17 339	39 908	(8 872)	(1 393)	46 982
Private Security	17 435	1 554	18 989	33 953	(19 043)	(38)	33 861
TOTALS	95 938	3 579	99 517	263 828	(117 810)	(2 333)	243 201

There is a forensic audit which is still on-going at the date of this report which will be finalised in the following financial year.

19. LEASES

Total of future minimum lease payments under non-cancellable leases:

	Operating Lease	Finance Lease	2013/14 R'000 Total	2012/13 R'000 Total
Not later than one year	3 396	86	3 482	3 817
Later than one year and not later than five years	9 331	-	9 331	12 813
	12 727	86	12 813	16 630

SASSETA has one operating lease and three finance leases in operation namely:

Leases

- The first operating lease relates to premises used for office accommodation. The lease agreement was entered into effective from 01 October 2002 until 31 August 2017. The lease has an escalation clause of 8% effected annually at the anniversary of the lease.
- The finance leases related to the photocopying machines which expired on the 31st March 2014 and the PABX system which is expiring on the 31 July 2014. A new lease for the photocopying machine has since been entered into.

20. FINANCIAL INSTRUMENTS

In the course of the SETA's operations it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of Treasury Regulations (TR) 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

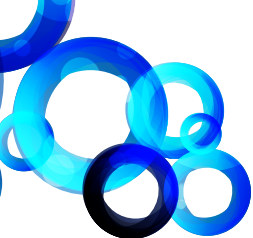
Interest rate risk

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

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

Year ended 31 March 2014	Floating rate		Non-interest bearing	TOTAL
	Amount R'000	Effective interest rate	Amount R'000	Amount R'000
Assets				
Cash	275 139	6%		275 139
Trade and other receivable			8 002	8 002
Total financial asset	275 139	6%	8 002	283 141
Liabilities				
Trade and other payable	-		-	-
Total financial liabilities	-		-	-
Year ended 31 March 2014				
Total financial asset	275 139	6%	8 002	283 141
Total financial liabilities	-		-	-
	275 139		8 002	283 141





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For the year ended 31 March 2014

Year ended 31 March 2013	Floating rate		Non-interest bearing	TOTAL
	Amount R'000	Effective interest rate	Amount R'000	Amount R'000
Assets				
Cash	242 115	6%	-	242,115
Trade and other receivable	-	-	9 498	9 498
Total financial asset	242 115	6%	9 498	251 613
Liabilities				
Trade and other payable	-	-	-	-
Total financial liabilities	-	-	-	-
Year ended 31 March 2013				
Total financial asset	242 115	6%	9 498	251 613
Total financial liabilities	-	-	-	-
	242 115		9 498	251 613

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

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

The ageing of other receivables from exchange transactions:

	2013/14		2012/13	
	Gross	Impairment	Gross	Impairment
0 – 30 days	278	-	254	-
31 - 90 days	1 381	-	1 813	-
91 days and above	1 592	-	2 591	-

The SETA managed to limit its Treasury counter-party exposure by only dealing with well established financial institutions approved by National Treasury through the approval of our investment policy in terms of Treasury Regulations. The SETA's exposure is continuously monitored by the Finance Committee.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA does not any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the industry (Safety and Security and related industries) in which the SETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivables that has not been adequately provided for.

Liquidity risk

The SETA manages liquidity risk through proper management of working capital and capital expenditure.

31 Mar 2014	Carrying Amount	60 Days or less	61 – 90 days	More than 91 days
	(R'000)	(R'000)	(R'000)	(R'000)
Trade and other payable from exchange transactions				
Discretionary grant payable	18 906	18 530	85	110
Sundry payables	2 155	2 155	-	-
Income Received in advance	881	308	-	573

31 Mar 2013	Carrying Amount	60 Days or less	61 – 90 days	More than 91 days
	(R'000)	(R'000)	(R'000)	(R'000)
Trade and other payable from exchange transactions				
Sundry payables	1 917	1 917	-	-
Income received in advance	994	703	-	291
Discretionary grant payable	4 595	2 554	861	1 181

Credit risk

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

The SETA manage limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation 31.3. The group's exposure is continuously monitored by Chief financial Officer.

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

Liquidity risk

The SETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows. Adequate reserves and liquid resources are also maintained.

In case of liquidity problems funding resources are available in terms of DHET and National Treasury approval for borrowing requirements in the open market.

Market risk

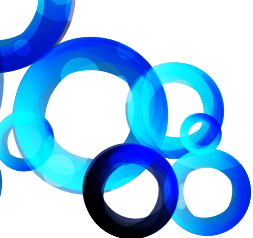
The SETA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the SETA are aware of.

Fair values

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

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Trade and other receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively short-term maturity of these financial assets.

Investments

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

Borrowings

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

Trade and other payable

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

21. Irregular Expenditure

	2013/14 R'000	2012/13 R'000
Opening Balance	150 875	28 026
Irregular expenditure - Current year	2 797	122 849
Irregular expenditure condoned relating to prior financial year	(47 981)	-
<i>Prior period errors</i>		
Irregular expenditure relating to the blanket approval of the WSPs	(53 127)	-
Irregular Expenditure relating to the administration expenditure	(10 398)	-
Closing Balance	<u>42 166</u>	<u>150 875</u>

Incidents

Description

Irregular expenditure incurred was as a result of the contravention of SCM legislation. These were because of the below reasons:

1. Procurement made without sourcing the required number of quotations (R273K)
2. Non-compliance with the CIDD requirement (R441K)
3. Irregular expenditure incurred on a blanket approval for the submission of WSPs for the year 2012/13 (R2,1 million)

Condonement

Only R273K of the R22,8 million was condoned by the Accounting Authority.

2013/14
R'000

Balance not yet condoned

Included in the balance not yet condoned is:

Irregular expenditure arising from the 2011/12 financial year (R12m overpayment on joint venture contracts, R14m on contravention of SCM practices and R981 000 for payments made to a provider with improper accreditation status) 28 026

Irregular expenditure as a result of the blanket approval of the extension for the submission date:

- relating to 2012/13 financial year 11,617
- relating to the 2013/14 financial year due to payments for the 2012 scheme year as a result of the above 2,083

Non-compliance with the CIBD requirements 441

Total (awaiting National Treasury and Board to grant the condonement) **42 166**

22. RELATED PARTY TRANSACTIONS

All related party transactions disclosed are at arm's length and shown below for disclosure purposes.

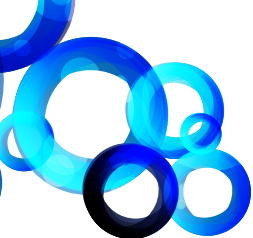
TRANSACTIONS WITH OTHER SETAs:

Interseta transactions arise due to the movement of employers from one SETA to another. No other Transactions occurred during the year with other SETAs.

	2013/14 R'000		2012/13 R'000	
	Transfers in/(out) during the year	Receivable / (Payables)	Transfers in/ (out) during the year	Receivable / (Payables)
AGRI SETA	-	-	624	-
INSETA	81	-	-	-
FASSET	-	2	4	2
BANKSETA	-	27	49	27
W&R SETA	-	-	56	-
MICT	-	-	-	-
Total	81	29	733	29

Transactions with other related parties





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

REMUNERATIONS FOR BOARD MEMBERS

NAME	CHAMBER	BOARD		EXCO		OTHER COMMITTEES		TRAVEL R'000	TOTAL R'000
		NO	AMOUNT R'000	NO	AMOUNT R'000	NO	AMOUNT R'000		
Abbey Witbooi	Ministerial Appointee	8	90	15	65	130	566	25	747
Dr Barnett Delport	Private Security	5	60	-	-	33	112	-	172
Bhekinkosi Mvovo	Ministerial Appointee	8	70	-	-	39	132	11	213
Colonel Charles Simonse	Defence	8	70	-	-	43	146	20	236
Lena-Marie Fourie	Policing	7	66	-	-	9	30	22	119
Linda Bond	Corrections	4	-	-	-	4	-	12	12
Mpopolo Masekela	Private Security	8	70	-	-	29	98	61	229
Mzwandile Makwayiba	Private Security	5	60	11	37	18	61	-	158
Michelle Beatson	Legal	3	10	-	-	7	23	10	43
Nicholus Maziya	Private Security	4	56	9	30	12	41	21	148
Brig General (Ret) Petronella Petra Tembe	Defence	5	-	12	-	-	-	18	18
Robert Nogumla	Ministerial Appointee	4	56	-	-	8	27	29	112
Zanoxolo Mpendu	Private Security	7	66	-	-	13	44	3	113
General Nobubele Mbekela	Policing	1	-	3	-	-	-	-	-
			674		133		1 281	233	2 320

REMUNERATION TO SENIOR MANAGEMENT

- During the current financial year (2013/14), SASSETA's Executive Management comprised of the Acting Chief Executive Officer (Mr M Sekhonyane). The acting CEO was appointed in January 2014.
- The Programmes Manager (Mr T Mangena) appointed on 01 November 2013, The Senior Manager: Corporate Services (Mr P Ntsohi) appointed 17 February 2014 and The Chief Financial Officer (Mr Tsotetsi) appointed on 06 March 2014.
- Mr Memela acted in the position of Senior Manager Corporate Services for the period 12 August 2013 to 16 February 2014. He also acted in the position of Senior Manager Skills Research and Administration for the period 17 February to 31 March 2014.
- Mr S Ngoasheng's employment ended on the 4th December 2013.

The Executive Management team compensated as follows:

Name	PACKAGE R'000	SALARY R'000	ACTING ALLOWANCE R'000	TRAVEL ALLOWANCE R'000	MEDICAL AID R'000	PROVIDENT FUND R'000	HOUSING ALLOWANCE R'000	TOTAL R'000
M Sekhonyane	704	575	-	45	-	75	9	1016
M. Sekhonyane (Acting)	235	192	78	15	-	25	3	
P. Tsotetsi	70	60	-	-	-	-	10	70
M. Ntsohi	131	102	-	10	-	17	2	131
V.Memela	764	641	-	-	9	19	36	813
V.Memela (Acting)	-	-	49	-	-	-	-	
S. Ngoasheng *	680	639	-	41	-	-	-	680
T. Mangena	127	100	-	10	1	14	2	348
T. Mangena (Acting)	191	150	29	15	2	21	3	
	2 902	2 459	156	136	12	230	65	3 058

* Mr Ngoasheng was paid a leave payout amounting to R133K which is not included in the total remuneration above.

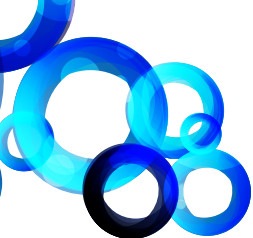
23. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Note: The Budget and the accounting basis adopted by SASSETA are the same. The Statement of Comparison of the Budget and Actual Amounts is depicted on page 69 in the annual financial statements.

Below are the detailed explanations for variances:

- 23.1 The budget is approved on an accrual basis by functional classification. The approved budget covers the fiscal period from 1 April 2013 to 31 March 2014.
- 23.2 A variance of 2% over recovery was noted due to levies received in excess of expected amounts. These amounts are based on the payroll costs of the levy contributors within our sector. The budget was revised in September 2013 as the initially budgeted levy income was showing signs of being drastically below the anticipated receipts for the year.
- 23.3 The under-recovery of actual Investment Income over the final budget of 14% was due to implementation of the catch-up plan on the projects being successfully implemented leading to more disbursements of funds with the resulting reduction in the cash balances.
- 23.4 The Over-recovery of actual Other Income over the final budget of 3% was due to increased proceeds received from insurance companies and recoveries made from the providers.
- 23.5 There was an under-recovery of actual Employer Grants and Project Expenditure over the final budget of 24%. This is due to late implementation of the projects resulting in a delay as well in the payments of the tranches.
- 23.6 There was an over-spending on Administrative Expenses of 5%. This was mainly due to increase in the consulting, legal, committees and restructuring fees. Due to the qualifications received in the prior two financial years, the committees have intervened to salvage the situation which has resulted in increased costs. There is also a number of staff members under suspensions in the year under review which has resulted in the use OFG consultants. There were areas of savings on the other hand such on employee cost and staff development expenditure.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

24. NEW ACCOUNTING PRONOUNCEMENTS

Various revisions have been made to the statements of GAAP which become effective in future years. None of these revisions will have an impact on the financial statements of the SETA.

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SETA and may have an impact on future reporting.

GRAP No.	GRAP Name	Gazetted Effective Date	Impact
GRAP 18	Segment reporting	Not yet determined	The standard provides guidance on accounting for determination of reportable segments and will require additional disclosure
GRAP 20	Related party disclosures	Not yet determined	The standard provides guidance on related party an 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 impacted by the existence of connected parties and by transactions and outstanding balances with such parties. The standard will not have an impact on SASSETA as the standard was early adopted.
GRAP 105	Transfers of functions between entities under common control	Not yet determined	The purpose of the standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It is not anticipated that the standard will have an impact on the SASSETA.
GRAP 106	Transfers of functions between entities not under common control	Not yet determined	The purpose of the standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It is not anticipated that the standard will have an impact on the SASSETA.
GRAP 32	Service concession arrangements: Grantor	Not yet determined	The purpose is to prescribe the accounting for service concession arrangements by the Grantor.
GRAP 107	Mergers	Not yet determined	The objective is to provide accounting principles guidance for the merged entities.

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.

25. GOING CONCERN

Significant reliance was placed on voluntarily contributed government levies to run the day to day operations (administration expenditure) of the entity which in the absence thereof, would exceed the entity exceed its 10.5% administration cap.

The Minister of DPSA has issued a directive making the departmental levy contributions mandatory to the SETA's. This ensures continued receipt of the levies by SASSETA for day to day running of the operations.

26. SUBSEQUENT EVENTS

There are no significant subsequent events identified after financial year end.



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