BRIEFING TO THE PORTFOLIO COMMITTEE

QUARTER 1 PERFORMANCE REPORT

Director (CEO): Mr Manabela Chauke

22 August 2017

PSiRA
Private Security Industry Regulatory Authority

DELEGATION

COUNCIL MEMBERS:

- Professor Fikile Mazibuko : Chairperson of Council
- Mr. Nhlanhla Ngubane : Deputy Chairperson of Council

MANAGEMENT TEAM

- Mr Manabela(Sam) Chauke : Director
- Mr. Stefan Badenhorst : Senior Manager Law Enforcement
- Mrs. Mmatlou Sebogodi : Deputy Director Finance and Admin
- Ms. Zanele Mthembu : Senior Manager Parliamentary and Stakeholder Liaison

PRESENTATION OVERVIEW

PART A: KEY HIGHLIGHTS

PART B: 1st QUARTER PERFORMANCE

PART C: 1st QUARTER FINANCIAL PERFORMANCE

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KEY HIGHLIGHTS

1. Achievement against strategic

Objectives : **73%** of the **21** planned targets achieved

2. Financial Performance

2017/18 : **Total Revenue is 3% below budget**

- Annual Fees are **3%** below budget
- Sale of Goods **49%** below budget
- Registration fees **23%** above budget
- Course Reports income **26%** above budget

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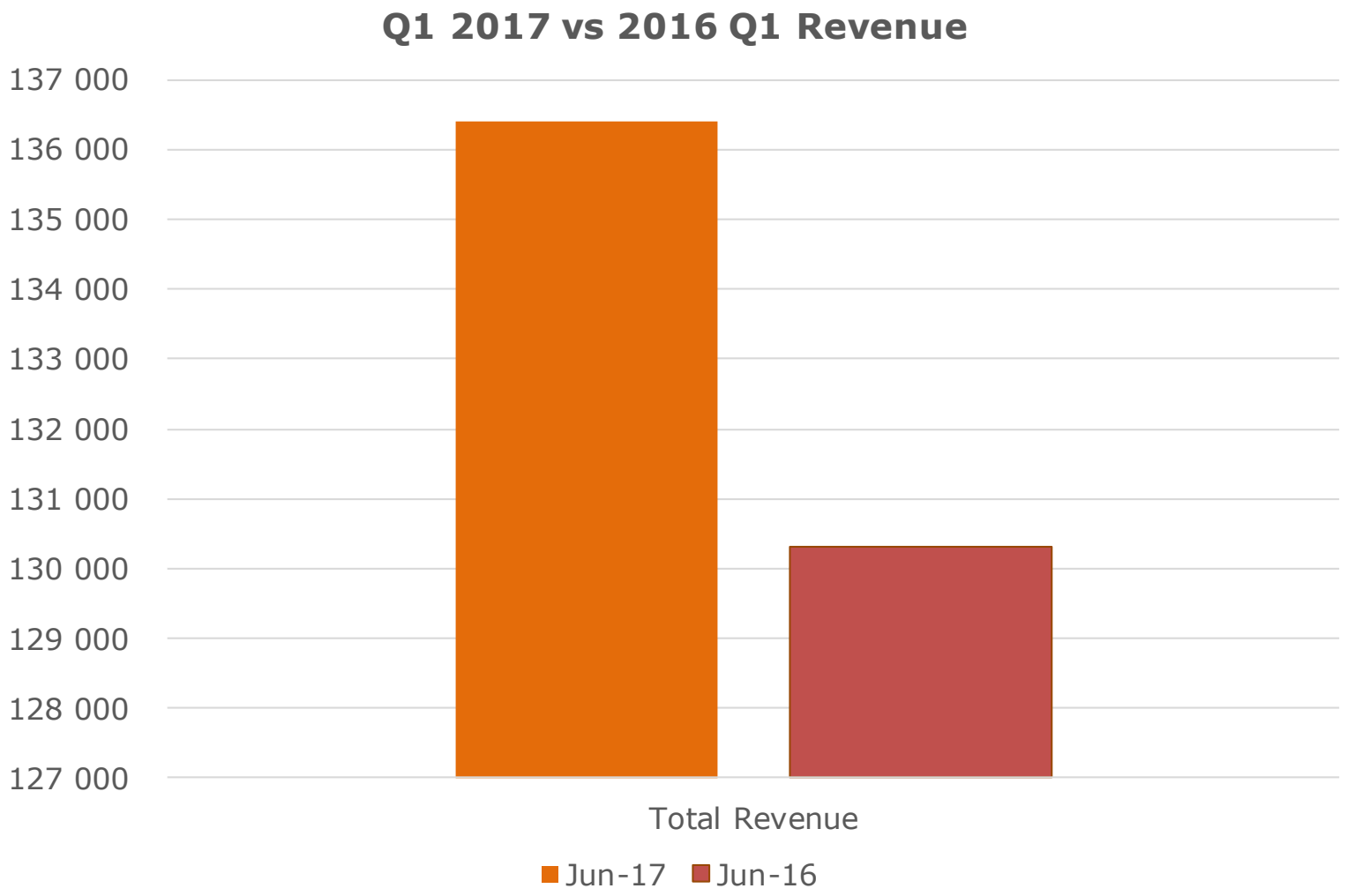
Q1 2017 vs Q1 2016 Revenue



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KEY HIGHLIGHTS

2. Financial Performance

2017/18 : **Expenditure 5% above budget**

- Staff costs **9%** above budget
- Advertising and Publication **21%** below budget
- Travel and accommodation **59%** above budget
- Consultancy **73%** below budget and
- Fingerprints **22%** above budget

: Surplus is 79m and Cash balance is 57m

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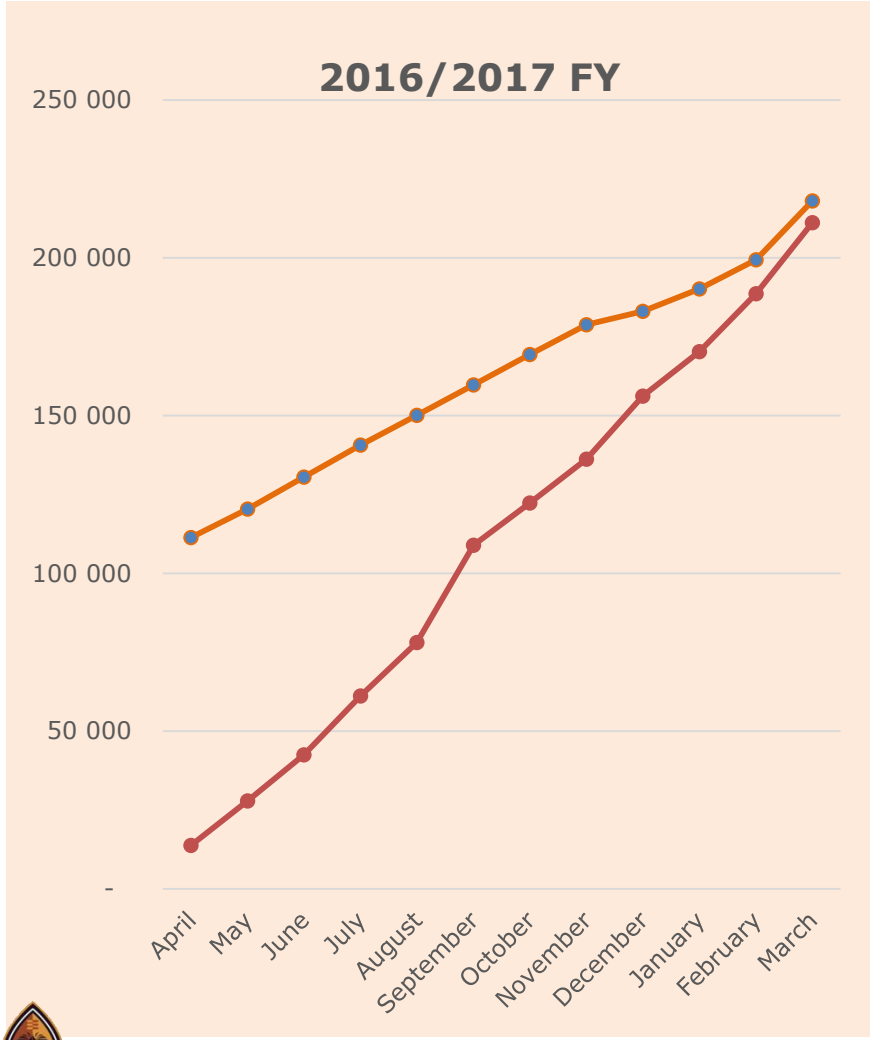
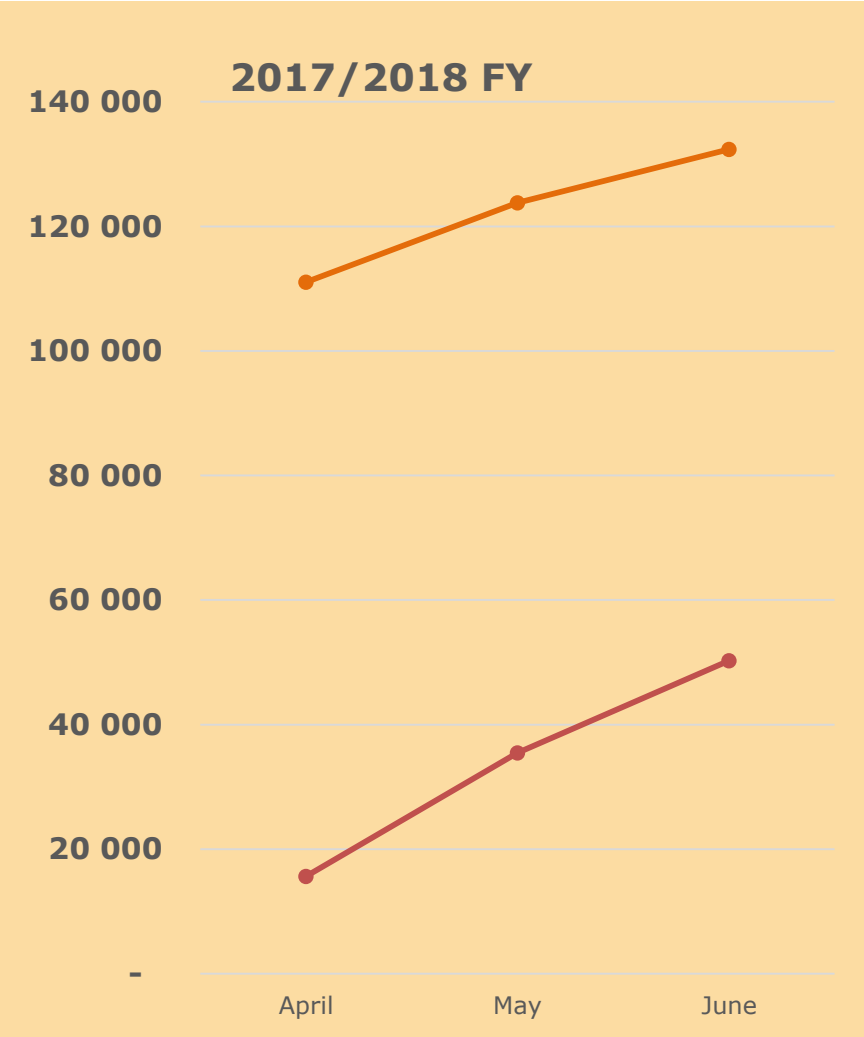
Revenue vs Expenditure





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PREDETERMINED OBJECTIVES

QUARTER 1 PERFORMANCE REPORT

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PROGRAMME 1
ADMINISTRATION

Deputy Director: Mrs Mmatlou Sebogodi

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PROGRAMME 1 - OVERVIEW

Purpose : Provide leadership, strategic management and administrative support to the Authority

Performance Overview Programme 1 has **four (4)** key performance indicators and only one was not achieved (% of implementation of the Performance Management System) because of the need to align and correct findings after the moderation committee feedback, and also to incorporate Risk Management in Managers performance agreement to improve the entity maturity level.

PROGRAMME 1: ADMINISTRATION

SUB-PROGRAMME: FINANCE AND ADMINISTRATION

Strategic Goal 3 : Ensure good governance across the organisation						
Strategic Objective : Effective financial management						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	**QUARTELY TARGETS**		
				Quarter 1 Targets	**Quarter 1 Actual**	**Performance Variance**
(a)	• Unqualified audit opinion with no significant audit findings	• Unqualified opinion with no significant audit findings	Internal controls reviewed	Internal controls reviewed	Internal controls reviewed	The risk register and internal audit plan was reviewed.
(b)	• **%** of revenue collected	80% revenue collected	43% revenue collected	40% revenue collected	43% revenue collected	A new business process was implemented where there are dedicated team for collections.

PROGRAMME 1: ADMINISTRATION

SUB-PROGRAMME: BUSINESS INFORMATION SYSTEMS

Strategic Goal 3 : Ensure good governance across the organisation						
Strategic Objective : Efficient and effective processes and systems						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	**QUARTELY TARGETS**		
				Quarter 1 Targets	**Quarter 1 Actual**	**Performance Variance**
(a)	• Critical IT infrastructure restored within the set timeline.	• Average of 24 hours	Action plan outlining preparation for disruptions	Action plan outlining preparation for disruptions	Action plan outlining preparation for disruptions	

PROGRAMME 1: ADMINISTRATION

SUB-PROGRAMME 3: HUMAN CAPITAL

Strategic Goal 3 : Ensure good governance across the organisation						
Strategic Objective : To improve the performance of the organisation						
	Key Performance Indicators (KPI's)	Annual targets 2017/18	Year to date	QUARTELY TARGETS		
				Quarter 1 Targets	Quarter 1 Actual	Performance Variance
(a)	• % of implementation of the Performance Management System (PMS)	• 100%	• Annual assessments have been concluded and the moderation process is in progress. • 79% of scorecards for 2017/018 developed.	• 100%	Annual assessments have been concluded and the moderation process is in progress. 79% of scorecards for 2017/018 developed	The need to align and correct findings after the moderation committee feedback, and also to incorporate Risk Management in Managers performance agreement to improve the entity maturity level.

PROGRAMME 2
LAW ENFORCEMENT

Deputy Director: Mr. Israel KGAMANYANE

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PROGRAMME 2 - OVERVIEW

Purpose : Ensure that there are effective regulations in the security industry and enforcement of law and compliance to the regulations

Performance overview : The programme achieved 5 out of 7 key performance indicators. The performance resembled **71%** of achieved targets for Quarter 1. The reason for non-performance is due to management prioritising security business inspections and investigation in view of number of complaints received and increased operations with stakeholders.

PROGRAMME 2: LAW ENFORCEMENT

PROGRAMME 2: LAW ENFORCEMENT

Strategic Goal 1 : Strategic Goal 1 : To ensure excellent service delivery (effective regulation) in the security industry

Strategic Objective : Increased monitoring and investigation of security service providers to enforce compliance with applicable legislation

	Key Performance Indicators (KPI's)	Annual targets 2017/18	Year to date	QUARTELY TARGETS		
				Quarter 1 Targets	Quarter 1 Actual	Performance Variance
(a)	***Number*** of security businesses inspected to enforce compliance with applicable legislation	5 400	1 494	1 485	1 494	Reviewed scorecard and job description of assistant inspectors to include conducting security business inspections.
(b)	***Number*** of security officers inspected to enforce compliance with applicable legislation	31 000	7 932	8 520	7 932	Prioritised security business inspections and investigation in view of number of complaints received and increased operations with stakeholders.

PROGRAMME 2: LAW ENFORCEMENT

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Strategic Goal 1 : Strategic Goal 1 : To ensure excellent service delivery (effective regulation) in the security industry						
Strategic Objective : Increased monitoring and investigation of security service providers to enforce compliance with applicable legislation						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	**QUARTELY TARGETS**		
				Quarter 1 Targets	**Quarter 1 Actual**	**Performance Variance**
(c)	**%** of investigations finalized against non-compliant SSP's	83%	51%	40%	51%	Additional Inspectors deployed to the Enforcement Department in view of increased number of complaints.
(d)	**%** of criminal cases opened against non-compliant SSP's	93%	94%	93%	94%	Improved relationship with SAPS.

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Strategic Objective : Increased monitoring and investigation of security service providers to enforce compliance with applicable legislation						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	**QUARTELY TARGETS**		
				Quarter 1 Targets	**Quarter 1 Actual**	**Performance Variance**
(e)	***Number*** of security businesses licensed to possess firearms inspected	1 200	345	330	345	Operations conducted by inspectors of Enforcement Department assisted in exceeding the target as well as new performance indicator for assistant inspectors.
(f)	***%*** of cases of non-compliant SSP's prosecuted per year	90%	59%	60%	59%	Western Cape does not have a full time prosecutor at this time and prosecutors in other regions assist with cases. A few rolls in Eastern Cape were cancelled due to prosecutor being on sick leave and unavailability of other prosecutors to take cases over.

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Strategic Goal 1 : Strategic Goal 1 : To ensure excellent service delivery (effective regulation) in the security industry						
Strategic Objective : Increased monitoring and investigation of security service providers to enforce compliance with applicable legislation						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	**QUARTELY TARGETS**		
				Quarter 1 Targets	**Quarter 1 Actual**	**Performance Variance**
(g)	***Number*** of new draft regulations compiled	2	Draft regulation proposed in respect of working animals and the use of uniforms, insignias, logos by the PSI.	Propose regulations that need to be drafted and presented to EXCO for approval	Draft regulation proposed in respect of working animals and the use of uniforms, insignias, logos by the PSI.	

PROGRAMME 3 COMMUNICATIONS, REGISTRATION & TRAINING

Deputy Director: Ms. Mpho Mofikoe

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PROGRAMME 3 - OVERVIEW

Purpose : Provide effective stakeholder engagement.

Ensure that training standards are adhered to and the registration process is done in accordance with the PSiR Act.

Performance Overview : Programme 3 comprises of communication, training, research and development. The programme had a combined annual target of 11 KPI's however it has successfully achieved 7 quarterly targets which translated to **64%** achievement.

PROGRAMME 3: COMMUNICATIONS, CRM & TRAINING

SUB PROGRAMME 1: COMMUNICATIONS AND STAKEHOLDER MANAGEMENT

Strategic Goal 2 : Stakeholder and Customer Relations Management						
Strategic Objective : Increased awareness on the functions and role of PSiRA and its stakeholders within the security industry						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	**QUARTELY TARGETS**		
				Quarter 1 Targets	**Quarter 1 Actual**	**Performance Variance**
(a)	***Number*** of public awareness programmes on PSiRA's role and functions	140 Public Awareness Programmes	59 Public Awareness Programmes	35 Public Awareness Programmes	35 Public Awareness Programmes	• Partnership with PSSPF on the roadshows for Security Officers and Security Business.

PROGRAMME 3: COMMUNICATIONS, CRM & TRAINING

SUB PROGRAMME 2: REGISTRATION

Strategic Goal 2 : Stakeholder and Customer Relations Management						
Strategic Objective : Improve the integrity and the turnaround time of registration						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	**QUARTELY TARGETS**		
				Quarter 1 Targets	**Quarter 1 Actual**	**Performance Variance**
(a)	***Average turnaround time*** of applications for registration meeting all the requirements for security businesses (working days)	Average of 15 days	15 days	Average of 15 days	15 Days	
	Average turnaround time of applications for registration meeting all the requirements for security officers (working days)	Average of 15 days	13 days	Average of 15 days	13 Days	• Internship programme and business processes within CRM has led to over achievement of the target.

PROGRAMME 3: COMMUNICATIONS, CRM & TRAINING

SUB PROGRAMME 2: REGISTRATION

Strategic Goal 2 : Stakeholder and Customer Relations Management						
Strategic Objective : Improve the integrity and the turnaround time of registration						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	QUARTELY TARGETS		
				Quarter 1 Targets	**Quarter 1 Actual**	Performance Variance
	% of new registration certificates rolled out (on active Security officers)	60% (299 061) 498 435	21% (63 234)	10% (29 906)	21% (63 234)	• Over achieved. The scope of renewal visits extended to businesses and remote rural areas

PROGRAMME 3: COMMUNICATIONS, CRM & TRAINING

SUB PROGRAMME 2: REGISTRATION

Strategic Goal 2 : Stakeholder and Customer Relations Management						
Strategic Objective : Improve the integrity and the turnaround time of registration						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	QUARTELY TARGETS		
				Quarter 1 Targets	**Quarter 1 Actual**	Performance Variance
(b)	**%** of new registration certificates rolled out (on active Security Businesses)	60% (5 397) 8 995	14% (774)	30% (1 619)	14% (774)	• Low number of requests for renewal was received from businesses during the 1st quarter and has resulted in the unit not meeting the requirements. A list of businesses which are due for renewals will be requested and businesses are made aware on time through messages to come and renew their registrations.

PROGRAMME 3: COMMUNICATIONS, CRM & TRAINING

SUB PROGRAMME 3: INDUSTRY TRAINING

Strategic Goal 2 : Stakeholder and Customer Relations Management						
Strategic Objective : Promote compliance with minimum professional training standards by the SSPs						
	Key Performance Indicators (KPI's)	**Annual targets 2017/18**	**Year to date**	**QUARTELY TARGETS**		
				Quarter 1 Targets	**Quarter 1 Actual**	**Performance Variance**
(a)	***Number*** of capacity building activities for SSP training institutions	12 Capacity building activities	0 Capacity building workshops	2 Capacity building activities	0 Capacity building workshops	• Deferred the workshops due to the review of strategy and position in terms of the industry training and engagement of • Internal stakeholders scheduled in August 2017. • Furthermore there were special engagements with critical stakeholders i.e. SIA, QCTO, DHET and SASSETA. • 6 capacity building workshops will be scheduled with a clear position in terms of the industry training.

PROGRAMME 3: COMMUNICATIONS, CRM & TRAINING

SUB PROGRAMME 3: INDUSTRY TRAINING

Strategic Goal 2 : Stakeholder and Customer Relations Management

Strategic Objective : Promote compliance with minimum professional training standards by the SSPs

	Key Performance Indicators (KPI's)	Annual targets 2017/18	Year to date	QUARTELY TARGETS		
				Quarter 1 Targets	Quarter 1 Actual	Performance Variance
(b)	% of training security service providers currently registered with PSiRA accredited for NQF qualifications	50% of currently registered training SSP accredited (50% of 366 i.e. STP's as per 31 March 2017)	35% (128) training SSPs	5% training security service providers	35% (128) registered training SSPs are accredited with SASSETA as per the listing received from SASSETA)	• Providers active currently were accredited in the last quarter of the previous financial year based on confirmation letters received, their accreditation expires in March 2018.

PROGRAMME 3: COMMUNICATIONS, CRM & TRAINING

SUB PROGRAMME 4: RESEARCH

Strategic Goal 4 : Private Security Industry Stewardship through Research and Development

Strategic Objective : Research conducted to influence policy direction for PSiRA and the private security industry

	Key Performance Indicators (KPI's)	Annual targets 2017/18	Year to date	QUARTELY TARGETS		
				Quarter 1 Targets	Quarter 1 Actual	Performance Variance
(a)	***Number*** of completed research topics per year	4 Research Topics	Research on Private Investigation at draft stage	Research in progress	Research on Private Investigation	• N/A
	Number of completed surveys per year	4 Surveys	Survey not completed.	1 Survey	Survey not completed.	• All four surveys will be undertaken together as service provider was only appointed in June 2017
	Number of policy documents completed.	4 policy documents completed	Proposed policy initiative to be presented to EXCO in the 2nd quarter	Proposed policy initiative presented to EXCO	Proposed policy initiative to be presented to EXCO in the 2nd Quarter	• Proposed policy initiative to be presented to EXCO in the 2nd Quarter
	Number of partnerships established	1 partnership established	MOU signed with the UCT.	Identify the learning institution	MOU signed with the UCT.	• N/A

QUARTER 1 FINANCIAL PERFORMANCE

PSiRA

FINANCIAL PERFORMANCE

	June-17 Actual	June-17 Budget	Variance
Revenue			
Annual Fees	113 162	116 593	-3 431
Registration	8 215	6 688	1 527
Course Reports	9 129	7 250	1 879
Sale of Goods	2 935	5 764	-2 829
Other	1 559	3 406	-1 847
Total Revenue	**135 000**	**139 701**	**-4 701**
Expenditure			
Staff Costs	33 620	30 964	2 655
Office and Machine Rentals	5 391	5 374	17
Other Operating Expenses	17 246	17 190	57
Total Expenditure	**56 257**	**53 528**	**2 729**
Surplus	**78 743**	**86 174**	**7 430**

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FINANCIAL OVERVIEW

Revenue

- The actual revenue collected as compared to budgeted revenue is below by **3%,** which equates to the variance of **R4,7 million**, however the Authority managed to contain its expenditure within the collected revenue. The positive variance under the Registration and Course Reports assisted the Authority to compensate for the shortfall.

- At **-3% R135 mil (R130 mil in 2016)** there is a visible **(R5 mil)** increase in the revenue collected.

- The biggest revenue source (Annual Fees) had a variance of R3 million. The budget was based on the number of Security Officers employed, however it was discovered that some of the Security Officers are employed by more than 2 Security Business.

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FINANCIAL OVERVIEW: Expenditure

The total expenditure to date amounts to R56 million and the main expenditure variances are from the following items;

Staff Cost budget variance 9%⬆

The increase in provision for leave pay and the leave policy will be amended to ensure alignment with the budget.

Printing, stationery and cartridges 47%⬇

In the last quarter of 2016/2017 financial year we purchased bulk certificates to meet the increased in demand, the savings realised will be utilised in the next quarters of the year.

Bank Charges 34%⬆

An increase in cash deposits due to renewal of certificates.

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FINANCIAL OVERVIEW: Expenditure cont…..

Travel and accommodation 59%⬆

Seminars, conferences and venue hire 172% above budget⬆

Increased number of consultation session in respect of transformation

Consultancy 73% ⬇ Licences 67% ⬇

This is mainly due to the delay in implementation of the new ERP system

Fingerprints 22% above budget ⬆

This is due to the increase in newly registered Security Officers which was evident in the increase in Registration Fees by 23%

Audit Fees 33%⬆

The budget for AG was allocated evenly in the 1st and 2nd quarters, however the entity was billed more than the 1st Quarter budget.

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FINANCIAL POSITION

	June-17	March-17	Change
Assets			
Non-Current Assets	21 205	21 547	-342
Current Assets	151 982	63 648	88 334
Total Assets	**173 187**	**85 195**	**87 992**
Equity and Liabilities			
Equity	93 704	14 639	79 065
Liabilities	79 483	70 556	8 927
Total Equity and Liability	**173 187**	**85 195**	**87 992**

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FINANCIAL RATIOS

RATIO ANALYSIS	June 17	March 16	% Change	June 17	June 16	YoY Change
	Actual	Actual	% Change	Actual	Actual	% Change
Solvency Ratios						
Debt Ratio	46%	82%	-37%	46%	26%	-19%
Equity Ratio	54%	18%	37%	54%	74%	19%
Liquidity Ratios						
Working Capital Ratio (Current Ratio)	1,99	0,93	1,05	1,99	3,19	-1,21
Quick Asset Ratio	1,98	0,92	1,05	1,98	3,19	-1,21
Debt Collection Days	247 Days	59 Days	188 Days	247 Days	287 Days	-40 Days
Debt Collection Days (Net of Provision)	367 Days	136 Days	231 Days	367 Days	368 Days	-1 Day
Staff Cost as a % of Expenditure	60%	53%	7%	60%	59%	1%

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FINANCIAL RATIOS

RATIOS

1. Debt Ratio

The debt ratio indicates entity's ability to pay off its liabilities utilising its assets. The Authority's liabilities amounts to 46% of total assets: - this means that the Authority will be able to pay off its liabilities as they become due.

2. Equity Ratio

PSiRA ratio is 54%, this means that the Authority is using more of its equity rather than debt to fund its operation.

3. Working Capital Ratio

The entity ratio is R1.99 which indicates that PSiRA is able to pay off current liabilities using current assets. This means that for every R1 of current liabilities there is R1,99 of current assets to pay it off.

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FINANCIAL RATIOS Cont…

RATIOS

4. Debt Collection Days

The entity currently takes 247 days to collect debts, however debtors collection strategy is being deployed to enhance collection. The number of days it takes to collect is higher during the 1st part of the financial year as a result of advanced billing in April.

5. Staff Costs Ratio

The ratio indicates that staff costs are 60% compared to total expenditure. As PSiRA is a service delivery organisation. The authority aims to capacitate Law enforcement to improve inspector/security ratio of 1: 120.

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CONCLUSION

- The overall performance of the organisation **has improved** and management with the council is confident that all planned targets and variances will be addressed throughout the remaining quarters of the year.
- The entity **achieved an unqualified** audit and is 2 findings away from clean audit.
- The financial statements **were clean** and the going concern was maintained.

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THANK YOU

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