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OVERVIEW AND ANALYSIS OF THE SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA) OF THE 2016/17 ANNUAL REPORT

1. INTRODUCTION

The purpose of this brief is to present an overview and analysis of the South African Qualifications Authority (SAQA) 2016/17 service delivery and financial performance.

2. MANDATE

The Functions of the South African Qualifications Authority are stipulated in the National Qualifications Framework Act, 2008 (Act No 67 of 2008) section 13(1). They mandate SAQA to:

- Oversee NQF implementation and collaborate with the QCs;
- Develop and implement NQF policies and criteria;
- Register qualifications and part-qualifications on the NQF;
- Recognise professional bodies and register professional designations;
- Undertake research and collaborate with international counterparts;
- Maintain a National Learners' Records Database (NLRD);
- Provide an evaluation and advisory service with respect to foreign qualifications;
- Inform the public about the NQF; and
- Provide advice to the Minister.

3. OVERVIEW AND ANALYSIS OF SERVICE DELIVERY PERFORMANCE FOR THE 2016/17

3.1. Overview of overall performance

The South African Qualifications Authority had six budget programmes for the year under review. They were: Administration; Registration and Recognition; National Learners' Records Database; Foreign Qualifications, Evaluation and Advisory Services; Research and International Liaison. These six programmes had a combined total of 52 targets, with the majority of targets (24) planned under programme 1: Administration. Of the 52 targets, 49 targets (94.2 per cent) were achieved and three (5.7 per cent) were not achieved. The overall performance of SAQA improved 2.2 per cent from 92 per cent performance in 2015/16.

3.1.1 Programme 1: Administration

This programme had five budget sub-programmes, namely: Executive Office: responsible for the overall co-ordination and organisational performance in response to SAQA's mandate; Finance and Administration: responsible for effective financial and infrastructural governance and resources to support SAQA's objectives; Human Resources: responsible for providing strategic and operational support to embrace diversity, environmental sustainability, and social justice and contribute towards the delivery of SAQA's mandate; Information Technology: responsible for effective ICT governance and IT infrastructure resources to support the achievement of organisational objectives and business processes; and Advocacy, Communication and Support: responsible for informing stakeholders and the public about the NQF, SAQA and related matters.

The programme had six strategic objectives: to provide bold and competent leadership in the implementation of the NQF Act to the advantage of lifelong learners; to facilitate and support the implementation of NQF policies in a simple, coherent and integrated manner; and co-ordinate the work of the NQF partners; to maintain an effective and efficient Financial Management System; to provide strategic and operational human resource support to SAQA Develop an effective and efficient IT system that supports SAQA; to inform the public about the NQF, SAQA and related matters; and to develop an NQF Advisory Service to enable the public to navigate the NQF.

For the year under review, the programme had 24 planned targets, of which 22 (91.6 per cent) were achieved and two (8.3 per cent) were not achieved. The achieved targets include, among others: Monitoring and overseeing the implementation of the NQF Implementation Framework for 2015 – 2020; to provide advice to the Minister on all requested matters or as deemed necessary; to implement the System of Collaboration to guide mutual relations between SAQA and the Quality Councils and report annually on its effectiveness; to achieve 100 per cent; to comply with National Treasury Requirements; to produce and submit timeously 12 monthly management accounts and 4 quarterly reports; to have 100 per cent of staff contracts; and to have approved SAQA-wide and Directorate Learning and Development Plans approved.

The two targets that were not achieved were: the target to achieve a clean audit for the 2016/17 was not achieved as planned. The entity received an unqualified audit opinion with material findings. The entity did not achieve the target to maintain 95 per cent rating for awareness, understanding and value for policy makers and policy implementers. The actual achievement was 92 per cent.

3.1.2. Programme 2: Registration and Recognition

The programme is responsible for registering nationally relevant and internationally comparable qualifications and part-qualifications that meet national criteria and articulates across sub-frameworks; and recognising professional bodies and registering professional designations on the National Qualifications Framework (NQF) National Learners' Record Database (NLRD). Its objective was to register qualifications and part-qualifications; and to recognise professional bodies and register professional designations on the (NQF) NLRD.

This programme had five planned targets, of which four (80 per cent) were achieved and one (20 per cent) were not achieved. The achieved targets include 100 per cent processing of qualifications and part-qualifications recommended by the Quality Councils annually; monitoring of learner uptake for all qualifications registered from 2009 and recommend qualifications with no learner uptake after two years of registration for de-registration; 100 per cent processing of applications for the recognition of Professional Bodies and registration of their professional designations annually; and to have eight (8) professional bodies that have been recognised for at least two years (by 31 March 2015) monitored.

The target that was not achieved was to develop proposal to map five articulation pathways for learners sampled from National Learners' Record Database (NLRD) submitted to Board for approval in the next financial year. It was reported that the proposal was not submitted to the Board for approval in the current financial year.

3.1.3. Programme 3: National Learners' Record Database

Responsible for maintaining and further developing the NLRD's functionality which serves as the key national source of information for human resource and skills development in terms of policy, infrastructure and planning. Its Verifications Project is responsible for verifying the authenticity of national qualifications. Its strategic objective was to maintain and further develop the National Learners' Record Database.

The programme had nine (9) targets, of which all were achieved. This include to have 100 per cent of all data received from Quality Councils that meet the criteria successfully loaded twice per year; to have 100 per cent of all data received from Professional Bodies that meet the criteria successfully loaded twice per year; to make available seven searchable databases 95 per cent of the time; to produce of one report quarterly on learners' achievements added to the NLRD; and to produce one annual Comprehensive Report; to process 100 per cent of

applications for verification in the financial year; payment of 100 per cent of invoices of clients within 30 days of completing the verification process.

3.1.4. Foreign Qualifications, Evaluation and Advisory Services

This programme is responsible for evaluating foreign qualifications against set criteria including verification of qualifications on the South African NQF. The programme had one strategic objective which was to facilitate and support the implementation of the NQF policies in a simple, coherent and integrated manner, and conduct research on issues of importance to the NQF.

The programme had three targets planned for the year under review and achieved 100 per cent of the targets. The achieved targets include to produce monitoring report on the implementation of the approved policy framework; to process 100 per cent of all foreign applications received; and to produce a report on qualifications found to be misrepresented in the evaluation of foreign qualifications and included a number of initiatives undertaken to counteract document fraud.

Questions/comments for consideration:

- Whether people who misrepresented the foreign qualifications were looking for employment or to further their studies?
- The Highest number of misrepresented qualifications were claimed to have been obtained in the Democratic Republic of Congo, Nigeria, India, Bangladesh and Cameroon. Why such high numbers from these countries?
- The majority (67.2 per cent) of the misrepresented qualifications was in the area of Education, Training and Development sector, with a significant percentage of those being teacher qualifications. What is the motivation for this?

3.1.5. Research

The Research programme is responsible for conducting evidence-based research to evaluate the impact of the NQF and inform the development and further implementation of the NQF. During the year under review there was one strategic objective developed under this programme, which was to facilitate and support the implementation of NQF policies in a simple, coherent and integrated manner; and conduct research on issues of importance to the NQF.

For the year under review, there were five (5) planned targets under this programme, and all were achieved. The achieved targets were to produce report giving details of research partnerships facilitated, progress with existing partnerships and partnerships concluded; to disseminate the 2014 NQF Impact Study summary report; to produce progress report on work achieved towards the 2017 NQF Impact Study; to produce SAQA Bulletin; and to have a complete and approved research report on SAQA's role in the Ombuds function.

3.1.7. International Liaison

The programme is responsible for liaising with international partners on matters concerning qualifications frameworks and sharing best practice within the NQF family. Its strategic objective was to ensure effective international collaboration and benchmarking.

The programme had six (6) planned targets for the year and all were achieved as planned. These include to produce two documents on international best practice; to produce one benchmarking report; attending two forums; to produce one report; to organise one stakeholder seminar for Groningen Declaration Network and to produce/review one guideline/policy.

4. OVERVIEW AND ASSESSMENT OF FINANCIAL PERFORMANCE FOR 2016/17

For the year under review, the South African Qualifications Authority had a total budget of R112.785 million. The budget increased by R5.978 million from R108.807 million in 2015/16. The total expenditure at the end of the financial year amounted to R108.512 million, which constituted 96.2 per cent of the total budget. The under expenditure at the end of the financial year was R4.273 million, which represented 3.8 of the total budget. The under expenditure decreased from R8.035 million in 2015/16. The bulk of the under expenditure amounting to R1.352 million was in Administration and Support programme, followed by an under expenditure of R1.049 million in the Directorate Recognition and Registration.

Expenditure amounting to R74.769 million was for personnel costs, which represented 68.9 per cent of the total expenditure. In terms of expenditure on goods and services, expenditure of R3.591 million was for building costs, R3.814 million for consulting and professional fees, R2.883 million for IT support and maintenance, R2.615 million for postage, R1.481 million for travel and subsistence, R1.129 million for temporary staff costs.

Questions/comments for consideration:

1. SAQA's expenditure on consulting and professional fees was R3.814 million.
 - What services are provided by the consultants and professionals?

- What are the challenges in providing these service in-house?
2. The legal fees increased significantly from R140 205 in 2015/16 to R705 175 in 2016/17. It is reported that SAQA was made a respondent in various legal cases which has resulted in the legal costs being over the budget.
- SAQA should share the details of the legal cases with the Committee.
3. There was a saving and under expenditure of R0.79 million for consulting fees due mainly to funds that were budgeted for the digitisation of pre-1992 learners' records onto the NLRD. Funding received from Tirelo Boscha was used for the digitisation project and therefore savings were effected from SAQA's budgeted funds.
- Whether the saving on the funds for the digitisation of pre-1992 learners' records was rolled over to the 2017/18 financial year for the same project? If not, was the budget available to fund the project in 2017/18?

4.1. Irregular, fruitless and wasteful expenditure

During the year under review, SAQA incurred irregular expenditure amounting to R99 148. Irregular expenditure decreased from R710 000 incurred in 2015/16. Irregular expenditure was as a result of initially entering into a 5-year maintenance contract with Schindler Lifts for the maintenance of the lifts in SAQA House. Unless the contract is cancelled, the contract is automatically renewed for a new 5-year term on the same terms and conditions as the original contract. The lift maintenance contract expired in November 2015 and was automatically renewed for a further 5-year period. SAQA had appointed Schindler to upgrade the lift doors in February 2015 and according to that contract, should SAQA not use Schindler for the normal maintenance of the lifts then the warranties on the lift door upgrade would lapse and thereby cause additional expenditure to the state. SAQA therefore did not cancel the maintenance contract with Schindler and renewed it for a further 5-year maintenance agreement. The renewal of the contract on the same terms and conditions as the original contract exceeded the 20 per cent variance as allowed by National Treasury for which approval was not requested. The result being that irregular expenditure in the amount of R31,007 was incurred during the year.

During the year under review, SAQA procured Optiplan filing system products from Waltons by means of Sole Sourcing. Waltons is the sole provider of Optiplan products in South Africa and therefore Management was of the view that Waltons, in accordance with Treasury's definition, possesses the unique and singularly available capacity to meet SAQA's requirements for its filing system. SAQA's Optiplan filing system has been in operation for numerous years. SAQA did however not invite competitive bids during this financial year for

the procurement of filing system products which are similar in nature to Optiplan products. SAQA did not provide the Auditor-General with a market analysis of similar filing system products and was therefore told it incurred irregular expenditure by the Auditor-General, to the amount of R68,141 on Optiplan products for its filing system. The Board will initiate an investigation into the above matters to satisfy itself that there was no unethical intent involved and that SAQA did not incur any loss due to the transgressions. The matter will accordingly be reported to the DHET and the National Treasury.

4.2. Auditor-General's Report

4.2.1. 2016/17 Audit findings

Table 1: Summary of the audit opinions over a three-year period

2014/15	2015/16	2016/17
Unqualified audit opinion with material findings	Unqualified audit opinion With material findings	Unqualified audit opinion with material findings

The entity received an unqualified audit opinion with material findings. SAQA has regressed from a clean audit obtained in the 2013/14 financial year.

4.2.2. Compliance with legislation

Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by Preferential Procurement Regulation 4.

Non-compliance with supply chain management regulations relating to the non-inclusion of applicable values in the original invitation for tender could have been prevented has compliance with procurement and contract management been properly reviewed and monitored by supply chain management. The AG recommended that applicable values to be used in scoring and evaluation of bids should be included in the invitation for tenders.

The AG also made a finding against the SAQA on non-compliance with legislation during the 2015/16 financial year. SAQA did not comply with Supply Chain Management regulations, where goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1. The AG noted that the root cause was the inadequate monitoring procedures to ensure adherence to National Treasury practice notes.

5. HUMAN RESOURCES

The South African Qualifications Authority's organisational structure provides for 181 approved positions, of which 173 were filled at the end of the year under review. There were eight (8) vacant positions at the end of the financial, representing 4.42 per cent vacancy rate.

Questions/comments for consideration:

1. There were 15 resignations at the end of the financial year.
 - Whether SAQA do conduct exit interviews? If so, what do those interviews reveal the reasons for resignations?
 - Two SAQA employees were dismissed during the year under review, and what were the transgressions?
2. There were also cases of disciplinary actions against employees resulting in written warnings and final written warnings.
 - What were the nature of the transgressions?
3. What is the vacancy rate as at October 2017?

6. REFERENCES

Auditor-General South Africa (2017) Briefing to the Portfolio Committee on Higher Education and Training Audit outcomes of the HET Portfolio

Department of Higher Education and Training (2008) National Qualifications Framework Act, 2008 (Act No. 67 of 2008)

South African Qualifications Authority (2017) Annual Report 2016/17

South African Qualifications Authority (2016) Annual Performance Plan 2016/17

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