



2020 | 2021

annual report presentation

Portfolio Committee on Higher Education, Science and Innovation



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November 2021



“

There is no elevator to success.

You have to take the stairs

”



AGENDA

01 PART A: BACKGROUND AND CONTEXT

02 PART B: PERFORMANCE

03 PART C: AUDIT

04 PART D: WAY FORWARD



PART A

BACKGROUND/CONTEXT

Authority



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Mr. Stephen De Vries
Chairperson of the Accounting

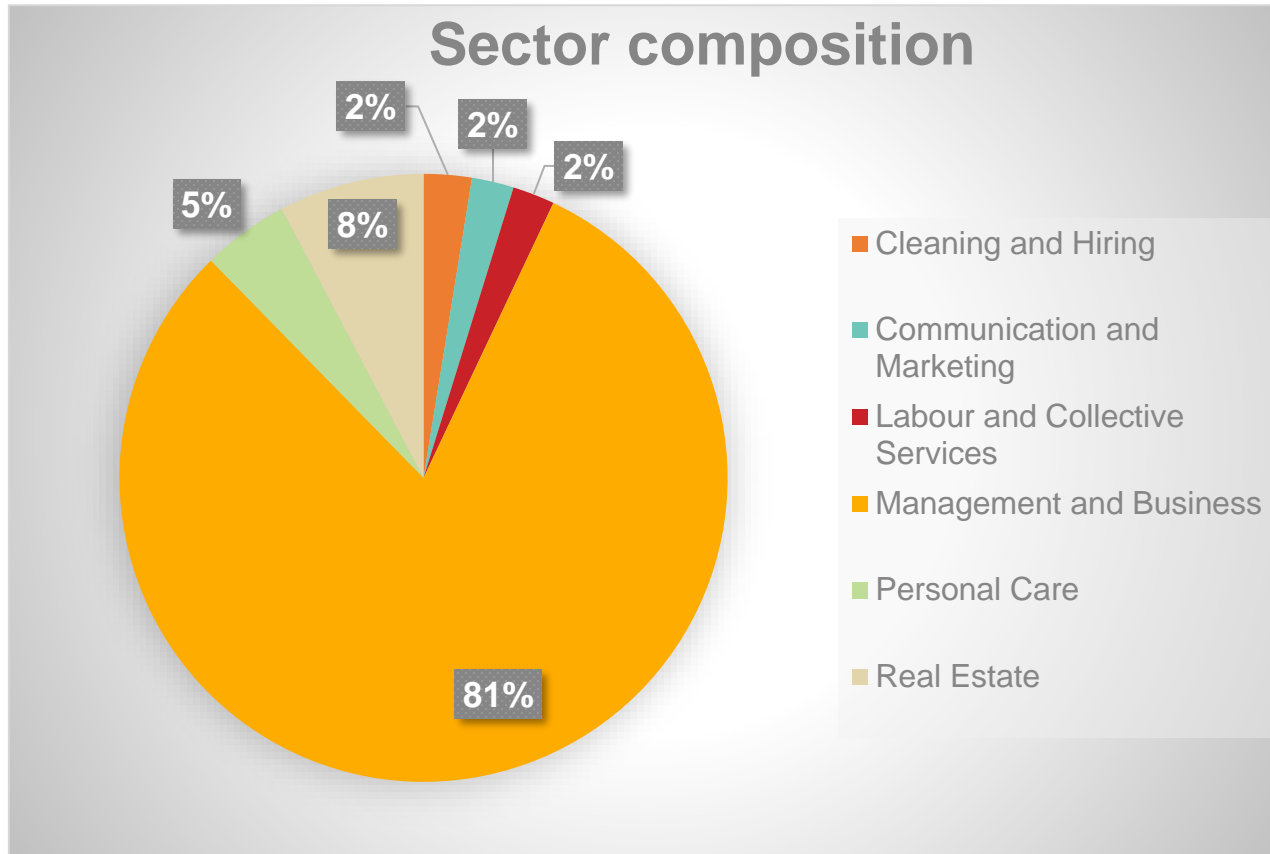
A1. Our Mandate

Sub-sectors

- Cleaning and Hygiene
- Communication and Marketing
- Labour and Collective Services
- Management and Business Services
- Personal Care Services
- Real Estate and Related Services

- Largely informal
- Comprised of small and medium enterprises
- Opportunities for transformation especially in the Real Estate sector

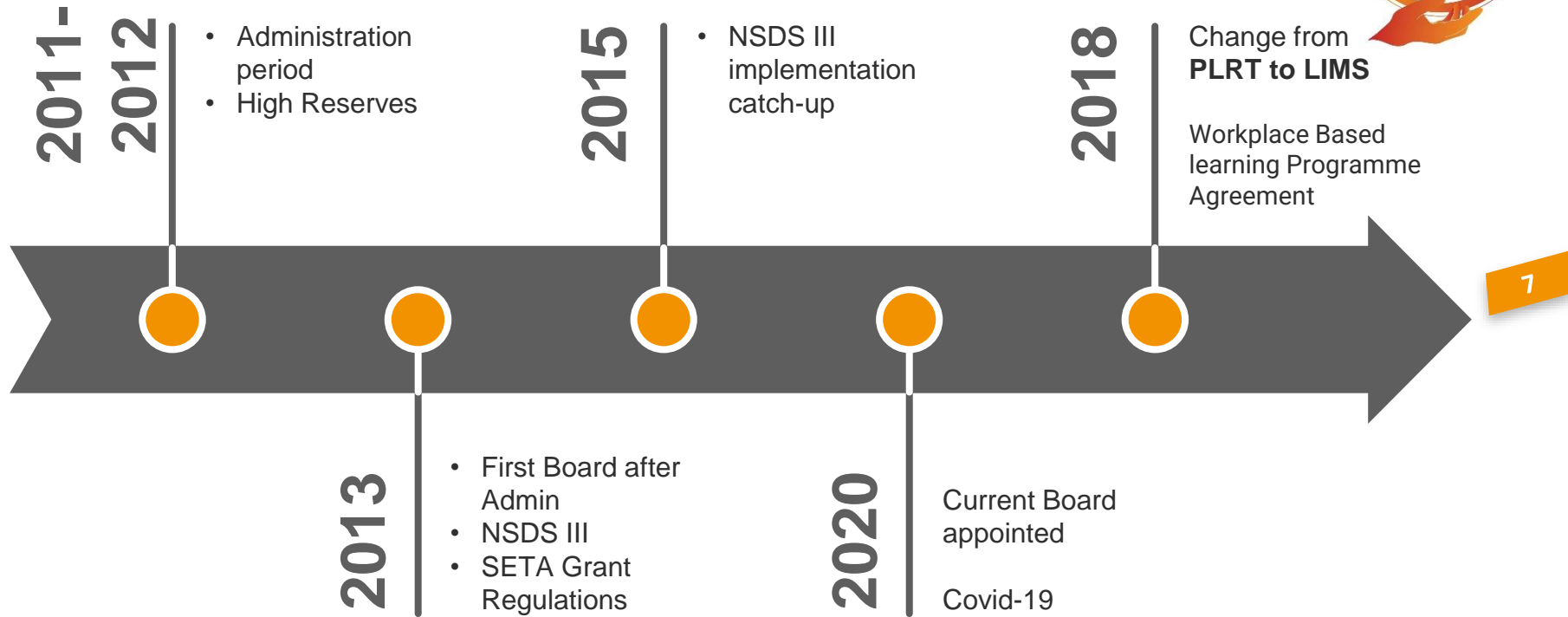
A.2. Employer Profile



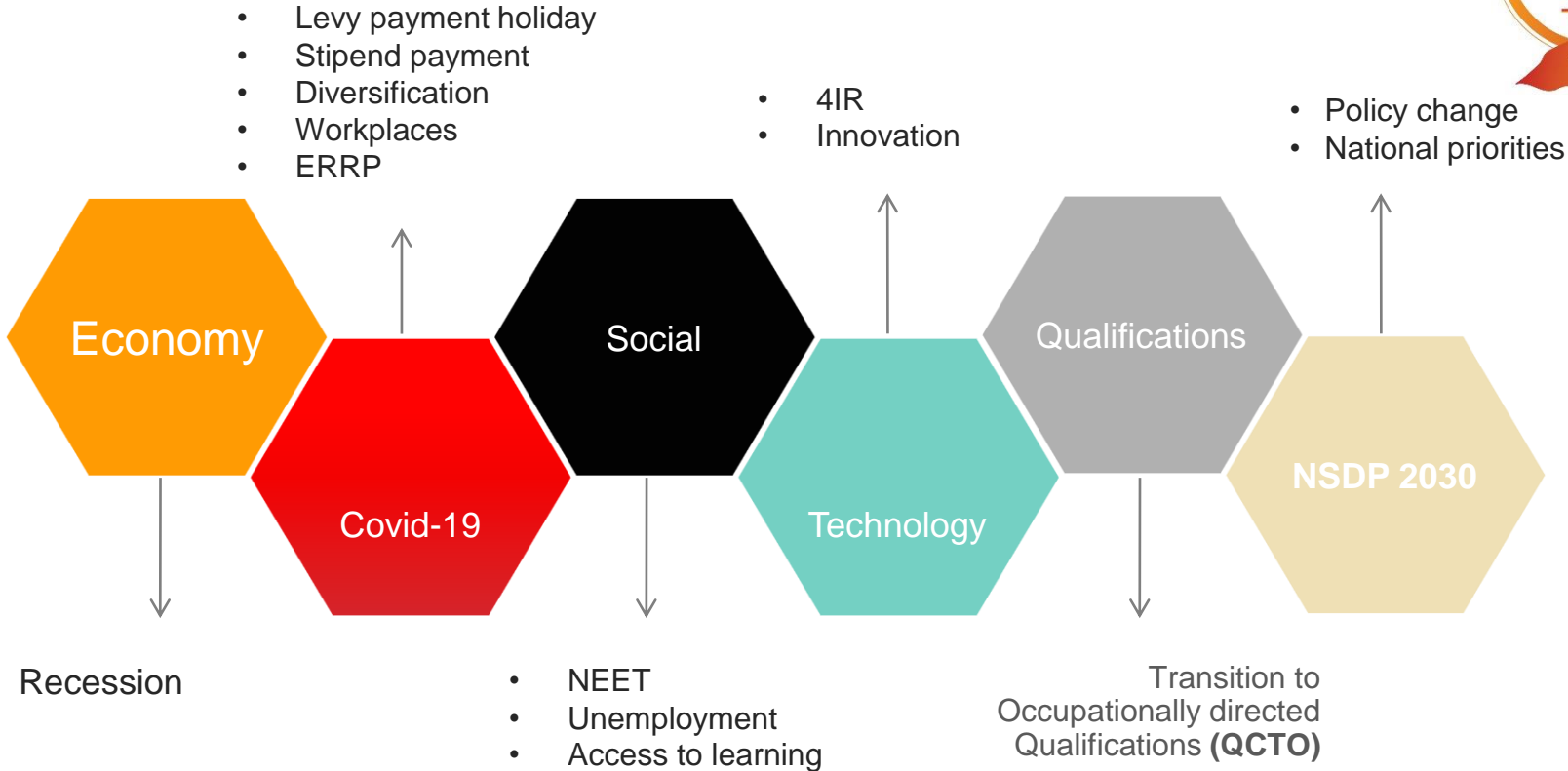
Only 21% of the industry pays levies to the SETA

A.3. Background

Where we come from



A.4. External environment



A.5. Organisational environment



Reputation

Commitments

SETA business processes

Litigation

Stakeholder management

Financial management

Performance

Governance



A.6. Conclusion

- Complex industry composition
- Tough economic environment
- Covid-19 pandemic
- Internal controls and business processes
- Performance/mandate – NSDP 2030
- Audit outcome by AG – Qualified Audit
- Performance – 70% overall target for 2021/22.
- Our commitment is to build the right foundation.

1 0



PART B

Services SETA Annual Performance 2020/21

Menzi Fakude
Chief Executive Officer



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B.1. Background

SETA Historical Performance



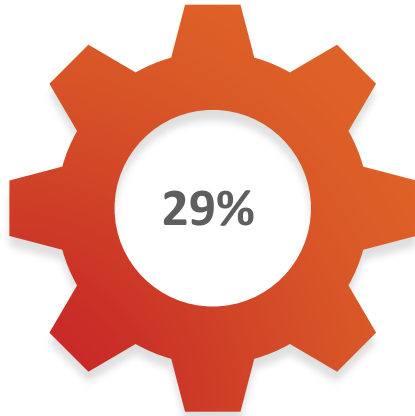
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
DG Reserve	1753 million	1365million	1897million	1736million	869 million	139 million	218 million	508 million
Cash	2297million	1797million	2305million	2256million	1400 million	403 million	421 million	634 million
DG expenditure	234million	264million	714million	1502million2	2500 million	2469 million	1700 million	475million
Commitment	274million	1836million	1859million	2811million	4192 million	5124 million	4622 million	3398 million
Levy Income	1221million	1394million	1410million	1438million	1700 million	1700 million	1700 million	1010 million
Performance	26%	50%	59%	75%	81%	97%	73%	40%
No of Learners entered	10 622	12 480	30 780	31 876	46 692	31 226	5 071	237
Services SETA employees	240	203	244	286	265	283	277	272
	First Board post Administration					Second Board Post Administration		Current Board

1 2

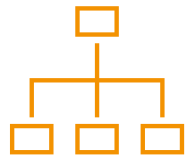


**158 125 learners
enrolled during NSDS III**

B.2. Overall Performance



49% Decline
ADMINISTRATION



11% decline
SKILLS PLANNING



53% Decline
LEARNING PROGRAMMES



No Change
QUALITY ASSURANCE



B.3. Programme 1: Administration



Programme	Not Achieved	Description	Reasons for deviation
Programme 1: Administration	5/7	<ul style="list-style-type: none">• Clean Audit• Recruitment Plan• Training Plan• ICT Plan• Audit and Compliance Action Plan Only one out of 88 audit action plan activities was not resolved.	<ul style="list-style-type: none">• Qualified Audit Opinion• Covid-19 impact• Covid-19 impact• Project reprioritisation• Remote working preparations• Fell short of one action item

B.4. Programme 2: Skills Planning



Programme	Not Achieved	Description	Reasons for deviation
Programme 2: Skills Planning	2/18	<ul style="list-style-type: none">• Research partnerships• WSP/ATR submissions by employers	<ul style="list-style-type: none">• Budget reprioritisation• Impact of Covid-19

B.5. Programme 3: Learning Programmes



Programme	Not Achieved	Description	Reasons for deviation
Programme 3: Learning Programmes	29/33	<ul style="list-style-type: none">• Implementation of learning programmes• Capacitation of TVETs• Support of SMMEs and Cooperatives	<ul style="list-style-type: none">• Covid-19 impact• Levy payment holiday• Reprioritisation of targets and budgets to respond to Covid-19• LMIS instability• National lockdown• Remote working

B.6. Impact of Covid-19 on the services sector



Impact

- Decline in revenue (companies' and SETA's)
- Company closures and retrenchments (retraining)
- Diversification outside the services sector resulting in InterSETA transfers
- Workplace element negatively affected.

Solution

- DG Window planned for levy-payers
- Focus on short skills programmes for recovery to reskill workers
- Collaboration with other SETAs
- Introduction of eLearning and Remote Monitoring to enable implementation of programmes in the Covid-19 environment



B.7. Conclusion

- Covid-19 impact
- Industry engagement
- Commencement of projects on monthly basis
- Focusing on quality assurance of old projects – external moderation, certification and remediation
- LMIS stability
- Business process improvements
- Internal control environment
- InterSETA collaborations



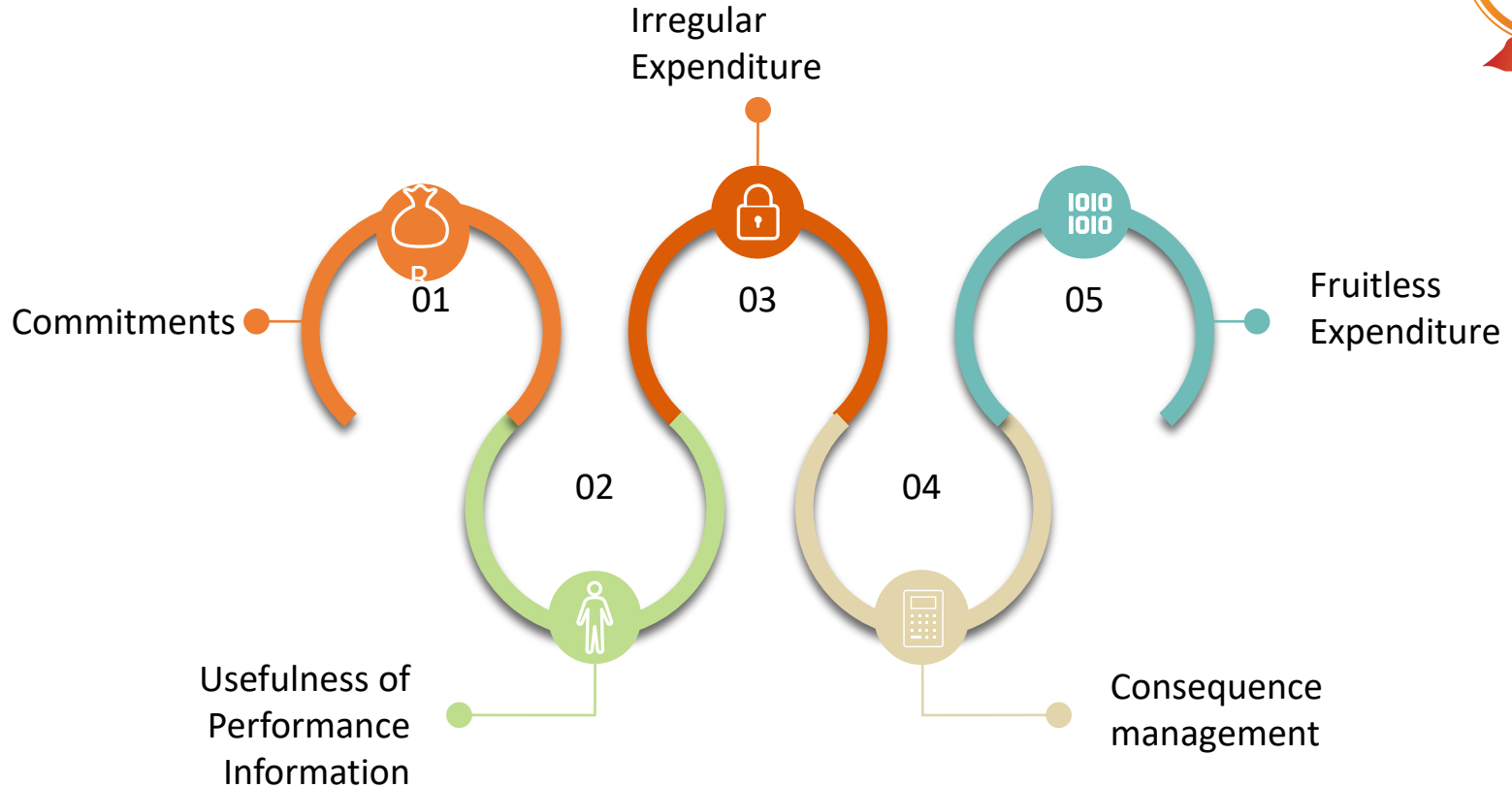
PART C

AUDIT



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C.1. Audit Outcomes 2020/21

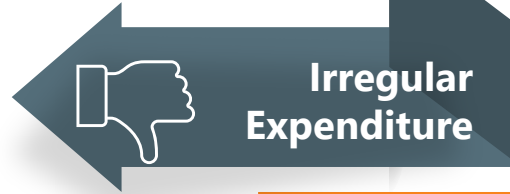


C.2. Expenditure Management

Amount: R1,8 bil

Non compliance with legislation:

- **Procurement and PFMA**
- **DG Grant Regulations (7,5%)**
- **SDA**



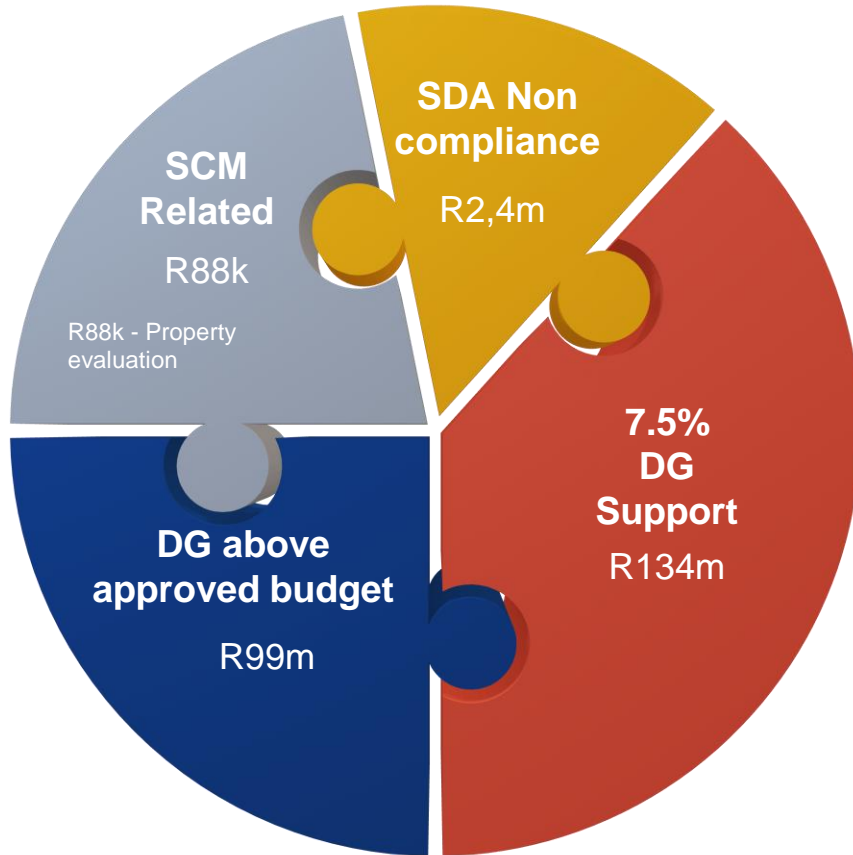
Amount: R12,2 mil

Related to litigation of 4 legal cases

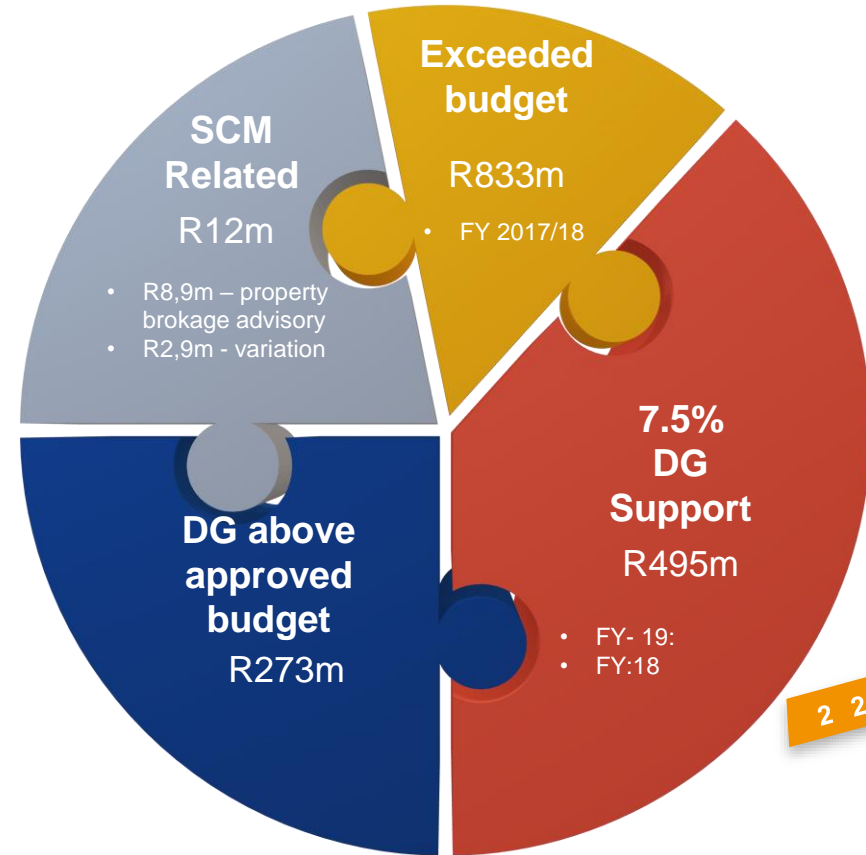


C.3. Irregular Expenditure

FY 2020/21



FY 2019/20

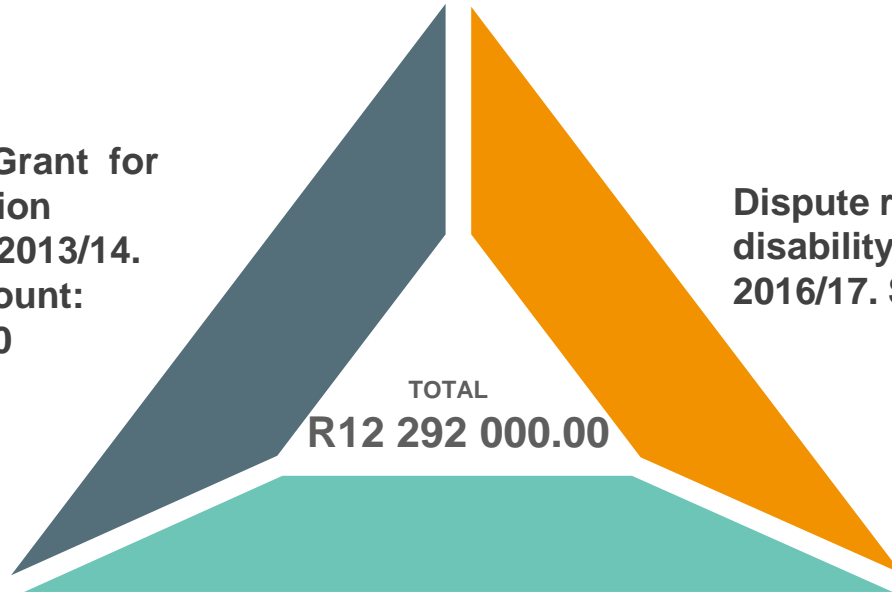


C.4. Fruitless and Wasteful Expenditure



Cancelled DG Grant for
SME Capacitation
programme in 2013/14.
Settlement amount:
R 11 966 370.00

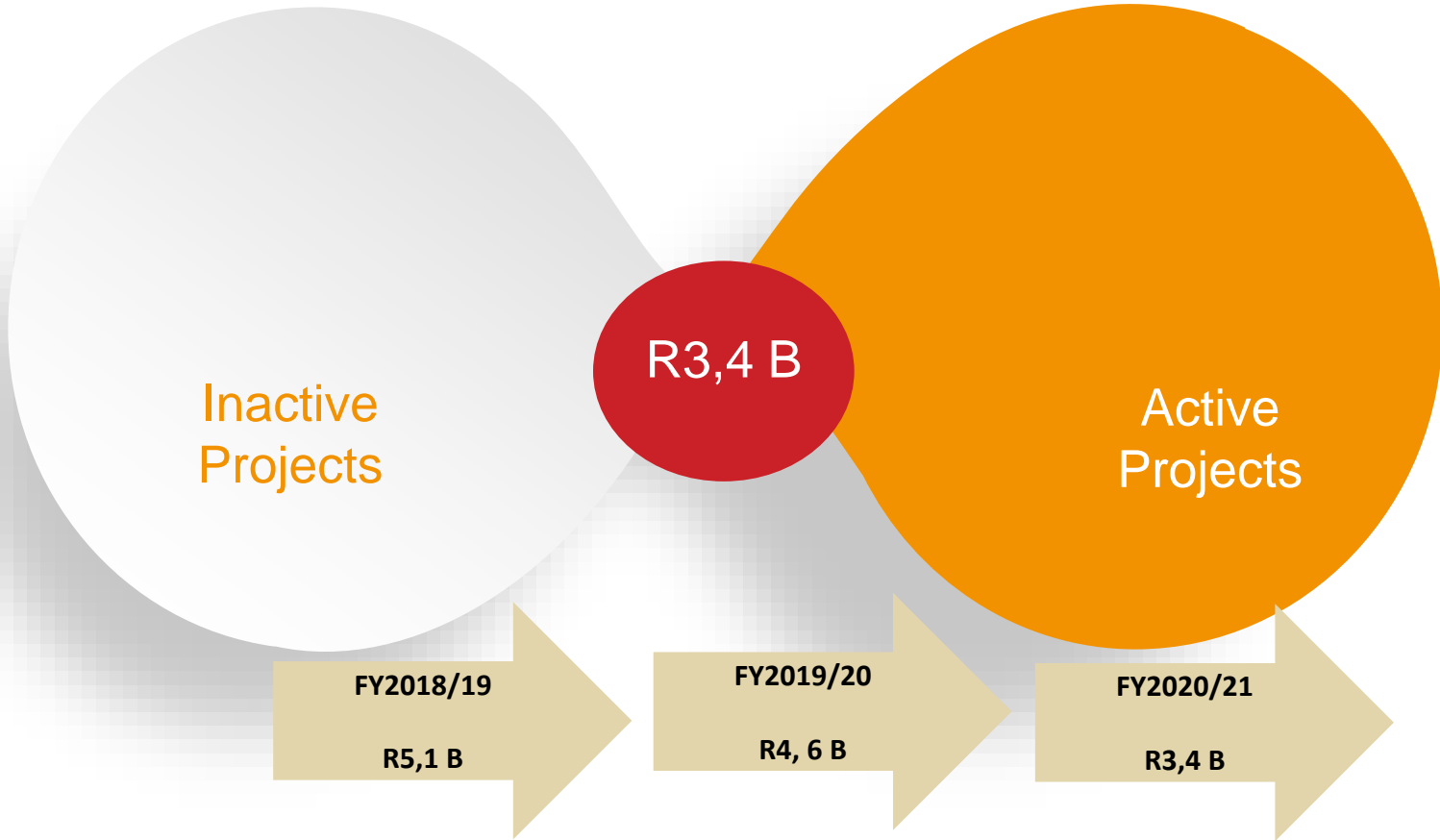
Dispute regarding rural and
disability allowances for a DG Grant tin
2016/17. Settlement amount: R800k



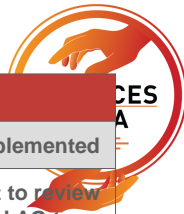
Dispute over work done by supplier to provide litigation services in 2014.
Settlement amount:
R 19 779.00

Municipal Fine for building a disability ramp without approval: Fine for R1,5k.

C.5. Commitments



C.6. Audit Action Plan



AGSA AUDIT FINDING

No	Description	Root cause	Planned action	Date to be implemented
1	Commitments	High level of commitments to catch up on NSDS III outcomes.	<ul style="list-style-type: none"> Restructuring of commitments through analysis and stakeholder engagement. Strengthening of internal control environment – optimize our business processes (LMIS) 	Internal Audit to review in Dec/Jan and AG to audit in February 2022
2	AOPO - Measurability and Reliability of various indicators	Process and outputs to measure performance not clearly defined resulting inconsistencies in interpretation	Review and agree on a process of measurement in consultation with DHET and AG. (TIDs)	31 January 2022
3	Irregular expenditure	<p>Non-compliance with the Skills Development Act due to high delivery structure.</p> <p>Non-compliance – weak internal control (DG contracts).</p>	<p>Organisational realignment and review and reorganise and management of Fixed Cost Structure.</p> <p>Update Policy/SOP for AA approval</p>	<p>Long-term, On-going</p> <p>31 March 2022</p>
4	Fruitless and wasteful expenditure	Poor contract management	Improvement of internal control	Immediately
5	Consequence management	Services SETA did not investigate in time to determine if any official was liable for transgressions.	Investigation in progress and recommendations will be actioned accordingly.	31 March 2022



PART D

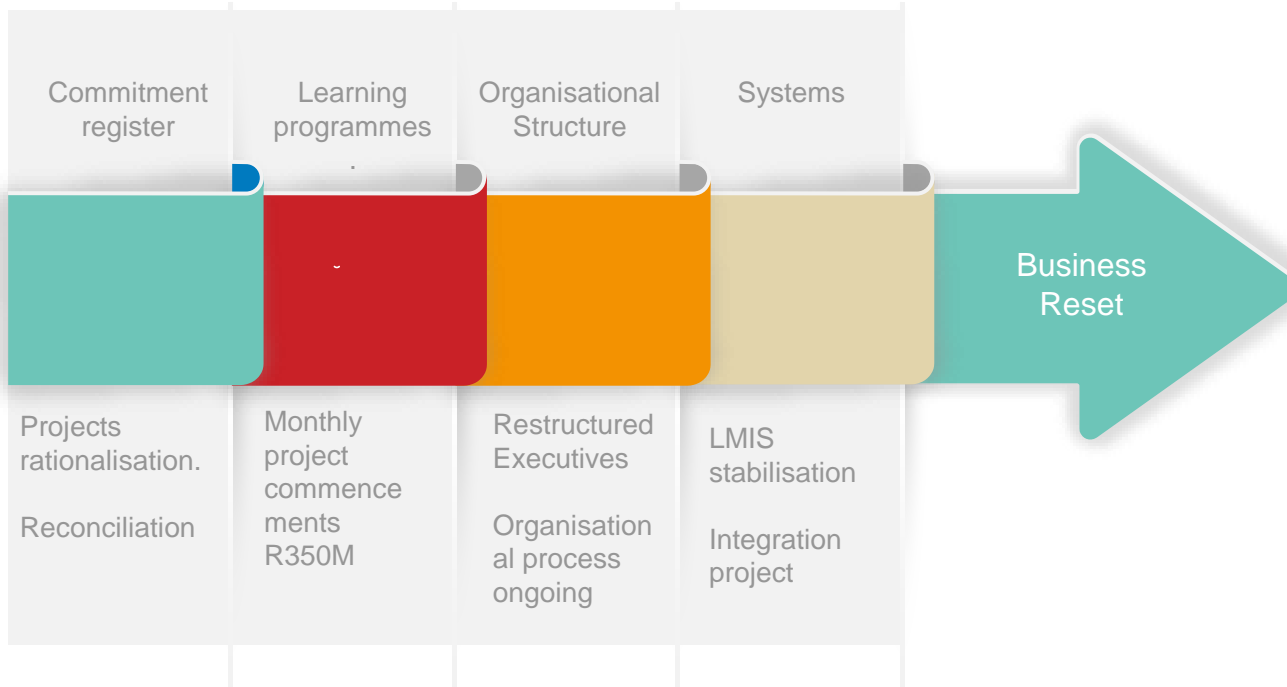
Way Forward



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D.1. Progress to date

Reconfirming our primary and secondary mandate with staff and ensuring alignment throughout the value chain.



D.2. Way Forward: NSDP 2030

A green upward-pointing arrow containing an icon of a person at a computer monitor with a bar chart and gears, representing stakeholder value.

Stakeholder Value

A teal rounded rectangle containing an icon of a gear and a bar chart, representing performance.

Performance

An orange rounded rectangle containing an icon of a gear with four people icons connected to it, representing audit.

Audit

A red rounded rectangle containing an icon of a lightbulb with a gear inside, representing business processes.

Business Processes



“

There is no elevator to success.

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”





Thank You

CONTACT US

- 📞 Head Office Tel: 011-276-9600
- 📍 15 Sherborne Road, Parktown, Johannesburg
- ✉ Email: customercare@serviceseta.org.za

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AND TRAINING AUTHORITY
(SERVICES SETA)