

# South African National Accreditation System

## 2021/22 ANNUAL REPORT

**Presentation: Portfolio Committee Trade, Industry & Competition**

***Tumelo Baleni***

***16 November 2022***

# Delegation

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# SANAS LEGISLATIVE MANDATE

SANAS derives its mandate from the Accreditation of Conformity Assessment, Calibration and Good Laboratory Practice Act, 2006 (Act 19 of 2006) (*Accreditation Act*) and its purpose is to provide an internationally recognised and effective accreditation and monitoring system for the Republic, in order to:



Ensure a well-functioning technical infrastructure that is aligned to international best practices;



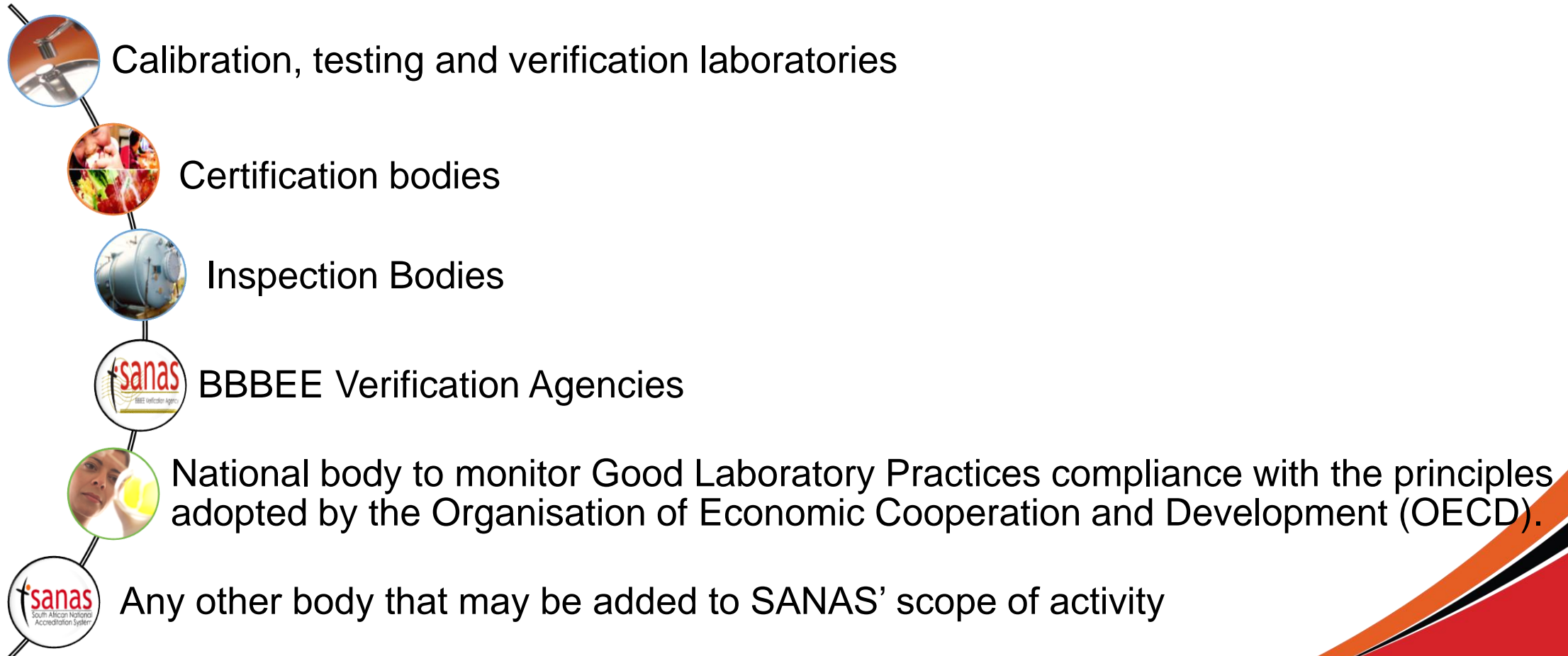
Support the needs of our enterprises competing in a fast-paced global economy;



Support public policy objectives in terms of health, safety and broad-based black economic empowerment compliance issues

# OVERVIEW OF SANAS

SANAS is the sole national accreditation body for carrying out accreditation in respect of conformity assessment which includes accreditation system for:



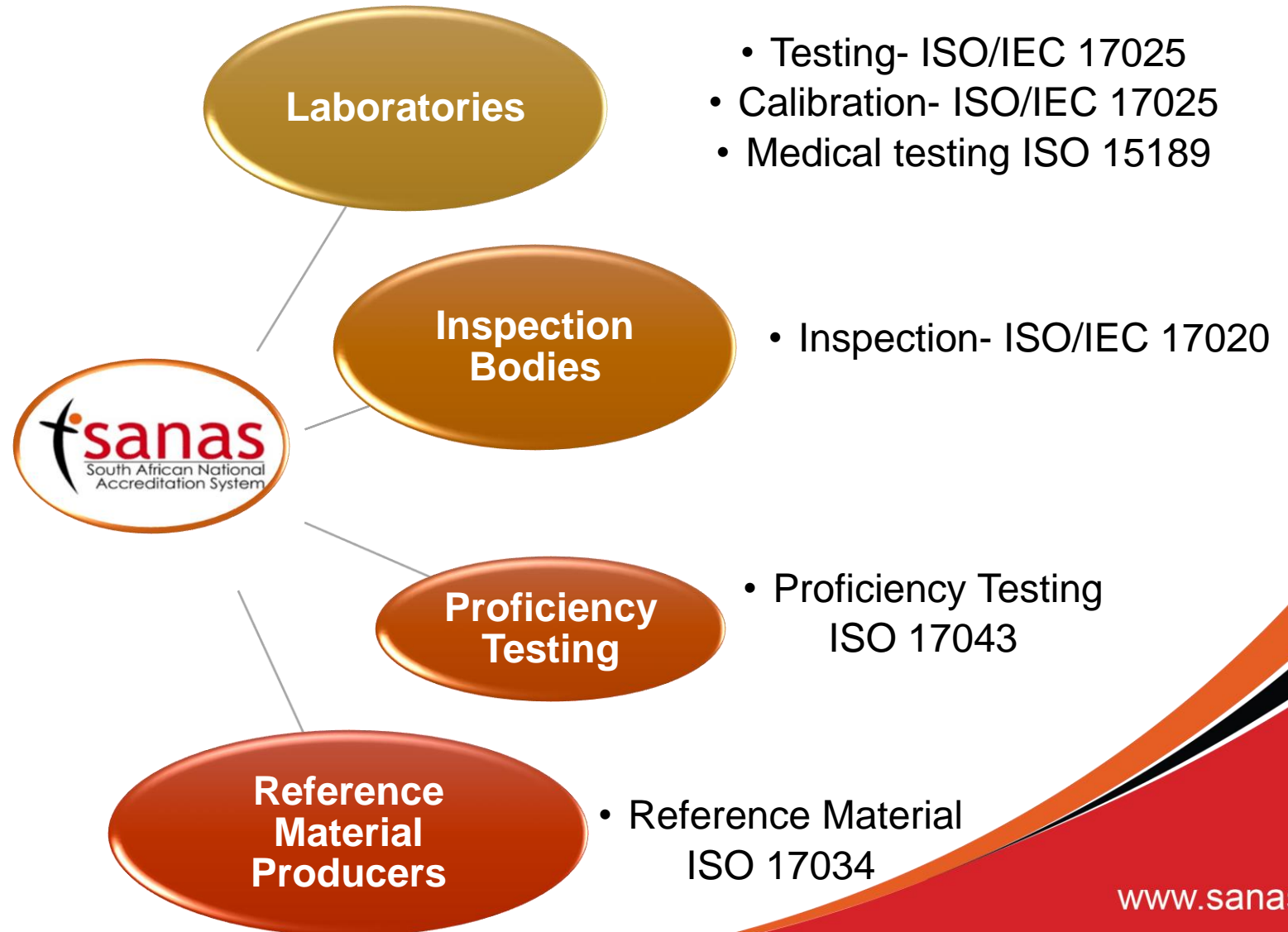
# SANAS' CORE BUSINESS

- a) Promote the acceptance of SANAS' activities and those of all bodies accredited by SANAS or its international counterparts
- b) Promote the recognition of accredited bodies by users of conformity assessment
- c) Liaise with regional and international standards bodies, technical regulatory and metrology organisation in respect of matters relating to accreditation
- d) Liaise with national regulators in respect of matters relating to accreditation
- e) Promote the use of accredited bodies to facilitate trade
- f) Initiate, negotiate, conclude and maintain mutual recognition arrangements;
- g) Obtain and maintain membership of national and international organisations that may assist SANAS achieve its objectives

# SANAS-ILAC INTERNATIONAL RECOGNITION

Global acceptance of SANAS accredited results – International Laboratory Accreditation Cooperation (ILAC)

- SANAS is signatory to **all** existing ILAC Mutual Recognition Arrangements



# SANAS-IAF INTERNATIONAL RECOGNITION

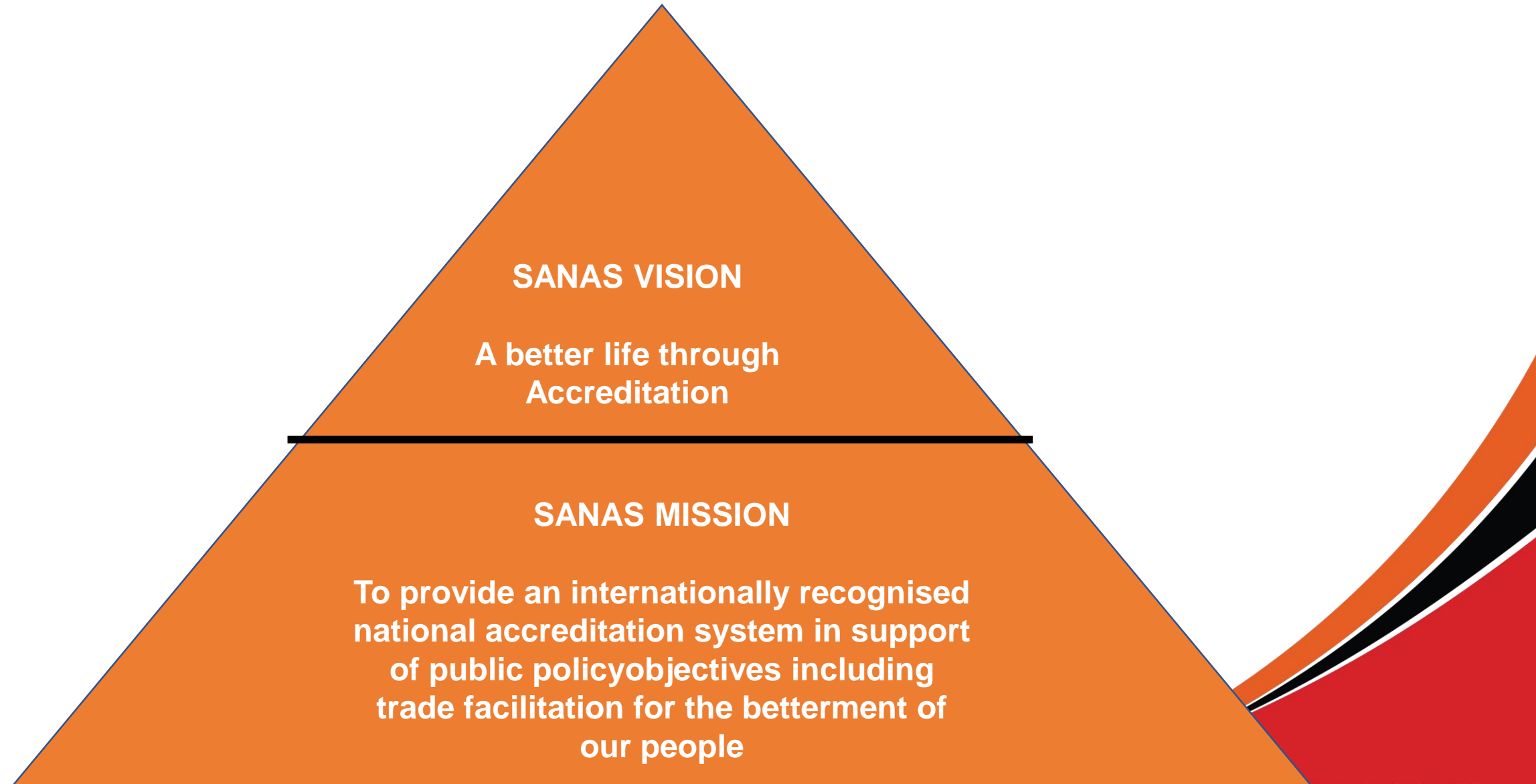
Global acceptance of SANAS accredited results – International Accreditation Forum (IAF)

- SANAS is signatory to the existing IAF Multi-lateral Recognition Arrangements



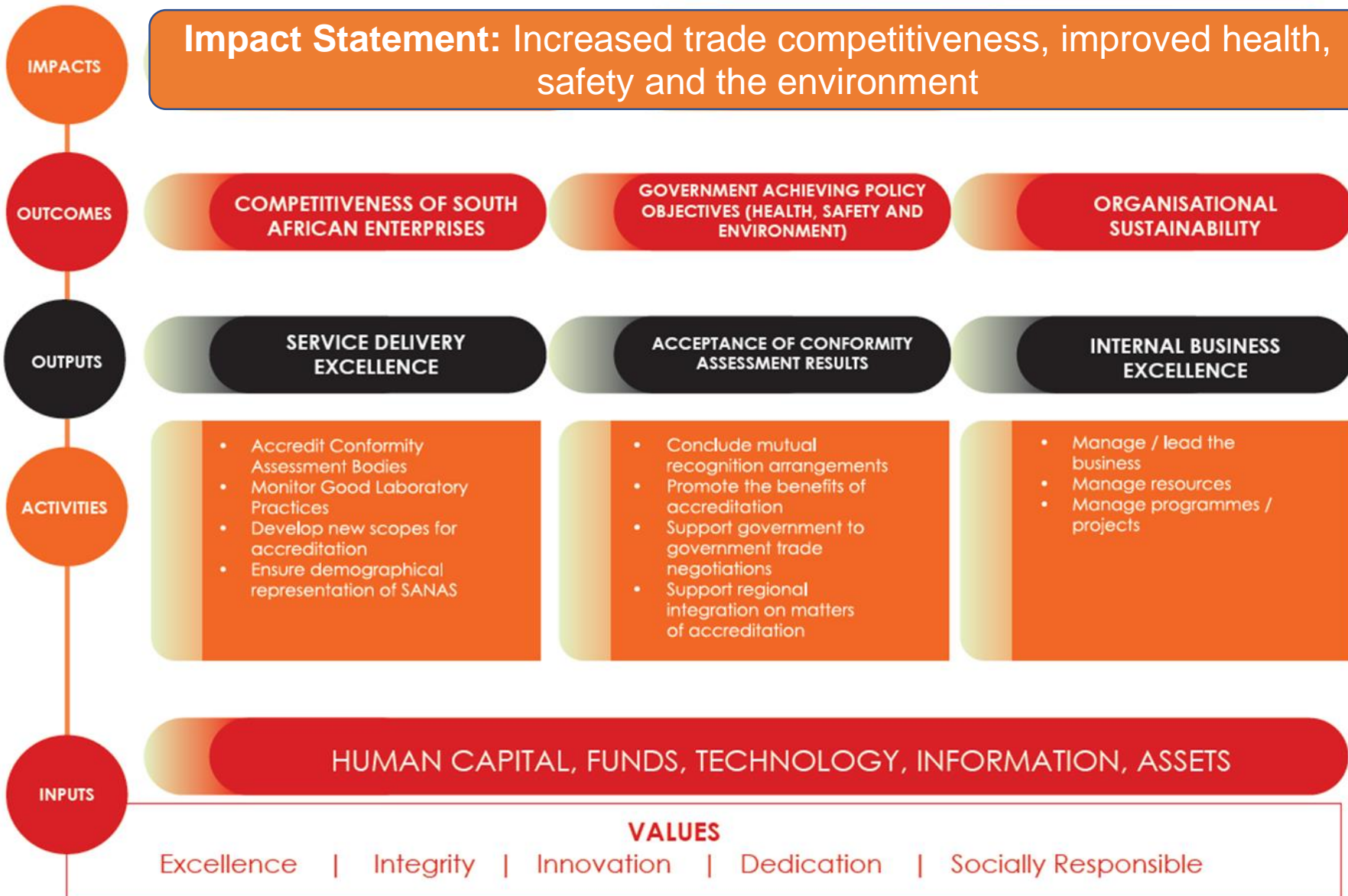
- **Product ISO/IEC 17065**  
*(Reconfirmed December 2019)*
- Global G.A.P. IFA  
General Requirements
- Global G.A.P.
  
- Quality Management  
Systems ISO/IEC 9001
- Environmental  
Management Systems  
ISO/IEC 14001
- Management System  
ISO/IEC 17021-2 & 3

# SANAS VISION & MISSION





# SANAS STRATEGIC FRAMEWORK



# SANAS 2020-2025 STRATEGIC PLAN

**Impact Statement:** Increased trade competitiveness, improved health, safety and the environment.

OUTCOME	OUTCOME INDICATOR	BASELINE 2019/20	FIVE-YEAR TARGET	ALIGNMENT WITH MTSF 7 PRIORITIES
Competitiveness of South Africa's enterprises	Number of accreditation scopes and sub-scopes recognised under regional and international Mutual Recognition Arrangements.	7 Scopes 1 Sub-scope	9 Scopes 3 sub-scopes	Priority 2: Economic Transformation and Job Creation Priority 7: A better Africa and World
Government achieving policy objectives (Regional integration health, safety and environment)	Number of regulators programmes relying on SANAS accreditation for their conformity assessment needs (e.g. Energy efficiency, Medical devices etc.)	13	16	Priority 2: Economic Transformation and Job Creation  Priority 7: A better Africa and World

# SANAS 2020-2025 STRATEGIC PLAN

OUTCOME	OUTCOME INDICATOR	BASELINE 2019/20	FIVE-YEAR TARGET	ALIGNMENT WITH MTSF 7 PRIORITIES
Organisational sustainability	Increase stakeholder engagements in support of SANAS activities aligned to its mandates	New measure	Roll out of 100% of identified annual stakeholder engagements interventions	Priority 2: Economic Transformation and Job Creation  Priority 7: A better Africa and World
Organisational sustainability	Increased percentage ratio of SANAS income generation versus government grants	70:30	80:20	Priority 2: Economic Transformation and Job Creation

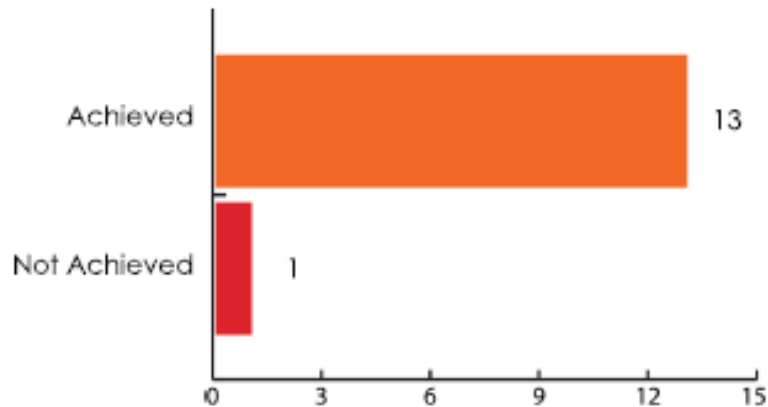
# RATIONALE BEHIND OUTCOME INDICATORS

OUTCOME	OUTCOME INDICATOR	RATIONALE BEHIND OUTCOME INDICATOR CHOICE
Competitiveness of South Africa's Enterprises	Number of accreditation scopes and sub-scopes recognised under regional and international Mutual Recognition Arrangements (MRA)	MRA's remove the need for retesting, recertification or reinspection in the importing country, thus, making our enterprises more competitive in the export market.
Government achieving policy objectives (Regional integration health, safety and environment)	Number of regulators programmes relying on SANAS accreditation for their conformity assessment needs (e.g. Energy efficiency, Medical devices etc.)	Supporting governments programme that impacts on our international obligation e.g. climate change, energy efficiency etc. The indicator addresses the increasing role SANAS plays in supporting government programmes
Organisational Sustainability	Increase stakeholder engagements in support of SANAS activities aligned to its mandates	Client retention is a key component of SANAS sustainability.
	Percentage of self-funding versus government funding	The ability of SANAS to generate a larger Part of its income from services provided will alleviate pressure from the fiscus.

# 2021/22 ANNUAL REPORT

# PERFORMANCE OVERVIEW

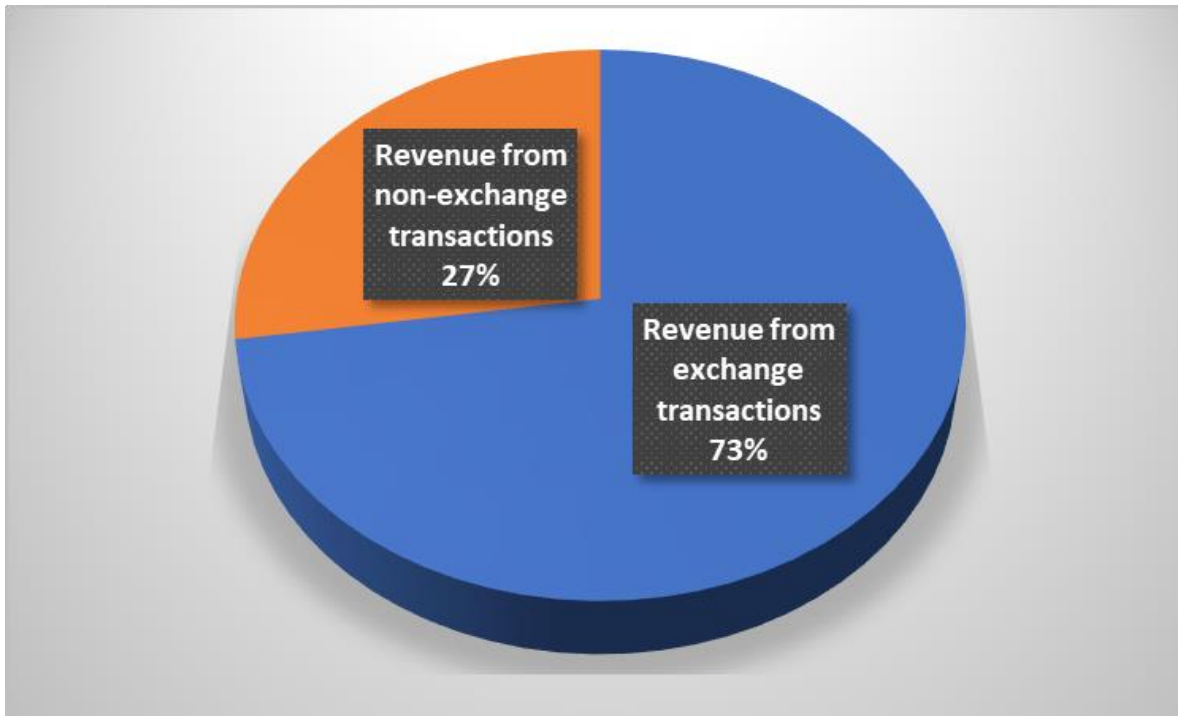
During the 2021/22 financial year, SANAS committed to achieving 14 annual targets. As at 31 March 2022, SANAS achieved 13 targets equating to an overall performance of 93%.



Programme	Number of Annual Targets	Performance against APP Annual Targets as at 31 March 2022
Administration	4	Achieved 4 out of 4 (100%)
Corporate Services	2	Achieved 2 out of 2 (100%)
Strategy and Development	3	Achieved 2 out of 3 (67%)
Accreditation	5	Achieved 5 out of 5 (100%)
<b>Total</b>	<b>14</b>	<b>Achieved 13 out of 14 annual targets (93%)</b>

# ACHIEVEMENT AGAINST PLANNED TARGETS (1)

1. In relation to processing <5% of eligible payments after 20 days, by end of the reporting period, only 2% of payments were processed after 20 days but within the legislated 30 days.
2. The set target of achieving a 70:30 ratio of SANAS income vs government grant was over-achieved as SANAS achieved a ratio of 73:27 SANAS income vs government grant. This alleviates pressure from the fiscus.



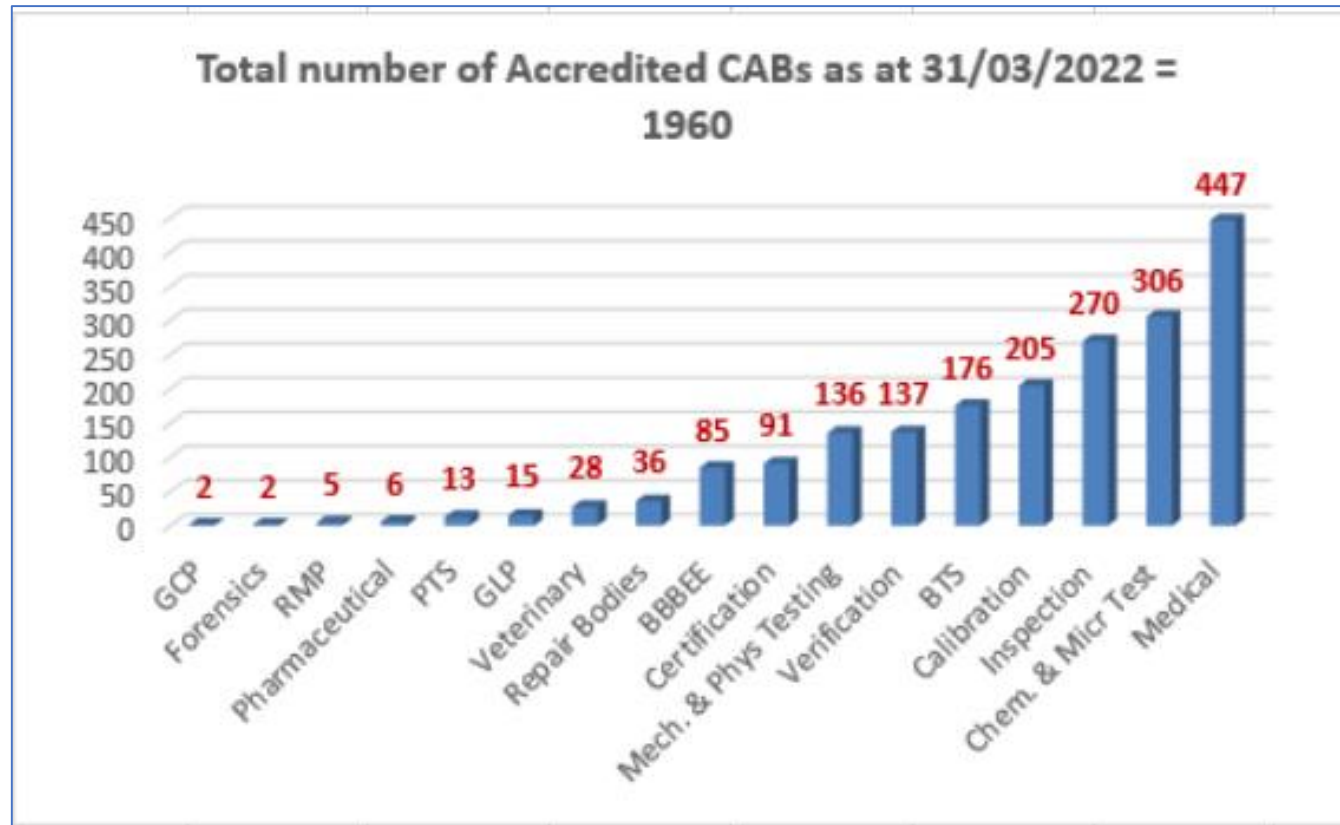
## ACHIEVEMENT AGAINST PLANNED TARGETS (2)

3. 90% of the AFRAC Secretariat's Annual Performance Plan was implemented, as planned.
4. 90% of the SADCA Secretariat's Annual Performance Plan was implemented, as planned.
5. SANAS implemented 90% of the planned activities within its approved Annual Stakeholder Engagement Plan. It is critical that SANAS continuously promotes the value of accreditation and creates awareness of the SANAS brand, while also focusing on customer growth and retention.
6. SANAS maintained an average vacancy rate for all quarters at less than 1% against the targeted maximum of 5%.
7. With regards to developing New Accreditation Programmes, SANAS rolled out the Asset Management Programme through engagements with the Asset Management Industry Association.
8. SANAS participated and/or advised on all engagements facilitated by the dtic's through participation in the dtic's TBT programme as well as through providing input on Conformity Assessment requirements, amongst others. Such initiatives contribute to economic growth as the non-acceptance of conformity assessment results is one of the Technical Barriers to Trade (TBT) that could potentially obstruct Africa's regional integration efforts.



# ACHIEVEMENT AGAINST PLANNED TARGETS (3)

9. In terms of increasing the number of accredited CABs, the set target of 1913 was over-achieved as SANAS grew the number of CABs by 4.6%, from 1874 to 1960. This initiative plays a key role in terms of the dtic's Joint Key Performance Indicator related to Industrialisation as it focused on facilitating investment and economic development across key sectors.



# ACHIEVEMENT AGAINST PLANNED TARGETS (4)

10. SANAS over-achieved the target in relation to ensuring that certificates and scope of accreditation are issued within 15 working days after completion of approvals process as it was issued in just 13.5 days on average. This initiative contributes to the dtic's Joint Key Performance Indicator related to Delivery/Capable State as it improves service delivery and turn-around times through eliminating red tape.
11. As targeted, SANAS increase the number black assessors that were registered during the financial year, by an additional 8 assessors, thus increasing the actual total to 304. Such achievement contributes to the Joint Key Performance Indicator related to Transformation as it promotes the growth of an inclusive economy by transforming the SANAS Assessor pool to include more Black people.

	ASSESSOR STATS		
Programme	Assessors	% PDI	No. PDIs
Medical	137	76%	104
Certification	36	78%	28
Inspection	75	35%	26
BBBEE	28	79%	22
Calibration	53	34%	18
BTS	37	76%	28
Testing	74	70%	52
Verification / Repair	36	72%	26
<b>TOTAL</b>	<b>476</b>	<b>65%</b>	<b>304</b>

# ACHIEVEMENT AGAINST PLANNED TARGETS (5)

12. In terms of expanding SANAS' scopes of recognition under the Mutual Recognition Arrangements, SANAS obtained 1 Scope and submitted 1 sub-scope application (FSSC). MRA's remove the need for retesting, recertification or reinspection in the importing country, thus, making our enterprises more competitive in the export market and contributes to economic growth and development.
13. With regards to supporting the regulatory domain, SANAS engaged with regulators and specifically with SAHPRA, following which a MoU with SAHPRA was developed focused on relevant fields of accreditation. Through supporting such regulatory programmes, SANAS plays an increasing role in supporting government programmes.

# AREA OF UNDERPERFORMANCE

1. New Programme Development: Implement 70% of the Business Incubators and Accelerators Programme
  - ❑ In collaboration with the Small Enterprise Development Agency (SEDA), SANAS is in the process of developing a new Accreditation Programme focused on Business Incubators and Accelerators.
  - ❑ During the 2021/22 FY, SANAS achieved all 4 planned quarterly targets which included development of Technical Requirements (Drafts 1, 2 & 3) as well as sourcing of Technical Assessors by the end of Q4.
  - ❑ Although all planned quarterly targets were in fact achieved however, the achievement of quarterly targets could not be quantified to confirm the achievement of 70% of the project, hence the target has been reported as not achieved.
  - ❑ Going forward, SANAS has developed a project plan inclusive of milestones to be undertaken in the development of the programme, in order to determine the percentage progress.

# SUMMARY OF FINANCIAL PERFORMANCE

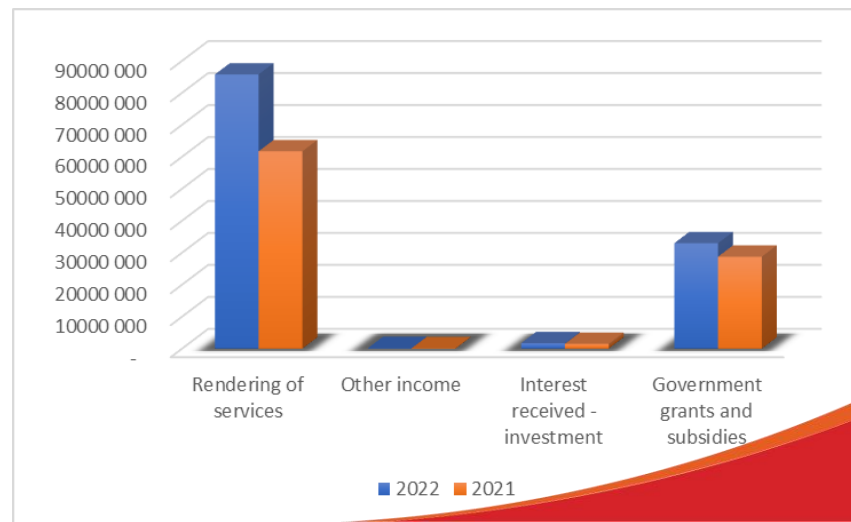
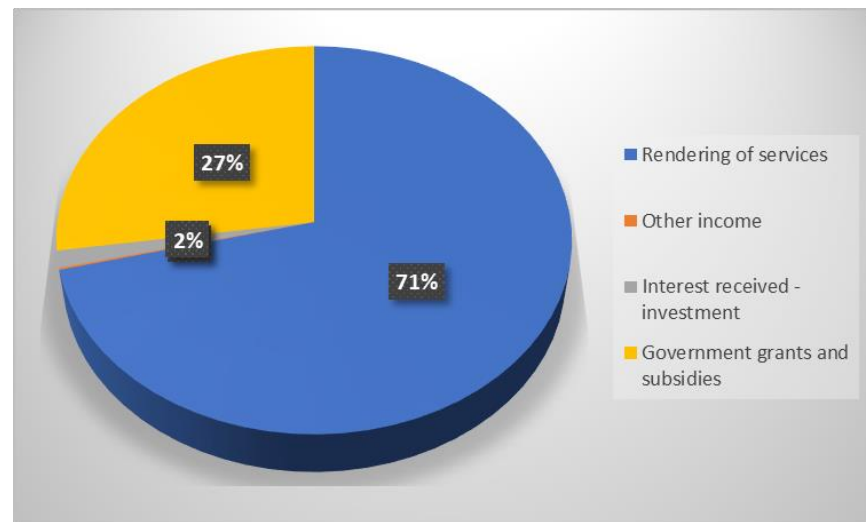
# SUMMARY OF FINANCIAL PERFORMANCE

Details	2022	2021	% Increase
	R	R	
Revenue	118 702 470	90 457 250	31.22%
Other Income	186 242	153 032	21.70%
Operating expenses	- 102 604 482 -	84 814 452	20.98%
<b>Operating surplus</b>	<b>16 284 230</b>	<b>5 795 830</b>	<b>180.96%</b>
Investment income	1 695 252	1 484 481	14.20%
<b>Surplus for the year</b>	<b>17 979 482</b>	<b>7 280 311</b>	<b>146.96%</b>

- Revenue had increased in 2022 due to the increase in assessments being conducted. In addition, there were new applications received from conformity assessment bodies. The CABs had grown by 4.6% and had exceeded the APP target.
- The surplus had increased because assessments were conducted remotely for almost 75% of the year which had resulted in a substantial saving of travel and accommodation. Assessments have now resumed to continue onsite for the 2023 financial year.

# SUMMARY OF FINANCIAL PERFORMANCE

	2022	2021
	R	R
<b>REVENUE</b>		
<b>Revenue from exchange transactions</b>		
Rendering of services	85 735 470	61 709 250
Other income	186 242	153 032
Interest received - investment	1 695 252	1 484 481
<b>Total revenue from exchange transactions</b>	<b>87 616 964</b>	<b>63 346 763</b>
<b>Revenue from non-exchange transactions</b>		
Government grants and subsidies	32 967 000	28 748 000
<b>Total Revenue</b>	<b>120 583 964</b>	<b>92 094 763</b>



# SUMMARY OF FINANCIAL PERFORMANCE

<b>EXPENDITURE</b>	<b>2022</b>		<b>2021</b>
	<b>R</b>		<b>R</b>
Employee related costs	59 324 586		52 307 627
Accreditation assessor costs	15 413 169		10 945 775
Transfer payments	753 383		714 108
Depreciation and amortisation	6 033 651		5 890 605
Debt impairment	552 636	-	170 506
General expenses	20 527 057		15 126 843
<b>Total Expenditure</b>	<b>102 604 482</b>		<b>84 814 452</b>

- Expenditure had increased by 20.98%. This was largely due to the impact of Covid-19 in the 2021 financial year and the lifting of restriction and commencement of activities in 2022. More assessments took place.
- Employee related costs had increased by 13%. This was largely due to the filling of vacancies including the positions of the CFO and Executive: Strategy and Development.



# SUMMARY OF FINANCIAL POSITION

Details	2022	2021
<b>ASSETS</b>	<b>R</b>	<b>R</b>
<b>Current Assets</b>		
Receivables from exchange transactions	5 660 934	2 056 438
Cash and cash equivalents	65 948 077	41 817 692
<b>Non-Current Assets</b>		
Property, plant and equipment	56 910 235	62 022 055
Intangible assets	5 189 548	5 700 652
<b>Total Assets</b>	<b>133 708 794</b>	<b>111 596 837</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables from exchange transactions	8 318 232	4 041 910
Income received in advance	5 479 742	5 983 258
Provisions	2 961 037	2 391 344
Accrual for leave pay	2 598 418	2 808 442
<b>Total Liabilities</b>	<b>19 357 429</b>	<b>15 224 954</b>
<b>NET ASSETS</b>		
Accumulated surplus	<b>114 351 365</b>	<b>96 371 883</b>

# SUMMARY OF FINANCIAL HEALTH

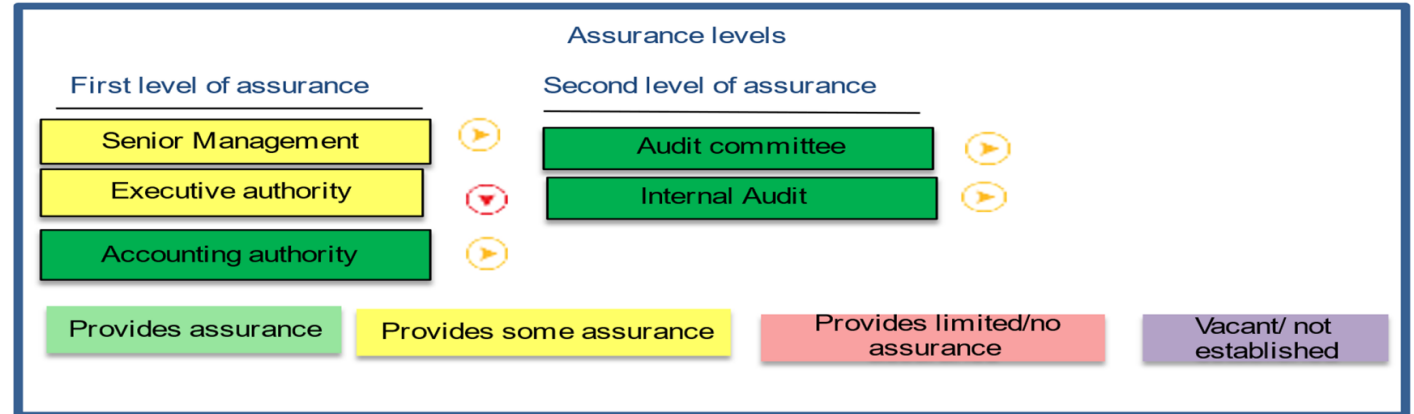
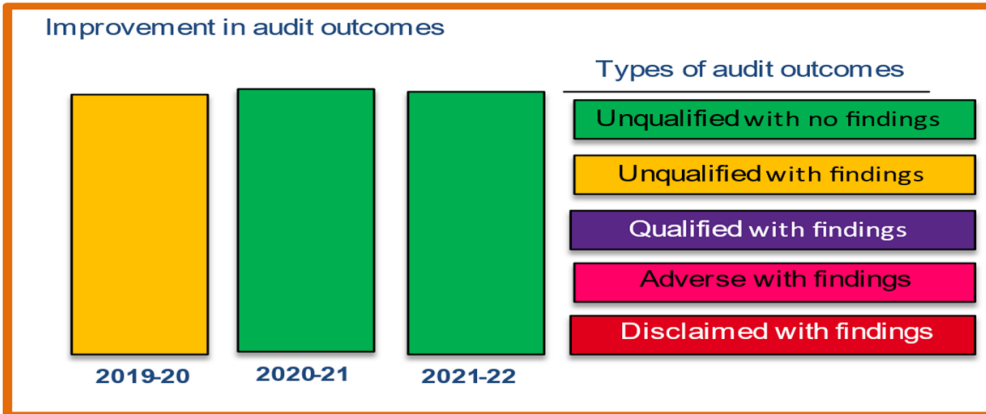
		31 March 2022	31 March 2021
<b>EXPENDITURE MANAGEMENT</b>			
1.1	Creditor payment period	70 Days	43 Days
<b>REVENUE MANAGEMENT</b>			
2.1	Debtor-collection period	24 Days	12 Days
2.2	Debtors impairment provision as a % of accounts receivable	25%	37%
	• Amount of debtors impairment provision	R1 438 190	R885 553
	• Amount of accounts receivable	R5 660 934	R2 056 438
<b>ASSET AND LIABILITY MANAGEMENT</b>			
3.1	A deficit for the semester was realised	No	No
	Amount of surplus	R17 979 482	R7 280 311
3.2	Net current liability position was realised	No	No
	Amount of net current assets	R52 251 582	R28 649 175
3.3	A net liability position was realised	No	No
	Amount of net asset position	R114 351 365	R96 371 883 <sub>6</sub>

# SUMMARY OF FINANCIAL HEALTH

		31 March 2022	31 March 2021
<b>CASH MANAGEMENT</b>			
4.1	The end bank balance was in overdraft	No	No
	Amount of end bank balance	R65 948 077	R41 817 692
4.2	Net cash flows from operating activities were negative	No	No
	Amount of net cash flows for the year from operating activities	R24 585 647	R15 369 016
	Creditors as a percentage of cash and cash equivalents	13%	10%
4.3	Amount of creditors (accounts payable)	R8 318 232	R4 041 910
	Amount of cash and cash equivalents	R65 948 077	R41 817 692
<b>OVERALL ASSESSMENT</b>			
Overall financial viability is assess as:		GREEN (Good)	GREEN (Good)

# SUMMARY OF AUDIT REPORT

# SUMMARY OF EXTERNAL AUDIT REPORT



1

To improve/maintain the **audit outcomes** ...

2

... the key role players need to **assure** that ...

5 ... the **root causes** are addressed ...

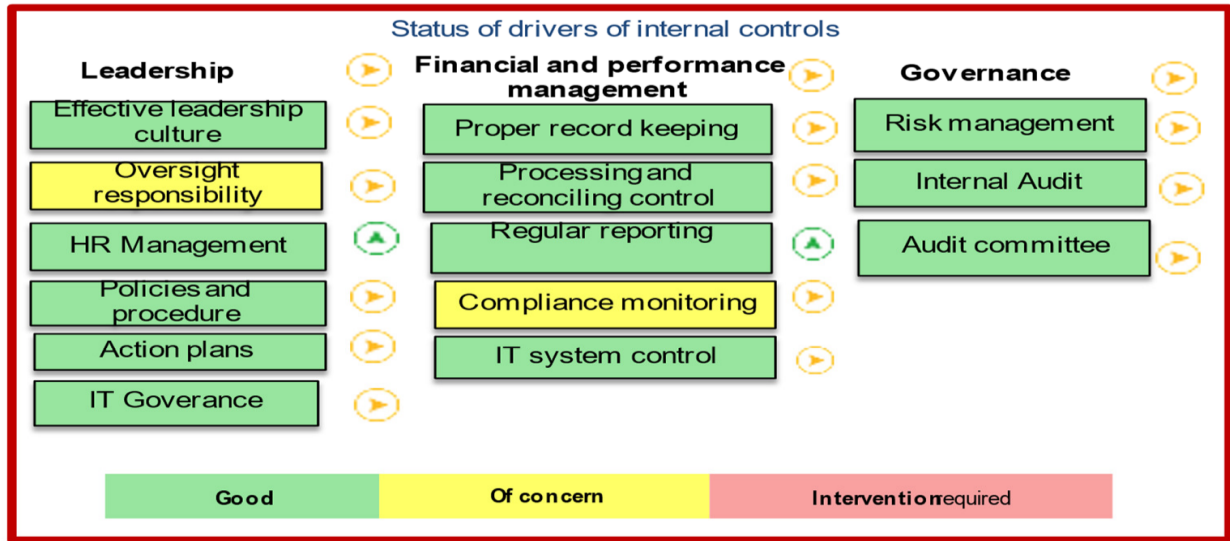
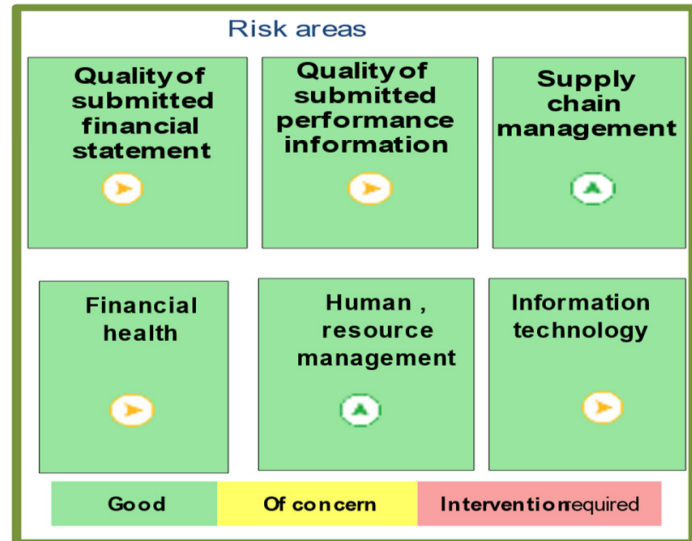
4 ... the **risk areas** and ...

3 ... attention is given to the **key controls** and ...

... the **best practices** are maintained.

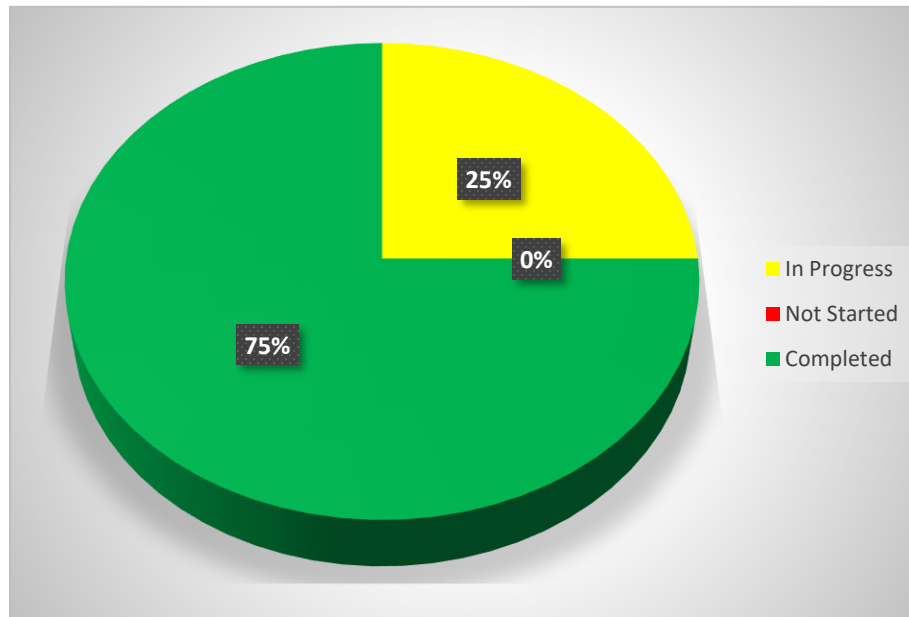
Effective implementation and monitoring of action plans

Effective implementation of processing and reconciling control



# SUMMARY OF EXTERNAL AUDIT REPORT

- There were four (4) findings raised in the management report.
- These findings did not have an impact on the audit report.
- An action plan was developed.
- Three (3) of the findings have been resolved by management and one (1) finding is currently in progress.



# CONCLUSION

- SANAS achieved 93% against its APP targets - increasing the number of Accredited CABs which also contributes to the increase in revenue coupled with the reduction in its dependence on the government fiscus.
- Sustained the achievement of clean audit outcome with improved quality – no findings.
- SANAS acknowledges that there is room for improvement and will continue to strive for improved performance and impact it makes toward achieving government priorities and outcomes, in line with its mandate.
- In terms of current performance in the 2022/23 FY, SANAS achieved 75% performance in Quarter 1 which significantly improved in Quarter 2 with a 92% performance.

**THANK YOU**