

South African National Accreditation System

QUARTER ONE PERFORMANCE REPORT

2022/23 FINANCIAL YEAR

Presentation: Portfolio Committee Trade, Industry & Competition

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16 November 2022

PRESENTATION OUTLINE

1. Purpose of Presentation
2. Q1 Performance Summary and Key Highlights
3. Quarter 1 Performance Overview
4. Quarter 1 Performance per Programme
5. Summary of Risk Management report
6. Summary of Audit Report
7. Summary of Financial Performance

PURPOSE OF PRESENTATION

- Provide a high-level summary of the key elements of the SANAS Quarter 1 Performance Report with specific reference to:
 - Quarter 1 performance per Programme against APP targets
 - Risk Management report
 - Audit Report
 - Financial Performance

Q1 PERFORMANCE SUMMARY & KEY HIGHLIGHTS (1)

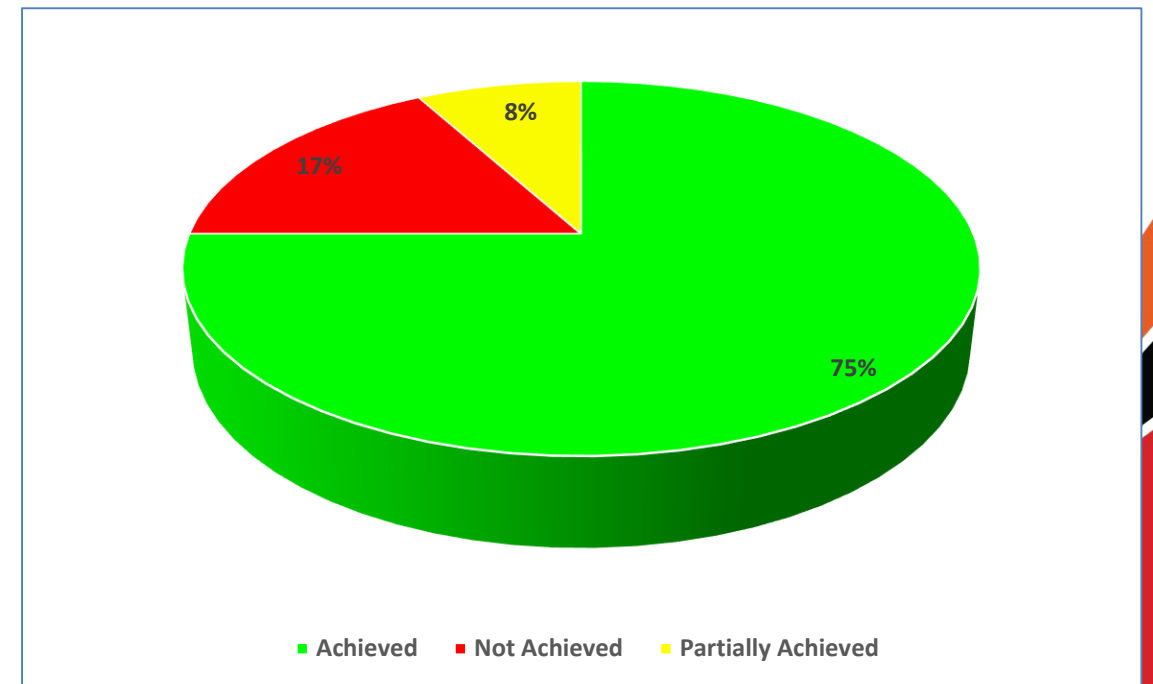
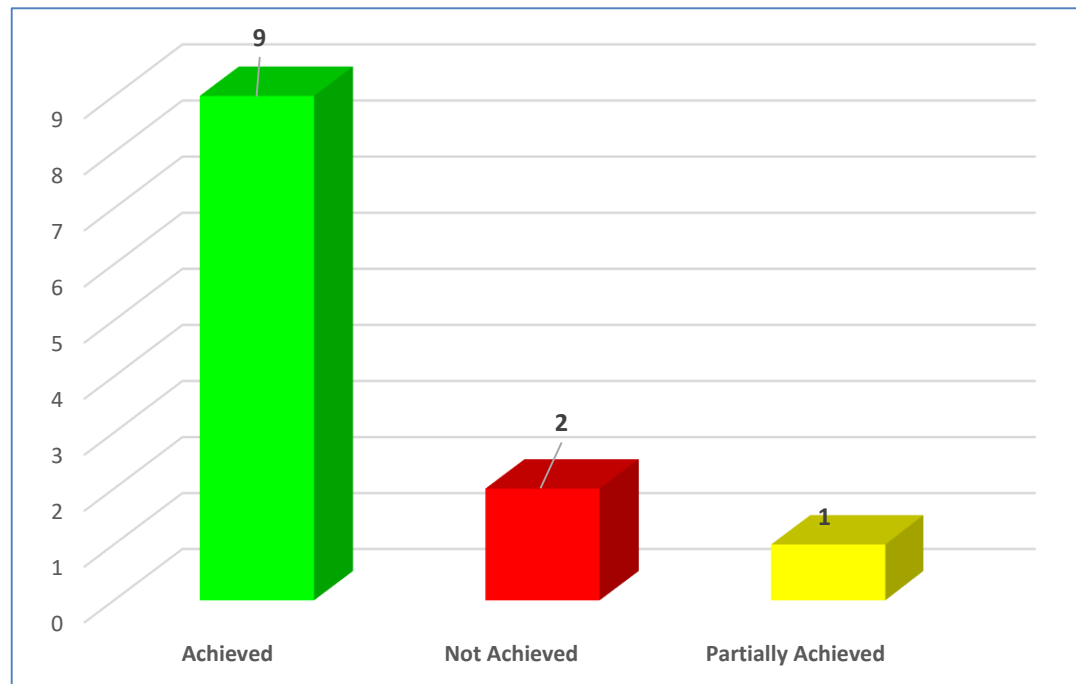
- ❑ SANAS achieved 75% performance.
- ❑ Two quarter one targets not achieved and one partially achieved:
 - <5% of eligible payments to be processed after 19 days
 - Obtaining a 72:28 ratio of SANAS income vs government grant
 - 13 working days to issue certificates and scopes of accreditation
- ❑ Number of accredited organisations increased from 1960 in quarter 4 to 1987 - exceeding the planned quarterly target of 1935.
- ❑ In terms of Knowledge Transfer, a total of 16 courses attended by 215 candidates were conducted during the first quarter.
- ❑ SANAS participated in the 28th African Organisation for Standardisation (ARSO) General Assembly meetings which took place in Cameroon from 27th June to 1st July 2022.
- ❑ On 09 June, SANAS hosted the World Accreditation Day, in partnership with the Southern African Development Community Accreditation Service (SADCAS) and Mauritius Accreditation Service.

Q1 PERFORMANCE SUMMARY & KEY HIGHLIGHTS (2)

- ❑ On 21 June, SANAS hosted an Accreditation Information Session which mainly focused on how 'Accreditation plays a key role in Food Safety' under the theme "Farm to Fork.
- ❑ SANAS successfully hosted the virtual annual meetings of SADCA, including the General Assembly during which SANAS was re-elected to host the Secretariat for a further 3-year period.
- ❑ SANAS also successfully hosted the virtual mid-year meetings of AFRAC, including the annual peer evaluator training session.
- ❑ Following Board approval, SANAS proceeded with the implementation of the 2021/22 cost of living salary adjustments.
- ❑ The report on the Joint Key Performance Indicators (J-KPI's) was submitted to **the dtic** on 01 July 2022. The report was developed in line with the re-package J-KPI's, which focuses on three key Outcomes areas, namely, industrialisation, transformation and delivery/capable state

QUARTER 1 PERFORMANCE OVERVIEW

- SANAS committed to achieving 12 Annual Performance Plan (APP) quarterly targets during Quarter 1 (01 April – 30 June 2022) of the 2022/23 financial year.
- Overall, SANAS achieved 9 out of 12 of its planned Quarter 1 targets (75%)



PROGRAMME 1: ADMINISTRATION (1)

OUTCOME: ORGANISATIONAL SUSTAINABILITY

Annual Target	Quarter 1 Target	Actual Performance	Status	Explanation of Variance
Improve payments of creditors to ensure <5% of eligible payments processed after 19 days. All eligible payments to be made within 30 days.	<5% of eligible payments processed after 19 days for the quarter. All eligible payments for the quarter to be made within 30 days.	33% of the payments were made after 19 days but within 30 days. The average days taken to process payments was 13 days.	Achieved	Capacity issues in the Finance unit.
70:30 SANAS income vs government grant	72:28 SANAS income vs government grant	Ratio of 71:29 was achieved	Not Achieved	Services not as yet rendered

PROGRAMME 1: ADMINISTRATION (2)

OUTCOME: GOVERNMENT ACHIEVING POLICY OBJECTIVES (*health, safety, environment & Regional integration*)

Annual Target	Quarter 1 Target	Actual Performance	Status	Explanation of Variance
Implement 90% of the AFRAC Secretariat's Annual Performance Plan	Implement 60% of the AFRAC Secretariat's Annual Performance Plan	60% of the AFRAC Secretariat's Annual Performance Plan was implemented	Achieved	N/A
Implement 90% of the SADCA Secretariat's Annual Performance Plan	Implement 40% of the SADCA Secretariat's Annual Performance Plan	60% of the SADCA Secretariat's Annual Performance Plan was implemented	Achieved	N/A

PROGRAMME 2: CORPORATE SERVICES

OUTCOME: ORGANISATIONAL SUSTAINABILITY

Annual Target	Quarter 1 Target	Actual Performance	Status	Explanation of Variance
Finalise and roll out 90% of the annual stakeholder engagement plan approved by relevant Executive	90% roll-out of planned quarterly activities in line with the approved Annual Stakeholder engagement plan	The Annual Stakeholder Engagement plan was developed and approved 100% of the planned activities were rolled-out during this reporting period	Over-Achieved	Quarterly targets on related interventions were simultaneously achieved
5% vacancy rate of funded positions in the FY	Maximum of 6% vacancy rate of funded positions for the financial year	5.2% vacancy rate. (4 vacancies out of 77 funded positions)	Achieved	N/A

PROGRAMME 3: STRATEGY & DEVELOPMENT (1)

OUTCOME: GOVERNMENT ACHIEVING POLICY OBJECTIVES (*health, safety, environment & Regional integration*)

Annual Target	Quarter 1 Target	Actual Performance	Status	Explanation of Variance
Develop – 1 programme. Implement 80% of the project. (Business Incubators and Accelerator)	Development of Technical Requirements (Draft 4)	The Final Draft of the Technical Requirements has been developed.	Achieved	N/A
Roll out – 1 Programme Implement 100% of the project. (Asset Management)	Engaging with Asset Management Industry Association	Through engagement with the president of the Asset Management Industry Association, an undertaking was given that SAAMA will continue promoting ISO Certification. SAAMA platform will continue to be used for promoting the scheme as well as through the SAAMA conference.	Achieved	N/A

PROGRAMME 3: STRATEGY & DEVELOPMENT

OUTCOME: GOVERNMENT ACHIEVING POLICY OBJECTIVES (*health, safety, environment & Regional integration*)

Annual Target	Quarter 1 Target	Actual Performance	Status	Explanation of Variance
<p>Participate and/or advise on 100% of the dtic's engagements required.</p> <p>Participate in the acceptance of conformity assessment results within AfCFTA, TFTA, BRICS and WTO</p>	<p>Participate and/or advise on 100% of the dtic's engagements required.</p>	<p>Participated in the 100% dtic engagement for the quarter under review.</p> <p>On 19 May 2022, SANAS participated in the meeting hosted by the dtic with Egypt Counterpart/s to consider the text of the MoU at the technical level.</p> <p>At the meeting SANAS also presented on the relationship between SANAS and EGAC.</p> <p>The MoU is currently going through the diplomatic channels.</p>	<p>Achieved</p>	<p>N/A</p>

PROGRAMME 4: ACCREDITATION

OUTCOME: GOVERNMENT ACHIEVING POLICY OBJECTIVES (*health, safety, environment & Regional integration*)

Annual Target	Quarter 1 Target	Actual Performance	Status	Explanation of Variance
Increase the number of accredited organisation to 2001 (cumulative)	1935 Cumulative	1987 Cumulative	Over - Achieved	Over-achievement from Q4 of the 2021/22 financial year as well as the repeal of the COVID-19 regulations.
13 working days to issue certificates and scopes of accreditation after completion of approvals process	13 working days to issue certificates and scopes of accreditation after completion of approvals process	Certificates and scopes were issued between 1 and 33 days.	Partially Achieved	Target based on the average no. of days across all Accreditation Programmes. Therefore actual average is 13 days, in line with the target. However, it is noted that the TID does not indicate the method of calculation as average.
Increasing the registration of black Assessors to 324 Cumulative	309 (cumulative)	309 cumulative black assessors registered (additional 5)	Achieved	N/A

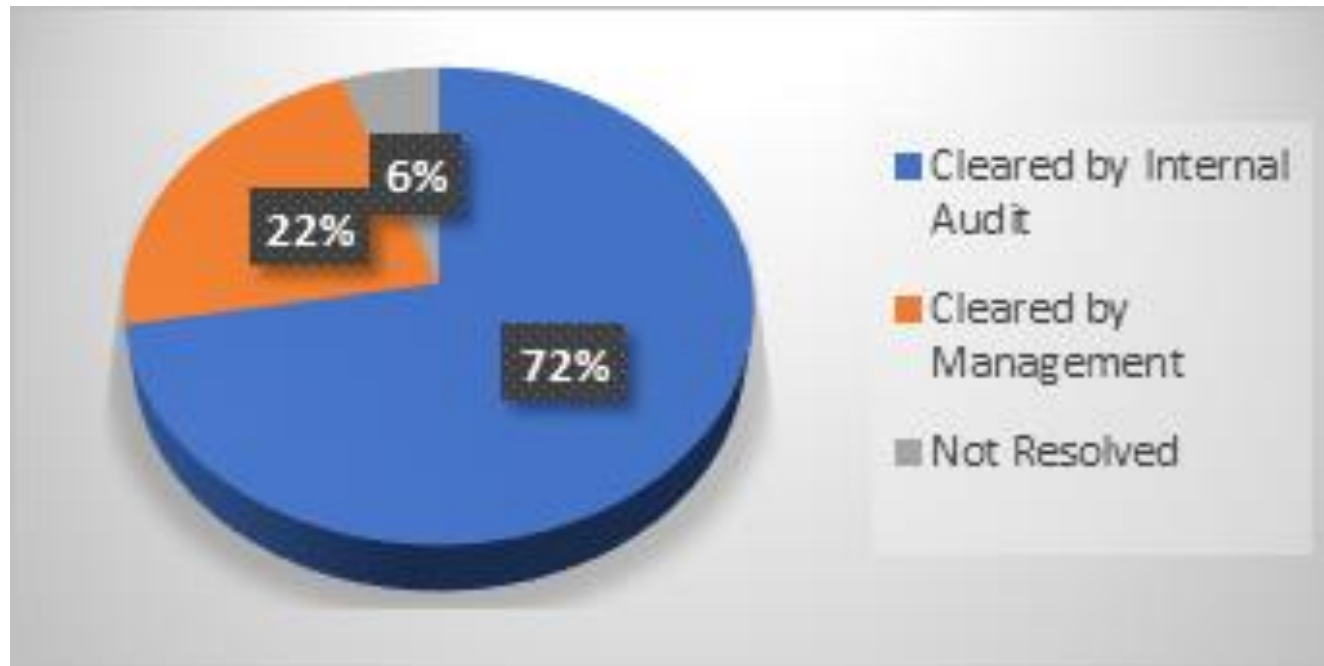
SUMMARY ON RISK MANAGEMENT REPORT

- Actions were set for all the risks to mitigate them to an acceptable level
- The action plans set are all in progress with target dates set for 31 March 2023.

SUMMARY OF AUDIT REPORT

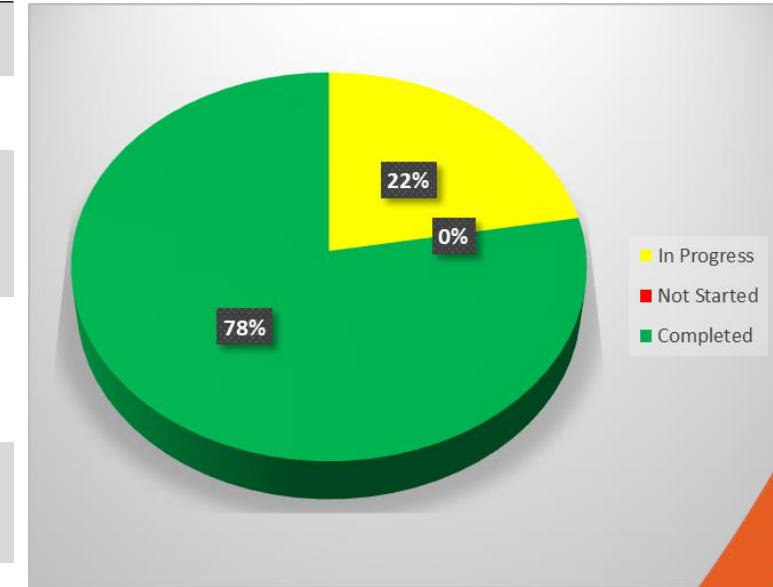
SUMMARY OF INTERNAL AUDIT REPORTS

- Audits on the 2022 annual performance information and financial statements were performed.
- The recommendations for the financial statements had been implicated.
- Some of the recommendations for the performance information had been implemented. The balance will be included or corrected in the 2023 APP.
- There were previously 18 findings raised by the internal auditors in prior years.
- One (1) finding still remains unresolved. This relates to the timeous signing of Board minutes.



SUMMARY OF 2021 EXTERNAL AUDIT PLAN

No	Audit Finding	Status
1.	KPI for Programme 4 not well defined	Completed
2.	Annual Performance Plan not aligned with the quarterly reports	Completed
3.	No evidence that contract performance or supplier performance evaluations are in place	Completed
4.	Discrepancies between the information on the initial contract and information disclosed in the contract register	In Progress
5.	Non-compliance with NT Instruction No 11 for the procurement of PPE	Completed
6.	Winning bidder not published on the eTender portal	Completed
7.	Determination and investigation of irregular expenditure had not been instituted within 30 days after it had been reported	In Progress
8.	Misstatements in the financial statements	Completed
9.	Separation agreement concluded and payment made to employee after the employee was found guilty of an offence	Completed

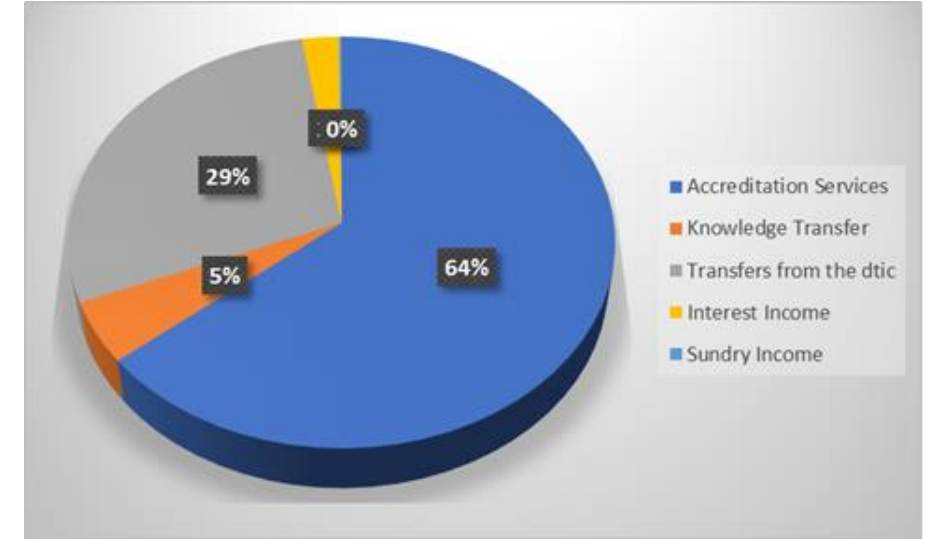


4 Findings were raised during the 2021/2022 audit. 2 of the 4 findings had been resolved.

SUMMARY OF FINANCIAL PERFORMANCE

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Programme/Division/Unit	2022/23 Year to Date			
	Budget	Actual	Variance	
	R'000	R'000	R'000	Percentage
Income				
Accreditation Services	21 105 540	18 948 444	-2 157 095	-10.00%
Knowledge Transfer	3 161 066	1 421 096	-1 739 970	-55.00%
Transfers from the dtic	8 455 000	8 455 000	0	0.00%
Interest Income	851 422	714 551	-136 871	-16.00%
Sundry Income	26 250	46 565	20 315	77.00%
Total Income	33 599 277	29 585 656	-4 013 621	-12.00%
Expenditure				
Compensation of Employees	19 959 129	15 317 055	4 642 074	23.00%
Goods and Services	14 656 302	5 887 325	8 768 978	60.00%
Total Expenditure	34 615 432	21 204 380	13 411 052	39.00%
Surplus/(Deficit)	-1 016 155	8 381 276	9 397 431	-925.00%



SUMMARY OF FINANCIAL PERFORMANCE

Programme/Division/Unit	01 April 2022 to 30 June 2022				2022/23 Approved Budget	Year-end Forecast	Variance between Approved Budget and Forecast
	Budget	Actual	Variance				
	R'000	R'000	R'000	Percentage	R	R'000	
Administration	14 750 540	16 968 150	-2 217 610	-15.00%	49 552 443	49 275 891	276 552
Corporate Services	2 618 500	1 089 523	1 528 977	58.00%	13 041 852	13 013 352	28 500
Strategy and Development	1 323 580	389 599	933 981	71.00%	6 449 028	4 205 508	2 243 520
Accreditation Provision	15 922 811	2 757 108	13 165 703	83.00%	64 860 495	64 878 626	-18 131
Total	34 615 432	21 204 380	13 411 052	39.00%	133 903 818	131 373 377	2 530 441

- Expenditure was budgeted at R34.6 million, however, R21.2 million of expenditure was incurred for the quarter.
- It is projected that the expenditure for Strategy and Development will be reduced due to the projected reduction in income. This is due to current demand level for knowledge transfer products that has not reached pre-Covid levels as yet..
- The variance in expenditure was largely due to the slow processing of travel invoices.

SUMMARY OF FINANCIAL PERFORMANCE

	<u>June-22</u>	<u>Mar-22</u>
	R	R
<u>ASSETS</u>		
Non-current assets	60,697,792	62,099,783
Property, Plant and Equipment	55,954,244	56,910,235
Intangible assets	4,743,548	5,189,548
Current assets	144,278,440	71,609,011
Trade debtors	38,388,129	6,876,834
Less: Provision for bad debts	(1,438,190)	(1,438,190)
Other receivables from exchange transactions	45,000	45,000
Prepaid Expenses	167,778	177,290
Cash and Cash equivalents	107,115,723	65,948,077
Total assets	204,976,232	133,708,794

SUMMARY OF FINANCIAL PERFORMANCE

	<u>June-22</u> R	<u>Mar-22</u> R
<u>EQUITY AND LIABILITIES</u>		
Reserves	122,732,641	114,351,365
Surplus brought forward	114,351,365	96,371,883
Less: 2019/20 Cash surplus surrender	-	-
Add: Surplus/(deficit) for the year to date	8,381,276	17,979,482
Current liabilities	82,243,591	19,357,429
Deferred income - government grant	25,365,000	-
Deferred income – invoices issued in advance	47,789,907	-
Trade creditors	3,295,994	8,318,232
Accrual for leave pay	3,089,658	2,598,418
Income received in advance	1,804,687	5,479,742
Other provisions	898,345	2,961,037
Total equity and liabilities	204,976,232	133,708,794

CONCLUSION

- SANAS acknowledges the need for improvement given that its Quarter One performance was at 75% especially when compared to other quarters.
- SANAS has put in place relevant plans to turn-around the areas of poor performance.
- As a result, the performance significantly improved in Quarter 2 with a 92% performance.
- SANAS will continue to strive for improved performance while maintaining good governance, financial compliance and internal controls.

THANK YOU