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**Report to the Portfolio Committee on Higher Education and Training on the
Services SETA's Audit and Performance**



1. INTRODUCTION

The purpose of this report is to provide an update on the implementation of the audit action plan and to outline the measures the organisation has taken to improve its performance.

2. RECAP

At the last meeting held in November 2022, the Services SETA committed to improving organisational performance and to achieve 80% for the 2022/23 financial year. Management also committed to engaging the Office of the Auditor-General of South Africa (AGSA) early to ensure that any internal control weaknesses identified could be corrected promptly.

The previous meeting, also discussed the Senior Managers Qualifications and update is provided in this report.

3. AUDIT UPDATE

Description	2019/20	2020/21	2022/23
Audit Outcome	Qualified on Discretionary Grants Commitments		

3.1. COMMITMENTS OPENING BALANCE

To avoid year-end pressure, the Services SETA requested AGSA to start with the audit of the Commitments Opening Balance in December 2022. Services SETA and AGSA have agreed on the acceptable evidence to be provided. Services SETA has implemented the proposed adjustments which AGSA is currently assessing. The updated management report to be provided by end of March 2023.



3.2. STATUS ON AUDIT FINDINGS

SUMMARY OF AUDIT ACTION PLAN

2021/22 AUDIT								
COMPONENT	AFFECTING AUDIT REPORT	OTHER IMPORTANT MATTERS	ADMIN	TOTAL ISSUES	RESOLVED (Confirmed by IA)	RESOLVED (Still to be assessed by IA)	IN PROGRESS	Comments
AFS		6		6	5		1	Legal confirmations, activities due in Mar/Apr 2023
Commitments	2	5		7	4	3		Reconciliations, misstatement due to calculations and Inadequate documents
AOPO	2	2	1	5	2	1	2	Duplicate funded students, Cut-off of learner completions indicators and Revised TID not approved by Executive Authority
Compliance Other - SCM, Policies	1	2		3			3	Invoices paid after 30 Days, Late submission of AFS and SCM
			3	3	2		1	Approval of planning policy delayed
IT Governance		11		11		7	4	Firewall, DRP, systems user account management, Server room infrastructure
Total	5	26	4	35	13	11	11	



Below is an analysis of AGSA's 2021/22 audit findings. The qualified audit was based on Discretionary Grants Commitments. In total, 35 issues were identified. Out of 24 issues that have been resolved, 11 are awaiting confirmation by Internal Audit. Eleven findings are unresolved as work is still underway.

A description of the 11 issues to be confirmed by Internal Audit is provided below:

- **Commitments (3)** – management performed all planned actions to resolve Commitments findings. No issues have been identified on Reconciliations and Misstatements by AGSA. In relation to inadequate supporting documents, AGSA is currently assessing the adjustments processed to update the interim management report.
- **Information Technology (7)** – management implemented the recommendations from internal audit to enhance and improve the ICT control environment. Internal Audit is currently performing a high-level review of the implementation of recommended actions. A detailed ICT General Control Audit is planned for Q1 of the 2023/24 reporting period.
- **Performance Information (1)** — TID we submitted to DHET for Minister approval. Internal Audit is awaiting TID approval by the Minister to close the matter. Approval is expected by 31 March 2023.

Out of the 11 unresolved findings, the details are as follows:

- **Annual Financial Statements (1)** – this finding can only be confirmed resolved in the final submission of the Annual Financial Statements in May 2023.
- **Performance Information (2)** – issues are in-progress and will be assessed during quarter 3 review by Internal Audit and AGSA interim audit in April 2023, before submission of Annual Performance Report in May 2023.
- **Non - compliance (3)**
 - late submission: management plans to submit financial statements on time. This finding can only be confirmed in May 2023.



- SCM: management is awaiting a legal opinion on the way forward.
- late payments of invoices: instances of late payment of invoices have been reduced but the finding cannot be closed and there are instances of non-compliance.
- **Information Technology (4)** – the recommended remedial actions for the remaining 4 findings are currently under implementation with the completion dates set as 31 March 2023. The ICT General Control Audit is planned for Q1 of the 2023/24 reporting period.
- **Other (1)**– the Planning Policy is still under review for approval in Q1 of 2023/24 financial year.

3.3 UPDATE ON CONSEQUENCE MANAGEMENT

IRREGULAR EXPENDITURE

DESCRIPTION	UPDATE
Appointment of board members not aligned to the Skills Levies Act	<ul style="list-style-type: none"> ● A review of the irregular expenditure by the DHET found no evidence of wrongdoing by any official. The Accounting Authority has approved the write-off of the expenditure. ● The expenditures must be written off until the end of the current Board's term.
DG support above 7,5%	<ul style="list-style-type: none"> ● The warning letter was issued against one official, as previously reported. ● The Services SETA has applied to the National Treasury for condonation of the expenditure.
DG Expenditure on expired contracts	<ul style="list-style-type: none"> ● The warning letter was issued against one official, as previously reported. ● The Services SETA has applied to the National Treasury for condonation of the expenditure.
Supply Chain non-compliance	<ul style="list-style-type: none"> ● The warning letter was issued against one official, as previously reported. ● The Services SETA has applied to the National Treasury for condonation of the expenditure.



FRUITLESS EXPENDITURE

DESCRIPTION	UPDATE
Interest paid on late settlement costs. (ATHENA)	<ul style="list-style-type: none">• The warning letter was issued against one official, as previously reported.• The expenditure has been written off.
Settlement cost on dispute between Services SETA and ICT provider (Blue Turtle)	<ul style="list-style-type: none">• No official was found responsible.• The expenditure has been written off.
Legal fees paid on the case between Services SETA and training provider (Ithemba)	<ul style="list-style-type: none">• No official was found responsible.• The expenditure has been written off.
Settlement on dispute between Services SETA and security service provider (Mode Security)	<ul style="list-style-type: none">• No official was found responsible.• Negotiation between Services SETA and EOH not finalized.
Settlement on the dispute with a legal firm	<ul style="list-style-type: none">• The responsible official is no longer employed by the Services SETA.• The expenditure has been written off.

3.4 UPDATE ON SENIOR MANAGERS QUALIFICATIONS

The Services SETA Accounting Authority has implemented its resolution for the Executives concerned to be given reasonable time to obtain the minimum qualifications attached to the position they hold in the organisation.

The following update is provided on each of the Executives concerned:

- **Ms Amanda Buzo-Gqoboka** (she passed away on 24 August 2022) is no longer the CEO of the Services SETA. She resigned from the Services SETA and vacated office as CEO on 30 September 2020.
- **Mr Sibusiso Dhladhla** is no longer the Executive Manager: Planning; he is currently occupying the Executive Manager: Corporate Services position since 1 April 2021. Mr Dhladhla is currently registered with the University of Johannesburg for Master of Business Administration (MBA) degree.
- **Ms Mamabele Motla** is no longer the Executive Manager: Office of the CEO; she is currently occupying the Executive Manager: Strategy and Planning position since 1 April 2021. Ms Motla has planned to register for NQF Level 9 qualification upon completing the programme she was pursuing in line with her personal development plan.



- **Mr Tsheola Matsebe** is still occupying the CFO position. The Accounting Authority after engaging with the South African Qualifications Authority (SAQA) on the matter is satisfied that Mr Matsebe complied with the minimum qualification requirements as per the advert for the position.

The Services SETA Executive Committee is monitoring progress on qualifications of the Executives concerned.

4. PERFORMANCE UPDATE

Much effort is being put into improving the organisation's performance and internal processes. Our primary goals are to increase efficiencies, be responsive and create value for our stakeholders. The organisation's commitment performance target for 2022/23 is 80%. Our performance is aligned with the National Skills Development Plan (NSPD) 2030 and national priorities. Although our organisational performance for Q3 was 40%, the performance to date is at 64% (32 out of 50 KPIs).

Key highlights

- Since the beginning of the financial year, the organisation has enrolled more than 13 000 learners across multiple learning programmes, including Learnerships, Internships, Apprenticeships, Skills Programmes, Adult Education and Training (AET) and Recognition of Prior Learning (RPL)
- At least 780 Entrepreneurs, Cooperative, NGOs and Start-ups capacitated.
- Higher Education Institutes Partnerships: TVET and CET College Lectures, Managers and Practitioners capacitated including infrastructure development support: 24 TVETs, 11 CETs, 4 Universities; reaching out: 21 Managers, 122 Lectures and 45 Practitioners.



Table 1: Focus on APP indicators planned to achieve and performance update:

Programme	Annual Target	Achieved target to date (Details refer to table 2)	Remaining to be achieved (Forecast) (Details refer to table 3)	Not Achievable/ Achieved (Details refer to table 4)
Programme 1: Administration	7	4 (57%)	2 (29%)	1
Programme 2: Skills Planning	11	9 (82%)	1 (9%)	1
Programme 3: Learning Programmes	30	18 (60%)	4 (14%)	8
Programme 4: Quality Assurance	2	1 (50%)	1 (50%)	0
Total	50	32 (64%)	8 (16%)	10 (20%)

Table 2: Performance status for **Achieved 32 (64%) Indicators** per programme:

Programme 1 achievements (4)	Programme 2 achievements (9)	Programme 3 achievements (18)	Programme 4 achievements (1)
1. Percentage occupancy maintained – 90%/70%	1. Number of SETA-Employer partnerships established; 189/50	1. Number of industry learners entered; 1490/ 610.	1. Percentage of learners receiving certificates/SOR report – 99%/80%
2. Percentage of risk action plans actioned	2. Number of career exhibitions - 32/18	2. Number of Centres of Specialisation supported; 5/4	
3. Percentage of audit and compliance action plans actioned	3. Number of sector research agreements signed for TVET growth occupationally directed programmes – 2/2	3. TVET colleges infrastructure development (workshops); 2/2	
4. Quarterly Good Governance report	4. Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment – 4668/2000 learners traced.	4. CET colleges infrastructure development support (Connectivity/ ICT) – 1/1. Support with 10 desktops were connected to KZN CET and will be used for learning development and administration purposes.	
	5. Evidence-based SSP, SP and APP for 2023/24, will be tabled in March and approval letter will be issued.	5. Number of TVET Lecturers exposed to the industry through Skills Programmes; 42/40	



Programme 1 achievements (4)	Programme 2 achievements (9)	Programme 3 achievements (18)	Programme 4 achievements (1)
	<p>6. Number of WSPs and ATRs approved. 3365 employers illegible for reimbursement were paid. 766 Employers were not illegible for reimbursement.</p>	<p>6. Number of Rural Development Projects initiated; 5/5</p>	
	<p>7. Number of Career Development Practitioners trained – 45/40</p>	<p>7. Number of TVET colleges Lecturers awarded Bursaries: 70/70</p>	
	<p>8. Number of capacity building workshops on Career Development Services initiated – 19/18 workshops were initiated in the TVETs within different provinces.</p>	<p>8. Number of CET colleges lecturers awarded skills development programmes: 10/10</p>	
	<p>9. Number of partnerships HEIs – 19/15 partnership with Higher Education Institution (4/4 Universities, 4/4 CET Colleges and 11/7 TVET Colleges)</p>	<p>9. Number of Managers receiving training on curriculum related studies – TVET – 9/5</p>	
		<p>10. Number of unemployed learners completed Candidacy programmes – 46/42</p>	
		<p>11. Number of Managers receiving training on curriculum related studies CET – 10/5</p>	
		<p>12. Number of CET learners accessing AET programmes – 20/20.</p>	
		<p>13. Number of enterprises trained on sector and national priority occupations or skills: 63/60</p>	
		<p>14. Number of people trained on entrepreneurship supported to start their business – 200/200</p>	
		<p>15. Number of learners completed RPL/ARPL – 64/56</p>	
		<p>16. Number of unemployed learners enrolled for Candidacy programmes; 162/120</p>	



Programme 1 achievements (4)	Programme 2 achievements (9)	Programme 3 achievements (18)	Programme 4 achievements (1)
		17. Number of learners enrolled RPL/ARPL: 190/150	
		18. Number of Internships Entered 2026/2000	



Table 3: Progress update against Remaining 8 (16%) Indicators to be achieved by 31 March 2023:

Programme	Indicator Name	Sub-indicators	Annual Target	Results	Variance	Reason
Programme 1 2 of 7	1. Percentage achievement against prioritised ICT implementation plan	N/A	70%	67%	-3%	Business Continuity Plan Project is in phase 3 according to the project plan and will be implemented on 20 March 2023.
	2. Stakeholder satisfaction rating score		65%	0	-65%	Stakeholder survey study currently underway to collect data from their internal and external stakeholders to measure the organisational satisfaction rating score.
Programme 2 1 of 11	3. Number of trade unions/federations supported		5	2	-3	Supported NEHAWU and HOTELIICA with different learning interventions. Currently in the process of giving support to the following: UASA, DEPACU and SATAWU . The following federations are also in the process of being supported with interventions including workshops, COSATU and NACTU
Programme 3 5 of 30	4. Number of enterprises funded for skills that enhance their growth/development /sustainability of their organisations	Co-Operatives	300	194	-106	Cooperative and NGOs: E-Learning training of different Co-Ops and NGO in different provinces underway to enhance their growth and sustainability through the e-learning, bursaries, and workshops.
		SMMEs	300	352	52	
		NGOs	100	94	-6	
	5. Number of artisan learners enrolled		1000	941	-59	94% achieved - more artisans projects will be activated, and commencement letters will be issued to address the variance.
	6. Number of learners enrolled learnership programmes	Unemployed	7000	4015	-2985	Employed sub-indicator achieved 100%. Unemployed achieved 57% - more projects for unemployed learners will be activated, and commencement letters will be issued to address the variance.
		Employed	1000	1009	9	
	7. Number of learners enrolled Skills Programmes	Unemployed	2500	2169	-331	74% achieved – more employed and unemployed projects will be activated, and commencement letters will be issued to address the variance
Employed		4000	2636	-1364		
Programme 4 1 of 2	8. Number of qualifications developed or aligned to the priority skills		10	7	-3	70% achieved - developed 7/10 qualifications and submitted to QCTO. Additional development activities underway: 3 Full Qualifications and 2 Skills Programme qualifications to be submitted to QCTO for developed on the 17th of March.



Table 4: Details of **10 (20%) Indicators** assessed as not achievable for 2022/23 financial year.

Programme	Indicator Name	Sub-programmes	Annual Target	Results	Variance	Reason
Programme 1 1 of 7	1. No material findings on financial statements and performance information	N/A	Unqualified	Qualified	Negative audit outcome	Audit concluded July 2022 (Q2) and the Services SETA received a qualified audit opinion for 2021/22 financial year audit .
Programme 2 1 of 11	2. Percentage of discretionary grants allocated at different skills levels.	Elementary Level Skills NQF1-3:	40%	38%	- 2%	The Services SETA is acknowledging that there is a high traction on elementary and intermediate skills, However, we have a few challenges in fulfilling for high-level skilled interventions due to the model of the organisation. The elementary level should be addressed with Q4 commencements.
		Intermediate Level Skills NQF4-6:	30%	55.4%	25.4%	
		High-Level Skills NQF7-10:	30%	6.6%	- 23.4%	
Programme 3 8 of 30	3. Number of Internships Completed	Unemployed	189	0	-189	The learners that were enrolled /active projects will only be reported as completed in the next financial year, due to the duration of the programme , especially TVET WIL for 18 months.
		TVET	158	0	-158	
		University	158	0	-158	
	4. Number of learners granted bursaries	Unemployed – New	800	15	-785	Received the following learner documents were received from USAF, verification for reporting underway to ensure reliable reporting: <ul style="list-style-type: none"> Unemployed (New): 502 (remaining variance 283) Unemployed (Cont.): 178 (no variance) Workers (New): 36 (remaining variance 150) Additional batch expected from USAF for new unemployed and employed bursars.
		Unemployed – Continuing	200	91	-109	
		Workers - New	420	234	-186	
	5. Number of learners granted Bursaries completed their studies	Unemployed	400	0	-400	The variance will be reported from the USAF project above based on the enrolled learners . This will be depended on students completing 100% of the modules registered for 2022 academic year.
		Workers	252	151	-101	
	6. Number of learners completed learnerships programmes	Unemployed	1701	0	-1701	The learners that were enrolled /active projects that were enrolled in the current financial year will only be reported as completed in the next financial year, due to the duration of the programme .
		Workers	350	0	-350	
7. Number of learners completed Skills Programmes	Unemployed	1225	94	-1131	The majority of the skill programme projects were delayed which resulted to low completion rate.	
	Workers	1733	0	-1733		



Programme	Indicator Name	Sub-programmes	Annual Target	Results	Variance	Reason
	8. Number of workers enrolled AET programmes	N/A	500	60	-440	Projects with CETs and private partners were activated, however due to the slow progress the commencement may defer to next financial year .
	9. Number of workers completed AET programmes	N/A	140	0	-140	There is no pipeline/active projects for employed AET learners. This was due to the alignment with the SLA in the current financial year with an intention to upskill workforce in need to AET intervention. Activated projects will contribute into next financial year performance.
	10. Number of artisan learners completed	N/A	1000	493	-507	Projects activated, assessment of trade tests underway by various assessment centres. Reporting process may defer to next financial year .



4.1 UPDATE ON COMMITMENTS RATIONALISATION

The process has produced positive results. The organisation has been successful in reducing the commitment by more than R700 million. This included changing old programs to current relevant programs. Moreover, the process will assist the organisation with the transition from historical qualifications to occupational qualifications.

4.2 UPDATE ON BUSINESS PROCESSES

ORGANISATIONAL DEVELOPMENT AND BUSINESS PROCESSES REVIEW

The organisational development process is progressing well and is expected to be completed by September 2023. This will ensure that our structure is aligned to the funding and transitioning to occupational qualifications. Business process review is underway to ensure that the organisation functions optimally.

OCCUPATIONAL QUALIFICATIONS

The process of aligning historical qualifications with occupational qualifications and development of new qualification is currently underway.

5 OTHER MATTERS

LITIGATION

There were two judgments/arbitration awards granted against the Services SETA in the past year. Judgments and awards were for the matters the organisation defended, believing Services SETA was not liable for the amounts claimed. These matters involved old projects. Due to its belief that a judgment or award was unjust, the organisation exhausted the appeal process in one matter. The court denied the organisation's appeal and the organisation was compelled to pay the judgment debt.

OUTA

In addition, the Services SETA lost a case for Promotion of Access to Information Act (PAIA) by OUTA and was ordered to pay their legal costs. Following the judgement,



the organisation submitted information to OUTA which resulted in OUTA issuing a report. The Accounting Authority has appointed an independent law firm to investigate issues raised in the OUTA report for improvement of internal controls and consequence management.

THREAT TO STAFF

There were serious threats made against three employees.

6 CONCLUSION

We are committed to achieving 80% organisational performance and improving audit outcomes.