



AUDITOR - GENERAL
SOUTH AFRICA

Higher Education and Training Portfolio



11 October 2023

*Briefing document on the
audit outcomes for the
Higher Education and
Training portfolio:
2022-23*

Table of contents

1. Introduction	3
1.1 Reputation promise of the Auditor-General of South Africa	3
1.2 Role of the AGSA	3
1.3 Purpose of this document.....	4
1.4 Shifting the public sector culture through the accountability ecosystem.....	5
1.5 Eco-system of how the different role players interlink	6
2. Audit outcomes of the Department of Higher Education and Training and its entities	7
2.1 Overview.....	7
3. Education, skills and employment	33
4. Audit outcomes of the TVET colleges	40
5. Recommendation to the Portfolio Committee	41

1. Introduction

1.1 Reputation promise of the Auditor-General of South Africa

The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

1.2 Role of the AGSA

Our role as the AGSA is to reflect on the audit work performed and to assist the portfolio committee in the oversight role of assessing the performance of entities.

1.3 Role of the portfolio committee

Section 5(2) of the Money Bills Procedures and Related Matters Amendment Act 9 of 2009 allows for each committee to compile a BRRR, which must be tabled in the National Assembly. Section 5(3) provides for a BRRR to contain the following:

- An assessment of entities' service delivery performance, given available resources.
- An assessment of the effectiveness and efficiency of entities' use and forward allocation of available resources.
- Recommendations on the forward use of resources.

1.4 Mandate of the AGSA and the portfolio committee

AGSA mandate	Portfolio committee mandate
<p>Section 188 of the Constitution</p> <p>The AGSA must audit and report on the accounts, financial statements and financial management of government institutions.</p> <p>Section 20(2) of the Public Audit Act (PAA)</p> <ul style="list-style-type: none"> • The AGSA must prepare an audit report containing an opinion/conclusion on the: 	<p>National Assembly Rule 227</p> <p>Portfolio committees may, among other things, perform the following functions:</p> <ul style="list-style-type: none"> • Deal with Bills and other matters falling within their portfolio, as referred to them in terms of the Constitution, legislation or rules, or by resolution of the National Assembly.

AGSA mandate	Portfolio committee mandate
<ul style="list-style-type: none"> ○ Fair presentation of the financial statements. ○ Compliance with applicable legislation. ○ Reported performance against predetermined objectives. <ul style="list-style-type: none"> ● Discretionary audits (including special audits, investigations and performance audits) <p>Section 5(1B) of the PAA</p> <p>The auditor-general has the power to:</p> <ul style="list-style-type: none"> ○ Issue a material irregularity. ○ Include recommendations in the audit report. ○ Take appropriate remedial action. ○ Issue a certificate of debt, as prescribed, where an accounting officer/authority has failed to comply with remedial action. 	<ul style="list-style-type: none"> ● Maintain oversight of their portfolios of national executive authority, including implementation of legislation, any executive organ of state falling within its portfolio, any constitutional institution falling within its portfolio and any other body or institution in respect of which oversight was assigned to it ● Consult and liaise with any executive organ of state or constitutional institution ● Monitor, investigate, enquire into and make recommendations concerning any such executive organ of state, constitutional institution or other body or institution, including the legislative programme, budget, rationalisation, restructuring, functioning, organisation, structure, staff and policies of such an organ of state, institution or other body or institution ● Consult and liaise with any executive organ of state or constitutional institution ● Perform any other functions, tasks or duties assigned to it in terms of the Constitution, legislation, these rules, the joint rules or resolutions of the National Assembly, including functions, tasks and duties concerning parliamentary oversight or supervision of such executive organs of state, constitutional institutions or other bodies or institutions

1.5 Purpose of this document

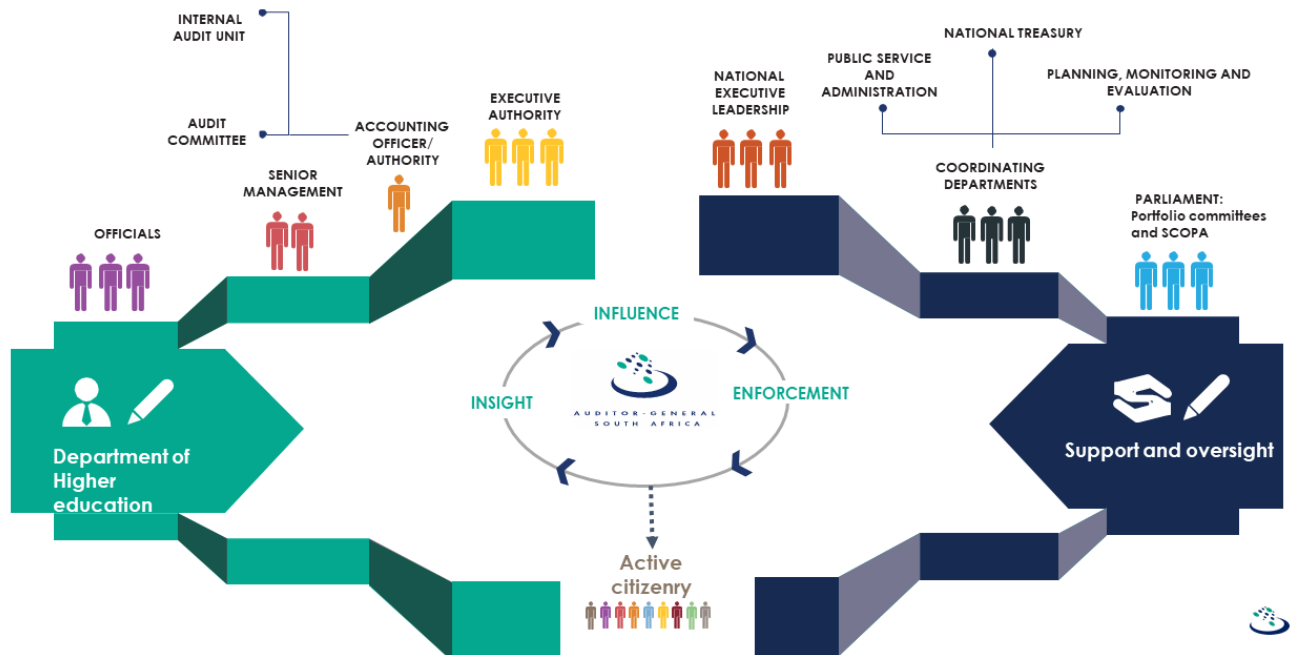
The purpose of this briefing document is for the AGSA to reflect on the audit outcomes and to assist the Portfolio committee in its oversight role of assessing the performance of entities and provide insights and recommendations that will assist in improving the outcomes.



1.6 Shifting the public sector culture through the accountability ecosystem

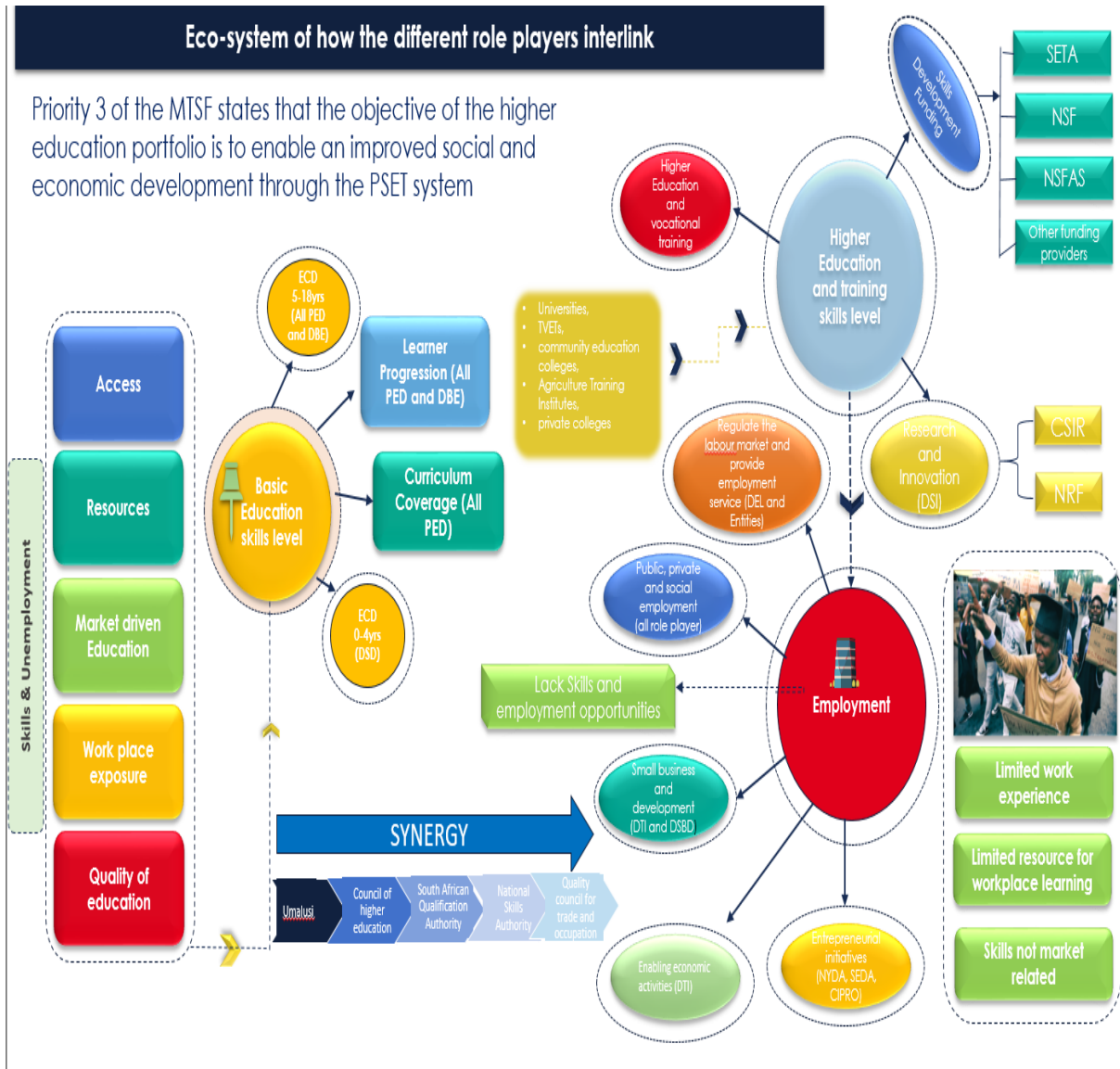
All have role to play in national government accountability eco-system

3








- The accountability ecosystem is the network of stakeholders that have a mandate and/or responsibility, whether legislative or moral, to drive, deepen and/or insist on public sector accountability.
- A more active and engaged accountability ecosystem would add to the much-needed effort of shifting public sector culture and would alleviate the overreliance on the AGSA to assume responsibility for improving audit outcomes and enforcing consequences.
- Shifting the public sector culture towards one that is characterised by performance, accountability, transparency and integrity can only be accomplished if all role players in the broader accountability ecosystem fulfil their respective responsibilities and mandates.
- Given the nature of the AGSA's mandate, by the time that we audit the financial statements of auditees and report on adverse findings, multiple failures have already occurred along the accountability value chain. After our audits, other steps are required to complete the accountability cycle.
- Improvement in sound financial management to enhance the lives of citizens does not only reside within the domain and responsibility of the accounting officer or authority and the auditors. It depends on the entire accountability ecosystem to enable a culture of accountability in a sustainable and meaningful way.

1.7 Eco-system of how the different role players interlink



2. Audit outcomes of the Department of Higher Education and Training and its entities

Audit outcomes explained

Unqualified opinion with no findings (Clean audit)	Financially unqualified opinion with findings	Qualified opinion	Adverse opinion	Disclaimed opinion
 <p>Auditee:</p> <ul style="list-style-type: none"> produced credible and reliable financial statements that are free of material misstatements reported in a useful and reliable manner on performance as measured against predetermined objectives in the annual performance plan (APP) complied with key legislation in conducting their day-to-day operations to achieve their mandate 	 <p>Auditee produced financial statements without material misstatements or could correct the material misstatements, but struggled in one or more area to:</p> <ul style="list-style-type: none"> align performance reports to the predetermined objectives they committed to in APPs set clear performance indicators and targets to measure their performance against their predetermined objectives report reliably on whether they achieved their performance targets determine the legislation that they should comply with and implement the required policies, procedures and controls to ensure compliance 	 <p>Auditee:</p> <ul style="list-style-type: none"> had the same challenges as those with unqualified opinions with findings but, in addition, they could not produce credible and reliable financial statements had material misstatements on specific areas in their financial statements, which could not be corrected before the financial statements were published. 	 <p>Auditee:</p> <ul style="list-style-type: none"> had the same challenges as those with qualified opinions but, in addition, they had so many material misstatements in their financial statements that we disagreed with almost all the amounts and disclosures in the financial statements 	 <p>Auditee:</p> <ul style="list-style-type: none"> had the same challenges as those with qualified opinions but, in addition, they could not provide us with evidence for most of the amounts and disclosures reported in the financial statements, and we were unable to conclude or express an opinion on the credibility of their financial statements

2.1 Overview

Overall, there has been no change in audit outcomes within the portfolio over the years. The slow or no change in the outcomes emanates from amongst other things, the lack of integration and cohesion between the projects operations unit and finance units within the entities, so as to ensure that the collating and reporting is streamlined, as this will ultimately improve the quality of the financial statements and the performance reports.

In the prior years we have communicated the lack of financial controls and project management and or inadequate monitoring of projects with the portfolio which is hampering the progress of the entities within the portfolio, we are still advocating for these controls to be implemented. There seems to be a greater need to improve and capacitate the projects units to ensure that there are strong project management and monitoring controls in place.

In the 2022/23 financial year, of the 28 entities (noting that there are 2 outstanding audits) in the portfolio together with the department, 42 % (11) received unqualified opinion with no findings, 23 % (6) were unqualified with findings and 35 % (9) were qualified.

Briefing document on Higher Education and Training portfolio

It is encouraging that eleven (11) SETAs achieved clean audit outcome in the 2022/23 financial year which is an improvement from the prior year by 4 auditees.

There are six (6) auditee that maintained the unqualified with no findings, we applaud these entities for maintaining the opinion, and we commend the five (5) auditees that showed an improvement in their outcomes from being unqualified with findings in the prior year to being unqualified with no findings.

It was noted with concern that five (5) auditees regressed and are now qualified with findings for this period, and four (4) of the auditees remaining unchanged as qualified with findings.

Education and skills development being a priority and a means to combat unemployment, this makes the Sector Education and Training Authorities (the SETAs) to be well positioned a to positively impact the citizens of south Africa by providing them with skills that will enable them to be employable, and thereby easing unemployment and closing the skills gap or mismatch.

Below is the brief on the entities in the portfolio that were qualified:

The following auditees regressed to qualified audit opinions

Banking Sector Education and Training Authority (BANKSETA)

Payables from non-exchange transactions

Included in note 7, project grant payable — discretionary, is an amount of R11 852 594. The financial statements were materially misstated, as this amount did not agree to the underlying records. The effect on the financial statements is that project grant payables and discretionary grant expenditure, is overstated by R11 852 594. Additionally, commitments as included in note 18 is understated by this amount, and there is also an impact on the surplus for the period and the accumulated surplus.

The SETA has seen a regression in the audit opinion for the year under review. The qualification is as a result of the entity not correctly accounting for skills development projects due to inadequate project monitoring. There was thus inadequate reviews of projects accruals recognised and supporting evidence received which resulted in material differences identified.

Health and Welfare Sector Education and Training Authority (HWSETA)

Grants payable

The grants payable was not recognised in accordance with GRAP 1, presentation of financial statements. Incorrect balances of service providers were included in grants payable. I was unable to determine the full extent of the misstatement on grants payable, discretionary grant expenditure, receivables from non-exchange transactions and mandatory grant expenditure as it was impractical to do so.

In addition, I was unable to obtain sufficient appropriate evidence for the grants payable as supporting evidence could not be provided due to the status of record keeping. I could not confirm this by



Briefing document on Higher Education and Training portfolio
alternative means. Consequently, I am unable to determine if any further adjustments are necessary to grants payable stated at R67 375 000 in note 10.

Commitments

The discretionary grant reserve commitments were materially misstated and not correctly accounted for as required by GRAP 1 as disclosed in note 23. There were unexplained differences between the amounts in the underlying schedules and the amounts disclosed in note 23 of the financial statements. Furthermore, the disclosure made included contracts that had already expired in the current and prior year resulting in an overstatement of the discretionary reserve commitments of R88 692 240 (2022: R12 665 000) in the financial statements.

The SETA has regressed in the year under review due to inadequate collaboration between the project department together with the finance department within the entity. This then resulted in the entity to not correctly account for grants payables and commitments that relate to skills development projects as grants payables were recorded at incorrect balances and the commitments balance included contracts which have expired. There were also instances where the supporting documentation was not provided to support grants payables recorded for projects, inadequate project management was also a contributor to the regression in the entity.

Transport Sector Education Training Authority (TETA)

Skills development grants payable – discretionary

The skills development grants payable (discretionary) was not recognised in accordance with GRAP 1, Presentation of financial statements. Adequate records of project expenditure not yet paid at year-end were not maintained. I was unable to determine the full extent of the misstatement on skills development grants payable (discretionary), as well as the related discretionary grants and project expenses and commitments, as it was impractical to do so. Consequently, I was unable to determine whether any adjustments relating to skills development grants payable (discretionary) of R4 388 000 disclosed in note 15, discretionary grants and project expenses of R657 263 000 disclosed in note 6 and commitments of R818 574 000 disclosed in note 22 to the financial statements were necessary.

Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

There was a regression in the audit outcomes from an unqualified opinion in the prior year to a qualified opinion in the current year. The qualification areas emanated from the lack of adequate controls over the monitoring of project expenditure when invoices and deliverables were received were not accounted for in the accounting records due to the verification processes that were not finalized. Further, the entity did not maintain adequate records to capture invoices when received by providers

Briefing document on Higher Education and Training portfolio and for follow up for those invoices that were not paid. The matching principles of expenditure incurred for services received/ training incurred during the year was not accounted for.

Education, Training and Development Practices Sector Education and Training Authority (ETDP)

Project Accruals

The project accruals (discretionary) were not recognised in accordance with GRAP 1, Presentation of financial statements. Adequate records of project expenditure not yet paid at year-end were not maintained. I was unable to determine the full extent of the misstatement on project accruals, as well as the related discretionary grants and commitments, as it was impractical to do so. Consequently, I was unable to determine whether any adjustments relating to project accruals (discretionary) of R194 948 000 disclosed in note 14, discretionary grants and project expenditure of R569 941 000 disclosed in note 6 and commitments of R1 198 450 000 disclosed in note 19 to the financial statements were necessary.

Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

Similar to TETA, there was a regression in the audit outcomes from an unqualified opinion with no material misstatements in the prior year to a qualified opinion in the current year. The qualification areas emanated from the lack of adequate controls over the monitoring of project expenditure when invoices and deliverables received were not accounted for in the accounting records due to the inadequate maintenance of an invoice register. There were inconsistent processes adopted by the provincial offices in maintaining the registers as they mainly recorded invoices received that met the deliverable criteria. Invoices that did not meet the criteria even though services were rendered were not recorded in the invoice register nor were they accounted for in the accounting records.

Manufacturing Education and Related Services Sector Training Authority (MERSETA)

Discretionary reserve commitments - Contractual

The discretionary grant reserve commitments disclosed in note 20.1 were materially misstated and not correctly accounted for as required by GRAP 1. The entity omitted the expenditure and accruals associated with the discretionary grants commitments, which resulted in a misstatement of the commitment balance. I could not determine the full extent of the misstatement on grants and transfers payable, employer grant and expenses, because it was impractical to do so. This resulted in a misstatement of the discretionary reserve commitments of R 4 575 115 000 (R 4 060 017) in the financial statements.

There was a regression in the audit outcomes from an unqualified opinion with findings in the prior year to a qualified opinion in the current year, the reasons for this regression was mainly due to that the entity did not monitor the progress of its projects adequately, did not coordinate between the projects function and finance to ensure that all projects were accounted for in the financial statements, and did

not ensure that sufficient controls were in place to prepare adequate, complete and accurate financial statements in accordance with GRAP.

The following auditees remained with qualified audit opinions.

Insurance Sector Education and Training Authority (INSETA)

Payables from exchange and non-exchange transactions

The public entity did not account for payables from exchange transactions in accordance with GRAP 1, Presentation of financial statements. Project creditors were incorrectly accounted for as trade payables disclosed in note 7 to the financial statements. Consequently, trade payables stated at a balance of R17 744 000 is overstated by R7 469 838 and project creditors stated at a balance of R68 720 000 in note 8 to the financial statements is understated by the same amount.

Commitments

The public entity did not account for commitments in accordance with GRAP 1, Presentation of financial statements, as discretionary grant contracts awarded in the prior year were cancelled without sufficient appropriate audit evidence. Consequently, the discretionary grant commitments corresponding figure was understated by R29 286 120 in note 25 and annexure A to the financial statements.

In addition, the restatement included recognition of discretionary expenditure payments relating to the prior year in the commitment schedule but not in the corresponding figures for discretionary grants expenditure stated at a balance of R 234 037 000 disclosed in note 20 to the financial statements. I was unable to obtain sufficient appropriate evidence that the discretionary expenditure was correctly accounted for as supporting evidence was not provided for the recorded transactions. The discretionary grants commitment corresponding figure was further understated by R2 410 650 in note 25 and annexure A to the financial statements.

The entity has remained unchanged when as it has received the qualified opinion in both current year and previous year. The entity embarked on an ERP system change at the beginning of the financial year. The implementation of the new finance system was performed without a conventional parallel run, and furthermore, transactions entered during this transition were manually captured onto the new system when it became live. The lack of adequate controls over the system implementation resulted in some expenditure not being captured on the system, specifically for administration expenditure. This further impacted the payables balance, as the amount actually owed to suppliers is not determined.

The delays experienced in the implementation of the new ERP system had a negative impact on the business operations of the entity which affected the preparation and credibility of the financial statements submitted for audit.

All SETAs are required to calculate the 20% mandatory payment to the employers, INSETA, did not obtain the levy payments schedule from the department, to determine the amounts owed to employers and disclose this appropriately.

National Skills Fund (NSF)

Skills development funding

I was unable to obtain sufficient appropriate audit evidence that skills development funding for the current and previous year has been properly accounted for, as evidence that services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes. I was unable to confirm the skills development funding by alternative means. Consequently, I was unable to determine whether any adjustments relating to skills development funding of R1 166 484 000 (2022: R4 694 294 000) disclosed in note 20, as well as the related deferred expenditure of R1 229 391 000 disclosed in note 8, accruals from non-exchange transactions of R2 159 617 000 disclosed in note 12 and the corresponding figure of trade and other payables from non-exchange transactions of R1 96 412 000 disclosed in note 10 to the financial statements were necessary.

Provisions

The public entity did not have adequate systems in place to account for provisions from skills development funding in accordance to GRAP 19, Provisions, contingent liabilities and contingent assets as the provisions were not calculated correctly. Consequently, provisions reported in the statement of financial position and note 14 to the financial statements are overstated by R22 636 465. This also has an impact on the surplus for the period and the accumulated surplus.

Controls around the project monitoring and expenditure approval processes at the NSF have improved over the years however they are not consistently applied at all skills development projects. As a result there was still inadequate supporting evidence to confirm the occurrence of expenditure for some skills development activities that the NSF has advanced funds towards. Inadequate supporting documentation was provided to the team to substantiate that some skills development services have been received by the NSF. Due to the insufficient project monitoring processes the NSF did not accurately account the provision recognized.

Construction Education and Training Authority (CETA)

Commitments

I was unable to obtain sufficient appropriate audit evidence that commitments for the current and previous year had been properly accounted for, due to the status of the accounting records and a limitation identified on the adjustment made by the entity to correct the prior year's qualification. I was unable to confirm commitments by alternative means. Consequently, was unable to determine whether any adjustments were necessary to commitments, stated at R1 491 million (2022: R2 079 million) in note 23 to the financial statements.

The entity has still not been able to address the deficiencies identified in the prior year relating to the commitments balance disclosed on the financial statements. In the 2022-23 financial year, we expressed

Briefing document on Higher Education and Training portfolio
a qualified audit opinion, as the entity was still not able to support the commitments balance. The controls relating to project and contract management have still not improved which results in them not being able to account for the commitments of the entity.

Services Sector Education and Training Authority (SSETA)

Discretionary grants commitments

I was unable to obtain sufficient appropriate audit evidence for discretionary grant commitments as the public entity did not maintain accurate and complete records of the contractual information used to determine the commitments. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the following items in the financial statements:

- *Discretionary grants commitments stated at R2 761 237 000 (2022: R3 372 638 000) in note 26 to the financial statements.*
- *Irregular expenditure stated at R1 78 052 000 in note 33 to the financial statements.*

Services SETA received a qualified audit opinion on commitments in the current and previous years as we did not obtain audit evidence that these transactions were accounted for appropriately, as the entity's systems to process and maintain records relating to projects were not adequate. Furthermore, payments were made to suppliers, of which contracts were already expired, and no evidence was provided to indicate that amendments were made to the contracts and approved by the appropriate delegated official, resulting in payments being made without a valid contract.

Management developed and implemented a response strategy specifically to address root causes on the findings reported on commitments, however the implementation was not adequately monitored to achieve set objectives or deliverables. In addition, the audit action plan was also developed however it was not adequately implemented and monitored for effectiveness which resulted in findings mainly in the qualification area of commitments.

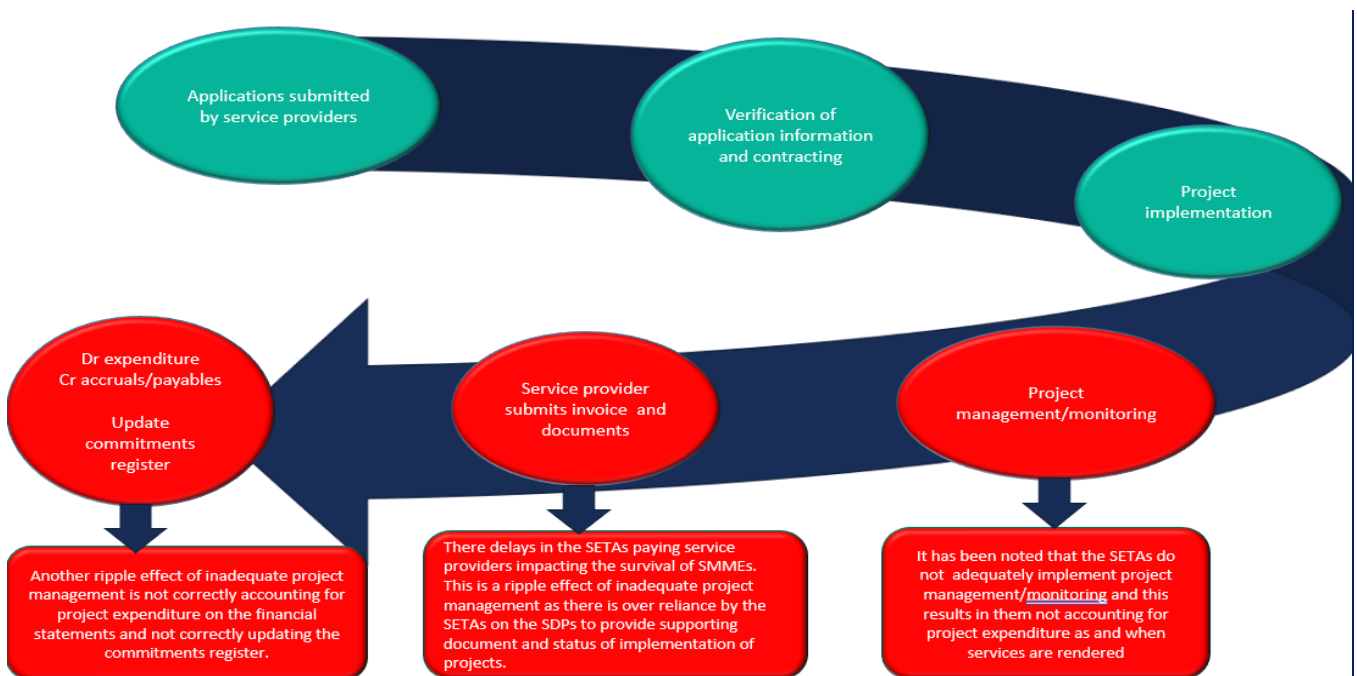
It is worth noting, that the public entity has embarked on a rationalisation process which is meant to assist with the clean-up of the commitment schedule as well as reduce the commitment balance in order to maintain financial viability of the SETA. However, as at year end, the process had not been finalised which has an adverse effect on the audit outcomes for the current period.

The main root cause for the modification of the audit outcomes is as a result of contract and project management which is ineffective as the controls put in place did not address deficiencies identified.

2.1.1 Project life cycle

The Sector Education and Training Authorities (SETAs) are responsible for facilitating and funding skills development programmes in various sectors of the South African economy. One of their objectives is to enable learners to acquire qualifications that will enhance their employability and participation in the economic development of the country, and this is done by following a system or a process so as to deliver on the mandate and meet the objective to drive skills development. Within the process that is followed by the SETAs in ultimately reporting on the skills development funding/ discretionary grant funding there were deficiencies that were identified that have led to some of the SETA's receiving the qualified with findings opinions, due to project management and or monitoring being a problem.

It has been noted that the SETAs do not adequately implement project management/monitoring, and this results in them not accounting for project expenditure as and when services are rendered.

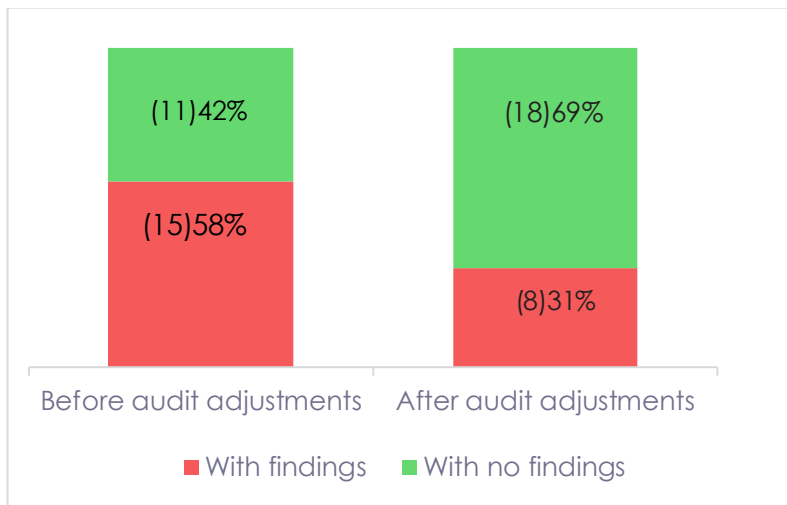


Impact

Delays have been noted in the SETAs paying service providers which impacts the survival of SMMEs. This is a ripple effect of inadequate project management as there is over reliance by the SETAs on the SDPs to provide supporting document and status of implementation of projects.

Another ripple effect of inadequate project management is not correctly accounting for project expenditure on the financial statements and not correctly updating the commitments register.

2.1.2 Performance planning and reporting - Quality of performance report



Quality of submitted performance report still remains a concern as the department together with some of the SETAs had material findings that were reported in the year under review. The slight improvement on the number of entities that had indicators that were not well defined is noted. There are still recurring findings on the reliability of what is reported as supporting evidence was not always provided and, in some instances, it materially deferred to the achievements reported.

Below is the list of auditees that make up the numbers on the graph above.

Before audit adjustment

No	Auditees- with findings	No	Auditees- Without findings
1	DHET	1	CHIETA
2	BANKSETA	2	CATHSETA
3	CETA	3	FP&M
4	INSETA	4	FASSET
5	MERSETA	5	MICT
6	NSF	6	MQA
7	SSETA	7	PSETA
8	TETA	8	QCTO
9	AGRISETA	9	SASET
10	ETDP	10	CHE
11	EWSETA	11	NIHSS
12	FOODBEV		
13	SAQA		
14	HWSETA		
15	W&RSETA		

After audit adjustments

No	Auditees -with findings	No	Auditees- without findings
1	DHET	1	AGRSETA
2	BANKSETA	2	CATHSETA
3	CETA	3	CHIETA
4	INSETA	4	ETDP
5	NSF	5	EWSETA
6	SSETA	6	FP&M
7	TETA	7	FASSET
8	MERSETA	8	FOODBEV
		9	HWSETA
		10	MICT
		11	MQA
		12	PSETA
		13	QCTO
		14	SASSETA
		15	SAQA
		16	W&R SETA
		17	CHE
		18	NIHSS

2.1.3 Performance against targets

Findings on the audit of annual performance report and achievement of targets

Quality of submitted performance report still remains a concern as the department together with some of the SETAs had material findings that were reported in the year under review.

The Department of Higher Education and Training (DHET)

A total of 4 programmes were scoped in for the year under review and all programmes had material findings.

Auditee	Material findings	Number of targets achieved against number of targets planned for 2022-23 (%)
DHET	The supporting evidence provided differed materially from the reported achievement, while in other instances we could not obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records.	59 out of 111 (53%)

National skills fund (NSF)

Programme 2: Skills development funding and programme 3: PSET system improvement funding were selected and in both programmes material findings were identified.

Auditee	Material findings	Number of targets achieved against number of targets planned for 2022-23 (%)
NSF	Material findings were identified on the selected programmes as the achievements reported in the annual performance report materially differed from the supporting evidence.	4 out of 34 (12%)

The SETAs and other entities

The functions of the SETAs, among others, as set out in chapter 3, section 10 of the Skills Development Act, 1998 are as follows:



Employers pay 1% of their salary payroll to SARS on a monthly basis, 80% of the portion of this contribution is distributed to SETAs and is allocated to administration costs and grants to be claimed back by companies.

Different programme were selected for the respective SETAs and other entities focusing on skills programmes and programmes that are within the entities mandate, and material findings were noted in some of the SETAs as shown on the table below:

Auditee	Material findings	Number of targets achieved against number of targets planned for 2022-23 (%)
AGRISETA	No material performance information findings	58 out of 60 (97%)
Banking SETA	Some indicators disclosed in the annual performance report were found not to be useful as the indicators were not well-defined	49 out of 60 (82%)
CATHSETA	No material performance information findings	48 out of 52 (92%)
CETA	Some indicators disclosed in the annual performance report were found not to be useful as the indicators were not well-defined Material findings were identified on the selected programme as the achievements reported in the annual performance report materially differed from the supporting evidence.	68 out of 83 (82%)
CHIETA	No material performance information findings	79 out of 79 (100%)
ETDP	No material performance information findings	31 out of 35 (89%)
EWSETA	No material performance information findings	73 out of 92 (79%)
FASSET	No material performance information findings	44 out of 49 (90%)
FOODBEV	No material performance information findings	54 out of 55 (98%)
FP&M	No material performance information findings	44 out of 44 (100%)

Auditee	Material findings	Number of targets achieved against number of targets planned for 2022-23 (%)
HWSETA	No material performance information findings	31 out of 64 (48%)
INSETA	Material findings were identified on the selected programmes as the achievements reported in the annual performance report materially differed from the supporting evidence.	48 out of 52 (92%)
MICT	No material performance information findings	54 out of 57 (95%)
MQA	No material performance information findings	44 out of 46 (96%)
PSETA	No material performance information findings	27 out of 31 (87%)
SASSETA	No material performance information findings	30 out of 31 (97%)
Services SETA	Material findings were identified on the selected programmes as the achievements reported in the annual performance report materially differed from the supporting evidence.	42 out of 50 (84%)
TETA	Material findings were identified on the selected programmes as the achievements reported in the annual performance report materially differed from the supporting evidence.	119 out of 127 (94%)
W&RSETA	No material performance information findings	30 out of 37 (81%)
MERSETA	Material findings were identified on the selected programme as the achievements reported in the annual performance report materially differed from the supporting evidence.	30 out of 62 (48%)
SAQA	No material performance information findings	22 out of 24 (92%)
CHE	No material performance information findings	46 out of 47 (98%)
QCTO	No material performance information findings	26 out of 28 (93%)
NIHSS	No material performance information findings	30 out of 31 (97%)

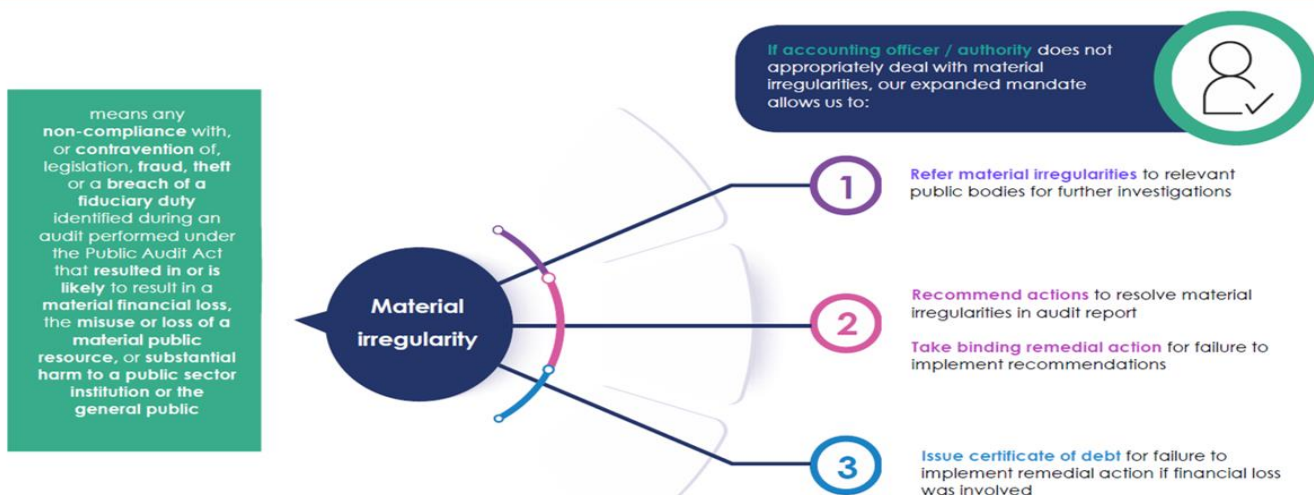


Impact

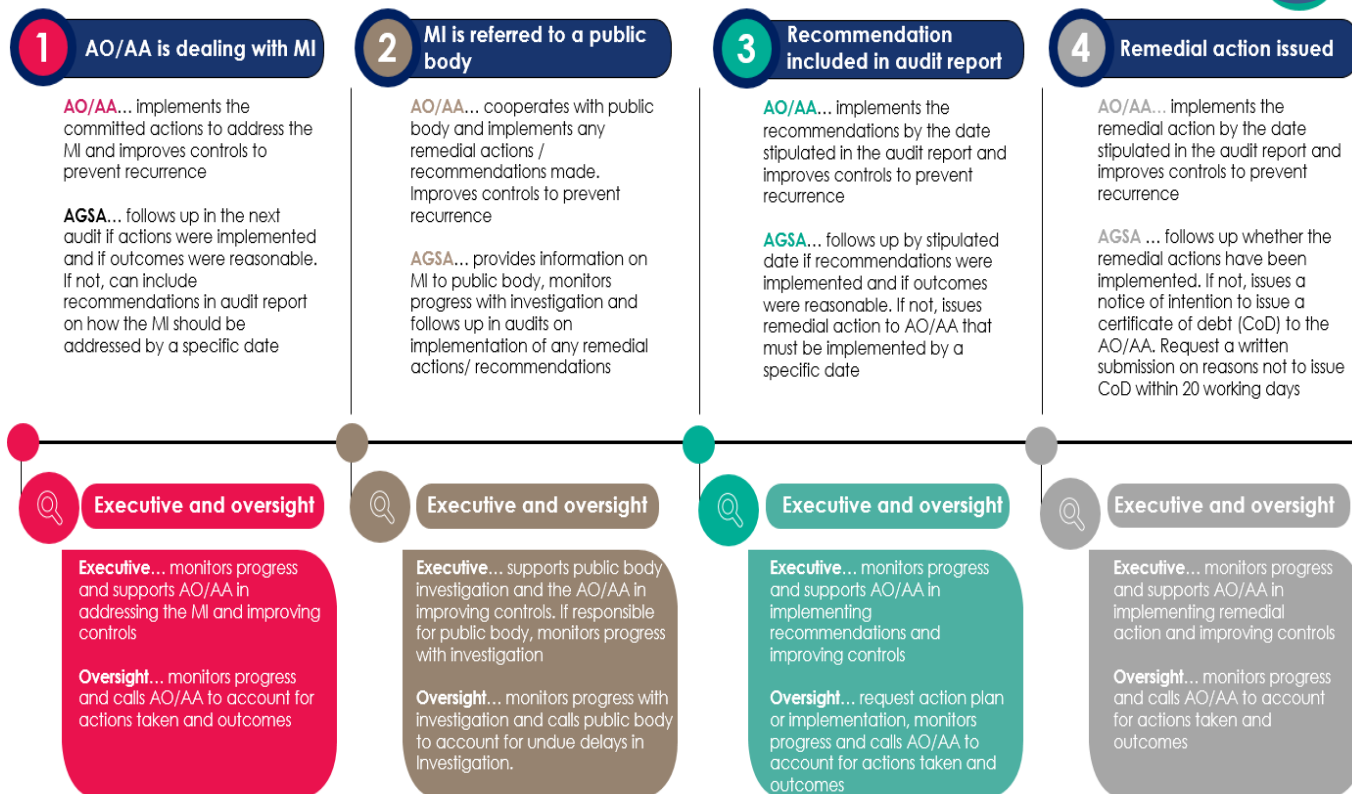
As a result of the above findings, service delivery can be delayed and resources misallocated due to inaccurate data, straining government and resources. If the data was accurate, funds spent on programs that don't address real skills gaps could be redirected to more effective initiatives.

2.1.4 Material irregularities

Implementation of material irregularity process



Identified MIs – next steps and responsibilities



One material irregularity was identified in the period under review, and two were previously reported, more details as documented below:

Material irregularities identified during current year audit

CETA - Payments made for project that did not yield intended benefit

The entity appointed an implementing agent, the project failed to meet its objectives and was therefore hauled, this is a non-compliance with section 57(b) of the PFMA. The accounting authority was notified on the 17 July 2023, we have since received the response from the Accounting authority and currently evaluating whether appropriate action is taken.

Status of previously reported material irregularities

CETA – Overpayment

The CETA entered into an agreement with a consulting firm to assist in analyzing data for adequate decision-making and to undertake conflict of interest verifications.

Upon assessment of the invoices received, it was noted that within four invoices received from the service provider covering the period of 15 June 2020 to 31 July 2020, the service provider had billed the entity at a rate of R1200,00 per hour as opposed to the R1 100,00 per hour agreed upon in the SLA. Furthermore, it was noted that VAT was billed twice on the invoices which resulted in an overpayment as the rates agreed upon in the SLA were already inclusive of VAT.

The entity therefore did not comply with section 57(b) of the PFMA.

The accounting authority has not taken adequate actions in response to the notification.

Recommendations were included in the auditor's report and the expected to be implemented on 10 September 2023, no response was received from the entity, we will communicate the next steps in the MI process to the entity.

NSF- Payments made for duplicate unit standards.

The National Skills Fund entered into a project funding agreement with a skills development service provider. The objective of the project was to benefit 1 000 learners by enrolling them for a Security Officer Learnership programme (NQF level 3).

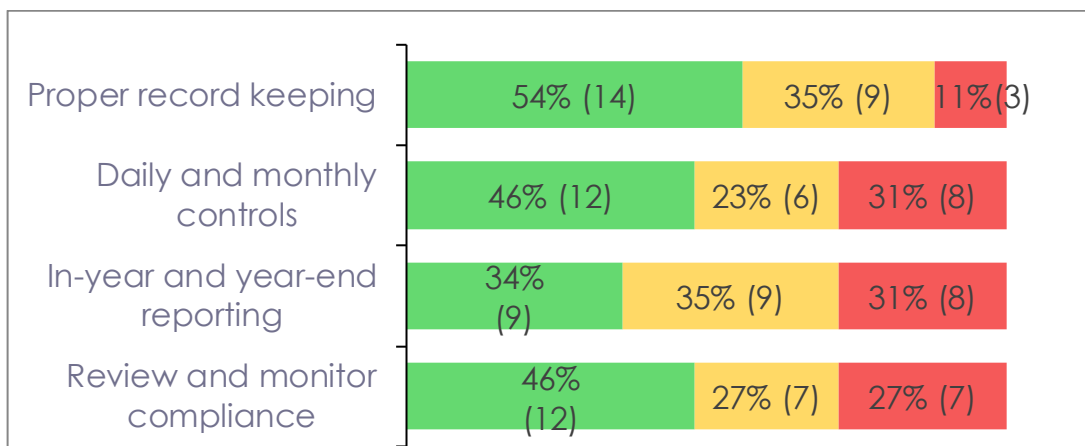
The National Skills Fund approved and paid for three credits that are already included in the original modules as additional modules. This resulted in additional costs with no additional benefit, in

Briefing document on Higher Education and Training portfolio contravention of section 57(b) of the PFMA. The non-compliance is likely to result in a material financial loss if it is not recovered from the supplier.

The accounting authority has not taken adequate actions in response to the notification. Recommendations are included in the auditor's report and are expected to be implemented on 31 October 2023.

2.1.5 Quality of financial reporting

Financial management controls.



Below are the details of which entities are falling in each of the categories of financial management controls, worth noting that daily and monthly controls and reporting still remain an area of concern.

Internal controls	Good	Of concern	Intervention required
Proper record keeping	DHET	AGRISETA	CETA
	BANKSETA	CATHSETA	INSETA
	CHIETA	ETDP	NSF
	CHE	HWSETA	
	EWSETA	SSETA	
	FP&M	TETA	
	FASSET	W&R	
	FOODBEV	MERSETA	
	MICT		

PORTFOLIO COMMITTEE BRIEFING

Briefing document on Higher Education and Training portfolio

Internal controls	Good	Of concern	Intervention required
	MQA		
	PSETA		
	QCTO		
	SASSETA		
	SAQA		
Daily and monthly controls	DHET	AGRISETA	CETA
	CHIETA	BANKSETA	ETPD
	CHE	CATHSETA	HWSETA
	EWSETA	FASSET	INSETA
	FP&M	SSETA	NST
	FOODBEV		TETA
	MICT		W&R
	MQA		MERSETA
	PSETA		
	QCTO		
	SASSETA		
	SAQA		
Reporting	DHET	AGRISETA	BANKSETA
	CHIETA	CATHSETA	CETA
	CHE	EWSETA	ETDP
	FOODBEV	FP&M	HWSETA
	MICT	FASSET	INSETA
	MQA	PSETA	NSF
	QCTO	SSETA	W&R
	SASSETA	TETA	MERSETA
	SAQA		
Review Compliance	DHET	CETA	BANKSETA
	AGRISETA	CATHSETA	ETDP
	CHIETA	EWSETA	HWSETA
	CHE	FASSET	NSF
	FP&M	INSETA	SSETA
	FOODBEV	MERSETA	TETA
	MICT		W&R

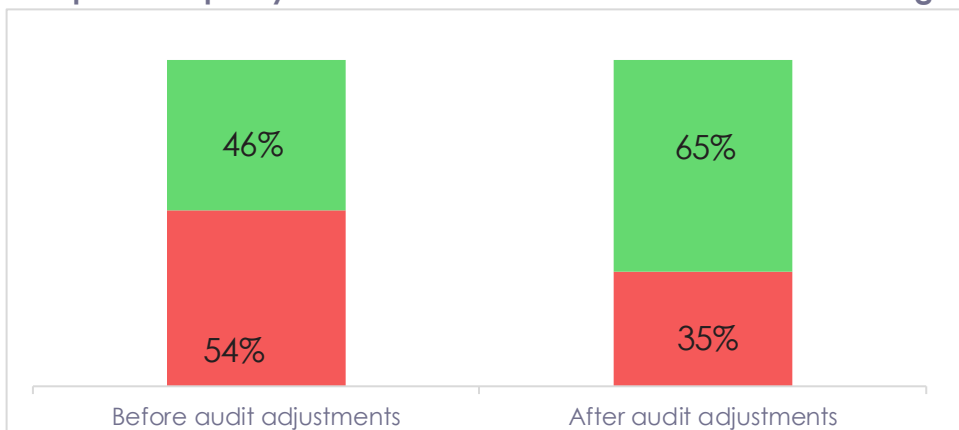


Internal controls	Good	Of concern	Intervention required
	MQA		
	PSETA		
	QCTO		
	SASSETA		
	SAQA		

Quality of financial statements submitted for auditing.

The quality of the submitted financial statements still remains a concern as 5 entities had material adjustments processed on their financial statements which suggests that there is still some level of reliance on the audit process, in order for some entities to have financial statements that are reliable. It was also noted that out of the 9 auditees that are qualified with findings 7 of those auditees also have material findings on performance information.

Impact on quality of financial statements submitted for auditing.



Before audit adjustment

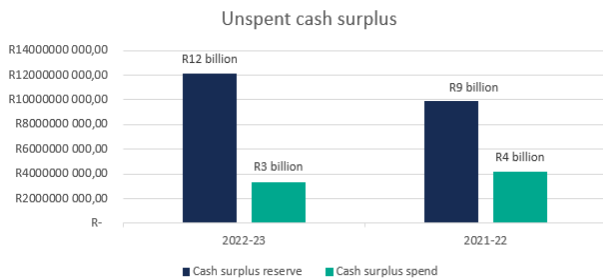
No	Modified	No	Unmodified
1	AGRISETA	1	DHET
2	BANKSETA	2	CHIETA
3	CETA	3	FASSET
4	CATHSETA	4	FOODBEV
5	ETDP	5	MICT
6	EW&R	6	MQA
7	FP&M	7	PSETA
8	HWSETA	8	QCTO
9	INSETA	9	SASSETA
10	NSF	10	SAQA

11	SSETA	11	CHE
12	TETA	12	NIHSS
13	W&R SETA		
14	MERSETA		

After audit adjustments

No	Modified	No	Unmodified
1	BANKSETA	1	DHET
2	CETA	2	AGRISETA
3	ETDP	3	CHIETA
4	HWSETA	4	CATHSETA
5	INSETA	5	EWSETA
6	NSF	6	FP&M
7	SSETA	7	FASSET
8	TETA	8	FOODBEV
9	MERSETA	9	MICT
		10	MQA
		11	PSETA
		12	QCTO
		13	SASET
		14	SAQA
		15	W&R SETA
		16	CHE
		17	NIHSS

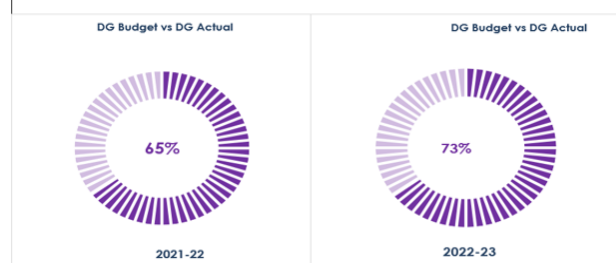
2.1.6 Insights on financial information



High unspent cash surplus

Financial Year	Cash surplus reserve	Cash surpluses spend
2021-22	R9 910 526 554	R4 152 073 934
2022-23	R12 112 344 939	R3 355 310 363

Discretionary Grant budget vs Actual expenditure



Discretionary Grant budget and utilization per year

Financial Year	Budget Amount	Actual Amount
2021-22	R9 064 892 791,00	R5 865 466 000,00
2022-23	R14 173 482 152,00	R10 310 836 972,00

Overall, the SETAs are accumulating reserves over the years. There is an opportunity for the department to analyse whether there is alignment to the projects committed to ensure efficient utilization of these reserves. There may also be a need for the SETAs to align their budget to the annual performance plan targets, to ensure optimal utilization of budgets.

2.1.7 Compliance with legislation

Most common areas of non-compliance	Auditees
Quality of financial statements	BANKSETS, CETA, CATHSETA, HWSETA, INSETA, NSF, TETA, EWSETA, FP&M, SSETA, MERSETA and W&RSETA
Consequence management	CETA, ETPD, NSF, MERSETA and W&RSETA
Prevention of irregular and fruitless and wasteful expenditure	AGRSETA, CETA, EWSETA, MERSETA and W&RSETA

It is worth noting that there are entities that still have material non-compliances and that there are some that have had the same non-compliances recurring in the current year.

Below are the details of which auditees are making up the categories of compliance:

No	No material findings	No	Material findings
1	DHET	1	AGRISETA
2	CHIETA	2	BANKSETA
3	FASSET	3	CETA
4	FOODBEV	4	CATHSETA

5	MICT	5	ETDP
6	MQA	6	EWSETA
7	PSSETA	7	FP&M
8	QCTO	8	HWSETA
9	SASSETA	9	INSETA
10	SAQA	10	NSF
11	CHE	11	SSETA
12	NIHSS	12	TETA
		13	W&R
		14	MERSETA

2.1.8 Procurement and payment

Below are the details of which auditees are making up the categories of procurement:

No	With no findings	No	With findings	No	With material findings
1	DHET	1	CET	1	HWSETA
2	AGRISETA	2	FOODBEV		
3	BANKSETA	3	QCTO		
4	CHIETA	4	W&R SETA		
5	FASSET				
6	EW SETA				
7	FP&M				
8	FASSET				
9	INSETA				
10	MERSETA				
11	MICT				
12	MQA				
13	NSF				
14	PSETA				
15	SASET				
16	Services SETA				
17	SAQA				
18	CHE				
19	NIHSS				
20	ETDP				
21	TETA				

2.1.9 Irregular expenditure

A total of R1.7 billion was incurred by the auditees during the review period. Exceeding the budget continues to be the biggest contributor to the irregular expenditure and this is concerning as it has been recurring for the past years and the entities are not adequately dealing with the budgetary issues that are leading to the same recurring issue.

Auditees have a poor track record in dealing with irregular expenditure and ensuring accountability. The year-end balance of irregular expenditure that has been accumulating over the years have not appropriately been dealt with.

The following is the irregular expenditure incurred by each SETA which makes up the irregular expenditure balance for the 2022-23 year:

Auditee	Current year irregular expenditure incurred 2022-23	Nature of the irregular	Closing balance of current year irregular 2022-23
AGRISETA	R77 868 000,00	Expenditure in excess of the approved budget. Non-compliance with SDA on appointment of board members	R77 733 000
BANKSETA	R1 576 000,00	Board fees of the Accounting Authority members whose appointment were not made in line with the Skills Development Act, no 97 of 1998 (SDA) as amended Non-compliance with SCM Instruction 3 of 2016/17. Deviation from competitive bidding without prior NT approval or emergency or sole supplier basis. Non-compliance with National Treasury Instruction no 7 of 2017/18 - CSD check of suppliers was not performed.	R20 183 000
CHIETA	R701 000,00	Non-compliance with regards to the appointment of members of the accounting authority. Procurement without competitive bidding or quotation process	R61 795 000

PORTFOLIO COMMITTEE BRIEFING

Briefing document on Higher Education and Training portfolio

Auditee	Current year irregular expenditure incurred 2022-23	Nature of the irregular	Closing balance of current year irregular 2022-23
CETA	R79 871 000,00	Expenditure in excess of the DG support cost limit of 7,5%; Non-compliance with SCM prescripts.	R838 152 000
CATHSSETA	R27 695 000,00	Overspending on the 10,5% admin budget. Procurement without competitive bidding or quotation process. Non-compliance with legislation on contracts and procurement without competitive bidding or quotation process	R36 028 000
ETDP	R987 000,00	Board members appointed without vetting processes being conducted. Non-compliance with legislation on contracts	R3 721 000
EWSETA	R8 607 000,00	Expenditure in excess of the approved budget. Non-compliance with legislation on contracts	R411 792 000
FPMSETA	R3 911 000,00	Fees paid to Accounting Authority members who were appointed by the Executive Authority. Non-compliance with procurement process requirements	R1 162 000
FASSET	R405 000,00	Non-compliance with SDA in the appointment of board members	R2 365 000
FOODBEV	R499 000,00	Payments made to board members who were appointed without following the correct process	R825 000
HWSETA	R4 004 000,00	Irregular appointment of board Irregular expenditure in relation to amounts paid to entities that have been deregistered by CIPC. This is under assessment as management does their investigations	R3 301 000



PORTFOLIO COMMITTEE BRIEFING

Briefing document on Higher Education and Training portfolio

Auditee	Current year irregular expenditure incurred 2022-23	Nature of the irregular	Closing balance of current year irregular 2022-23
INSETA	R5 006 000,00	Board members' fees deemed irregular due to appointment vetting process conducted after the appointment of the affected board members. Payments made after contract expired and procurement irregularities on the office lease accommodation.	R23 261 000
MICTS	R1 339 000,00	Accounting Authority member's appointment: Contravention of Sections 11A 11C(1) 11(5) Non-compliance with SETA Grant regulations Services were procured without following the procurement processes.	R19 378 918
MQA	R20 534 000,00	Expenditure in excess of the approved budget.	R20 595 000
PSETA	R229 000,00	Payments relating to irregular appointment of the accounting authority	R42 330 000
SASSETA	R1 058 000,00	Non-compliance on board appointments	0
Service SETA	R215 846 000,00	Expenditure in excess of the DG support cost limit of 7, 5%, project costs incurred in excess of the contract value, expenditure in DGs with inadequate board approval.	R1 854 813 000
W&R SETA	R18 483 000,00	Non-compliance with legislation on contracts as contract extensions were not approved by National treasury. Expenditure in excess of the approved budget.	R115 345 000
MERSETA	R1 267 000 000,00	Irregular expenditure as a result of contracts that were signed in contradiction to the delegation of authority. Non-compliance with procurement Prescripts.	R1 267 000 000



Auditee	Current year irregular expenditure incurred 2022-23	Nature of the irregular	Closing balance of current year irregular 2022-23
NSF	0	N/A as no irregular expenditure was incurred in the current year	R1 739 392 000
DHET	0	N/A as no irregular expenditure was incurred in the current year	R6 972 000
TETA	0	N/A as no irregular expenditure was incurred in the current year	R92 112 000
Total	R1 735 619 000,00	Total	R6 638 255 918,00

2.1.10 Fruitless and wasteful expenditure

A total of R58.6 million was incurred by the auditees during the review period, which was incurred and disclosed in the financial statements of the auditees. As compared to the prior year, fruitless and wasteful expenditure decreased by 34%.

Breakdown of what constitutes the fruitless and wasteful is as detailed below:

Auditee	Expenditure incurred	Nature of fruitless and wasteful
BANKSETA	R25 000,00	Payments made in vain for deceased learners where learners were deceased before the start of training intervention
CHIETA	R143 000,00	Interest and penalties
CETA	R5 000 000,00	Incurred due to cancellation of ERP project, all prior expenditure thus fruitless as no benefit received
CATHSSETA	R74 000,00	Erroneous payments to fraudulent bank accounts purporting to belong to REDFLANK disguised as a change of bank account.
DHET	R88 845,00	Payment for cleaning services not verified as being rendered and fraudulent salary payments made

Auditee	Expenditure incurred	Nature of fruitless and wasteful
ETDP	R283 000,00	Interest and penalties and cancellation costs - flights and accommodation
EWSETA	R3 000,00	Interest and penalties
FASSET	R6 000,00	No Show -travel bookings
HWSETA	R1 172 000,00	Payment for accommodation services not received and stipends not paid to intended recipients
MICTS	R1 000,00	Traffic fines and penalties
Service SETA	R4 281 000,00	Interest and penalties Litigation and claims
MERSETA	R47 500 000,00	Cancelled contracts without full service being provided and cannot be utilised in any other way
Total	R58 576 845,00	

2.1.11 Insights: Optimal utilization of resources and leakages

SETA Budgets

No	Auditee	Total budget	Total Actual
1	AGRISETA	R625 676 000,00	R703 409 000,00
2	BANKSETA	R1 171 589 000,00	R1 113 954 000,00
3	CHIETA	R689 384 000,00	R584 386 000,00
4	CETA	R995 323 000,00	R685 988 000,00
5	CATHSETA	R897 233 000,00	R278 165 000,00
6	ETDP	R2 189 127 000,00	R920 325 000,00
7	EWSETA	R325 216 000,00	R338 022 000,00
8	FP&M	R752 719 000,00	R385 072 000,00
9	FASSET	R1 368 206,00	R625 705,00
10	FOODBEV	R1 435 931 000,00	R520 992 000
11	HWSETA	R996 282 000,00	R945 589 000,00
12	INSETA	R1 190 250 000,00	R655 119 000,00
13	LGSETA	R922 100 000,00	R665 597 000,00
14	MICT	R1 573 830 000,00	R1 116 487 000,00
15	MQA	R1 592 101 000,00	R1 612 562 000,00

No	Auditee	Total budget	Total Actual
16	PSETA	R87 597 000,00	R71 553 000,00
17	SASSETA	R583 081 000,00	R531 809 000,00
18	SSETA	R1 545 400 000,00	R1 200 087 000,00
19	TETA	R1 579 443 000,00	R943 743 000,00
20	W&R SETA	R2 001 671 000,00	R1 629 599 000,00
21	MERSETA	R1 839 618 000,00	R1 350 188 000,00
Total		R21 155 321 206,00	R15 732 279 705,00

Insights

An analysis of the financial and performance information was done, and the purpose of the analysis was to assess the effective utilisation of funds allocated to the SETAs and the NSF and to obtain deeper insights, and based on the work done it was identified that there are areas require attention and action actions to be taken to ensure that adequate financial and performance management.

3. Education, skills and employment

What we did

South Africa has a high unemployment rate, the higher education sector plays a vital role in addressing producing skilled workforce, planning grounded in data and insights from industry and the education sector can drive a responsive skills and training sector.

Our objective for the current year was to gain insights to determine the optimal utilisation of funds as well as analyse the TVET colleges course offerings to determine fiscus focus.

What we found

3.1 Optimal utilization of resources and leakages

Learners with deceased statuses on the Home Affairs system

A verification of the identity and status of each learner was done using official records and found that the learner has passed away as per the home affairs database. This raises concerns about the validity and reliability of the performance information, as well as the internal controls and governance processes of the SETA.

Based on the SETAs data, we noted that 172 learners were reported as deceased by the home affairs system and these learners were deceased before entering the SETA programmes. Payments were

Briefing document on Higher Education and Training portfolio made by the SETAs to these learners, which may be an indication that funds were lost due to these payments made to deceased learners.

Further details in which auditee were the learners were identified.

No	Auditee	Number of learners identified
1	BANKSETA	2
2	CETA	2
3	ETDP	80
4	FP&M	19
5	FOODBEV	25
6	HWSETA	2
7	MQA	21
8	TETA	9
9	MERSETA	11
10	NSF	1
Total		172

Learners in multiple SETAs

We have noted that some learners are attending similar programmes offered by another SETA. We do acknowledge that there is no law or regulation prohibiting this, however, given the limited resources, the SETAs should be more deliberate in what they would want to achieve and ensure no potential learners are left with no opportunity provided. As part of the analysis, we identified 23 554 of these learners, who are moving in-between the SETAs.

The SETAs are encouraged to develop and implement controls to ensure that the resources are used optimally. Learners who have been trained should be encouraged to enter the job market and utilize the skill acquired.

Further details in which auditee were the learners were identified.

No	Auditee	Number of learners identified
1	AGRSETA	621
2	BANKSETA	672
3	CATHSSETA	208
4	CETA	2693
5	CHIETA	541
6	ETDPSETA	470

No	Auditee	Number of learners identified
7	EWSETA	1159
8	FASSET	2654
9	FOODBEV	801
10	FPM	694
11	HWSETA	451
12	INSETA	916
13	LGSETA	1432
14	MERSETA	747
15	MICTSETA	1687
16	MQA	416
17	NSF	2439
18	PSETA	166
19	SASSETA	318
20	SSETA	2085
21	TETA	837
22	WRSETA	1547
Totals		23554

Learners reported in multiple years.

We have found that some learners have enrolled and completed the same courses in different years, resulting in a significant waste of resource and time. This also undermines the effectiveness and credibility of the training evaluation system. A total of 8569 learners were identified as being trained in the prior years but reported in the current year period, even though the nature of training is not a multi-year training or intervention.

Further details in which auditee were the learners were identified:

No	Auditee	Number of learners identified
1	BANKSETA	123
2	CETA	135
3	CATHSETA	46
4	ETDP	116
5	EWSETA	390
6	FP&M	1394
7	FASSET	818
8	FOODBEV	134

No	Auditee	Number of learners identified
9	HWSETA	310
10	INSETA	11
11	LGSETA	21
12	MICT	816
13	MQA	242
14	SSETA	676
15	TETA	2334
16	W&R SETA	729
17	MERSETA	274
Total		8569

Payments made to learners who are older than 65 years.

Payments made to learners who are more than 65 years old are subject to certain conditions and limitations. These payments are intended to support the educational and training needs of learners who fall within the employability typical age range for formal education.

Further details in which auditee were the learners were identified:

No	Auditee	Number of learners identified
1	BANKSETA	5
2	CHIETA	20
3	CATHSETA	7
4	ETDP	73
5	EWSETA	18
6	FP&M	50
7	FASSET	11
8	FOODBEV	10
9	HWSETA	90
10	INSETA	19
11	LGSETA	330
12	MICT	3
13	MQA	174
14	SSETA	30
15	TETA	41
16	W&R SETA	9

No	Auditee	Number of learners identified
17	MERSETA	17
Total		907

Learners funded twice (NSFAS) and Fundza Lushaka

One of the challenges facing the education sector in South Africa is the issue of double dipping, where some learners receive more than one bursary from different sources. This reduces the opportunities for other deserving learners who need financial assistance.

We identified 1904 NSFAS funded learners and or by Funza Lushaka and were also provided with funding from the SETAs. The SETAs are encouraged to perform checks to ensure that the resources are used optimally, and that funding is not provided to the same learners.

No	Auditee	Number of learners identified
1	BANKSETA	93
2	CHIETA	30
3	CATHSETA	12
4	ETDP	85
5	EWSETA	173
6	FP&M	87
7	FASSET	7
8	FOODBEV	15
9	INSETA	6
10	LGSETA	159
11	MICT	18
12	MQA	823
13	PSETA	14
14	TETA	67
15	W&R SETA	279
16	MERSETA	36
Total		1 904

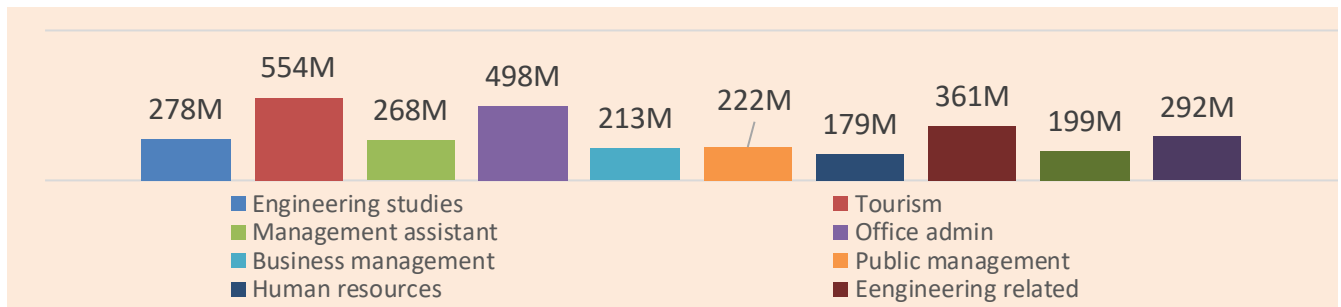
Learners with id numbers not on Home Affairs

2935 learners were identified to have invalid ID numbers and or learners were identified to have ID numbers that are not registered with the home affairs. It is important to look into these and determine what truly transpired.

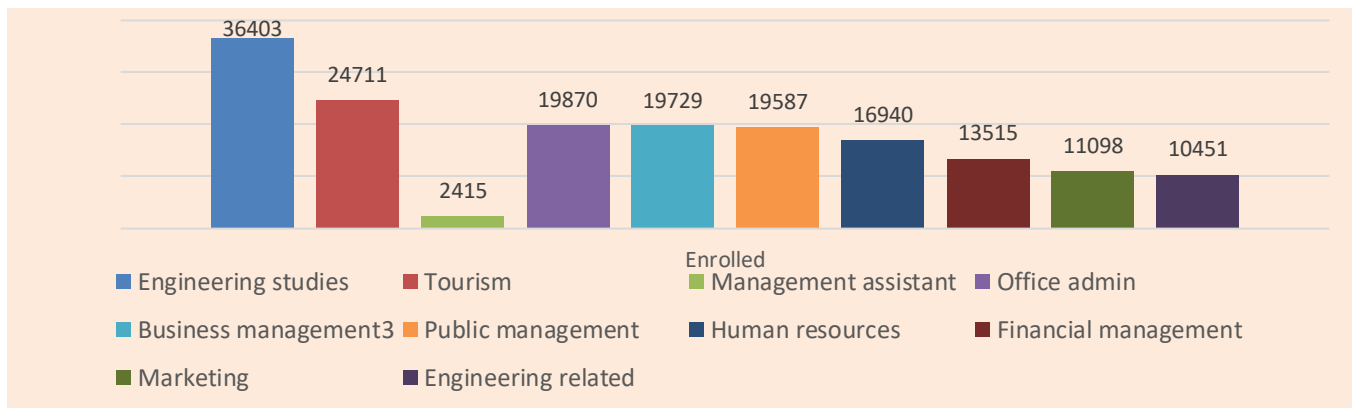
No	Auditee	Number of learners identified
1	BANKSETA	157
2	CHIETA	89
3	NSF	142
4	ETDP	358
5	FP&M	428
6	FASSET	296
7	FOODBEV	28
8	HWSETA	36
9	LGSETA	25
10	MICT	537
11	MQA	412
12	PSETA	53
13	SSETA	53
14	TETA	44
15	W&R SETA	277
Total		2 935

3.2 Optimal utilisation of resources- academic focus.

TVET Overall Top 10 Courses Enrolled by students



Overall Top 10 TVET courses funded by NSFAS



Bursaries

Duplication of efforts due to the following:

- ❖ NSFAS and SETAs funding the same students
- ❖ Students receiving bursaries from more than 1 SETA
- ❖ Students receiving funding from a SETA and Funza Lushaka (bursary from basic education)

Where did the money go ?

- ❖ Analysis on the left shows where the TVETs efforts went and where funding is mostly concentrated.
- ❖ Analysis indicates a lack of correlation between the top enrolled courses (and the top funded courses) and the critical skills list together with the list of occupations in high demand.
- ❖ There is a misalignment between the

Future focus

2023/24

- Assess funding provided by government to students Vs completion rate/Field of completion and absorption in labour market (through UIF)
- Assess the efficacy of regulators/quality assurance bodies (CHE, SAQA, QCTO).

2024/25

- Access to Higher Education Institutions- capacity

4. Audit outcomes of the Universities

Overall, there is a regression in the university's outcomes, we identified that most of the non-compliances raised for the Universities relates to the fact that the members of staff do not declare their conflicts of interests upfront, did not declare their possible conflict of interest when the University was procuring from the related suppliers, or some Universities do not have adequate processes in place for the staff to declare their conflicts, as required by the legislation.

Furthermore, material amendments were made to the submitted financial statements, indicative of inadequate controls around the preparation of the financial statements.

In order to support universities, we recommend that the Minister of Higher Education and Training consider amending the regulations to prescribe a specific date for the submission of the financial statements for audit, and that these financial statements comply with the accounting framework.

Furthermore, we recommend the universities branch with DHET play a more effective role in designing standardized policies and procedures within the universities.

5. Recommendation to the Minister and the Department of Higher and Education and Training

- We still advocate that the department of higher education and training consider an integrated system between the SETAs. This will also facilitate improved monitoring and reporting within the portfolio.
- Follow up on the progress made on resolving material irregularities.
- The department to ensure that the APPs of the SETAs and the focus of the TVETs colleges is aligned to the National skills strategy and other government strategic documents.
- Monitor the implementation of action plans developed by entities who obtained qualified audit opinions.

6. Recommendation to the Portfolio Committee

The following are our recommendations to the portfolio committee as part of continuous accountability processes.

Evaluate the entities explanations as to why the portfolios service delivery performance did not attain the targets set in the strategic plan.

Review of the annual report and also focus on investigating the circumstances that led to under- or over- expenditure of the entity's budget, and the impact this had on service delivery.

Follow up on progress made by the portfolio to address poor audit outcomes in relation to performance information and other service delivery matters.

Follow up with entities that incurred irregular, fruitless and wasteful expenditure to ensure there is consequence management.