



**ANNUAL REPORT**  
2020/21



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



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**DR BEB NZIMANDE**  
Minister of Higher Education,  
Science and Innovation



**MR B MANAMELA**  
Deputy Minister of Higher  
Education, Science and  
Innovation



It is my pleasure to submit the 2019/2020 Annual Report of the Safety and Security Education and Training Authority for the period 1 April 2019 to 31 March 2020, in compliance with section 14(5)(a) of the Skills Development Act, 1998 (Act no 97 of 1998), section, 55 (1) (d) (i) of the Public Finance Management Act, 1999 (Act No 1 of 1999), and in accordance with section 18 of the Treasury Regulations.

**Mr Chris Mudau**  
Chairperson of the Accounting Authority

## GENERAL INFORMATION

Registered name	: Safety and Security Sector Education and Training Authority (SASSETA)
Registration Number	: 19/SASSETA/01/07/05
Registered Office address	: Building 2 Waterfall Corporate Campus 74 Waterfall Drive Midrand
Postal Address	: PO Box 7612 Halfway House 1685
Contact telephone numbers	: 011 087 5500 / 5555
Email address	: CALLCENTRE@SASSETA.ORG.ZA
Website address	: WWW.SASSETA.ORG.ZA

**External Auditor** : Auditor General of South Africa

4 Daventry Street Lynnwood Bridge Office Park  
Lynnwood Manor Pretoria SA  
PO Box 446 Pretoria 0001



## ABBREVIATIONS

<b>AA</b>	Accounting Authority
<b>AGSA</b>	Auditor General of South Africa
<b>APP</b>	Annual Performance Plan
<b>ATR</b>	Annual Training Report
<b>BCEA</b>	Basic Conditions of Employment Act
<b>BAC</b>	Bid Adjudication Committee
<b>BEC</b>	Bid Evaluation Committee
<b>B-BBEE</b>	Broad Based Black Economic Empowerment
<b>CIA</b>	Certified Internal Auditor
<b>CA(SA)</b>	Chartered Accountant South Africa
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CPF</b>	Community Policing Forum
<b>COBIT</b>	Control Objectives for Information
<b>CJS</b>	Criminal Justice System
<b>DQP</b>	Degree Qualification Profile
<b>DHET</b>	Department of Higher Education, and Training
<b>DoJCD</b>	Department of Justice and Constitutional Development
<b>ETQA</b>	Education and Training Quality Assurance
<b>ERM</b>	Enterprise Risk Management
<b>HRDSA</b>	Human Resources Development Strategy for South Africa
<b>HVAC</b>	Heating, Ventilation, Air-Conditioning
<b>ICT</b>	Information Communications Technology
<b>JCPS</b>	Justice Crime Prevention and Security Cluster
<b>LPQA</b>	Learning Programmes Quality Assurance
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>MEC</b>	Member of Executive Council
<b>MoU</b>	Memorandum of Understanding
<b>NAMB</b>	National Artisan Moderating Body
<b>NC</b>	National Certificate
<b>NDP</b>	National Development Plan

<b>NQF</b>	National Qualifications Framework
<b>NQFA</b>	National Qualifications Framework Act
<b>NSDSIII</b>	National Skills Development Strategy III
<b>NT</b>	National Treasury
<b>NMMU</b>	Nelson Mandela Metropolitan University
<b>NGO</b>	Non-Government Organisation
<b>NPO</b>	Non-Profit Organisation
<b>PFMA</b>	Public Finance Management Act
<b>QDF</b>	Qualification Development Facilitator
<b>QCTO</b>	Qualifications Council for Trades and Occupations
<b>QALA</b>	Quality Assurance of Learner Achievements
<b>RPL</b>	Recognition of Prior Learning
<b>HRD</b>	Human Resources Development Strategy
<b>SAPS</b>	South African Police Services
<b>SAQA</b>	South African Qualifications Authority
<b>SDL</b>	Skills Development Levy
<b>WSP</b>	Workplace Skills Plan

## 1. FOREWORD

BY THE CHAIRPERSON  
OF THE ACCOUNTING  
AUTHORITY



For the first time since the dawn of democracy the Government declared a national state of disaster, following the outbreak of the COVID-19 pandemic. The entire period to which this report relates (2020/21 financial year) was affected by Government regulations that limited normal economic and social activity. The skills development sector was not spared. To cushion employers against the impact of the regulations, the Government determined a Skills Development Levy (SDL) payment holiday for a period of four months: 1 May 2020 to 31 August 2020. During this period employers, registered for the SDL, were not required to declare and pay the SDL to the South African Revenue Services.

For SDL institutions such as the SETAs, the SDL payment holiday meant lower revenue and because this was not a deferment of payment the lost revenue will not be recovered. It will take several years for most businesses to return to pre-COVID-19 levels, thus revenue to the SETAs will remain constrained.

As a result of the measures taken by the Government to fight the spread of the virus, the lost revenue, and the immediate and grave health concerns relating to the spread of the COVID-19 pandemic, it became very difficult for SASSETA to deliver on its mandate.

As the new Accounting Authority whose tenure had started on 1 April 2020, we were confronted with the challenge of helping to navigate the SETA through a unique set of strategic and operational challenges.

During this volatile environment, we have set a strategic direction; managed business continuity by directing and overseeing the management of compliance with measures taken by the Government to fight the spread of the virus and the continuity of operational activity; strengthened our risk mitigation and disaster recovery plans; and ensured that the organisation is ready not just for the new normal, but for a better normal.

The Government has adopted the Economic Reconstruction and Recovery Plan (ERRP) which sets out practical interventions to be implemented to support efforts to improve competitiveness in the economy, build confidence and improve economic performance. The Department of Higher

Education and Training (DHET) has developed a Skills Strategy to support the ERRP.

To implement the Skills Strategy, the strategic focus of the SETA over the medium to long term will be the following: -

- Strengthening collaboration with stakeholders to advance skills development within the Safety and Security Sector.
- Enhancing risk intelligence to promote good governance and an ethical environment.
- Identifying occupations in high demand in the Safety and Security Sector, and as guided by the Skills Strategy.
- Increasing the production of occupations in high demand.
- Linking Education and the Workplace.
- Improving the level of skills in the Safety and Security Sector.
- Increasing access to occupationally directed programmes.
- Supporting initiatives to grow the public college system.
- Ensuring efficiency in the delivery of occupational qualifications for the Safety and Security sector.
- Creating a sustainable and conducive environment for management and staff to execute the strategy.

Notwithstanding the challenging environment, SASSETA has achieved 97% of its targets during the period under review; a 5% increase from the performance in the 2019/20 financial year.

I would like to thank the members of the Accounting Authority, the Executive Management team, the staff and SASSETA stakeholders for what they have done to improve performance, to weather the crisis, and to get our SETA prepared to cope with the new normal. Without their commitment, the results details in this report would not have been possible. A special thanks to the Minister of Higher Education, Science and Innovation for the strategic support and guidance; and to the DHET senior officials and the SETA Chairperson's Forum for the role they play in ensuring a common approach to common challenges.

As I conclude, I am proud and inspired by the way SASSETA and its stakeholders have risen to the challenge. They really have shown flexibility, resilience, agility, and courage.

It is my pleasure to present SASSETA's annual report for the period 1 April 2020 to 31 March 2021.

**Mr C Mudau**  
Chairperson of the Board



## ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT



### BACK ROW

1. Ms Raisebe Mphela
2. Mr Robert Mashau
3. MS Zandile Pakathi
4. Ms Motlalepula Molefe
5. Mr Eric Tshilambavhumwa
6. Mr Thamsanqa Mdontswa, Chief Executive Officer
7. Mr Steve Conradie,
8. Lt. Gen.(Dr.) Bongwiwe Zulu
9. Ms Nontembeko Luzipho
10. Mr Khumbulani Moyo
11. Adv. Mbuso Majozi
12. Ms Felicia Mashoene

Not in this photo: Lt Gen Khulekani Mbatha

### FRONT ROW

1. Mr Vukani Memela: Executive Manager Skills and Research, Monitoring, Evaluation and Reporting
2. Ms Juwayria Amod: Executive Manager Learning Programmes
3. Mr Chris Mudau: Chairperson of the Accounting Authority
4. Mr Ikalafeng Diale: Chief Financial Officer
5. Ms Sibongile Ngwenya: Executive Manager Corporate Services

## 2. EXECUTIVE OVERVIEW

BY THE CHIEF EXECUTIVE OFFICER



It is with pleasure that I table the Safety and Security Sector Education and Training Authority Annual Report for the financial year 2020/2021.

The past financial year has been unusual to say the least. This is true for all countries, governments, companies, and industries-COVID-19 pandemic has impacted all of us both personally and organisationally with its effect on health and economy dominating the headlines.

There are other macro factors that shaped our operating environment such as the downgrading of the economy, the diversion of resources to the fight against the spread of COVID-19, and the increasing cost of operating in a socially distanced world.

When I took up the position of Chief Executive Officer on 1 December 2020, it was amidst a sea of masks and smiling eyes. My welcome to SASSETA was warm and I felt instantly at home in a hybrid

of socially distanced meetings, reports, feedback sessions and operational deadlines.

The focus of the management team has been to ensure the continuity of services to fulfil the expectations of our oversight bodies and stakeholders, whilst ensuring a safe and compliant working environment. The team is now reassessing assumptions about the resilience of the organisation's business model and its readiness to operate in the changing work norms and new technologies.

SASSETA has continued to fulfil its mandate and implement its objectives under the unprecedented economic and operating conditions, thanks to the continued diligence and hard work of our staff and stakeholders. The hard work has paid dividends as the Annual Report will evidence.

### Operational Performance

During the period under review, SASSETA achieved a clean audit outcome and met 97% of its targets. This resulted in an increase of 5% when compared to the previous financial year.

### General financial review of the public entity

SASSETA is funded from Skills Development Levy (SDL) which amounted to R372.4 million for the 2020/21 financial year. Total revenue collected for the 2020/21 financial year amounted to R395.6 million.

The cash and cash equivalents amounted to R524.3 million. Current liabilities amounted to R76.6 million. The surplus before commitments was R461.6 million while commitments amounted to R462.1 million.

Most of the projects of the SETA are multi-year projects thus commitments are also multi-year by nature.

SASSETA continued to implement demanding compliance and governance processes throughout the organisation to comply with legislative prescripts also to prevent irregularities. I am happy to report that we ended the financial with at a Level 5 risk maturity as we have done for the past three years.

#### **Spending trends of the public entity**

As at the end of the financial year, the total expenditure was R342.7 million and the net operational surplus was R52.9 million. Expenditure on core business (employer grants and project expenses) amounted to R200.9 million and the administration expenses were R141.8 million. This is a skewed picture and results from the fact that most administration expenses are fixed in nature, and thus continued to be incurred during Covid-19, whereas the limitations placed on operations by the Government COVID-19 regulations (including the limitations on training activities by the Quality Council on Trade and Occupation) resulted in slow project activity and project payments. Project payments in the SETA are milestone driven and without the delivery of the milestones, there can be no payment.

#### **Challenges facing the public entity**

In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realized in the previous financial year without obtaining the prior written approval of National Treasury.

The National Treasury issued instruction note 12 of 2020/21 regulating the retention of surpluses by Constitutional institutions and public entities listed in schedules 3A and 3C of the PFMA. SASSETA is a schedule 3A entity.

Instruction No.12 of 2020/21 defines what constitutes cash surplus. There is no cash surplus to surrender in the current year. In context of the SETAs environment, commitments must also be considered in

determining surplus funds as this may have an adverse impact in the continuation of programmes awarded.

The annual financial statements indicate discretionary grant reserves / surplus in the amount of R461.6 million. In terms of the above instruction note, these funds must not be utilised prior to obtaining approval from National Treasury. The SETA has multi-year commitments in the amount of R462.1 million.

The instruction note places a challenge to the SETA in that it must require approval of National Treasury for the roll-over of surplus funds even in circumstances where the commitments exceed the surplus. This presents a challenge to SASSETA, and SETAs in general as the operating model is similar.

#### **New or proposed key activities**

The implications of the COVID-19 pandemic have crystallised a need for digitisation and automation of the operations of the SETA, and the use of e-learning. The SETA is currently undertaking a study on its readiness to implement e-learning, and will undertake a digitisation and automation programme in the medium term.

#### **Requests for roll over of funds**

SASSETA was granted approval by the National Treasury to retain the cash surplus of R420.8 million for the 2019/20 financial year.

Supply chain management. Whether SCM processes and systems are in place. SASSETA continued to maintain sound internal control systems and processes over the SCM and these are functional.

#### **Audit report matters in the previous year and how they would be addressed**

The annual financial statements indicate irregular expenditure awaiting condonation in the amount of R33,4 million. The SETA developed audit action plans geared to addressing all prior year matters reported by both internal and external audits.

Except for non-compliance matters reported in the prior year, all matters were addressed as they were reported.

#### **Events after the reporting date**

On 11 May 2021, the National Treasury issued Circular 1 of 2021 clarifying that irregular expenditure in relation to non-compliance with SETA Grant Regulations will no longer be condoned by the Executive Authority but by the National Treasury. The impact of this circular is that all applications for condonation approved by the Minister of Higher Education, Science and Innovation must be submitted to the National Treasury for condonation. The condonation request that had earlier been sent to the Minister had to be made afresh with National Treasury.

#### **Economic Viability**

The financial statements have been prepared on the going concern basis, as SASSETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern for the next 24 months.

The current licence period of SASSETA expires on 31 March 2030 based on the recently gazetted extension of the NSDS III license period of the SETA's. The future existence and landscape of the SETA's after the above date will be based on a proclamation by the Minister of Higher Education Science and Innovation based on the future National Skills Development Strategy and landscape.

The impact of the COVID-19 pandemic was factored in the budget readjustment process. This was done by reprioritising within the administration grant segment as well as to adjust the Annual Performance Plan (APP) to avoid incidents of over-commitment and possible reckless trading.

The SETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained. In case of liquidity

problems funding resources are available in terms of DHET and National Treasury approval for borrowing requirements in the open market.

#### **Irregular Expenditure**

The SETA incurred irregular expenditure amounting to R1.5 million during the financial year under review. This was triggered by extension of the contract above the allowable threshold of 15% while the necessary variation process was followed with the National Treasury and expenditure relating to members of the Accounting Authority as a result of process deficiencies that occurred at DHET in the appointment of some of the members of the Accounting Authority. It is unfortunate that irregular expenditure is reported against the budget that incurred it thus SASSETA reports irregular expenditure in this regard. Both incidents were beyond the SETAs control.

#### **Acknowledgement/s or Appreciation**

On behalf of the entire SASSETA family I want to thank our clients, partners, and authority bodies for continuing to place their trust in us, enabling our successful collaborations, and assisting us virtually on every platform. Together, we have ensured that SASSETA can look back on a very good performance year in 2020/21 and show that we have emerged from our challenging environment stronger than ever.

Sincere gratitude goes to the SASSETA Chairperson and the Accounting Authority for their continued support, guidance and strategic leadership that has led us to achieve our mandate.

To the Audit and Risk Committee, the Department of Higher education and Training and the Auditor General we thank you for your continued support. We also extend thanks to organised labour in our sector and to our employer partners in the public and private sectors.

In presenting an overview of the organisation I want to acknowledge the work and dedication of the SASSETA Executive Management team in making this financial year successful.

And to the SASSETA employees, I extend my heartfelt thanks and admiration for their unwavering commitment, hard work, and for the tremendous flexibility they have shown in coping and excelling in our new normal.

As we approach the end of a challenging and testing year, we wish, once again, to thank all of you for the exceptional commitment and hard work you have shown.

We must remain steadfast in our commitment to work harder than ever before to serve our clients with compassion, dignity, and respect. We must make the new normal, a better normal.



**MR. THAMSANQA MDONTSWA**  
CHIEF EXECUTIVE OFFICER

## 5. STATEMENT OF RESPONSIBILITY

### AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

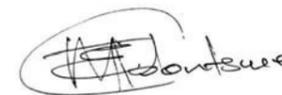
The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury. The Annual Financial Statements (Part E) have been prepared in accordance with the GRPA standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

Yours faithfully



**CHIEF EXECUTIVE OFFICER**  
MR. THAMSANQA MDONTSWA  
DATE: 31 JULY 2021



**CHAIRPERSON OF THE ACCOUNTING AUTHORITY**  
MR. CHRIS MUDAU  
DATE: 31 JULY 2021

## 6. STRATEGIC OVERVIEW

### VISION MISSION AND VALUES



#### PLEDGE:

*We, the people of SASSETA, shall strive every day to adhere to our Mission statement, our Vision and our Values in everything we do.*

## 7. LEGISLATIVE AND OTHER MANDATES

SASSETA was established in terms of the Skills Development Act, No 97 of 1998, with the mandate to promote and facilitate skills development for the safety and security sector.

The Minister of Higher Education, Science and Innovation re-licenced the SETAs until 31 March 2030 to operate within the skills development framework articulated in the National Skills Development Plan and other policies and strategies as set out below:

LEGISLATION/POLICY/STRATEGY	DESCRIPTION
<b>Constitution of the Republic of South Africa, 1996</b>	<p>Section 29(1) of the Constitution requires the State through reasonable measures, to make progressively available and accessible adult basic and further education to all citizens as a human right.</p> <p>Section 22 for the right to freedom of trade, occupation and profession. It stipulates that "every citizen has the right to choose their trade, occupation or profession freely."</p> <p>Section 195(1)(a)-(f) articulates the values and principles governing public administration.</p>
<b>Skills Development Act, No. 97 of 1998 (as amended)</b>	<p>The Act provides for the development of the skills of the South African workforce. It provides for measure to improve the quality of life of workers, their prospects of work and labour mobility; to improve productivity in the workplace and the competitiveness of employers; to promote self-employment; and to improve the delivery of social services.</p> <p>The Act also provides for the establishment, amalgamation and dissolution of SETAs; the incorporation of a subsector of one SETA into another SETA; the composition of the Accounting Authority for each SETA; the regulation the eligibility to become a member of the Accounting Authority and for a constitution for every SETA.</p>
<b>Skills Development Levies Act, No. 9 of 1999</b>	<p>In terms of section 3(1) and 3(4) of the Act registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an Annual payroll cost less than R500 000 are exempted in accordance with Section 4 (b) of the Levies Act as amended, effective 1 August 2005.</p> <p>The Act specifically excludes government departments from participating in the levies contribution scheme, but provisions are made in a circular for their participation.</p>

LEGISLATION/POLICY/STRATEGY	DESCRIPTION
<b>National Development Plan 2030</b>	The NDP aims to eliminate poverty and reduce inequality by 2030. Chapter 13 states that South Africa needs to build a state that is capable of playing a developmental and transformative role.
<b>National Human Resources Development Strategy of South Africa</b>	The Strategy has several commitments designed to address the priorities of the South African Government in terms of skills development that supports economic and social development, facilitating greater access to education opportunities, as well as building a capable public sector to meet the needs of a developmental state.
<b>National Qualifications Framework Act, No. 67 of 2008</b>	SASSETA employs the provisions of Chapter 5 of the National Qualifications Framework Act, No. 67 of 2008 (NQF) to design training programmes, to carry out quality assurance, assess learner achievement and to accredit training providers.
<b>White Paper on Post-School Education and Training</b>	The White Paper on Post-School Education and Training aims to establish a vision for the type of post-school education and training system that the Department of Higher Education and Training (DHET) (now the Department of Higher Education, Science and Technology) desires by 2030 (DHET, 2013).
<b>National Skills Accord</b>	<p>The National Skills Accord is a multi-constituency agreement between business, organised labour, community constituents at the National Economic and Development Labour Council (NED-LAC), and Government.</p> <p>It was signed to support the New Growth Path target of creating five million jobs by 2020. The Accord identifies eight commitments in relation to training and skills development that need to be implemented by the constituencies to achieve the New Growth Path.</p>
<b>Youth Employment Accord</b>	<p>The Youth Empowerment Accord has six commitments that include education and training; access to work exposure; increase the number of young people employed in the public service; youth target set-asides; youth entrepreneurship and youth co-operatives; and to develop private sector youth absorption programmes.</p> <p>SASSETA has and continues to support Government's drive to empower the youth by facilitating access to its skills development opportunities and programmes that include learnerships, internships, workplace learning and bursaries. SASSETA has also facilitated access for the unemployed youth to such skills development opportunities.</p>
<b>Medium Term Strategic Framework</b>	(MTSF) Strategic Plan for Government for the current electoral term. It reflects the commitments made by the Government, including the commitment to implement the National Development Plan

LEGISLATION/POLICY/STRATEGY	DESCRIPTION
<b>Medium Term Expenditure Framework (MTEF)</b>	It provides the medium -term spending plans of Government and budget allocations. It further highlights the impact of key national priorities.
<b>New Growth Path</b>	It is a bold, imaginative and effective strategy which seeks to create 5 million new jobs that South Africa needs.
<b>Re-establishment of the SETA's (Gazette No: 42589, July 2019)</b>	SETA's have been re-established until 31 March 2030.
<b>National Skills Development Plan</b>	The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.
<b>Resolutions of the job summit</b>	SASSETA will contribute towards resolutions of the presidential job summit such as expanding interventions by Public and Private sector on skills commitments for youth employment, including capacity building for young people.
<b>Declaration of the presidential summit against gender-based violence and femicide</b>	Government and key stakeholders to establish a multi-sectoral, coordinating structure to respond to GBV and femicide; to allocate the necessary and adequate resources required and to develop a national GBV and femicide strategy.
<b>Economic Reconstruction and Recovery Plan</b>	The Plan details practical interventions to be implemented to support efforts to improve competitiveness in the economy, build confidence and improve economic performance. The ERRP identifies skills development as one of the key enablers to restore growth.
<b>Skills Strategy to support the Economic Reconstruction and Recovery Plan</b>	The strategy was developed to support the ERRP. It sets out 10 interventions to ensure that the skills required are produced. 6 of the interventions are focused on delivery (specific skills to be produced immediately linked to sectoral strategies); and 4 interventions are systemic and include mechanisms for refining and adding to skills and qualifications needed for fast responsiveness as the economy changes with the ERRP interventions.

## LEGISLATIVE AND OTHER MANDATES (continued)

### SCOPE OF COVERAGE

The Safety and Security sector is both public and private:

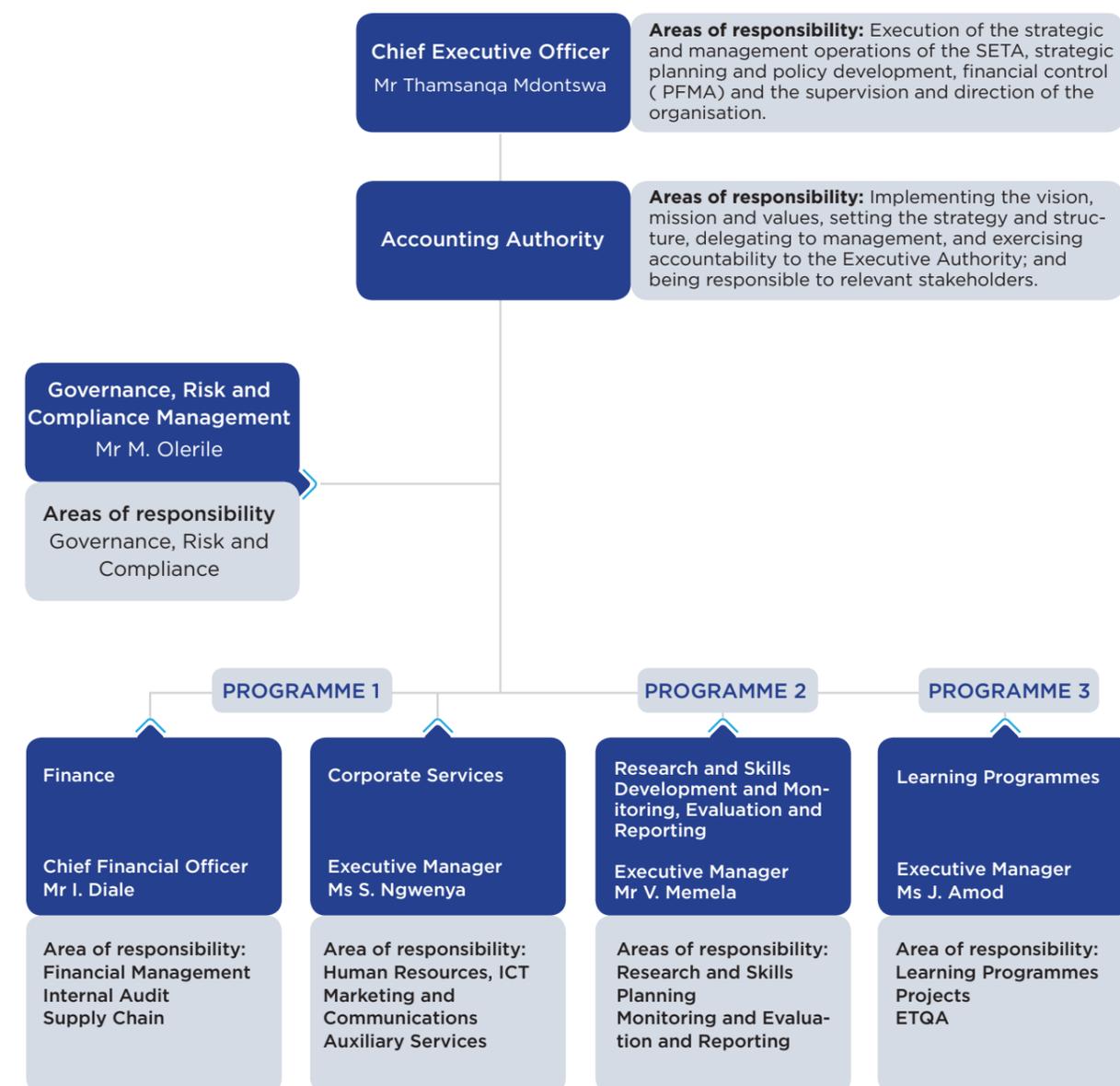
**Public Sector:** The public sector consists of government departments, security agencies and law enforcement bodies whose role it is to protect and serve the public and the interests of the State.

**Private Sector:** The private sector element comprises those companies and bodies who provide security and legal services to paying clients.

The scope of coverage for SASSETA, as determined by the Minister of Higher Education, Science and Technology, SIC Codes, and SASSETA Sub sectors and Constituencies of the safety and security sector are as follows:

SIC CODES	SUB -SECTOR	ONSTITUENCY
9110A*	Policing	<ul style="list-style-type: none"> <li>The Independent Police Investigative Directorate (LIPID),</li> <li>The Provincial Secretariats for Safety and Security,</li> <li>Civilian Secretariat for Police, Service (CSPS) and</li> <li>The South African Police Service (SAPS).</li> </ul>
91301 91302		<ul style="list-style-type: none"> <li>Municipal and Metropolitan Police Departments,</li> <li>Traffic Management / Law Enforcement, and</li> <li>Road Traffic Management Corporation (RMTC).</li> </ul>
9110B*	Corrections	<ul style="list-style-type: none"> <li>The Department of Correctional Services (DCS)</li> <li>Private Correctional Services Providers</li> <li>Kutama Sinthumule Correctional Centre.</li> <li>Mangaung Correctional Centre.</li> </ul>
9110D*		<ul style="list-style-type: none"> <li>The Department of Defence (DOD).</li> <li>South African National Defence Force (SANDF) (i.e. SA Navy, SA Air Force, SA Army and SA Military Health Services).</li> </ul>
9110C*	Justice	<ul style="list-style-type: none"> <li>The Department of Justice and Constitutional Development (DoJ &amp; CD)</li> <li>National Prosecuting Authority (NPA), and</li> <li>Special Investigations Unit (SIU) Office of the Chief Justice of South Africa.</li> </ul>
91104	Intelligence Activities	<ul style="list-style-type: none"> <li>State Security Agency (SSA), including its branches:</li> <li>The National Intelligence Agency (NIA),</li> <li>The South African Secret Service (SASS),</li> <li>The South African National Academy of Intelligence (SANAI),</li> <li>The National Communications Centre (NCC),</li> <li>The Office for Interception Centres (OIC), and</li> <li>The Electronic Communications Security (Pty) Ltd (COMSEC)</li> </ul>
88110	Legal Services	<ul style="list-style-type: none"> <li>Legal and paralegal services.</li> <li>Sheriffs.</li> </ul>
88920		<ul style="list-style-type: none"> <li>Legal Aid Services.</li> </ul>
88920	Private Security and Investigation Activities	<ul style="list-style-type: none"> <li>Private security, investigation, and polygraph services.</li> </ul>

## 8. ORGANISATIONAL STRUCTURE



# PART B

## PERFORMANCE INFORMATION



## 1. AUDITOR GENERAL'S REPORT

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Safety and Security Sector Education and Training Authority set out on pages 87 to 145 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of financial performance - comparison of budget for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Safety and Security Sector Education and Training Authority as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Standards (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

#### Report on the audit of the annual performance report

##### Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 3 – learning programmes	38 – 57

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 3 - learning programmes

##### Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 87 to 145 for information on the achievement of planned targets for the year and management's explanations provided for the over/under achievement of targets.

#### Report of the audit of compliance with legislation

##### Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

##### Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Pretoria  
31 July 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

#### Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

#### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
  - Conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Safety and Security Sector Education and Training Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

#### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## 2. SITUATIONAL ANALYSIS

With challenges and many successes, South Africa has managed to flatten the curve of COVID-19 pandemic to some degree. SASSETA was not spared by the COVID-19 pandemic; resources were strained, and institutional capacity was limited.

Skill development is critical for economic growth and social development. The demographic transition of South Africa makes it imperative to ensure employment opportunities for more than 3 million youths entering working age annually.

South Africa is presently facing a dual challenge of severe paucity of highly trained, quality labour, as well as non-employability of large sections of the educated workforce that possess little or no job skills. The skill development issue in South Africa is thus pertinent both at the demand and supply level. To meet the demand side challenge, consistent efforts are being made towards expansion of economic activities and creation of large employment opportunities.

On the supply side, a simple look at the projected youth population provides a fair reason to believe that the country has the strength to cater to this demand. However, the employability quotient is questionable and remains a major area of concern. Already huge gaps exist between the industry requirements and the level of skills of workers due to varied reasons including inadequate training infrastructures, inappropriate mix of skills and education, outdated curricula, limited industry interfaces, while vocational training is experiencing challenges, limited standards, etc.

The skill development ecosystem in South Africa is skewed towards formal education system with limited meaningful vocational training. While the vocational training is in a dismal state both qualitatively and quantitatively, the higher education system itself is grappling with issues related to scale and quality.

Moreover, there is a disconnect between the formal education system and work requirements, compounding the challenges related to the skill gap. A concerted action is thus required on the supply side to ensure sustained employability opportunities. Extensive effort to skill the workforce is required, both in quantity and quality.

Transforming the skill development ecosystem and making it responsive to needs of both industry and citizens requires a scalable, efficient, and comprehensive partnerships.

Skills development in South Africa is facilitated through various education and training interventions by, among others, sector education and training authorities (SETAs). SETAs are statutory bodies funded through the public purse and are regulated mainly by the Skills Development Act No. 97 of 1998 and the Skills Development Levies Act No. 9 of 1999. These Acts are supplemented by regulations which are published in the Government Gazette.

Also required is the establishment of industry participation mechanisms in training programmes. SASSETA will contribute to increasing public confidence in public sector institutions in the sector and enabling these institutions to address an increase in specific categories of crime. SASSETA is responsible for the facilitation of skills development in the safety and security sector and ensuring that skills needs are identified and addressed through a number of initiatives by the SETA and the sector.

Skills development is critical for our economic growth and social development. Unemployment, poverty and youth skills development remain a prominent global concern. South Africa has one of the highest unemployment and inequality rates in the world, with the bulk of the workforce unskilled and historically employed in primary industries such as mining and agriculture. The current unemployment rate in South Africa increased to 29%. 32.5% in the October-December quarter, meaning 7.2 million people were unemployed, up from 30.8% in the previous three months. The figure was the highest since the survey began in 2008.

According to International Labour Organisation, “Education, vocational training and lifelong learning are central pillars of employability, employment of workers and sustainable enterprise development”.

SASSETA had identified following skills priority actions and will be at the apex of the SETA agenda, namely:

1. Strengthening partnerships with sector training institutions and academies,
2. Professionalisation and transformation of the sector,
3. Information communication and technology (ICT),
4. Technical and specialised skills, and
5. Building active citizenry.

The Accounting Authority and Management will continue to position the strategic framework of the SETA in the context of opportunities and risks, while also continuing to strengthen risk management capabilities that would enable an effective response to ensuring promotion of service delivery improvement and efficient utilization of resources to ensure the fulfilment of the SETA mandate.

### 3. IMPACTS AND OUTCOMES

#### PROGRESS TOWARDS ACHIEVEMENT

SASSETAs impacts are:

1. Good Governance and Sound Administration
2. Improve Access to Occupations in high demand
3. Increased skills development in the safety and security sector targeted at occupations in high demand
4. Increased Number of learners with SAQA recognised qualifications

These impacts are supported by 9 Outcomes. The SETA is steadily progressing to the achievement of the outcome indicators. Under Program 1; 4 Partnership Memorandums of Understanding are currently being implemented.

The Sector Skills Plan is being annually updated with the list of occupations in high demand.

As regards the 5 outcomes under program 3; 56 individuals were qualified and able to fill occupations in high demand and the SETA is well under way to the achievement of the 350 learners planned for. As regards the outcome indicator requiring the implementation of 50 MOUs with TVET Colleges, Universities of Technology, Universities and Employers; SASSETA has thus far implemented 7 MOUs for the placement of learners on work integrated learning. Thus far 2 Community Colleges (CETs) have been supported for the training of unemployed learners.

In respect of occupational qualifications registered under sub-field 08 by SAQA there is steady progress towards the 15 qualifications required. Thus far 1 qualification has been registered by SAQA.

### 4. PROGRAMME PERFORMANCE

The Safety and Security Sector Education and Training Authority (SASSETA) is one of the 21 sector education and training authorities in South Africa. We are responsible for skills development and implementation within the safety and security sector. Our mandate is drawn from the Skills Development Act, the National Skills Development Strategy and other subsidiary legislative frameworks as set out in Scope of Coverage in this document.

The National Treasury Regulations with the Skills Development Act and the Public Finance Management Act stipulates those public entities, such as SASSETA, need to develop five-year Strategic Plans and Annual Performance Plans listing their achievable targets. Furthermore, we need to report quarterly to our Executive Authority on our performance against the Annual Performance Report Plan (APP).

The annual report assesses and reports the progress on the set targets at output-level, and then determines where these outputs are sufficiently on track to contribute to the goals and objectives detailed in the five-year Strategic Plan. It therefore reports on the extent to which interventions undertaken have led to achieving the targets detailed in the (APP.)

SASSETA has four operational programmes that work in tandem to achieve its organisational mandate, namely:

<b>Programme</b>	<b>1</b>	Administration
<b>Programme</b>	<b>2</b>	Research, Skills Planning, Monitoring, Evaluation and Reporting
<b>Programme</b>	<b>3</b>	Learning Programmes
<b>Programme</b>	<b>4</b>	Quality Assurance (ETQA)

#### SASSETA PERFORMANCE OVER THE PAST THREE YEARS



## 4.1

### PROGRAMME 1 ADMINISTRATION

#### OVERVIEW:

The purpose of the programme is to provide management with strategic and administrative support services to ensure effective implementation of the SASSETA's strategic goals and objectives. The programme comprises the following sub-programmes:

**Finance and Supply Chain Management** provides effective and efficient financial planning, management, and administrative support to SASSETA. This includes amongst others the effective, efficient, and economical acquisition of goods and services.

**Risk Management** assist with proactively managing and addressing risks that have a negative impact on SASSETA's business, reputation and performance. *Risk Management is discussed in Part C.*

**Internal Audit** provides independent, objective assurance and advisory services designed to add value and improve the department's operations. Internal Audit helps SASSETA to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

**Human Resource Management** provides leading and direction on individual performance management matters, sound employer/ employee relations, employee health and wellness, as well as effective and efficient recruitment, selection, and placement services, including research and development of human resource policies and practices. *Human Resources is discussed in Part D.*

**Information and Communications Technology** seeks to provide for the integration of the IT needs and requirements of SASSETA to enable it to achieve its mission, strategic goals and objectives and pave the way for its pursuance of internal and external customer satisfaction.

**Marketing and Communication** co-ordinates corporate messages to all target groups and, in doing so, creates a client centric data-driven, communication through the synergistic delivery of advertising, media, digital marketing, eventing and stakeholder relations.

**Auxiliary Services** ensure a safe and conducive work environment for employees and stakeholders.

#### PROGRAMME 1 ACHIEVEMENT OVER 3 YEARS



Programme 1: ADMINISTRATION		Output Indicator	Output	Outcome	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
		Number of newly established partnerships with stakeholders to advance skills development within the sector by 31 March 2021	Newly established partnerships with stakeholders	Strengthened collaboration with stakeholders to advance skills development within the sector	-	3	4	4	N/a	N/a	N/a
		Implemented Risk Management Framework	Risk Management Framework fully implemented	Enhance risk intelligence to promote good governance and ethical environment	-	-	100% Implementation of the Risk Management Framework	100%	N/a	N/a	N/a



## FINANCE AND SUPPLY CHAIN MANAGEMENT SUB PROGRAMME

### Overview

The objective of this sub programmes is to provide effective and efficient financial planning, management, and administrative support to SASSETA. This includes amongst others the effective, efficient, and economical acquisition of goods and services within the procurement legislation.

### Policy development

While the Policy on material losses through criminal conduct, irregular, fruitless and wasteful and expenditure was updated to ensure compliance with the related framework issued by the National Treasury, the Finance and Supply Chain Management Policies will be reviewed in 2021/2022 financial year.

### Achievements

#### Revenue

Levies received from the Private Sector and Government Departments amounted to R23960.73 million and R122.1 million, respectively while investment income was R22.5 million. Private sector levies accounts for 63% of the total revenue collected. Penalties and interest of R10.6 million was from late payments of levies by employers which contributed to the SETA's performance income.

Some government departments contribute levies monthly based on actual basic salary figures. The contributed levies are affected by variables such as resignations and appointments in these departments during the year. Most government departments can only afford to contribute on the 10% basis.

Investment income of R22.5 million is earned from surplus funds invested with the financial institutions. This amount accounts for 5.6% of the total revenue collected.

Other income for the financial year amounted to R577 thousands being mainly as a result of the reversal of provisions.

#### Expenditure

The largest expenditure category remained the discretionary grants which is the core business of the SETA from the service delivery perspective.

The disbursement of mandatory grants is attributable to the extent of the compliance of the received and compliant work skills plans (WSPs) and annual training reports (ATRs).

The largest component of the administration expenditure remained compensation of employees. A considerable effort is maintained to continuously stabilise the financial situation of SASSETA. While in the year under review the organisation was also challenged by deteriorating economic conditions caused by the restrictions imposed by the Government to curb the spread of the COVID-19 pandemic, and more importantly the four-month skills levy holiday the Government gave to employers, the organisation continued to be financially healthy.

### Commitments

SASSETA continued to manage and sustain its commitments balances from the previous financial years within the acceptable norm, and without over-committing the organisation. The increasing balance of commitments is mainly because of the delayed implementation of awarded projects which, in most cases, was not within the SETAs control.

### Irregular expenditure

The organisation implemented sound processes to ensure strict and uncompromised adherence to procurement laws and regulations to mitigate the occurrence of irregular expenditure instances.

The SETA incurred irregular expenditure amounting to R1.5 million during the financial year under review. This was triggered by extension of the contract above the allowable threshold of 15% (while the necessary variation process was followed with the National Treasury and expenditure relating to members of the Accounting Authority) because of process deficiencies that occurred at DHET in the appointment of some of the members of the Accounting Authority. It is unfortunate that irregular expenditure is reported against the budget that incurred it thus SASSETA reports irregular expenditure in this regard. Both incidents were beyond the SETAs control.

### Challenges

Delayed and/or non-contribution of the skills development levies by some of the stakeholders which adversely affects the operations of the organisation.

Poor contracts management by some departments which negatively affects the operation of the supply chain management department.

### Future goals

- Effective implementation of the revenue enhancement strategy which is geared to improve the situation of the organisation.
- Automation of the procurement process with the intention to realise efficiencies in the administration of procurements.

### Measures to address under-performance

There was no under-performance in the achievement of targets for the Finance and Supply Chain Management sub-programme.

### Changes to the planned targets

There were no changes to planned targets during the 2020/2021 financial year.



## INFORMATION, COMMUNICATION AND TECHNOLOGY (ICT) SUB PROGRAMME

### Overview

The Strategic Objective of ICT is the effective provisioning of Information, Communication and Technology to support the business of the SASSETA.

SASSETA developed an ICT Strategy with the purpose to revive and position the use of ICT within the organisation as a strategic tool to support, enable and drive the business operations and to automate cumbersome manual processes to derive efficiencies and economies of scale regarding the business processes.

### ICT priorities for the year under review and the impact of these priorities

Strengthened collaboration with stakeholders to advance skills development within the sector through the provisioning of Eco-Systems facilitated in accordance with the Data Management Strategy and underpinned by a robust data warehouse, knowledge management, business intelligence and business dashboard reporting in alignment with the Digital Transformation Strategy.

- Stabilisation of the Data Centre with the implementation of all the required hardware, software, secure firewall, environmental controls, and facilities.
- Implementation of the Integrated Management information System (IMIS), Office 365, Document Management System, Human Resource System, Call Centre Management System with Customer Relationship Management (CRM)/Stakeholder Relationship Management (SRM) system and the Supply Chain Module in the Financial System.
- Intensive capacity building of internal stakeholders (Management and Employees) as well as external stakeholders and partners around the dynamics of remote working
- Implementation of the Disaster Recovery Plan (DRP) with the identification and formalisation of an alternate site, develop, maintain, and implement test plans and comply with assurance requirements relating to the approval of the DRP, alternate site, test plans and offsite storage of the plan.
- Stabilisation of the infrastructure, network, and security environments as well as implementation of effective and efficient service level management.

### Policy Development

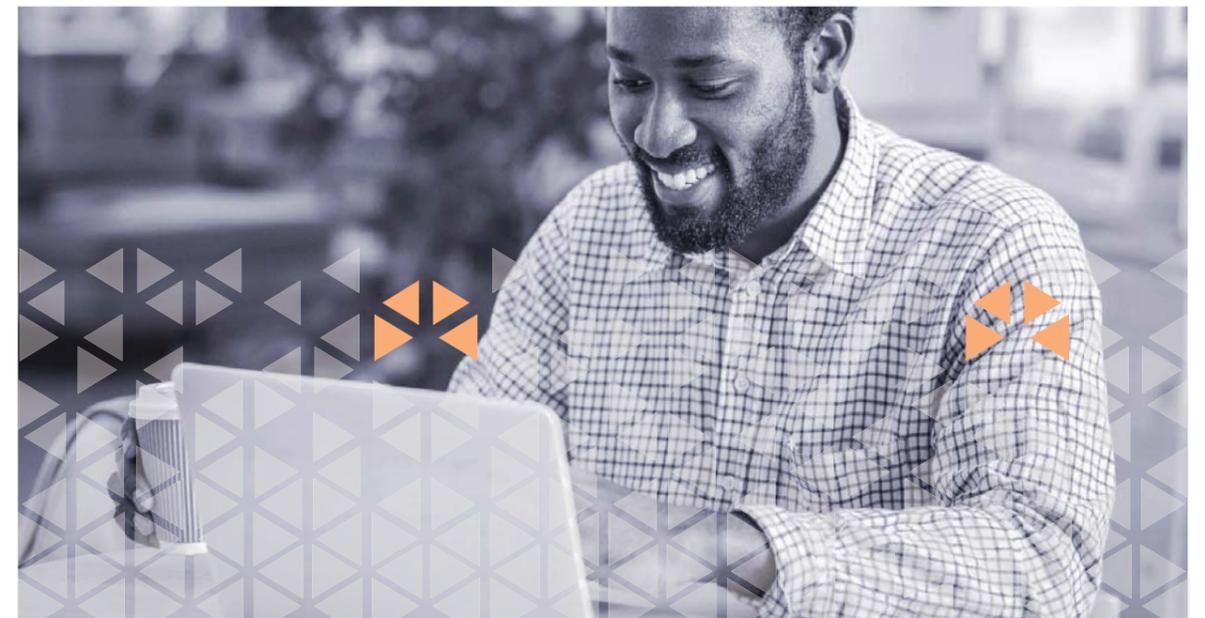
To strengthen the ICT Governance and Operations, support, and enablement of SASSETA ICT policies relating to Logical Security, User Account Management, Patch Management, Antivirus Management, Backup and Retention Management, Cyber Security, Change Management, and ICT Governance Framework have been implemented. ICT will commence with a process of reviewing and enhancing all its Policies. The review process shall be finalised in 2021/2022.

### Achievements

- ICT Strategy and Master Systems Plan which incorporates the Digital Transformation Strategy that is aligned to the Strategic Plan and Annual Performance Plan.
- ICT Governance in compliance with best practice frameworks like King 4 principles, Corporate Governance of Information, Communication and Technology Policy Framework (CGICTPF), Control Objectives for Information and Related Technology (Cubitt), Information Technology Infrastructure Library (ITIL) and International Standards Organisation (ISO).
- The Digital Transformation Strategy, Data Management Strategy, Project Management Framework and Disaster Recovery Plan have been finalised.
- The implementation of Office 365 enabled remote working during the lockdown and facilitated the digitisation platform to our employees, external stakeholders, and partners.

### Challenges

- Inadequate integration of ICT systems and the capacity to provide a holistic view of the business performance. This is being addressed by investing in and optimising in ICT to meet the changing business needs.
- The possibility of cyber threats or hacking of the ICT environment could result in business disruption.
- Lack of capacity within the ICT department in terms of the Security Management role, however the security management processes are in place and the filling of this role will be addressed during the 2021/2022 financial year.





## MARKETING AND COMMUNICATIONS SUB PROGRAMME

### Overview

The purpose of the Marketing and Communications sub-programme is to promote the brand of SASSETA and to enhance stakeholder relations.

The Marketing and Communications sub-programme leads the organisation in internal and external communications, advertising, digital media, and eventing. It enhances awareness of the SASSETA brand and creates a better understanding of services with a wide variety of stakeholders. The mission of the sub-programme is to create an enabling environment for the provision of inclusive communication services to all stakeholders in a manner that promotes socio-economic development.

### Policy development

Marketing and Communications Policies will be reviewed in 2021/2022.

### Achievements

#### • Digital stakeholder communications

While operating from home bases during Level 5 lockdown, SASSETA fully implemented Information Technology to continue with and enhance its stakeholder communication. As COVID-19 restrictions were eased, so our communications increased as more and more stakeholders were back online and two-way digital communication became our new norm.

Communication was consistent, motivational, and helpful to internal staff and clients through email marketing, weekly newsletters, website postings, reminders of operational deadlines, social media, and conference calls. The management and staff of SASSETA came together as one to assist in the process by using the tools of trade for remote working. Stakeholders also responded well to the increased communication.

#### • Email marketing

SASSETA sends weekly newsletters to subscribed stakeholders informing them of new developments, announcements, news updates and offering call to action to participate in operational functions such as the Mandatory Grant and Discretionary Grant processes. These messages result in two-way communication, thus facilitating and efficient work relationship, and professional query resolutions.

#### • Eventing

SASSETA staged its first digital Road Show in February 2021 and its first digital AGM in March 2021. According to the post-event surveys, both events were well accepted. The events are posted on our website and the SASSETA YouTube channel for easy access.

#### • Digital education

Online DG demonstrations took the new online submission instructions directly to the stakeholder resulting in more submissions with less errors.

#### • Internal Communications

COVID-19 communications campaigns were rolled out to internal stakeholders and is a continuous process.

#### • Social Media

Social Media communication has increased during the past financial year. Facebook recorded an 8 percent increase in followers over the previous financial year and a cumulative increase of 50 per cent over the past three years. LinkedIn has 1 629 active followers. Twitter was launched in November 2020 and has 428 followers.

### SOCIAL MEDIA FOLLOWERS 2020 2021



### Challenges

Rural Communications needs to be implemented to capture the learning imagination of youth, women, learners, and training providers and guide them to the safety and security sector as their career destination. This could not be implemented in the past financial year due to the COVID-19 restrictions. The Rural Outreach Programme and Career Guidance Communications plan will be implemented in 2021/2022.

### Future goals

- Increasing the accessibility and navigation of the website and intranet (2021/2022)
- Improving the interaction on social media platforms
- Increasing the frequency of digital stakeholder communications and e:training
- Installation and roll out of a stakeholder-centric CRM system
- Improving reach into rural areas

### Measures to address under-performance

There was no under-performance in the achievement of targets for the Marketing and Communications sub-programme.

### Changes to the planned targets

There were no changes to planned targets during the 2020/2021 financial year.



## AUXILIARY SERVICES SUB PROGRAMME

### Overview

The purpose of the Auxiliary sub-programme is to ensure a safe and conducive work environment for employees and stakeholders in the SASSETA space.

As the custodian of general maintenance, it is our responsibility to improve office refurbishments and accelerate service delivery to the organisation. Our mission is to achieve unique goals, objectives, and bring beneficial change or added value to our end-users. We will proactively achieve the mission and vision of SASSETA by implementing strategies to prevent accidents and injuries which may be harmful to the environment and employees.

### Policy development

The following policies were developed in the past financial year 2020-2021 Financial year.

- Occupational of Health and Safety Policy (OHS) including COVID-19 protocols.
- Fleet Management Policy

### Achievements

- Management of COVID-19 protocols for internal employees.
- Management of COVID-19 protocols for external stakeholders.
- Implementation of the Personal Protection Equipment supply for employees.
- The fleet of the Seta is closely managed to ensure there is no abuse and/or unnecessary damage that will incur cost.
- A well-rounded Security Services Management is in place and discharges their responsibilities in line with the Control of Access to Public Premises and Vehicle Act.
- All OHS office requirements were met with the appointment and training of OHS Representatives; First Aiders and Fire Marshalls.
- Heating, Ventilation and Air Conditioning (HVAC) systems.

### Challenges

- Improve spatial planning- our internal storerooms are not designed to keep files and other equipment e.g., machines.

### Future goals

- Collaborate with the other tenants in the building and establish an all-encompassing OHS Committee.
- Continue to implement and enforce Health and Safety procedures.
- Prevent unauthorised access to the premises.
- Mitigate the impact of the risk of a natural disaster.

### Measures to address under performance

There was no under-performance in the unit, however constant training of OHS Representatives is essential to be adequately empowered to deal with pandemics.

### Changes to the planned targets for the sub programme

There were no changes to planned targets during the 2020/2021

## 4.2

### PROGRAMME 2 SKILLS PLANNING AND RESEARCH. MONITORING, EVALUATION, AND REPORTING

#### SUB-PROGRAMME

##### OVERVIEW:

The purpose of the programme is to coordinate strategic planning and provide evidence- based strategic direction through research, monitoring and evaluation to inform a credible, skills planning mechanism in the safety and security sector.

The programme consists of the following sub- programmes:

1. Research and Skills and Planning and
2. Monitoring, Evaluation and Reporting

##### Programme 2 contributes to the following strategic objectives

- Institutionalised robust planning towards achievement of the SASSETA mandate.
- Improved identification and understanding of the scarce and critical skills needed, across the safety and security sector; and
- Increased integrity of monitoring and evaluation for planning and decision-making and accountability.

#### PROGRAMME 2 ACHIEVEMENT OVER 3 YEARS



**PROGRAMME / SUB-PROGRAMME: 2**

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20		Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Identified occupations in high demand	Conducting and publishing research reports.	Number of research studies reports published by 31 March 2021	3	4		4	4	N/a	N/a	N/a
Identified occupations in high demand	Conducting and publishing evaluation reports	Number of evaluation (tracer studies) and impact studies published by 31 March 2021	6	6		3	3	N/a	N/a	N/a
	Development and approval of strategic (SP, APP & SLA) documents	2020/21 Update of the SSP approved by SASSETA AA and submitted to DHET by 1 August 2020	-	-		2020/21 Update of the SSP approved by SASSETA AA and submitted to DHET by 1 August 2020	2020/21 Update of the SSP approved by SASSETA AA and submitted to DHET by 1 August 2020	N/a	N/a	N/a
		2020/21 Updated of the SP, APP & SLA approved by SASSETA AA and submitted to DHET by the date stipulated by DHET	-	-		2020/21 Updated of the SP, APP & SLA approved by SASSETA AA and submitted to DHET by the date stipulated by DHET	2020/21 Updated of the SP, APP & SLA approved by SASSETA AA and submitted to DHET by the date stipulated by DHET	N/a	N/a	N/a



## SKILLS PLANNING AND RESEARCH (SPR) SUB PROGRAMME

### Purpose of the sub-programme

The Skills Planning and Research sub-programme is responsible for leading the development and coordination of the research agenda, research strategy and administering the disbursement of Mandatory Grants. In addition, It is charged with the execution and or management of research activities. and participates in the sub-programme also participates in knowledge management, research, and innovation forums to inform the strategic trajectory of the SETA.

The Department of Higher Education and Training validations on performance information as well as SASSETA's internal audits were conducted. No findings were identified in the past financial year.

Key outputs of the Skills Planning and Research sub-programme for the 2020/2021 financial year included updating the Sector Skills Plan (SSP) as well as the completion and publication of four research reports. This represents 100% achievement of the annual performance target as per the 2019/2020 Annual Performance Plan. The sub-programme will intensify its effort to be the knowledge hub of the SETA though identifying, concluding, and managing strategic partnerships with key stakeholders, among others.

### Measures to address under performance of the sub-programme

There was no underperformance in the achievement of targets of the Skills Planning and Research sub-programme.

### Changes to the planned targets for the sub-programme

There were no changes to planned targets during the 2020/2021 financial year.



## MONITORING AND EVALUATION AND REPORTING (MER) SUB PROGRAMME

To monitor, evaluate and report on the organisational performance.

Continuous improvements were brought to this sub-programme in past financial year. There was an increase in the number of projects that were monitored and in the follow-ups conducted by the respective project practitioners, of findings and recommendations. New entrants. i.e., first time Discretionary Grant recipients, were prioritised when it came to monitoring. This ensured compliance and the assurance that they received support during their implementation of projects.

### Set priorities for the year under review and the impact of these priorities

SASSETA conducted and completed three evaluations (tracer studies) studies during the year under review namely:

- Impact Study of the Covid-19 on the Safety and Security Sector in South Africa
- Understanding SASSETA' s contribution towards a vision of building a "skilled and capable workforce": Transformation and Professionalisation of the Safety and Security sector
- The Demand and Supply of ICT Skills in the Safety and Security Sector: SASSETA' s Perspectives

These studies serve as lesson learned and inform the future rollout of SASSETA's learning programmes.

### Policy development

No new policies were developed during this reporting period.

### Achievements

The department was once again able to achieve its targets as set out in the APP: all three evaluation studies were concluded by 31 March 2021.

### Challenges

The Corona Virus and the imposed regulations have had an impact on the way monitoring was conducted. The department adapted by conducting its monitoring telephonically and were thus able to reach most learners and training providers.

### Future MER plans /goals

For the 2021/2022 financial year, the department has three targets relating to the number of evaluations (tracer studies) and or impact studies focussed on Skills development matters to be completed by 31 March 2022.

### Measures to address under performance

There was no underperformance in the achievement of targets of the Skills Planning and Research. Monitoring, Evaluation and Reporting sub-programme.

### Changes to the planned targets

There were no changes to planned targets during the 2020/2021 financial year.

## 4.3

### PROGRAMME 3 LEARNING PROGRAMMES

The purpose of the programme is to facilitate the interventions of skills development and training with the aim to reduce the scarce and critical skills gap in the safety and security sector through the provision of quality learning programmes.

Learning Programmes is a core division of SASSETA which oversees the management of the Discretionary Grants and the managements of the various learning programs being implemented. The critical aspect of Learner registration is also managed under this Program.

#### The program is divided into two main sub-programmes:

1. Learning Programme Implementation and
2. Grants & Project Management

#### Learning Programme Implementation

In addition to its Discretionary Grant Management roles, the following learning programs projects are implemented for employed and unemployed learners:

- Learnerships
- Skills programmes
- Bursaries
- Artisans
- Work Integrated Learning (covering Candidacy Programmes, Placement of TVET students, placement of University of Technology students and Internships) TVET Lecturer Development Programs

#### Grants & Project Management

- Discretionary Grant Management
- Career Guidance
- Strategic Projects
- Learner Registrations

The focus of this programme is to implement learning interventions across the sector that address the skills gaps as identified in the SASSETA' s Sector Skills Plan, as well as other national skills priorities. In addition, our emphasis continues on the training of unemployed persons to become more employable.

#### This program is responsible for the following five outcomes:

1. Increased production of Occupations in high demand
2. Linking education and the Workplace
3. Improved level of Skills in the Safety and Security Sector
4. Increased Access to Occupationally Directed Programs
5. The growth of the public college system, supported.

Programme 3 had a total of 24 outputs with corresponding Output Indicators with relevant targets that were planned upon. Of these, 23 indicators were fully achieved from a targeting perspective. This translates to a 96% achievement, confirming a steady improvement in performance over the past 3 years.

#### PROGRAMME 3 PERFORMANCE OVER 3 YEARS



PROGRAMME / SUB-PROGRAMME: 3

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20		Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Increase production of occupations in high demand	Bursaries allocated for unemployed youth by 31 March 2021	Number of Bursary agreements entered for unemployed youth by 31 March 2021	300	300		150	174	24	The initial budget was adjusted as levy income increased hence there was more funds to support more learners than initially planned for. Bursaries are a critical area in terms of ERRP hence funds were directed to this intervention.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Unemployed youth completed studies by 31 March 2021.	Number of unemployed youth completed studies under a SASSETA Bursary by 31 March 2021	100	106		40	48	8	The target was set bearing in mind the Lockdown Regulations. More learners than anticipated successfully completed training.	Annual Target revised due to COVID 19 and the Skills Development Holiday

**PROGRAMME / SUB-PROGRAMME: 3**

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20		Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Linking Education and the Workplace	TVET students entered work integrated learning placement programmes by 31 March 2021	Number of TVET Students entered work integrated learning placement programmes by 31 March 2021	817	1003		150	157	7	The initial budget was adjusted as levy income increased hence there was more funds to support more learners than initially planned for. WIL is a critical area in terms of ERRP hence funds were directed to this intervention.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	TVET students completed work integrated learning placement programmes by 31 March 2021	Number of TVET students completed work integrated learning placement programmes by 31 March 2021	350	130		150	153	3	The target was set bearing in mind the Lockdown Regulations. More learners than anticipated successfully completed training.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	University of technology students provided with work integrated learning to complete their qualifications.	Number of University of Technology students placed in work integrated learning by 31 March 2021 to complete their qualifications.	-	-		100	104	4	Learners dropped out and had to be replaced. Replaced learners also had to be reported upon.	Annual Target revised due to COVID 19 and the Skills Development Holiday

PROGRAMME / SUB-PROGRAMME: 3

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20		Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Linking Education and the Workplace	University of Technology students placed who complete work integrated learning thereby enabling them to complete their qualifications.	Number of University of Technology students who completed their work integrated learning by 31 March 2021 thereby enabling them to complete their qualifications	-	-		50	55	5	The target was set bearing in mind the Lockdown Regulations. More learners than anticipated successfully completed training.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	TVET Lecturers exposed to workplaces	Number of TVET Lectures exposed to workplaces that are linked to qualifications the TVETs are accredited for by March 2021	100	-		5	5	-	N/a	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Graduates entered workplace-based learning programmes in strong partnerships with the industry	Number of learners placed as candidate attorneys in candidacy programmes by March 2021	-	-		140	143	3	Learners dropped out and had to be replaced. Replaced learners also had to be reported upon.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Graduates/ completed workplace-based learning programmes	Number of learners completing candidate attorney placements by 31 March 2021	-	-		50	110	60	Learners who did not complete training in the previous financial year, resulting in this indicator not being achieved in the prior year, duly completed training, and were reported on in the current year.	Annual Target revised due to COVID 19 and the Skills Development Holiday

**PROGRAMME / SUB-PROGRAMME: 3**

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20		Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Linking Education and the Workplace	Graduates entered workplace-based learning programmes in strong partnerships with the industry	Number of graduates and interns entered workplace-based learning programmes, in partnership with industry, by 31 March 2021	421	430		100	107	7	The initial budget was adjusted as levy income increased hence there was more funds to support more learners than initially planned for. Work Integrated Learning is a critical area in terms of ERRP hence funds were directed to this intervention.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Graduates completed workplace-based learning programmes	Number of graduates and interns completed workplace-based learning programmes by 31 March 2021	300	335		250	263	13	The target was set bearing in mind the Lockdown Regulations. More learners than anticipated successfully completed training.	Annual Target revised due to COVID 19 and the Skills Development Holiday

PROGRAMME / SUB-PROGRAMME: 3

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20		Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Linking Education and the Workplace	Unemployed learners entered learnerships by 31 March 2021	Number of unemployed learners entered learnerships by 31 March 2021	3000	2042		650	654	4	Learners dropped out and had to be replaced. Replaced learners also had to be reported upon.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Unemployed learners completed learnerships by 31 March 2021.	Number of unemployed learners completed learnerships by 31 March 2021.	1235	1280		1000	1030	30	The target was set bearing in mind the Lockdown Regulations. More learners than anticipated successfully completed training.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Employed learners entered learnerships by 31 March 2021	Number of employed learners entered learnerships by 31 March 2021	2609	2000		250	247	-3	Although learners have started training, all supporting documents have not been received and learners could not be reported as entered.	Annual Target revised due to COVID 19 and the Skills Development Holiday
Improved Level of skills in the Safety and Security Sector	Employed learners completed learnerships by 31 March 2021	Number of employed learners completed learnerships by 31 March 2021	1056	1506		1000	1010	10	The target was set bearing in mind the Lockdown Regulations. More learners than anticipated successfully completed training	Annual Target revised due to COVID 19 and the Skills Development Holiday

**PROGRAMME / SUB-PROGRAMME: 3**

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20		Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Level of skills in the Safety and Security Sector	Employed learners entered Bursary Agreements by 31 March 2021	Number of employed learners entered Bursary Agreements by 31 March 2021	200	200		40	41	1	The initial budget was adjusted as levy income increased hence there was more funds to support more learners than initially planned for. Bursaries are a critical area in terms of ERRP hence funds were directed to this intervention.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Employed learners holding bursaries who completed studies by 31 March 2021	Number of SASSETA funded employed learners holding bursaries who completed studies by 31 March 2021	60	60		55	56	1	The target was set bearing in mind the Lockdown Regulations. More learners than anticipated successfully completed training.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Employed learners entered skills programmes/ Short courses by 31 March 2021	Number of employed learners entered skills programmes/short courses by 31 March 2021	3502	3003		1250	1256	6	Learners dropped out and had to be replaced. Replaced learners also had to be reported upon.	Annual Target revised due to COVID 19 and the Skills Development Holiday

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Level of skills in the Safety and Security Sector	Employed learners completed skills programmes/ Short courses by 31 March 2021	Number of employed learners completed skills programmes/ Short courses by 31 March 2021	-	-	1900	1902	2	The target was set bearing in mind the Lockdown Regulations. More learners than anticipated successfully completed training.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Learners entering artisan related learning programmes by 31 March 2021 in partnership with public TVET Colleges	Number of learners entering artisan related learning programmes by 31 March 2021 in partnership with public TVET Colleges	250	200	100	144	44	The initial budget was adjusted as levy income increased hence there was more funds to support more learners than initially planned for. Artisans are a critical area in terms of ERRP hence funds were directed to this intervention.	Annual Target revised due to COVID 19 and the Skills Development Holiday
Increased access to occupationally directed programmes	Learners completing artisan related learning programmes by 31 March 2021 in partnership with public TVET Colleges	Number of persons declared competent on Trade Tests by 31 March 2021 in partnership with public TVET Colleges	100	73	60	62	2	More learners than anticipated were found competent during the trade tests.	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Entrepreneurs supported by 31 March 2021.	Number of entrepreneurs supported by 31 March 2021.	-	-	10	10	N/a	N/a	Annual Target revised due to COVID 19 and the Skills Development Holiday

**PROGRAMME / SUB-PROGRAMME: 3**

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20		Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
The growth of the public college systems supported.	Unemployed learners entered skills programmes/short courses at community colleges by 31 March 2021	Number of unemployed learners entered skills programmes/short courses at community colleges by 31 March 2021.	2622	3003		200	201	1	A learner dropped out and had to be replaced. The replaced learners also had to be reported	Annual Target revised due to COVID 19 and the Skills Development Holiday
	Unemployed learners completed skills programmes/short courses at community colleges by 31 March 2021	Number of unemployed learners completed skills programmes/short courses at community colleges by 31 March 2021	-	-		100	101	1	More learners than anticipated successfully completed training.	Annual Target revised due to COVID 19 and the Skills Development Holiday

## LEARNING PROGRAMMES OUTPUTS

### Employed and Unemployed Learners Entering and Completing Learnerships

Learnerships are learning programs that are based on NQF aligned Qualifications. They include elements of theoretical and practical training that will result in graduates achieving a national qualification. In addition, learners will be able to do the work (not just the theory) and thus this is one of the preferred methods of learning in the sector. In the current year, SASSETA has enrolled 901 employed and unemployed learners on the following learnerships:

- Specialist Security Practices Certificate NQF 4
- Public Administration Certificate NQF 5
- General Security Practices NQF 3
- Generic Management Certificate NQF 4
- Paralegal Practice Certificate NQF 5
- Public Administration Diploma NQF 6
- Traffic Officers Diploma NQF 6

Of critical importance is the fact that for the first time in SASSETA's history, we have partnered with the Road Traffic Management Cooperation with a view to train Traffic Officers. It is envisaged that with this training traffic officers will be more equipped to perform their functions thereby leading to a reduction of motor vehicle accidents on our roads.

### Employed and Unemployed Learners Entering and Completing Skills Programs

One of the ways a learner can achieve a qualification is through skills programmes, which are shorter, bitesize learning programmes that are ideal for topping up existing skills. Most employed people prefer this to learnerships as they are easy to balance against work demands. In the current year, SASSETA has enrolled 1,262 employed learners and 201 unemployed learners on Skills Programs. In line with the National Skills Development Plan, SASSETA has partnered with the Kwa Zulu Natal Community Education and Training College and the Limpopo Community Education and Training College in the delivery of Skills Programs. Learners trained were from deep rural areas in these communities.

### Employed and Unemployed Learners Entering and Completing Artisan Training

The year under review saw an increase in the number of learners enrolled in various artisan-related learning programmes. These learners are trained in partnership with the public TVET Colleges. This helps to strengthen the public training institutions capacity to deliver learning programmes. In compliance with DHET requirements that only learners who had successfully completed trade tests can be reported as completed artisans, 62 learners being funded by SASSETA did successfully complete trade tests and were issued with trade test certificates by the QCTO.

### Employed and Unemployed Learners Entering and Completing training under SASSETA funded Bursaries

Part of SASSETA's strategic outcomes is to increase skills, contribute to transformation and professionalise the sectors through the provision of bursaries to both workers and unemployed youth. SASSETA has supported 41 workers and 174 unemployed youth with bursaries. As law and psychology are occupations in high demand SASSETA funded 25 learners respectively to study degrees in these fields.

### Lecturer Development

A new intervention from SASSETA was the support of TVET Colleges by providing workplace exposure for five lecturers from Tshwane South TVET College. This will enable the lecturers to be able to direct classroom learning towards the relevant focus areas in terms of what is needed by employers and industry. In addition, a further 5 employees of the TVET College were granted bursaries to further their studies.

## WORKPLACE INTEGRATED LEARNING

SASSETA offers four kinds of workplace-based experience programs to increase employability prospects of unemployed youth. These are Internships, TVET Student Placements, Candidacy and University of Technology Student Placements.

### Internships

Through internships, employers in the sector are encouraged to host and provide unemployed youth with workplace experience for a period of up to 12 months. SASSETA pays the interns a stipend for the duration of the internship/ placement. A total of 107 youth was supported to enter internships and the completion target of 250 has been met.

### University of Technology placements

Here, the focus was on universities of technology students being supported for a period of up to 3 months to get practical workplace experience. This assists the learners to obtain their qualifications. A total of 104 learners from various universities of Technology were placed, of which 55 completed in the financial year.

### TVET student placements

TVET students are required to obtain at least 18 months' workplace experience to obtain their qualifications. SASSETA plays an important role by providing stipends to learners and encouraging employers in its sector to host these learners for these 18 months. A total of 157 TVET students have been supported to obtain workplace experience, and 153 completed in the financial year. The SETA partnered with South-West TVET College, Sekhukhune TVET College and Mnambithi TVET College to ensure that students from rural areas obtained the relevant workplace exposure required.

### Candidacy placements

This grant includes the support of candidate attorneys through their period of articles (24 months) and pupils for a period of 12 months. 143 candidate attorneys have been placed at various organisations such as the State Attorney's Office, University of Pretoria's Law Clinic, University Legal Aid Clinics, and various small and large law firms. The SETA is supporting the University law Clinics as they offer much needed legal services free of charge to marginalised communities.

### Impact of the COVID-19 coronavirus on Learning Programmes

COVID-19 related challenges have resulted in most of the learning programs being placed on hold from March 2020 till September 2020. This has resulted in learning program projects not being completed on schedule. These learning programs projects duration had to be extended to enable all learners to successfully complete training. In addition, fewer learners than those normally supported were supported, as occasioned by the budgetary cuts a due to the Skills Development Levy Holiday and Lockdown Regulations. Many companies in the sector had to close their doors while others had to downsize, and this also affects the levy income negatively.

### Measures to address areas of under-performance

Project support will be scheduled to start earlier to ensure that projects commence as close as possible to planned dates. On-going support will be given to employers and skills development providers so that they comply to SASSETA requirements in so far as the required documentation for learners to be enrolled on learning programs.

## 4.4

### PROGRAMME 4: QUALITY ASSURANCE (ETQA)

#### Overview

The SASSETA ETQA functions are mandated from DHET and QCTO. The purpose of this program is to ensure Quality Education and Training is delivered. The ultimate end is for qualifying learners to be certified timeously. The functional areas include the accreditation of Skills Development Providers, registration of Assessors and Moderators, development of Occupational Qualifications to address occupations in high demand and Learner Certification.

Learner certification functions entail verification of learner results to ensure the integrity of certificates issued to successful learners and to award them with a qualification and/or credits for unit standards. SASSETA's learner certification processes promote principles of assessment and learner information is recorded and uploaded on the National Learner Record Database (NLRD) hosted at SAQA on a quarterly basis.

The sub-programme consists of the following:

- Quality Assurance
- Certification and
- Development / Re-alignment of Occupational Qualifications

Of importance for the year under review is the fact that the QCTO further delegated its Quality Assurance functions to SASSETA up until 31 March 2023. SASSETA has also embarked on a process to accredit skills development providers to conduct e-learning. SASSETA has issued out notices to Accredited Skills Development providers to ensure that they update their Occupational Health and Safety Policies to factor in new requirements as occasioned by the COVID 19 pandemic.

The COVID 19 pandemic also necessitated that SASSETA conduct Verification of learner results on-line and many learners' results were verified via on-line platforms. SASSETA has also put in place mechanisms to receive accreditation, assessor and moderator applications on-line so as to better service stakeholders.

#### Strategy to overcome areas of under-performance

The downside of the COVID 19 pandemic was that not all skills development providers were able to train and not all are ready to conduct e-learning. The SASSETA has conducted capacity building for skills development providers, to enable them to move in the direction of e-learning. Capacity building sessions will continue in the new financial year.

#### PROGRAMME 4 ACHIEVEMENT OVER 3 YEARS



PROGRAMME / SUB-PROGRAMME: 4		Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
<b>Outcome</b>	Ensured efficiency in the delivery of occupational qualifications for the safety and security sector.	Occupational qualifications submitted to QCTO for registration	Number of qualifications realigned or newly developed in the sector and submitted to QCTO for approval by 31 March 2021	4	4	3	3	N/a	N/a	Annual Target revised due to COVID 19 and the Skills Development Holiday

## EXTERNAL RESPONSE TO THE COVID 19 PANDEMIC

Small and Medium Enterprises (SME's) are an essential part of South Africa's economy and are at the highest risk during the COVID-19 pandemic. To decrease the spread of COVID-19, the sector encouraged online platforms to conduct meetings, seminars, and career coaching. SASSETA has initiated the process to allow training under the existing learning programs projects to be done via e-learning, where appropriate.

SASSETA recognised the plight of Small and Medium Enterprises during the COVID-19 pandemic. We embarked on a venture to provide support and assurance to SME's within the Safety and Security Sector. The response of the SETA includes providing relief to 100 entities up to the value of R 4 450 000. SASSETA partnered with Complete Specialised Retail Solutions to ensure that SME's are supplied with the following during the COVID 19 pandemic:

- COVID-19 Risk Assessments to establish the extent to which business is vulnerable to COVID-19.
- Support with the preparation of evidence of COVID-19 compliance as required by the Department of Labour & Employment
- Post-Lockdown preparedness plans, updated as the legislations and regulations are amended.
- Compulsory SAIOSH accredited COVID-19 Workplace Hygiene Awareness Training course for up to 15 employees per company supported.
- Delivery of a handheld thermometer per company
- Delivery of 45 3 ply Material Masks per company
- Delivery of 30 Face Shields per company
- Delivery of 500 Ear loop surgical face masks per company
- Delivery of 15\* one litre hand and surface sanitisers
- Delivery of 15\* 5-litre sanitiser refills per company
- Delivery of 100 pairs of latex gloves per company

The Seta acknowledges the goals of the NDP, and we continue to assist small enterprises by equipping them with PPE and training to combat the spread of COVID 19.

Programme	Intervention	Geographic Location	No of Beneficiaries	Total budget allocation	Budget Spent as of 31 March 2021	Contribution to the outputs in APP	Immediate Outcomes
Programme 3	COVID -19 Response for SME's Project Code NPO819	Western Cape Eastern Cape Northern Cape Kwa-Zulu Natal Mpumalanga Gauteng Limpopo North West Free State	100 companies	R4 450 000	R1 560 000	This programme contributes to the Skills development of Learners. This programme contributes to the support of entrepreneurs within the Safety and Security Sector	Small and Medium Sized companies are better equipped to deal with the COVID 19 pandemic.

## INTERNAL RESPONSE TO THE COVID-19 PANDEMIC

COVID-19 protocols were developed by the rapidly established SASSETA War Room Task Team for distribution to all staff members. The protocols changed to meet the COVID-19 level restrictions set out by National Government. The protocols were published on the website and intranet for ease of accessibility. The protocols were communicated to DHET together with a notification of infections as set out by the Minister.

### **Implementation of the personal protection equipment supply plan and health protocols for employees**

At the start of the COVID-19 lockdown continuing throughout the various COVID-19 restriction levels, all employees were issued with two re-usable and washable masks, gloves, sanitiser for desk and laptop cleaning products. All entrances and exits to the buildings had sanitisation stations installed and employees signed in at the front desk for temperature measurement before moving to their workstations.

An isolation booth was installed to separate high risk employees from other employees and external stakeholders until the at-risk employee could be transported home or to a medical practitioner.

An automated COVID-19 Health Questionnaire was developed for online completion. Regular analyses of the questionnaires were sent to management for further consultation with medium/medium-to-high and high-risk employees.

SASSETA suffered 18 COVID-19 infections from March 2020 to end April 2021 but thankfully no deaths from this virus. Infected employees isolated at home and returned to the office only with physicians consent. Tracing was done in all instances and employees who were near the infected staff member also isolated and sought medical attention if COVID-19 symptoms occurred.

SASSETA appointed an approved supplier to sanitise the building and deep clean the carpets on a regular basis and immediately after an infection was reported. The office then closed for a couple of days to allow the chemicals to dissipate. Both internal and external stakeholders were informed of the office closure.

### **Management of COVID-19 protocols for external stakeholders**

To minimise the risk of infection external stakeholders were encouraged to use the SASSETA online facilities to communicate with employees. Subsequently the number of face-to-face visits declined drastically, and the online communication increased to allow business continuation. External stakeholders' temperatures were measured, and personal details recorded for tracing purposes.



## 5. REVENUE COLLECTION

SASSETA is primarily funded from Skills Development Levies (SDL) received from the Private Companies and Government Departments. For the 2020/21 financial year it collected R395.6 million in revenue.

This revenue is R108.1 million less than the revenue collected in the 2019/20 financial year. The reasons for the decrease in revenue are:

- The impact of COVID-19 pandemic which resulted in the deteriorating economic conditions caused by the restrictions imposed by the Government to curb the spread of the COVID-19 pandemic, and
- The four months skills levy holiday granted to the employers by the Government.

## 6. CAPITAL INVESTMENT

### Office Furniture and Fittings

SASSETA moved into new premises in January 2020. Most of the old office furniture was broken and was not in a good usable condition. This necessitated acquisition of new office furniture for the entire organisation.

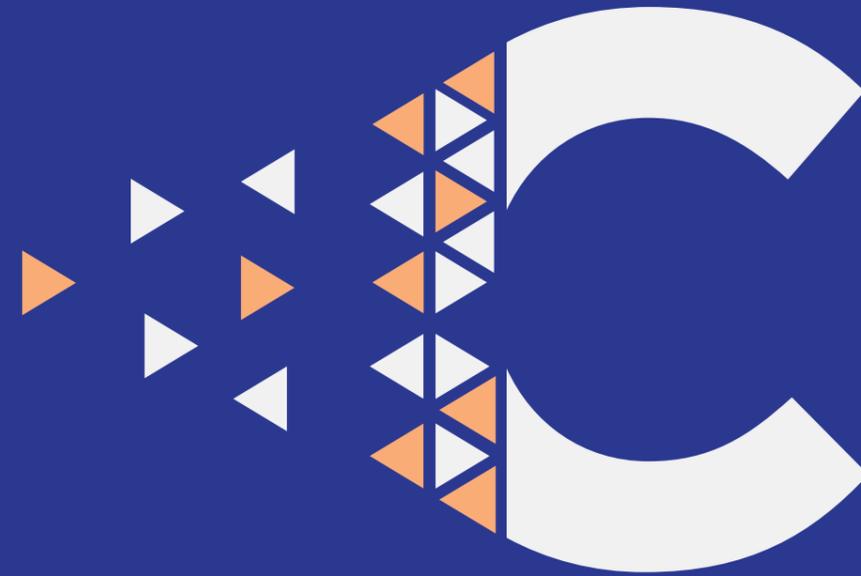
The acquisition of office accommodation also facilitated the process of re-branding the organisation whereby there was uniformity in the outlook of office accommodation procured. The investment in this regard amounted to R9.8 million.

### Smart HR Systems

The organisation identified the need to automate its human resources processes. As a result, there was a need to procure the necessary system to facilitate the required automation. The system is implemented in prioritised phases and, when completed, expenditure will amount to R5.2 million. It is expected that all modules of the system will be operational by the end of the 2021/2022 financial year.

# PART C

## GOVERNANCE RISK AND COMPLIANCE



## 5. GOVERNANCE, RISK AND COMPLIANCE

### Introduction

The Governance, Risk and Compliance Unit monitors and reports on an ongoing basis to the Risk Management Committee (RMC), the Audit and Risk Committee (ARC) and the Accounting Authority, regarding the risks facing SASSETA. The RMC advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The ARC advises SASSETA on risk management and independently monitors the effectiveness of the system of risk management.

### Portfolio Committees

The Portfolio Committee on Higher Education and Training is appointed to perform an oversight role on the work performed by the Department of Higher Education and Training and its entities which also includes SASSETA.

The role of Portfolio Committee is to:

- Deal with the entities Strategic Plans, Sector Skills Plans, Annual Performance Plans and Budgets
- Consider Bills
- Deal with departmental budget votes,
- Oversee the work of the department and its entities and enquire and make recommendations about any aspect of the department and its entities, including its structure, functioning and policies.

The work of the Committee is not restricted to government. The Committee can investigate any matter of public interest that falls within their area of responsibility.

### Executive Authority

The Minister of Higher Education, Science and Innovation is the Executive Authority of the Department of Higher Education and Training which SASSETA reports to.

The Executive Authority is empowered to implement legislation, develop and implement policy, direct and co-ordinate the work of the government department and its entities, prepare and initiate legislation and perform other functions as called for by the Constitution or legislation.

The Executive Authority is also responsible for the appointment of the Accounting Authorities for the entities reporting to the department.

### Accounting Authority

The Accounting Authority is the custodian of SASSETA's policies that are derived from various legislative frameworks. The Accounting Authority delegates this mandate to Accounting Authority Committees and holds them accountable to ensure adherence to these policies in the implementation of the SASSETA's programmes, financial management and the management of all resources.

### Risk Management

SASSETA's Risk Management Strategy, Methodology and Approach formalises the guiding principles for the SETA's management of risk. The monitoring of all organisational risks is the responsibility of Management who are in the context of SASSETA "Risk Champions", while the implementation of the mitigating factors and related plans for these risks is the responsibility of all SASSETA staff.

The SETA's Risk Management Policy promotes a standard approach to enterprise risk management (ERM) at SASSETA to ensure that all risks that could affect the organisation's strategy, reputation, business processes and systems, financial and environmental performance are identified, assessed and mitigated to an acceptable level. Management and monitoring of SASSETA's risk management framework is facilitated through regular risk assessments and reporting by risk champions to the governance structures of the SETA, outlining the relevance, progress, and status of risks treatments.

SASSETA conducts risk assessments regularly and new risks are assessed as they emerge. This process is geared to identify critical risks SASSETA may face, to enable it to formulate the appropriate risk strategies and action plans to respond and mitigate these risks.

The implementation of effective risk management business processes ensured that SASSETA continued to achieve a level 5 risk maturity assessment level from the National Treasury as at 31 March 2021, meaning that the SASSETA has an optimised risk maturity level with a focus on embedding the risk culture across the organisation. The ERM's effort, during the year under review, has resulted in the mitigation of the SASSETA's main inherent risks that the SETA was exposed to, thus contributing towards reducing the residual risk exposure to be within acceptable levels.

### Internal control unit

The Accounting Authority has an overall responsibility of establishing and maintaining the SASSETA's internal controls and reviewing their effectiveness. Internal controls refer to the policies, practices and systems that SASSETA has put in place to provide reasonable assurance that it will achieve its objectives, prevent fraud and corruption from occurring, protect resources from waste, loss, theft or misuse, and ensure that resources are used efficiently and effectively.

Management is also assisted to track, implement and report on audit recommendations through an Audit Action Plan, and further supports management to maintain effective, efficient and transparent systems of internal controls.

### Internal Audit and Audit and risk committees

In terms of section 51 of the Public Finance Management Act of 1999, SASSETA has put in place a system of Internal Audit under the control and direction of the Audit and Risk Committee. The Internal Audit complies with and operates in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA.

SASSETA has outsourced its Internal Audit function to an external service provider that reports administratively to the Chief Executive Officer and functionally to the Audit and Risk Committee on the approved Internal Audit Plan and other matters as requested by Management and the Audit and Risk Committee. The tasks of the Internal Audit function include:

- Reviewing the adequacy and effectiveness of internal control, risk management and governance processes;
- Providing reasonable assurance on the integrity and reliability of financial and non-financial information;
- Reviewing compliance with applicable laws, regulations, policies and procedures;
- Providing a source of information as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities; and
- Evaluating the effectiveness of the entire system of risk management and providing recommendations for improvement.

#### **Key activities and objectives of the audit and risk committee**

The key activities and objectives of the Audit and Risk Committee can be summarised as entailing reviews and the dispensing of other pertinent functions in respect of the following areas: The efficiency and effectiveness of the system of internal control applied by the SETA; Risk Management and its effectiveness, efficiency and transparency and King IV;

- The effectiveness of the Internal Audit function;
- The adequacy, reliability and accuracy of the financial and performance information provided by management to various stakeholders;
- The SASSETA's compliance with legal and regulatory provisions;
- Any accounting and audit concerns identified as a result of Internal and External Audits performed;
  - The activities of the Internal Audit function, including its annual work program, coordination with the Auditor-General of South Africa (AGSA), the reports of significant recommendations and the response of management to those recommendations;
- The scope and results of the External Audit function, its cost effectiveness as well as the independence and objectivity of the AGSA;
- Reporting to the Executive Authority and the AGSA where a report implicates the Accounting Officer in fraud, corruption or gross negligence;
- Communicating any concerns it deemed necessary to the Executive Authority, AGSA and Internal Audit function;
- Approving the Audit and risk committee Charter, Internal Audit Charter, Policy and Plan; and
- Reviewing the Annual Financial Statements and Annual Performance Report prior to and after the annual audit.

#### **Compliance with laws and regulations**

The Accounting Authority is the custodian of SASSETA's policies that are derived from various legislative frameworks. The Accounting Authority delegates this mandate to Accounting Authority Committees, and holds them accountable to ensure adherence to these policies in the implementation of the SASSETA's programmes, financial management and the management of all resources.

The Governance Compliance against the PFMA and National Treasury Regulations is submitted to the DHET quarterly. The SASSETA is compliant with the applicable Human Resources Management and Information Technology and Communication regulations. The SASSETA systems, processes and policies are reviewed annually or as and when the need arises.

#### **Fraud and Corruption**

SASSETA commits itself to a zero-tolerance attitude towards any form of fraud, corruption and maladministration related to activities in its operations. This was guided by the approved policy and strategy. SASSETA further commits to fully investigate, within the ambits of the law, such duly reported activities, while respecting and protecting the rights of all parties involved without casting aspersions against anyone involved.

In addition to the awareness programmes, SASSETA participates on the Public Service Commission's (PSC) national anti-corruption hotline. This is communicated through different platforms to all SASSETA staff and external Stakeholders for effective utilisation of this anti-corruption hotline. There have been no incidents of fraud reported in the year under review.

#### **Minimising Conflict of Interest**

SASSETA requires all staff members to disclose their financial interests on an annual basis. To minimise the risk of conflicts of interest with stakeholders across the entity, a declaration of interest form is circulated to members of committees before the commencement of meetings, and employees declare any interest they might have in relation to transactions entered into with service providers.

SASSETA's Supply Chain Management, Risk Management and Human Resources policies outline the process to be followed where a conflict of interest has been identified. There were no identified cases of conflict of interest during the year under review.

#### **Code of Conduct**

SASSETA's Code of Conduct Policy ensures that the business of the SETA is conducted in the interests of SASSETA and conforms with the Constitution of SASSETA as well as with the legislation and regulations governing the SETA's activities and business practices. The code of conduct is applicable to all employees.

#### **Health, Safety and Environmental Issues**

Occupational Health and Safety (OHS) is, and remains, a priority for the organisation. SASSETA ensures continuous monitoring and implementation of strategies to eliminate recognised hazards by creating awareness and educating employees about OHS issues. This in turn provides assurance to employees. Users and visitors know that SASSETA offices are safe, with risk of injury minimised. Given the character of the SASSETA and the services it provides, the importance of compliance with OHS regulations cannot be overemphasised.

The SETA has made statutory appointments to assist in ensuring the safety of employees. OHS Committees are in place, both at the Head Office and at regional level. Training sessions are conducted on a regular basis to ensure that Committee Members are up-to-date with legislation and their roles and responsibilities as statutory OHS Officers.

During the procurement of new office facilities, compliance with OHS regulations was insisted upon. Regular inspections, assessments and maintenance are conducted to ensure the maintenance of a safe and healthy environment.

The COVID-19 pandemic was managed internally with SASSETA staff receiving PPE and education and externally by assisting 100 Small Medium Enterprises with PPE to protect themselves and their staff.

The detail of the COVID-19 interventions by SASSETA is set out in Part B of this report.

### Company Secretary

The Accounting Authority Secretary Function is performed by an external service provider reporting administratively to the Chief Executive Officer and functionally to the Accounting Authority. The Function is mandated among others, to provide governance advisory and secretariat services to the SASSETA's Governance Structures. The Function is also required to ensure the functionality of the Governance structures of the SETA to mitigate governance failures, to improve organisational and governance processes, as well as to assist the organisation to strive for maximum compliance to legislation, policy and best practice.

### Social Responsibility

SASSETA acknowledges that good governance and solid stakeholder relations create internal and external value. During the year under review, SASSETA strengthened this value through promoting corporate governance, enhancing relationships with key stakeholders and implementing applications to promote a coherent culture within the organisation. The SETA continuously strives for the highest ethical standards so that our corporate reputation as a leader in the safety and security industry can flourish.

### Report of the Audit and Risk Committee

The Audit and Risk Committee (ARC) plays an important role in ensuring that an entity functions according to prescribed good governance (PFMA and King IV), accounting and audit standards. It also monitors and evaluates the adoption and implementation of appropriate risk, compliance and combined assurance management frameworks.

The ARC provides an oversight function on governance, control and risk management processes by reviewing financial statements, reports from the Internal and External Auditors, status of internal control, compliance, combined assurance and Risk Management.

### The Audit and risk committee among other key activities, reviews;

- The effectiveness of the internal control system including information technology and related security controls;
  - The effectiveness of the Internal Audit function;
  - The risk areas of the entity's operations to be covered in the scope of internal audits;
  - The effectiveness of the monitoring systems pertaining to fraud related risks and the results of management's investigation and follow-up of alleged fraud and related matters;
- Compliance with legal, statutory and regulatory provisions;
  - The adequacy, completeness and effectiveness of the risk management process;
  - Quality of in-year financial reports;
  - Completeness, accuracy, and reliability of the performance information reports; and
  - Any accounting, risk and auditing concerns identified as a result of internal or external audits.

### Attendance of Audit and Risk Committee meetings by Audit and risk committee members

The ARC consists of the members listed below, all of whom are independent of SASSETA. The Committee should meet at least 4 times per annum as per its approved terms of reference. During the financial year under review, eight (8) meetings were held. The table below discloses relevant information on the ARC members.

Members	Qualifications / Capacity	Designation	Number of meetings attended
Mr F Docrat (Chairman)	Chartered Director (SA), CISM, CISA, CGEIT, MBA, MAP, CRM-Prac, COPE	Independent non-executive member	8
Ms M Pillay	CA (SA)	Independent non-executive member	8
Ms P Mushwana	CISA, BSC IT	Independent non-executive member	8
Mr E Tshilambavhumwa	Member of the Accounting Authority	Accounting Authority representative: Organised Labour*	4
Ms N Luzipho	Member of the Accounting Authority	Accounting Authority Organised Labour*+	4

+ Member appointed in November 2020.

## Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 31 March 2020.

### Audit and risk committee Responsibility

The ARC reports that it has complied with its responsibilities arising from Sections 51 and 77 of the Public Finance Management Act (PFMA) and National Treasury Regulation 271. The ARC has adopted appropriate formal terms of reference as its Audit and risk committee Charter, has regulated its affairs in compliance with this charter, and has discharged all of its responsibilities as contained therein.

### The Effectiveness of Internal Control

The system of controls within SASSETA is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved by a risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the ARC monitoring implementation of corrective actions.

The Internal Audit findings, based on the risk assessment of the SETA, revealed that the following areas require enhancement:

- Information and Communications Technology (ICT); and
- Learning programmes.

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA), we can conclude that the system of internal control as applied over financial and non-financial matters at SASSETA is adequate and has been further strengthened for the year under review in most areas of business. The ARC believes that the internal control environment will continue to improve.

The following internal audit work was completed during the year under review:

- Supply Chain Management
- ICT
- Discretionary Grant Commitments

The Committee has noted management's zeal and commitment to address the lack of control effectiveness, where they exist. The Committee will be monitoring management's progress in resolving these issues on a regular basis.

We are satisfied that the Internal Audit function has operated effectively, that it has addressed the risks pertinent to SASSETA in its audits and has assisted the entity with value adding services to ensure that both financial and operational objectives are achieved.

## In-year Management and Monthly/Quarterly Report

As a public entity, SASSETA reports monthly and quarterly to the Executive Authority and National Treasury, as is required by the PFMA. The ARC reports its satisfaction with the content and quality of the monthly and quarterly reports, prepared and submitted by SASSETA during the year under review, to the Executive Authority and National Treasury.

Quarterly ARC Chairman's reports are also prepared and submitted to the Accounting Authority on any matters to be noted by the Accounting Authority (as the Accounting Authority).

### Evaluation of Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and management;
- Reviewed the AGSA's Management Report and Management's response thereto;
- Reviewed accounting policies and practices as reported in the Annual Financial Statements;
- Reviewed significant financial reporting judgements and estimates contained in the annual financial statements.
- Reviewed clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Reviewed the quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Reflected on unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reviewed reasons for major year-on-year fluctuations, including variances of actual versus budget.
- Reviewed specific provisions.
- Reviewed write-offs and reserve transfers.
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues.
- Reviewed adjustments resulting from the audit of the entity;
- Reviewed changes to the Annual Financial Statements as presented by the entity for the year ending 31 March 2021; and
- Reviewed the entity's processes for compliance with legal and regulatory provisions.

### Evaluation of report on predetermined objectives

The responsibilities of the ARC include the review of performance management. The ARC has, in terms of the performance of the SASSETA, performed the following functions:

- Reviewed on compliance with statutory requirements and performance management best practices and standards.
- Reviewed the alignment of the annual performance plan, budget and strategic plan and compliance with the Framework for managing performance information.
- Reviewed of the quarterly performance reports and making recommendations for improvement on performance management.

## Internal Audit

The Entity has in terms of section 51 of the Public Finance Management Act of 1999, put in place a system of Internal Audit under the control and direction of the Audit and Risk Committee that complies with and operates in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA.

The primary objective of Internal Audit is to provide independent and objective assurance designed to add value and improve the SETA's operations. It helps the SETA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and recommend improvements regarding the effectiveness of risk and compliance management, internal controls, and governance processes. A risk based annual audit plan for 2020/21 was compiled and approved by the ARC. A total of three (3) audits were conducted for the 2020/21 financial year and these included supply chain management, discretionary grant commitments and IT audits.

Internal Audit, which is outsourced, continuously followed-up on the audit findings reported, to establish the extent to which management resolved the findings raised by both Internal Audit and External Audit – the Auditor-General of South Africa. Internal Audit has evaluated and contributed to the improvement of risk management, controls, and governance systems of the entity through the performance of adequate assurance activities in key areas identified in the risk assessment and by conducting audits in areas mandated by the PFMA and Treasury Regulations.

## Report of the Auditor-General South Africa

We have on a quarterly basis reviewed the entity's implementation plan for audit issues raised in the prior year and the ARC is satisfied that the matters previously reported have been adequately resolved. The ARC accepts the conclusions of the Auditor General SA on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the Auditor General's report.

## Appreciation

The ARC wishes to acknowledge the commitment, dedication and work performed by the Chief Executive Officer, Chief Financial Officer, Executive Management, Management and Officials of the SASSETA. The ARC wishes to express its appreciation to the AGSA and the outsourced Internal Audit for the co-operation and information they have provided to enable the ARC to discharge our responsibilities.



**MS E PILLAY - CA (SA)**

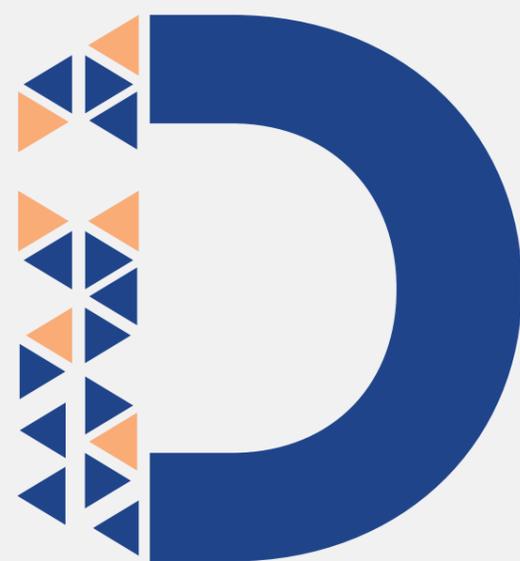
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

31 JULY 2021

## B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable - SASSETA is not required to issue licences, concessions, or other authorisation in respect of economic activities in terms of the law. The mandate of SASSETA is to advance skills development and training within the safety and security sector.
Developing and implementing a preferential procurement policy?	No	Not applicable - SASSETA has adopted and is implementing the preferential procurement policy as issued by the National Treasury through its Supply Chain Management policy.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable - SASSETA does not have mandate to participate in the sale of state-owned enterprises and does not contemplate participating in such.
Developing criteria for entering into partnerships with the private sector?	No	Not applicable - SASSETA did not enter into any partnerships with the private sector except for executing its mandate in skills development and training with the private sector employers (Safety and Security Sector Private Companies)
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable - SASSETA participated in the awarding of discretionary grants to advance skills development and training as part of its normal course of business. However, there was no investment in schemes that support B-BBEE.



## PART D

# HUMAN RESOURCE MANAGEMENT

## 6. HUMAN RESOURCE MANAGEMENT

### 1. INTRODUCTION

The Human Resource sub-programme is fundamental to the success of SASSETA. Through full employment practices, advisory and guidance services to management and employees, it ensures optimum and efficient utilisation and development of human capital.

Some of the key functions performed by the Human Resource sub-programme include Performance Management of staff, Human Resources Development, Recruitment and Selection, Staff Retention, Employee/Labour Relations, Employee Benefits, Employee Wellness, Leave Administration and Occupational Health and Safety.

#### HR priorities for the year under review

- **Skills development of staff**  
Skilled employees contributed to outstanding performance of SASSETA.
- **Retention of staff**  
Retained personnel ensured continuity of SASSETA business and reduction in recruitment costs.
- **Filing of critical positions**  
Critical positions of the Chief Executive Officer and Governance, Risk and Compliance (GRC) Manager were filled.
- **Integrated Human Resources System**  
Implementation of the system commenced to improve efficiency in HR operations. Due to its complexity, implementation will be completed in 2021/2022. There is an improvement in the efficiency.
- **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce**
  - Workforce planning framework through review of the Organisation structure
  - Use of different media platforms to attract and recruit skilled and capable workforce.
  - Offering of market-related remuneration benefits to attract skilled and capable workforce.
- **Employee performance management framework**  
The Performance Management System (PMS) was successfully executed for the sixth year in a row.
- **Employee wellness programmes**  
SASSETA's partnership with a wellness service provider during the year under review delivered dividends by empowering employees to take control of their wellbeing, living more productive work lives and more enhanced private lives.
  - Employees have year-long, 24-hour access to counselling services provided in all South African languages.

- **Policy development**

SASSETA commenced with a process of reviewing and enhancing all its Human Resources Policies. The process shall be finalized in 2021/2022.

- **Achievement**

Legislative requirements were complied with, in terms of submitting mandatory HR Documents:

- 2020/2021 Workplace Skills Plan was submitted to the ETDP SETA (affiliating SETA and implement the plan through various training interventions. Annual Training Report (ATR) for 2019/2020 was also prepared and submitted; accordingly, and 2020 Employment Equity (EE) Report was submitted to the Department of Employment and Labour.
- All set HR targets were 100% achieved.
- Required interventions to combat COVID-19 pandemic were put in place. Although 18 cases several cases were reported, there were no fatalities.
- Entity won all CCMA matters that were lodged against it by employees.

- **Challenges faced by the public entity**

- Inability to fill positions timeously.
- Cultivating the culture of remote working
- Limited staff development budget

- **Future HR plans /goals**

- Intensive capacity building of internal stakeholders (Management and Employees) around dynamics of remote working
- Implementation of the new organization structure
- Review Employment Equity (EE) Forum

## 2. HUMAN RESOURCES OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME					
PROGRAMME	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total expenditure. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1	147 295	32 218	10%	50	644
Programme 2	22 412	17 032	5%	33	516
Programme 3	137 591	22 691	7%	52	436
Programme 4	12 518	9 351	3%	21	445

PERSONNEL COST BY SALARY BAND				
LEVEL	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	672	1%	1	672
Senior Management	8 682	11%	4	2 171
Professional qualified	12 681	16%	10	1 268
Skilled	26 872	33%	35	768
Semi-skilled	31 155	38%	98	318
Semi-skilled	1 230	1%	8	154

PERFORMANCE REWARDS			
LEVEL	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	672	0%
Senior Management	448	8 682	1%
Professional qualified	659	12 681	1%
Skilled	1 473	26 872	2%
Semi-skilled	1 813	31 155	2%
Unskilled	67	1 230	0%

TRAINING COSTS					
PROGRAMME	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost.	No. of employees trained	Average training cost per employee (R'000)
Programme 1	32 218	215	1%	6	36
Programme 2	17 032	46	0%	2	23
Programme 3	22 691	284	1%	9	32
Programme 4	9 351	53	1%	3	18

EMPLOYMENT AND VACANCIES					
PROGRAMME	2020/2021 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Programme 1	39	53	39	13	24.5%
Programme 2	22	28	22	6	21.4%
Programme 3	39	41	39	3	7.3%
Programme 4	21	25	21	4	16%

EMPLOYMENT AND VACANCIES					
LEVEL	2020/2021 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Top Management	1	1	1	0	0
Senior Management	4	7	4	3	42.8%
Professional qualified	8	11	8	3	27.2%
Skilled	30	39	30	9	23%
Semi-skilled	72	83	72	11	13.2%
Unskilled	6	6	6	0	0
<b>TOTAL</b>	<b>121</b>	<b>147</b>	<b>121</b>	<b>26</b>	<b>N/A</b>

- Most internal staff do not fit competencies of job profiles for vacant positions.
- Offering of both financial and non-financial rewards.
- Vacancies have remained unfilled at a minimum of 2 months which is a reasonable period to initiate and finalize the recruitment and selection process.
- Different media platforms are used to attract and recruit skilled and capable workforce.
- Market-related remuneration benefits are offered to attract skilled and capable workforce.

EMPLOYMENT CHANGES				
SALARY BAND	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	0	1	0	1
Senior Management	4	0	0	4
Professional qualified	8	1		8
Skilled	34	0	4	30
Semi-skilled	73	0	1	72
Unskilled	6	0	0	6
<b>TOTAL</b>	<b>125</b>	<b>2</b>	<b>6</b>	<b>121</b>

REASONS FOR STAFF LEAVING		
REASON	Number	% of total number of staff leaving
Death	1	14.2%
Resignation	6	85.7%
Dismissal	0	
Retirement	0	
Ill health	0	
<b>Total</b>	<b>7</b>	<b>100%</b>

- One staff member passed away.
- 5 resignations were due to employees getting offers that SASSETA resources did not allow the organisation to match.

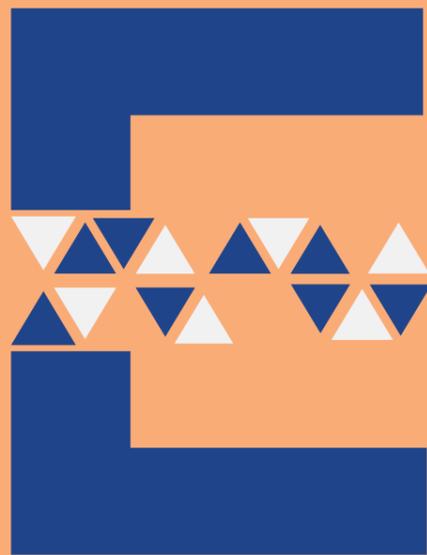
SASSETA's recruitment process has commenced for all vacant positions to be filled in the new financial year.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION	
NATURE OF DISCIPLINARY ACTION	Number
Verbal Warning	1
Written Warning	4
Final Written warning	0
Dismissal	0

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS								
MALE								
LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0
Professional qualified	5	0	0	0	0	0	0	0
Skilled	18	1	1	0	1	0	0	0
Semi-skilled	7	9	0	2	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>34</b>	<b>10</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS								
FEMALE								
LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	1	1	0	0	0
Professional qualified	2	1	0	1	0	1	1	0
Skilled	12	2	0	0	0	0	0	0
Semi-skilled	65	2	1	0	1	0	0	0
Unskilled	5	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>85</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS				
DISABLED STAFF				
LEVELS	FEMALE		MALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	1
Skilled	0	1	0	1
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>



# PART E

## FINANCIAL INFORMATION

The Annual Financial Statements FOR THE YEAR ENDED 31 March 2021, set out on pages 2 to 53, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:

**Mr. TE Mdontswa**  
Chief Executive Officer

**Mr. MC Mudau**  
Board Chairperson





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### ANNUAL FINANCIAL STATEMENTS

#### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020/21 R'000	Restated 2019/20 R'000
<b>REVENUE</b>			
<b>Non-exchange transactions</b>			
Skills Development Levy: Income	2	361 854	461 679
Skills Development Levy: Penalties and interest	3	10 644	9 114
<b>Exchange transactions</b>			
Investment income	4	22 563	32 771
Other income	5	577	177
<b>Total Revenue</b>		<b>395 637</b>	<b>503 741</b>
<b>EXPENSES</b>			
Employer grant and project expenses	6	(200 863)	(282 406)
Administration expenses	7	(141 816)	(165 369)
<b>Total Expenses</b>		<b>(342 679)</b>	<b>(447 775)</b>
<b>NET (DEFICIT) / SURPLUS FOR THE YEAR</b>	1	<b>52 958</b>	<b>55 966</b>

**ANNUAL FINANCIAL STATEMENTS**  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021

			2020/21	Restated
	Note		R'000	2019/20
				R'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	8,1		26 033	19 011
Work in Progress	8,2		-	2 246
Intangible assets	8,3		3 455	819
			<b>29 488</b>	<b>22 075</b>
<b>Current Assets</b>				
Receivable from non-exchange transactions	9		7 546	7 496
Receivable from exchange transactions	9		6 305	11 130
Inventory	10		1 091	459
Cash and cash equivalents	11		524 339	505 269
			<b>539 280</b>	<b>524 354</b>
<b>Total Assets</b>			<b>568 767</b>	<b>546 429</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Finance lease obligations	12		-	32
			<b>-</b>	<b>32</b>
<b>Current Liabilities</b>				
Trade and other payables from non-exchange transactions	13		47 344	77 582
Trade and other payables from exchange transactions	13		11 112	12 719
Current portion of finance lease obligation	12		32	129
Provisions	14		18 146	16 787
			<b>76 635</b>	<b>107 217</b>
<b>Total Liabilities</b>			<b>76 635</b>	<b>107 249</b>

**ANNUAL FINANCIAL STATEMENTS**  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021

			2020/21	Restated
	Note		R'000	2019/20
				R'000
<b>NET ASSETS</b>				
			<b>492 132</b>	<b>439 181</b>
<b>Funds and Reserves</b>				
Administration reserve			29 488	22 075
Employer grant reserve			310	710
Discretionary reserve			462 335	416 394
<b>TOTAL FUNDS AND RESERVES</b>			<b>492 133</b>	<b>439 180</b>
<b>TOTAL NET FUNDS AND LIABILITIES</b>			<b>568 767</b>	<b>546 429</b>

**ANNUAL FINANCIAL STATEMENTS**  
STATEMENT OF CHANGES IN NET ASSETS  
AS AT 31 MARCH 2021

	Administration Reserve	Employer Grant Reserve	Discretionary Reserve	Unappropriated surplus	Total
Notes	R'000	R'000	R'000	R'000	R'000
<b>Restated balance as at 1 April 2019</b>	<b>7 360</b>	<b>2 050</b>	<b>373 810</b>	<b>-</b>	<b>383 220</b>
Net surplus as per Statement of Financial Performance	-	-	-	55 966	<b>55 966</b>
Prior period error adjustment	(3 284)	-	15	3 269	-
Allocation of unappropriated surplus	(19 967)	19 716	59 486	(59 235)	-
Excess reserves transferred to Discretionary reserve	37 966	(21 056)	(16 910)	-	-
<b>Balance at 31 March 2019</b>	<b>22 075</b>	<b>710</b>	<b>416 394</b>	<b>(0)</b>	<b>439 180</b>
<b>Restated balance as at 31 March 2020</b>	<b>22 075</b>	<b>710</b>	<b>416 394</b>	<b>(0)</b>	<b>439 180</b>
Net surplus per Statement of Financial Performance	-	-	-	52 958	<b>52 958</b>
Allocation of unappropriated surplus	(11 448)	12 529	51 877	(52 958)	-
Excess reserves transferred to Discretionary reserve	18 860	(12 929)	(5 931)	-	-
<b>Balance at 31 March 2021</b>	<b>29 488</b>	<b>310</b>	<b>462 335</b>	<b>-</b>	<b>492 133</b>

The administration grant reserve carries accumulated reserves allocated to administration expenditure in future years. An amount of R29.5 million (2019/20: R22.1 million) is retained in the administration reserve equal to the carrying value of property and equipment, and intangible assets.

The employer grant reserve carries accumulated reserves allocated to mandatory grants (employer grants) expenditure in future years. An amount of R310 thousand (2019/20: R710 thousand) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. Refer to note 16.2 for disclosure of this contingent liability.

The discretionary grant reserve carries accumulated reserves allocated to discretionary grants and project expenses in future years. All surplus funds of the SASSETA, except for the amounts left in the administration grant reserve and employer grant reserve are swept to the discretionary grant reserve to fund future skills development. An amount of R462.3 million (R416.4 million - restated) represents reserves against contractual commitment.

**ANNUAL FINANCIAL STATEMENTS**  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2020/21	Restated
		R'000	2019/20
			R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
<b>Cash receipts from stakeholders</b>		<b>399 856</b>	<b>503 155</b>
Levies, interest and penalties received		377 293	470 385
Interest Income		22 563	32 771
<b>Payments</b>			
		<b>(363 072)</b>	<b>(436 894)</b>
Grants and project payments		(224 519)	(259 009)
Compensation of employees		(82 091)	(67 582)
Payments to suppliers and other		(56 462)	(110 303)
<b>Net cash inflow from operating activities</b>	<b>15</b>	<b>36 784</b>	<b>66 261</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	<b>8.1/8.3</b>		
Purchase of property, plant and equipment & intangible assets		(17 619)	(17 695)
Proceeds from sale of asset/insurance proceeds		33	364
		<b>(17 586)</b>	<b>(17 331)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments relating to finance lease payments		(129)	(161)
		<b>(129)</b>	<b>(161)</b>
<b>Net increase in cash and cash equivalents</b>		<b>19 069</b>	<b>48 769</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>11</b>	<b>505 269</b>	<b>456 500</b>
<b>Cash and cash equivalents at end of year</b>	<b>11</b>	<b>524 339</b>	<b>505 269</b>

**ANNUAL FINANCIAL STATEMENTS**  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 31 MARCH 2021

		ACTUAL	APPROVED BUDGET	ADJUSTMENTS	REVISED APPROVED BUDGET	VARIANCE BETWEEN ACTUAL & FINAL APPROVED BUDGET
Note	2020/21	2020/21	2020/21	2020/21	2020/21	Favourable (unfavourable)
	R'000	R'000	R'000	R'000	R'000	
<b>REVENUE</b>						
Skills Development Levy: Private Companies	<b>23,1</b>	239 725	347 604	(125 072)	222 532	<b>17 193</b>
Administration (10.5%)		31 333	45 623	(16 416)	29 207	<b>2 126</b>
Discretionary (49.5%)		148 420	215 080	(77 388)	137 692	<b>10 728</b>
Employer Grants (20%)		59 972	86 901	(31 268)	55 633	<b>4 339</b>
Skills Development Levy: Government Departments	<b>23,1</b>	122 128	126 363	53 857	180 220	<b>(58 092)</b>
Donor Funding Income		-	-	-	-	-
Skills Development Levy: penalties and interest	<b>23,1</b>	10 644	10 951	(3 806)	7 145	3 499
Other Income		577	-	-	-	577
Investment Income	<b>23,2</b>	22 563	29 375	( 781)	28 594	(6 031)
<b>TOTAL REVENUE</b>		<b>395 637</b>	<b>514 293</b>	<b>(75 802)</b>	<b>438 491</b>	<b>(42 854)</b>
<b>EXPENDITURE</b>						
Employer Grants	<b>23,4</b>	(47 443)	(59 098)	(6 254)	( 65 352 )	17 909
Discretionary Grants Expenses	<b>23,5</b>	(153 420)	(308 706)	132 363	(176 343)	22 923
Administration Expenses	<b>23,3</b>	(141 816)	(146 489)	(50 308)	( 196 797 )	54 981
<b>TOTAL EXPENDITURE</b>		<b>(342 679)</b>	<b>(514 293)</b>	<b>75 802</b>	<b>(438 492)</b>	<b>95 813</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>23,6</b>	<b>52 958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52 959</b>

The budget was revised considering the 4-months levy holiday as pronounced by the President of the Republic. National Treasury approved the adjusted budget.

**ANNUAL FINANCIAL STATEMENTS**  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

**ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these Annual Financial Statements are set out below and are, in all material aspects, consistent with those of the prior year except as otherwise indicated. In both the current and prior years, the cash flow statement was prepared according to the direct method.

**1. GENERAL POLICIES**

**1.1 Bases of presentation**

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These unaudited Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

The cash flow statement has been prepared in accordance with the direct method. Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
- (b) taxes and transfers payable;
- (c) trade and other payables from non-exchange transactions;

is presented separately on the statement of financial position.

The financial statements have been prepared on the historical cost basis, except where adjusted for present / fair values as required by the relevant accounting standard.

The amount and nature of any restrictions on cash balances is required to be disclosed.

- (a) The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise stated.

**1.2 Presentation currency**

These audited annual financial statements are presented in South African Rand, which is the functional currency of the entity. All amounts are rounded to R'000.

**1.3 Going Concern**

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 24 months.

**1.4 Significant judgements and sources of estimation uncertainty**

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

#### 1.4.1 Receivables from exchange transactions

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset

#### 1.4.2 Receivables from non-exchange transactions

The SASSETA pays mandatory grants to its sector levy-payers based on information from the South African Revenue Services (SARS). Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected levy-payers being in excess of the amount SASSETA would have granted to those levy-payers had all information been available at the time of payment of those grants. A receivable relating to the overpayments made in prior periods is recognised at the amount of the grant overpayment, net of irrecoverable debts and allowance for irrecoverable amounts.

#### 1.4.3 Payables from exchange transactions

Payables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short maturity period of these instruments.

#### 1.4.4 Payables from non-exchange transactions

Payables from non-exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short maturity period of these instruments.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these unaudited Annual Financial Statements, are disclosed below.

## 2. REVENUE RECOGNITION

### 2.1 Statutory Receipts

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of increase in the net assets recognised by SASSETA.

When, as a result of a non-exchange transaction, SASSETA recognises as asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it also required to recognise a liability. Where a liability is required to be recognised it will be measured at the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised.

## 2.2 Levy income

Skills Development Levy (SDL) transfers are recognized when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, whichever comes first, to the Seta, as required by Section 8 of Skills Development Levies Act, 1999 (Act no 9 of 1999).

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended, registered member companies of the Seta pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET).

Companies with an Annual payroll cost less than R500 000 are exempted in accordance with Section 4 (b) of the Levies Act as amended, effective 1 August 2005.

An employer who is liable to pay the levy is exempted if, during any month there is reasonable ground to believe that the total remuneration (as determined in accordance with the Levies Act) payable or paid by the employer to all its employees during the following 12-month period will not exceed R500,000. Should the SETA receive any SDL from such possibly exempt companies, the SETA recognises a R500K-provision equalling the SDL received from these possible levy exempt companies.

As per the Skills Development Circular 09/2013, should the levies received from exempt companies not be refunded to the respective employer through the SARS system after five years from receipt, the SETA transfers all monies received from exempt companies to levy revenue. Such levies are allocated to discretionary grant levies.

Skills Development Levies Act specifically excludes government departments from participating in the levies contribution scheme. This circular requires the government departments to set aside a minimum of 1% of their payroll cost to be allocated to their affiliate SETA.

Where a government department contributes their levies at 30% (95%) of the 1% of their payroll cost, an affected SETA shall utilise the levies as follows:

- 1/3 (one-third) - Administration Purposes
- 2/3 (two-thirds) - Discretionary Grant Purposes

Where a government department contributes their levies at 10% (95%) of the 1% of their payroll cost, SASSETA will revert to the Guidelines on Public Service as A Training Space for treatment. Their entire 10% levies contributed will be used for administration purposes.

In terms of Skills Development Circular 9/2013 - SETA should transfer all unclaimed refunds under section 190(1) (b) of the Tax Administration Act if such refunds are not claimed within 5 years of self-assessment. These refunds will be treated in terms of the SETA Grant Regulations read in line with the Skills Development Levies Act.

80% of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund).

Levy income is recognised on the accrual basis.

Revenue is adjusted for interSeta transfers due to employers changing Seta's. Such adjustments are separately disclosed as interSeta transfers. The amount of the interSeta adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department.

Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to the SASSETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

When a new employer is transferred to the Seta, the levies transferred by the former Seta are recognised as revenue and allocated to the respective category to maintain its original identity.

### 2.3 Interest and penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

### 2.4 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the Seta as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

### 2.5 Government grants and other donor income

Conditional government grants and other conditional donor funding received is recorded as deferred income when they become receivable and is then recognised as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

### 2.6 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the Seta and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

### 2.7 Investment income

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

## 3. GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the Skills Development Act, 1998 as amended Seta Grant Regulations regarding monies received and related matters (The Seta Grant Regulations).

### 3.1 Mandatory grants

A registered company may recover a maximum mandatory grant of 20% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act 1999 (Act No 9 of 1999).

### 3.2 Discretionary project expenditure

The funding for discretionary grants and projects comprise 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the SETA. A Seta allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the Seta under the terms of the contract.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

### 3.3 Retrospective adjustments by SARS

The Seta refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are more than the amount the Seta is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

## 4. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA,
- The Skills Development Act (the Act), 1998 (Act No.97 of 1998) as amended

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred. The expenditure is classified in accordance with the nature of the expense, and where-ever recovered in the same accounting period, it is shown net of any recoveries. Where-ever it is recovered in a subsequent financial year, it is accounted for against the expense if the project is not completed or as revenue in the statement of financial performance if the project is completed.

Irregular and fruitless and wasteful expenditure is removed from the notes to the annual financial statements when condoned by the Accounting Authority and National Treasury. Fruitless expenditure is condoned by the Accounting Authority only.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements. Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as a bad debt and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant Programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged to write off the costs of the assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is calculated on the straight line-method to write off the cost of each asset to estimated residual value over its estimated useful life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.) Gains and losses on disposal of Property, plant and equipment are determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

In the application of the Seta's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

### *Key sources of estimation uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### *Useful lives of property, plant and equipment*

The Seta reviews the estimated useful lives of Property, plant and equipment at the end of each annual reporting period for the carrying values of Property, plant and equipment.

Management determined, consistent with the prior year, that the useful life of assets should not be limited by the Seta's establishment. Management's determination of useful life also impacts the determination of the residual value of assets.

The following useful lives are used in the calculation of depreciation:

<b>Class Category:</b>	
Computer equipment	3 to 10 years
Computer Server	3 to 10 years
Furniture and Fittings	5 to 16 years
Office equipment	5 to 16 years
Vehicles	5 to 10 years

The following factors were considered to determine the useful life of the asset:

- Expected usage of the asset;
- Expected physical wear and tear of the asset;
- Technical obsolescence; and
- Legal or other limits on the use of the asset.

The Seta has reviewed the residual values used for the purposes of depreciation calculations. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

## 6. INTANGIBLE ASSETS

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged to write off the cost of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.)

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

Useful lives of Intangible assets

The Seta reviews the estimated useful lives of Intangible assets at the end of each annual reporting period for the carrying values of Intangible assets.

The following useful life is used in the calculation of amortisation

Computer software:	1 to 10 years
--------------------	---------------

The Seta has reviewed the residual values used for the purposes of depreciation / amortisation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

## 7. LEASES

Finance leases consistent with the definition set out in GRAP 13 Leases and the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Where applicable leases will be adhered to straight-lining over the term of the lease

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

## 8. EMPLOYEE BENEFITS

SASSETA provide the following short term employee benefits: leave, performance bonuses, overtime and compensated absence. SASSETA operates on a cost to company salary structure plus medical aid contribution for non-management employee. The entity operates a defined contribution plan, the assets of which are held in an administered funds. The plan is funded by payments from the entity and the employees. The entity carries no financial obligations after the retirement of the employee.

## 9. PROVISIONS

Provisions are recognised when the Seta has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave, overtime, performance bonus as well as other provisions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 10. CONTINGENCIES

A contingent asset is not recognised but disclosed where an inflow of economic benefits/service potential is probable. A contingent liability is not recognised, but only disclosed. However, disclosure is not required if payment is remote. Management further relies on inputs from the lawyers in assessing the probability of matters of a contingent nature. Contingencies are disclosed further in the note.

## 11. GRANTS AND PROJECTS EXPENDITURE

### Mandatory grant payments

A liability is recognised for grant payments once the specific criteria set out in the Seta Grant Regulation has been complied with by member companies and it is probable that the Seta will approve the payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount of levies received.

### Discretionary projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as approved and allocated for future projects in the notes to Annual Financial Statements.

Commitments are disclosed where the Seta has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment.

## 12. FINANCIAL INSTRUMENTS

### Recognition

Financial assets and financial liabilities are recognised on the Seta's Statement of Financial Position when the Seta becomes a party to the contractual provisions of the instrument.

### Financial Assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value or net of transaction cost except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets can be classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held to maturity investments, available for sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets of the Seta were categorised as loans and receivables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

The SETA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class Category:	
Cash and cash equivalents :	Financial asset measured at amortized cost
Receivables from exchange transactions :	Financial asset measured at amortized cost
Receivables from non-exchange transactions :	Financial asset measured at amortized cost

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The SETA recognises financial assets using trade date accounting.

Financial assets are assessed for indicators of impairment at each year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment values or movement in provision for impairment are recognised in the Statement of Financial Performance. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

A financial asset or a portion thereof is derecognised when the SASSETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the SASSETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognising, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net surplus or deficit for the period.

#### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest will be immaterial.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

#### Financial Liabilities

Financial liabilities are classified as either financial liabilities at Fair Value Through Profit or Loss (FVTPL) or other financial liabilities.

Account and other payables do not bear interest and are stated at their nominal value.

#### Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

All financial liabilities of the Seta were classified as other financial liabilities.

#### Other financial liabilities

Other financial liabilities are initially measured at fair value, plus of transaction costs.

Other financial liabilities are subsequently measured at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period.

All financial liabilities of the SETA were classified as other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

The SETA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class Category:	
Trade and other payables from exchange transactions :	Financial liability measured at amortised cost
Trade and other payables from non- exchange transactions :	Financial liability measured at amortised cost

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised using the effective method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### 13. RESERVES

Net Assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2020/21	2019/20
	%	%
Administration costs of the Seta	10,5	10,5
Employer grant fund levy	20	20
Discretionary grants and projects	49,5	49,5
Received by the Seta	80	80
Contribution to the National Skills Fund	20	20
	<b>100</b>	<b>100</b>

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund the Seta's administration costs.

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above table.

Surplus funds are moved to the discretionary fund reserve from the administration reserve based on unspent funds at year-end and from the mandatory grant based on unclaimed grants after the prescribed time-frames have elapsed.

### 14. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. Refer Note 19 for "Prior period Error" which indicates the restatement of prior period figures.

### 15. TAXATION

No provision has been made for taxation, as the Seta is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

### 16. VALUE ADDED TAXATION

The Revenue Laws Amendment Act 2003 (Act no 45 of 2003) commenced on 22 December 2003. Previously the definition of enterprise placed Setas listed in schedule 3A within the scope of VAT. The amendment Act however, has amended this definition of enterprise and effectively places the public entity outside the scope of VAT effective 1 April 2005.

The amount reflected as VAT due to or from the South African Revenue Services is in accordance with the dispensation prescribed by the South African Revenue Service. In accordance with this, the Seta is therefore deregistered for VAT with effect 1 April 2005, as a result SASSETA is VAT exempt.

### 17. INVENTORY

Inventory are recognised as an asset on the date of acquisition and it is measured at the cost of acquisition. It is subsequently recognised in surplus or deficit as it is consumed. Subsequent to initial recognition inventory is measured at lower of cost and current replacement cost.

Inventory for SASSETA would consist of Stationery, IT printer cartridges, cleaning material and refreshments.

### 18. COMMITMENTS

Commitments comprise those future expenses that SASSETA has committed itself to contractually or by an award letter, but for which a present obligation for the payment thereof does not exist at the reporting date. Accordingly, these commitments are not recognised as liabilities but are disclosed in the notes to the annual financial statements. Please refer to note 17.

### 19. SEGMENT REPORTING

Segments are identified by the way in which information is reported by management, both for purposes of assessing performance and making decisions about how future resources will be allocated to various activities undertaken by SASSETA. The major classification of activities identified in budget information reflect the segments for which SASSETA reports information.

Segment information is presented based on services provided. Service segments relate to distinguishable components within SASSETA that provides specific outputs or achieve particular operating objectives that are aligned to the entities overall mission. SASSETA's service segments are mandatory, discretionary and administrative activities.

## 20. SUBSEQUENT EVENTS

Financial statements may be affected by certain events that occur after the date of the financial statements, but before the financial statements are authorised by the Board. SASSETA identifies the following types of events:

- Adjusting events; and
- Non-adjusting events.

Each of the above-mentioned events requires different accounting treatments.

Subsequent Events are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

1. Adjusting events - those that provide evidence of conditions that existed at the reporting date; and
2. Non-adjusting events - those that are indicative of conditions that arose after the reporting date.

## 21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents mainly comprise of cash on hand, current and savings bank accounts and money market investments, call accounts and fixed deposits held by the SASSETA at the Corporation of Public Deposits (CPD) and at domestic banks. Cash and cash equivalents are initially recognised at cost and subsequently stated at amortised cost, which due to their short term nature, closely approximate their fair value.

## 22. RELATED PARTIES

An entity or individual is considered to be a related party to the SASSETA when the party has the ability to control (or jointly control) the SASSETA or can exercise significant influence over the SASSETA in making financial and operating decisions, or if the party and the SASSETA are under common control under the same Executive Authority.

All departments and public entities in the national sphere of government are related parties as they are ultimately under common control.

Representation of individuals and employer/labour representatives to the Accounting Authority Body, committees of the Accounting Authority or other equivalent body is considered as significant influence.

Management are those persons responsible for the planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Only transactions with related parties where the transactions are not concluded within the normal operating procedures or on terms that are no more or less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

## 23. PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

The SASSETA presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate financial statement in the Annual financial statements. The comparison of budget and actual amounts are presented separately for each level of legislative oversight:

- the approved and final budget amounts.
- by way of note disclosure and explanations of material differences between the budget for which the entity is held publicly accountable and actual amounts.

The budget covers the period 1 April 2020 to 31 March 2021 and has been prepared on the accrual basis of accounting.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

1. ALLOCATION OF NET SURPLUS FOR THE CURRENT YEAR TO RESERVES

	Total per Statement of Financial Performance 2019/2020 R'000	Total per Statement of Financial Performance 2020/2021 R'000	Administration Reserve R'000	Mandatory Reserve Grant R'000	Discretionary Grants Reserve R'000
<b>Total Revenue</b>	<b>503 741</b>	<b>395 637</b>	<b>130 368</b>	<b>59 972</b>	<b>205 297</b>
Skills Development Levy transfer from non - exchange transactions:					
Levy transfer Administration (10.5%)	141 942	129 791	129 791	-	-
Levy transfer Discretionary/Employer Grants (69.5%)	319 738	232 063	-	59 972	172 091
Skills Development Levy penalties and interest from non - exchange transactions	9 114	10 644	-	-	10 644
Investment Income	32 771	22 563	-	-	22 563
Other income	177	577	577	-	-
<b>Total Expenses</b>	<b>447 775</b>	<b>342 679</b>	<b>141 816</b>	<b>47 443</b>	<b>153 420</b>
Administration expenses	165 369	141 816	141 816	-	-
Donations for special projects	-	-	-	-	-
National Skills Fund expenses	-	-	-	-	-
Employer grants and project expenses	282 407	200 863	-	47 443	153 420
<b>Net (deficit)/surplus per Statement of Financial Performance allocated</b>	<b>55 966</b>	<b>52 958</b>	<b>(11 448)</b>	<b>12 529</b>	<b>51 877</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

	2020/21 R'000	2019/20 R'000
The total levy transfer per the Statement of Financial Performance is as follows:		
<b>Levy transfer: Administration</b>	<b>129 791</b>	<b>141 942</b>
Levies received from Private Companies	31 333	44 838
Levies received from Government Departments	98 458	97 104
Inter-seta transfers in	-	-
<b>Levy transfer: Employer grants</b>	<b>59 972</b>	<b>85 152</b>
Levies received from Private Companies	59 972	85 152
Inter-seta transfers in	-	-
<b>Levy transfer: Discretionary grants</b>	<b>172 091</b>	<b>234 586</b>
Levies received from Private Companies	148 420	212 544
Levies received from Government Departments	23 671	22 042
Inter-seta transfers in	-	-
	<b>361 854</b>	<b>461 680</b>
<b>3. SKILLS DEVELOPMENT LEVY: Penalties and Interest</b>	<b>10 644</b>	<b>9 114</b>
<b>4. INVESTMENT INCOME</b>		
Interest received from the banks	22 563	32 771
	<b>22 563</b>	<b>32 771</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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5. OTHER INCOME

	2020/21	Restated 2019/20
	R'000	R'000
Other income comprises:		
Profit on disposal	24	36
Reversal of provision	486	-
Other income	67	141
	<b>577</b>	<b>177</b>

6. EMPLOYER AND DISCRETIONARY GRANT EXPENSES

Mandatory grants

Disbursed/provisions and accruals	47 443	65 436
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Discretionary grants

	6.1	153 420	216 971
Disbursed/provisions and accruals		153 420	216 971
		<b>200 863</b>	<b>282 407</b>

6.1. Discretionary grants

Project expenditure	150 021	193 128
Non-pivotal	2 500	847
Qualification development	362	-
Project administration costs	537	22 995
	<b>153 420</b>	<b>216 971</b>

6.1.1. Project administration costs

Salaries related	-	18 129
Travel and subsistence	146	1 254
Other	391	3 612
	<b>537</b>	<b>22 995</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

Salaries for the project administration department was financed from administration grant revenue budget for the 2020/21 financial year. This was done to relieve pressure on the budget available for the discretionary grant revenue due to the 4-month levy holiday.

7. ADMINISTRATION EXPENSES

	2020/21	Restated 2019/20
	R'000	R'000
Advertising, marketing and promotions, communication	1 100	2 555
Bad debts grants expenditure	14	1 089
Depreciation/amortisation and Impairment	7 951	3 424
External auditor's remuneration	3 477	2 687
Operating lease rentals (minimum lease payments)	8 047	11 312
Cost of employment	81 299	68 158
Consulting fees - Administration	-	-
Consulting fees - Legal	2 682	14 109
Conflict of interest and CAATs	-	4 724
Filing and archiving	9 558	3 195
Business processes evaluation and documentation	2 569	2 167
Discretionary grant evaluation	11	3 720
IT maintenance	5 646	6 979
Utilities, maintenance, repairs and running costs	973	2 371
Remuneration to members of the accounting authority	1 891	3 466
Remuneration to members of the audit committee	387	564
Remuneration to members of other committees	-	307
Board training and workshop	45	339
Staff training and development	599	2 045
Repairs and maintenance	2 330	12 634
Donations/sponsorship	-	127
Travel and subsistence	83	829

	2020/21	Restated 2019/20
	R'000	R'000
Other	13 154	18 569
Other expenses	4 011	2 088
QCTO funding	2 207	2 092
Procurement advertisement	12	10
Monitoring, reporting & evaluation	27	292
Research	184	592
Bank charges	108	148
Employees assistance programme	123	118
Postage	24	36
Security	1 310	1 224
Insurance	327	219
Meetings and workshops	-	107
Telephone costs	1 136	2 294
Interest paid	19	41
Recruitment costs	628	1 082
Stationery, printing and consumables	889	2 430
Accommodation and meals	125	1 605
Assessor, moderators and verifiers	998	3 076
Internal audit fees	1 026	1 117
	<b>141 816</b>	<b>165 368</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

7.1. Cost of employment

	2020/21	Restated 2019/20
	R'000	R'000
<b>Salaries and wages</b>	<b>56 657</b>	<b>46 481</b>
Basic salaries	47 152	33 487
Allowances *	1 320	1 364
13th cheque	1 444	1 142
Performance bonus - provision	4 667	6 195
Leave	1 749	1 868
Overtime	324	2 426
<b>Social contributions</b>	<b>9 167</b>	<b>6 881</b>
Medical aid contributions	2 326	1 863
Provident fund contributions	6 602	4 820
UIF	239	197
<b>Pay-as-you-earn</b>	<b>14 843</b>	<b>13 804</b>
Tax expense	14 843	13 804
<b>Skills development levies expenditure</b>	<b>509</b>	<b>734</b>
SDL Expenditure	509	734
<b>COIDA</b>	<b>122</b>	<b>258</b>
Compensation assessment	122	258
	<b>81 299</b>	<b>68 158</b>
<b>Average number of employees</b>	<b>155</b>	<b>135</b>

\* Prior year presentation adjusted to align to current year presentation

8.1. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2021	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
Computer server	2 249	(789)	1 460
Computer equipment	6 335	(4 148)	2 186
Office furniture and fittings	21 928	(3 902)	18 026
Office equipment	4 858	(1 388)	3 470
Leased assets - office equipment	341	(316)	25
Motor vehicles	1 807	(941)	866
<b>Balance at end of year</b>	<b>37 518</b>	<b>(11 486)</b>	<b>26 033</b>

Made up as follows:

- Owned assets	37 177	(11 169)	26 008
- Leased assets	341	(316)	25

Year ended 31 March 2020

	Restated		
	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
Computer server	923	(499)	424
Computer equipment	4 830	(2 983)	1 848
Office furniture and fittings	11 429	(393)	11 852
Office equipment	4 065	(477)	3 588
Leased assets - office equipment	341	(203)	139
Motor vehicles	1 807	(646)	1 161
<b>Balance at end of year</b>	<b>23 395</b>	<b>(5 200)</b>	<b>19 011</b>

Made up as follows:

- Owned assets	23 054	(4 997)	18 056
- Leased assets	341	(203)	139

Movement Summary 2021

	Carrying amount 2020	Additions	Disposals	Depreciation charge	Accumulated depreciation on disposal	Carrying amount 2021
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	425	1 332	(5)	(296)	4	1 460
Computer equipment	1 847	1 539	(35)	(1 191)	25	2 186
Office furniture and fittings	11 851	9 845	(168)	(3 671)	168	18 025
Office equipment	3 587	793	-	(911)	-	3 470
Leased Assets - Office \ Equipment	138	-	-	(114)	-	25
Motor vehicles	1 161	-	-	(295)	-	866
<b>Balance at end of year</b>	<b>19 010</b>	<b>13 510</b>	<b>(207)</b>	<b>(6 478)</b>	<b>197</b>	<b>26 032</b>

	Restated					
Movement Summary 2020	Carrying amount 2019	Additions	Disposals	Depreciation charge	Accumulated depreciation on disposal	Carrying amount 2020
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	592	-	(250)	(167)	250	425
Computer equipment	2 107	795	(2 324)	(935)	2 206	1 847
Office furniture and fittings	484	11 814	(3 762)	(339)	3 627	11 851
Office equipment	1 451	2 703	(836)	(416)	712	3 587
Leased Assets - Office Equipment	252	-	-	(114)	-	138
Motor vehicles	1 430	39	-	(308)	-	1 161
<b>Balance at end of year</b>	<b>6 316</b>	<b>15 351</b>	<b>(7 172)</b>	<b>(2 280)</b>	<b>6 795</b>	<b>19 011</b>

8.2. WORK IN PROGRESS

	R'000	R'000
<b>Balance at the beginning of the year</b>	<b>2 246</b>	<b>-</b>
WIP for current year	-	2 246
Transferred to PPE	(2 246)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>2 246</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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8.3. INTANGIBLE ASSETS

Year ended 31 March 2021	Cost	Accumulated amortization	Closing carrying amount
	R'000	R'000	R'000
Computer Software	4 433	(978)	3 455
<b>Balance at end of year</b>	<b>4 433</b>	<b>(978)</b>	<b>3 455</b>

Made up as follows:	4 433	(978)	3 455
- Owned assets	-	-	-
- Lease assets			

Year ended 31 March 2020	Cost	Accumulated amortization	Closing carrying amount
	R'000	R'000	R'000
Computer Software	1 413	(594)	819
<b>Balance at end of year</b>	<b>1 413</b>	<b>(594)</b>	<b>819</b>

Made up as follows:	1 413	(594)	819
- Owned assets	1 413	(594)	819
- Lease assets	-	-	-

Movement Summary 2021

	Carrying amount 2020	Additions	Disposals	Amortization charge	Accumulated amortization of disposed assets	Carrying amount 2021
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	819	4 109	-	(1 473)	-	3 455
<b>Balance at end of year</b>	<b>819</b>	<b>4 109</b>	<b>-</b>	<b>(1 473)</b>	<b>-</b>	<b>3 455</b>

Movement Summary 2020

	Carrying amount 2019	Additions	Disposals	Amortization charge	Accumulated amortization of disposed assets	Carrying amount 2020
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	1 045	919	(1 421)	(1 145)	1 421	819
<b>Balance at end of year</b>	<b>1 045</b>	<b>919</b>	<b>(1 421)</b>	<b>(1 145)</b>	<b>1 421</b>	<b>819</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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CHANGE IN ACCOUNTING ESTIMATE

The main assumption for the reassessment is:

During the period the useful lives of property, plant and equipment as well as the useful lives of intangible assets were re-assessed in line with the requirements of GRAP 17 and GRAP 31.

Following the reassessment, the remaining useful lives of property, plant and equipment remaining useful lives were assessed at 1 years while the remaining useful lives of intangible assets were assessed at 1 year.

The additional information that became available has resulted in a change in the useful lives of the assets of SASSETA, which constitutes a change in accounting estimate in accordance with GRAP 3. The impact of the change in accounting estimate is a reduction in the annual depreciation and amortisation expenses. It is expected that this trend may continue in future periods. Future depreciation will amount to R136 000.

The depreciation and amortisation expenses have increased / (decreased) as follows for the 2021 financial year:

	Before change in estimate	After change in estimate	Net Increase / (Decrease)
	R'000	R'000	R'000
Depreciation: Computer equipment	225	126	(99)
Depreciation: Computer server	2	1	(1)
Depreciation: Office equipment	0	0	-
Depreciation: Furniture & fittings	7	3	(4)
Depreciation: Motor Vehicle	9	6	(3)
	<b>243</b>	<b>136</b>	<b>(107)</b>

9. TRADE AND OTHER RECEIVABLES

	2020/21	Restated 2019/20
	R'000	R'000
<b>Non-exchange Transactions</b>		
Employer receivables	9 322	9 495
Provision for impairment	(8 249)	(8 735)
Administration levy debtors	6 473	6 735
	<b>7 546</b>	<b>7 496</b>

During the current financial year the South African Police Services (SAPS) as well as the Department of Defence (DoD) owed SASSETA an amount of R6.4m (2019: R6.7m). Both government departments gave a firm commitment regarding their levy contribution to SASSETA. SAPS and DoD contribute its levies at 10% of 1% of their payroll cost towards the administration cost of the SETA.

Provision for doubtful debts in the current year relates to mandatory grant receivables. This was based on management scepticism about the collectability of such receivables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	2020/21	Restated 2019/20
	R'000	R'000
<b>Exchange Transactions</b>	3 278	4 226
Rental deposit	1 377	3 071
Interest receivable	0	45
Staff debtors	1 490	1 868
Prepayments	160	1 922
Sundry receivables	<b>6 305</b>	<b>11 131</b>
Provision for impairment	-	(1)
	<b>6 305</b>	<b>11 130</b>

There was no provision for impairment in the current year relating to trade debtors.

**Reconciliation of provision for impairment of employer receivables**

Opening balance	(8 735)	(7 646)
Provision for impairment raised in current period	486	(1 089)
Amounts written off as uncollectible	-	-
	<b>(8 249)</b>	<b>(8 735)</b>

The provision is raised for employers with a debit balances who cannot be traced over time and the amount is assessed annually.

**10. INVENTORY**

Balance at the beginning of the year	459	1 369
Amount utilised	(889)	(2 430)
Purchases	1 520	1 520
<b>Balance at the end of the year</b>	<b>1 091</b>	<b>459</b>

**11. CASH AND CASH EQUIVALENTS**

Cash at bank and in hand	<b>524 339</b>	<b>140 452</b>
Cash at bank	524 339	140 452
Short term investments/instruments	-	364 817
Cash and cash equivalents at end of year	<b>524 339</b>	<b>505 269</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The average interest rate on fixed-term bank deposits were 6.4% (2019/20: 7.9%).

Cash and cash equivalents comprise cash held by SASSETA, fixed deposits with Nedbank as well as short-term bank deposits on call. The carrying amount of these assets approximates their fair values.

The Skills Development Act Regulations state that a Seta may, if not otherwise specified by the Public Finance Management Act, invest monies in accordance with the investment policy approved by the relevant Seta.

Seta invested its surplus funds in line with an investment policy as required by Treasury Regulation 31.3.5.

**12. LEASES**

Finance Lease	2020/21	Restated 2019/20
	R'000	R'000

**Reconciliation between the total of the minimum lease payments and the present value**

**Up to 1 year**

Future minimum lease payments	37	149
Finance costs	(5)	(20)
	<b>32</b>	<b>129</b>

**Summary Disclosure Note**

**Total Payments**

	2020/21			2019/20		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	32	-	32	149	33	182
	<b>32</b>	<b>-</b>	<b>32</b>	<b>149</b>	<b>33</b>	<b>182</b>

**Capital Portion**

	2020/21			2019/20		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Photocopy Machine	32	-	32	129	32	161
	<b>32</b>	<b>-</b>	<b>32</b>	<b>129</b>	<b>32</b>	<b>161</b>

Finance leases relates to the lease of seven multifunction printers from Xerox for a total period of three years, commencing on 30 June 2018.

**Operating Lease - as lessee**

	2020/21	2020/21
	R'000	R'000
<b>Total minimum lease payments due</b>		
Not later than one year	9 171	9 296
Later than one year but not later than five years	42 672	3 177
Later than five years	4 077	-
	<b>55 920</b>	<b>12 473</b>

The operating lease relates to new premises used for SASSETA office accommodation. The current lease agreement has been signed for a period of two years up to 31 July 2021. As at 31 March 2021, a non-definite commitment existed between the SASSETA and ATTACQ regarding the continuation of the office accommodation lease. This was evidenced by a National Treasury approval for a 5-year extension. At the time of submission of the Annual Financial Statement, no Service Level Agreement had been entered into, but the substance over the form of the lease transaction was considered in determining the minimum lease payment disclosure.

**13. TRADE AND OTHER PAYABLES**

	2020/21	Restated 2020/20
	R'000	R'000
<b>From Non-Exchange transactions</b>		
Employer grant - accrual/payable	1 194	24 850
DOL control account	1	1
Trade payables	18 206	2 331
Accruals	27 943	47 752
Training layoff scheme	-	2 647
	<b>47 344</b>	<b>77 582</b>
<b>From Exchange transactions</b>		
Trade payables	2 529	5 104
Accruals	6 524	4 646
Income received in advance	917	917
Employee cost related	1 012	1 805
Straight lining - leases	130	248
	<b>11 112</b>	<b>12 719</b>

**14. PROVISIONS**

	Overtime	Performance Bonus	Leave pay	500K	Other	Total
<b>Open carrying amount-restated</b>	<b>2</b>	<b>4 320</b>	<b>4 719</b>	<b>5 660</b>	<b>2 086</b>	<b>16 787</b>
Amounts utilised	(2)	(4 460)	(1 353)	(955)	(1 356)	(8 126)
Change in estimate	-	4 668	1 920	2 201	696	9 485
<b>Closing carrying amount</b>	<b>-</b>	<b>4 528</b>	<b>5 286</b>	<b>6 906</b>	<b>1 426</b>	<b>18 146</b>

In terms of Skills Development Circular No. 09/2013 issued by the DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after the expiry date of 5 years as stipulated in terms of section 190(4) of the Tax Administration Act. These funds have been transferred to the discretionary reserve as per the requirements of the above circular.

Provision other relate the unearned tenant installation allowance being expensed monthly and rehabilitation costs for the new office premises.

**15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS**

	2020/21	Restated 2019/20
	R'000	R'000
Net Surplus/ (deficit) as per Statement of Financial Performance	52 958	55 966
Adjusted for non-cash items:		
Depreciation and amortisation	7 951	3 424
Loss / (profit) on disposal of property, plant and equipment	(43)	328
Impairment loss on receivables	14	
Movement of provisions admin	1 359	2 342
Movement of provisions employer grant	486	(1 089)
Adjusted for working capital changes:	(25 941)	5 291
(Increase)/ Decrease in receivables	4 776	(1 448)
(Increase)/ Decrease in inventory	(631)	909
(Decrease)/Increase in payables	(30 086)	5 830
<b>Cash generated by operations</b>	<b>36 784</b>	<b>66 261</b>

## 16. CONTINGENCIES

### 16.1. Contingent Liabilities

For the following cases, further evidence surfaced before the annual financial statements were authorised for issue:

#### 1. CASE NUMBER 5555/16: Breach of contract and damages - MASTOFUSION (PTY) LTD

This is a civil claim instituted against SASSETA by MASTOFUSION (Pty) Ltd. MASTOFUSION is suing SASSETA for an estimated total amount of R5 838 630. The amount is broken down as follows: R5 688 630 and R150 000, for breach of contract and damages, and legal fees, respectively. Counsel to be briefed to settle heads for the hearing of the exception filed.

In this matter, SASSETA's Counsel is busy preparing the Heads of Argument that would lead to the hearing of the Exception in the matter. Proceedings were delayed due to lockdown restrictions. The estimated legal cost is R200 000.

#### 2. CASE NUMBER 40751/16: Claim for payment of invoices - HAZOEMA TRADING ENTERPRISES (PTY) LTD

HAZOEMA is suing SASSETA for the payment of invoices. SASSETA's legal counsel estimates that the litigation process will be finalised in 2020. The matter was in court on the 20th of April 2020, the court referred the matter to oral evidence and granted us costs for the application, a bill will also be prepared for the costs awarded. Pleading have now closed and the matter is ready to proceed to trial. Witnesses in the matter no longer work for SASSETA and therefore an increase in financial exposure. In this matter, a case has been created on caselines and the relevant documentation, pleadings and notices have been uploaded. Further, all the parties, including the High Court, have been invited to the case and the processes to obtain a date, have been set in motion. The new attorneys of record for HAZOEMA have requested a new pre-trial conference by reason of the considerable passage of time since the last conference. The conference will be held in June with Advocate Johan Engelbrecht S.C. appearing for HAZOEMA and Advocate Smanga Sethene appearing for SASSETA. Estimated exposure amount estimated at R2 000 000 inclusive of costs, witnesses and the capital claimed.

#### 3. CASE NUMBER 580/2016: Claim for payment of invoices - SANAMIK FINANCIAL TRAINING SERVICES

SANAMIK is suing SASSETA for the payment of invoices. The estimated total amount of the lawsuit is R405 000. The matter is dormant for now, the last communication came from new attorneys who have not filed a Notice of Acting and therefore are not properly before the court. We are preparing to have the matter set down and apply for the dismissal of the claim, depending on whether the other side decides to file further documents. Not much has happened as the plaintiff keeps changing attorneys. Estimated legal fees are R90 000.

#### 4. CASE NUMBER 58692/19: Breach of settlement agreement - SEGAOLE DRIVING SCHOOL

SEGAOLE and SASSETA entered into a settlement agreement in 2018, after SEGAOLE had taken SASSETA to arbitration following SASSETA's intention to cancel the agreement on the basis of irregularities uncovered by a forensic report. In July 2019 SEGAOLE instituted a High Court action for alleged breach of the settlement agreement by SASSETA. We are in the process of excepting to SEGAOLE's particulars of claim and we are waiting for Counsel to provide us with a go-ahead to instruct our correspondents to set Exception down for a hearing. Estimated exposure amount is R1 500 000.

#### 5. CASE: AFSA Arbitration re: Claim for payment of an invoice - LILNAR TRADING (PTY) LTD t/a IT RELATED

LILNAR served SASSETA with a statutory notice demanding payment of R389 766.00 deposit in respect of a project that suffered supply chain related delays. SASSETA refused to pay this amount and advised LILNAR on account of the fact that services were not actually rendered. LILNAR referred the matter for arbitration. The matter is currently before the Arbitration Foundation of South Africa ("AFSA") and a pre-arbitration conference has been concluded. Estimated exposure amount is R2 500 000.

#### 6. CASE: BUSA

In October 2019, BUSA won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased from 50% to 20% in terms of section 4(4) of the Seta grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory grant percentage. DHET continued to show the mandatory levies portion as 20% in 2020/21 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2020/21 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure in Note 6 as well as the mandatory grant liability in note 13 were calculated using mandatory grant percentage of 20%. The SETA therefore discloses a contingent liability. This is disclosed as a contingent liability as the intention of the litigants, BUSA, was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. Currently the department is still in discussions with BUSA in regard to the mandatory grant percentage and effective date of implementation of the ruling. No new information has emerged which changes the status of this disclosure from the prior year.

#### 7. CASE: Arbitration - PAUL MALEFETSANE MOSITO

Former employee's claim for unfair dismissal for a period not more than 12 months is estimated at R646 860.48. In accordance with SASSETA legal representation, this is unlikely to be categorized as automatically unfair given the merits of the case. There is no exposure to compensation for legal fees on the part of the plaintiff.

### 16.2. First Time Employer registrations

The Skills Development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants. The employer grant reserve carries accumulated reserves allocated to mandatory grants (employer grants) expenditure in future years. An amount of R310 000 (2019/20: R710 000) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. The amount is contingent on the number of submissions received and approved.

### 16.3. Surplus Funds

#### Cash surplus

In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realized in the previous financial year without obtaining the prior written approval of National Treasury. National Treasury Issued Instruction No.12 of 2020/21 further defines what constitutes cash surplus. There is no cash surplus to surrender in the current year. The SASSETA was granted approval by the National Treasury to retain the cash surplus of R420.8 million (restated R416.7m) for the 2019/20 financial year. Net cash surplus for the year ended 31 March 2021 amounts to R461.6 million, in line with Annexure A of the National Treasury Instruction 12 of 2020/21.

	2020/21	Restated
	R'000	2019/20
	R'000	R'000
Cash and cash equivalents at the end of year	524 339	505 269
Add: Receivables	13 851	18 626
Less: Current liabilities	(76 635)	(107 217)
<b>Net cash surplus</b>	<b>461 554</b>	<b>416 678</b>

### 17. COMMITMENTS

As at 31 March 2021, SASSETA had discretionary grant reserves of R462.3m to utilize against a definite pivotal/non-pivotal commitment closing balance of R462.1m.

#### PIVOTAL

##### A. Definite

Definite commitment represents all commitments with valid contracts/extension/addendums.

Project classification	Adjusted opening balance: 1 April 2020	Subsequent adjustment to the initial contract amount	New projects in 2020/21	Annual expenditure	Write back/savings and cancellations	Closing balance: 31 March 2021"
Artisan	61 772	3 108	24 255	(7 479)	(1 544)	80 112
Workers entering bursaries	14 674	522	3 150	(2 565)	(2 347)	13 434
Unemployed entering bursaries	29 055	-	25 288	(14 962)	(13 122)	26 259
Unemployed entering internships	26 741	4 800	20 328	(14 094)	(3 291)	34 484
Workers entering learnerships	42 806	954	8 131	(15 901)	(2 552)	33 439
Unemployed entering learnerships	61 061	-	9 945	(19 557)	(10 512)	40 937
Workers entering skills program	17 317	127	10 795	(8 218)	(2 290)	17 732
Unemployed entering skills program	9 527	-	2 225	(6 006)	(369)	5 377
TVET Student Placement	79 672	-	42 030	(40 469)	(207)	81 026
University Student Placement	54 516	-	-	(20 770)	(6 289)	27 457
University of Technology Placement	-	-	1 350	-	-	1 350
Lecture development	-	-	105	-	-	105
Candidacy	-	-	61 488	-	(387)	61 101
	<b>397 142</b>	<b>9 511</b>	<b>209 090</b>	<b>(150 020)</b>	<b>(42 910)</b>	<b>422 813</b>

**B. Not definite**

Not Definite Commitment is represented by the following instances:

- Award based on offer to contract accepted by the 3rd party
- Extension of time not yet signed by all parties

Project classification	Adjusted opening balance: 1 April 2020	Subsequent adjustment to the initial contract amount	New projects in 2020/21	Annual expenditure	Write back/savings and cancellations	Closing balance: 31 March 2021
Unemployed entering internships	4 800	(4 800)	-	-	-	-
	<b>4 800</b>	<b>(4 800)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total PIVOTAL: definite not-definite commitment</b>	<b>401 942</b>	<b>4 711</b>	<b>209 090</b>	<b>(150 020)</b>	<b>(42 910)</b>	<b>422 813</b>

**NON-PIVOTAL**

**A. Definite**

Project classification	Adjusted opening balance: 1 April 2020	Subsequent adjustment to the initial contract amount	New projects in 2020/21	Annual expenditure	Write back/savings and cancellations	Closing balance: 31 March 2021
Non-Pivotal	21 078	-	13 670	(2 500)	7 000	39 248
	<b>21 078</b>	<b>-</b>	<b>13 670</b>	<b>(2 500)</b>	<b>7 000</b>	<b>39 248</b>
<b>Total NON PIVOTAL: definite commitment</b>	<b>21 078</b>	<b>-</b>	<b>13 670</b>	<b>(2 500)</b>	<b>7 000</b>	<b>39 248</b>
<b>Overall total commitment balance</b>						<b>462 061</b>

**18. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

**18.1. Irregular expenditure**

	2020/21 R'000	2019/20 R'000
Opening balance	31 970	759
Add: Irregular expenditure current year	1 459	31 970
Less: Amounts condoned	-	-
Less: Amount written-off	-	(759)
Irregular expenditure awaiting condonation	-	-
<b>Details of irregular expenditure</b>	<b>33 429</b>	<b>31 970</b>

**Incidents**

Extension of contract over the allowable 15% threshold	389	-
Non-compliance regarding appointment of members of the Accounting Authority	1 070	-
Spending over the allowable 10.5% administration revenue	-	31 970
	<b>1 459</b>	<b>31 970</b>

**Analysis of expenditure per age classification**

Current year	1 459	31 970
Prior years	31 970	-
<b>Total</b>	<b>33 429</b>	<b>31 970</b>

Refer to note 25.1 regarding the National Treasury revocation on condonation authority regarding irregular expenditure due to non-compliance with the SETA Grant Regulation.

### 18.2. Fruitless and wasteful expenditure

	2020/21	2019/20
	R'000	R'000
Opening balance	-	44
Add: Fruitless expenditure current year	-	4 934
Add: Prior period fruitless expenditure	-	-
Less: Amounts written off	-	(4 978)
Less: Amounts recovered	-	-
<b>Fruitless &amp; wasteful expenditure awaiting write off</b>	<b>-</b>	<b>-</b>

### Details of fruitless and wasteful expenditure

#### Incidents

Duplicate rental payment due to the delay in the appointment of the tenant installation contract	-	4 934
	<b>-</b>	<b>4 934</b>

### Analysis of expenditure per age classification

Current year	-	-
Prior years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 18.3. Matters under investigation

A training provider was appointed through a transparent discretionary funding window process. The training provider was paid learner stipends along with the training provider fee, but failed to further distribute the stipend portion to the learners as per the contractual agreement. Communication was sent to him and a breach and cancellation letters were also sent but there was no response received from the provider. The matter has been referred to the attorney.

	2020/21	2019/20
	R'000	R'000
Opening balance	-	-
Add: Matter under investigation current year	160	-
<b>Total</b>	<b>160</b>	<b>-</b>

### 19. PRIOR YEAR ERRORS

Prior period error is due to correcting various accounting transactions in 2019/20 financial year. The net impact in the Statement of Financial Performance is R3.27m.

#### The impact is narrated below but not limited to:

Trade and other payables: exchange transactions

- The increase in payables of R4 003 000 is a result of installation and partitioning cost of the new building which relate to prior year.

Plant, Property and Equipment

- The increase of R816 000 is furniture purchased relating to previous year.

Trade and other receivables - exchange transactions

- The increase is R 35 000 is due to rental deposit adjustment for the prior year

Provision

- The increase R77 000 relate to Tenant Installation Allowance utilized for prior period and Leave pay provision adjustment of R40 000 for employee that resigned in the prior year."

#### Impact on the Statement of Financial Performance

Surplus/(deficit) as previously stated	<b>59 235</b>
	(3 269)
Increase in administration expenditure	(3 284)
Decrease in discretionary grants expenditure	15
Adjusted (surplus)/deficit	<b>55 966</b>

#### Impact on the Statement of Financial Position

Increase accounts receivable: exchange	35
Increase in provisions	(117)
Increase accounts payable - exchange	(4 003)
Increase in plant, property and equipment	816

## 20. RISK MANAGEMENT

### Interest rate risk

The Seta manages its interest rate risk by effectively investing Seta surplus cash in short term deposits with different financial institutions according to the Seta's investment policy.

The SETA limits its counter - party exposure by only dealing with well-established financial institutions approved by National Treasury. The SETA's exposure is continuously monitored by the Chief Financial Officer. Credit risk in respect of South African Revenue Services (SARS) is limited as it is a government entity of sound reputation.

The Seta's exposure to interest rate risk and the effective interest rates on financial instruments at reporting sheet date are as follows:

	Floating rate		Non-interest bearing	Total R'000
	Amount R'000	Effective interest rate	Amount R'000	
<b>Year ended 31 March 2021</b>				
Cash	524 339	7.9%	-	524 339
Trade and other receivable - exchange	-		6 305	6 305
Trade and other receivable - non-exchange	-	-	7 546	7 546
<b>Total financial assets</b>	<b>524 339</b>		<b>13 851</b>	<b>538 189</b>
<b>Year ended 31 March 2020</b>				
Trade and other payables - exchange	-		11 112	11 112
Trade and other payables - non-exchange	-		47 344	47 344
<b>Total financial liabilities</b>	<b>-</b>		<b>58 456</b>	<b>58 456</b>
<b>Year ended 31 March 2020</b>				
Cash	505 269	7.9%	-	505 269
Trade and other receivable - exchange	-		11 130	11 130
Trade and other receivable - non-exchange	-		7 496	7 496
<b>Total financial assets</b>	<b>505 269</b>		<b>18 626</b>	<b>523 895</b>
<b>Year ended 31 March 2020</b>				
Trade and other payables - exchange	-		12 719	12 719
Trade and other payables - non-exchange	-		77 582	77 582
<b>Total financial liabilities</b>	<b>-</b>		<b>90 301</b>	<b>90 301</b>

### Credit risk

Financial assets which potentially subject the Seta to the risk of non-performance by counter parties and thereby subject the SETA to credit concentration of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA's concentration's of credit risk is limited to the Safety and Security sector in which it operates. No events occurred in the Safety and Security industry during the financial period that may have an impact on the accounts receivable that has not been adequately provided for. The SETA is exposed to a limited concentration of the credit risk, as significant amounts are owed by SARS. This concentration of risk is limited, as SARS is a government entity with a good reputation.

The SETA managed to limit its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of our investment policy in terms of Treasury Regulations. The SETA's exposure is continuously monitored by the finance committee. Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA does not any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the industry (Safety and Security industries) in which the SETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivables that has not been adequately provided for.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA does not have any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the industry (Policing, Security, Legal, Corrections, and the Justice department) in which the Seta operates. No events occurred in the industry (Policing, Security, Legal, Corrections, and Justice department) during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt.

**The ageing of trade and other receivables - exchange:**

	2020/21		2019/20	
	Gross	Impairment	Gross	Impairment
<b>Year ended 31 March 2021</b>				
Past due 0 - 30 days	2 867	-	6 787	-
Past due 31 - 90 days	-	-	50	-
Past due 90 and above	3 438	-	4 294	(1)
	<b>6 305</b>	<b>-</b>	<b>11 131</b>	<b>(1)</b>

**The ageing of trade and other receivables - non-exchange:**

	2020/21		2019/20	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	6 473	-	6 735	-
<b>Past due 90 and above</b>	9 322	(8 249)	9 495	(8 735)
	<b>15 795</b>	<b>(8 249)</b>	<b>16 231</b>	<b>(8 735)</b>

**The ageing of cash and cash equivalents:**

	2020/21		2019/20	
	Gross	Impairment	Gross	Impairment
Not past due	524 339	-	505 269	-

In line with the Finance Policy, long outstanding irrecoverable debts are written off once efforts to recover such funds have proven futile. There was no provision for impairment in the current year.

**Liquidity risk**

The Seta manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained. In case of liquidity problems funding resources are available in terms of DHET and National Treasury approval for borrowing requirements in the open market.

**The ageing of trade and other payables exchange:**

	2020/21		2019/20	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	10 197	-	11 804	-
Past due 90 and above	917	-	917	-
	<b>11 112</b>	<b>-</b>	<b>12 719</b>	<b>-</b>

**The ageing of trade and other payables non-exchange:**

	2020/21		2019/20	
	Gross	Impairment	Gross	Impairment
Past due 0 - 30 days	47 344	-	77 581	-
	<b>47 344</b>	<b>-</b>	<b>77 582</b>	<b>-</b>

The Seta is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the Seta is aware of.

**Fair values**

The Seta's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

**Cash and cash equivalents**

Cash and cash equivalents comprise cash held by the Seta and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximate their fair value.

**Accounts receivable**

The carrying amount of accounts receivable is net of allowance for any doubtful debt, estimated by the accounting authority based on prior experience. The carrying amount of these assets approximates their fair value.

**Investments**

The fair value of debt securities is determined using the discounted cash flow method (only if applicable). The fair value of publicly traded investments is based on quoted market prices for those investments.

**Borrowings**

The fair value of interest-bearing borrowings is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (only if applicable). The fair value of the interest-bearing borrowings with variable interest rates approximates their carrying amounts.

**Accounts payable**

The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

**21. RELATED PARTIES AND RELATED PARTY TRANSACTION**

**21.1 Controlling entity:**

Department of Higher Education and Training (DHET)

SASSETA has been established by the Department of Higher Education and Training (DHET) in terms of the Skills Development Act no. 97 of 1998. The Minister of Higher Education and Training is the executive authority of SASSETA. SASSETA is ultimately controlled by the DHET. It is therefore related to all other entities within the DHET. SASSETA is funded by levies collected by SARS. SARS transfers all levies collected to the DHET, and DHET then split and distributes the levies to each respective SETA and the NSF. Outstanding balances at year-end amounted to R nil (2019/20: R nil).

## 21.2 Entities under common control

### 21.2.1 The Quality Council for Trades and Occupations (QCTO)

The Quality Council for Trades and Occupations (QCTO) is a Quality Council established in terms of the Skills Development Act (Act 97 of 1998), and therefore under the common control of the DHET with SASSETA.

The annual contributions by the SETAs are determined in advance by the Minister, and such amount should not exceed the legislated limit of 0.5% of annual levies.

The legal mandate of SETAs provides for the SETAs to contribute part of the skills development levies collected towards funding the work of QCTO. Outstanding balances at year-end amounted to R nil (2019/20: R nil).

### 21.2.2 Public Universities and Technical and Vocational Education and Training (TVET) Colleges

Transactions between SASSETA and public universities and TVETs occur within:

- supplier and recipient relationship on terms and conditions no more or less favourable than those to those which it is reasonable to expect SASSETA to have adopted if dealing with the public universities and TVETs in the same circumstances, and
- the normal operating parameters established by SASSETA's legal mandate.

#### 21.2.2.1 Public Universities

Public universities and SASSETA are commonly controlled by the DHET. As part of its legal mandate, SASSETA frequently enter into agreements with public universities as they are education providers. These agreements promote learning programmes by among others, providing academic learning in the form of bursaries.

The following are outstanding balances between SASSETA and public universities:

	2020/21	2019/20
	R'000	R'000
Accrual	(2 312)	(2 017)
Payable	( 905)	( 621)
	<b>(3 217)</b>	<b>(2 638)</b>

#### 21.2.2.2 TVET Colleges

TVET colleges and SASSETA are commonly controlled by the DHET. As part of its legal mandate, SASSETA frequently enter into agreements with TVET colleges as they are education providers. These agreements promote learning programmes by among others, providing academic learning and workplace practical experience including TVET placement initiatives.

The following are outstanding balances between SASSETA and TVET colleges:

	2020/21	2019/20
	R'000	R'000
Accrual	( 645)	(8 905)
Payable	(3 935)	( 116)
	<b>(4 580)</b>	<b>(9 021)</b>

\* Prior year disclosure adjusted to align to current year presentation in accordance with GRAP 20 requirements.

## 21.3 Remuneration of Key Management

The key management personnel (as defined by GRAP 20, Related Party Disclosures) of the SETA are:

- Members of the accounting authority
- Members of the senior management group.

Name	2020/21				2019/20	
	Total Salary	Performance Bonuses	Employer contributions	Other benefits	Total	Total
Mdontswa, T <sup>1</sup>	660	-	8	-	668	-
Diale, I	1 912	127	35	92	2 166	2 454
Amod, J	1 612	107	24	118	1 861	1 893
Memela, V <sup>2</sup>	1 612	107	49	502	2 271	2 717
Ngwenya, S	1 612	107	81	78	1 878	1 796
	<b>7 409</b>	<b>448</b>	<b>197</b>	<b>790</b>	<b>8 844</b>	<b>8 860</b>

<sup>1</sup>Mr. T Mdontswa was appointed in a Chief Executive Office capacity as from 01 December 2020.

<sup>2</sup>Mr. V Memela was appointed as Acting Chief Executive Officer capacity from 17 March 2018 to 30 November 2020.

#### 21.4 SASSETA Board Remuneration

Board Member	2020/21			
	R'000			
	Preparation Allowance	Meeting Allowance	Tools of Trade	Total
Mudau, C ( Chairperson) <sup>1</sup>	89	283	23	395
Moyo, K	64	120	23	207
Conradie, S	57	74	23	154
Mashoene, F	86	117	23	226
Majozi, M	65	86	23	174
Molefe, M	37	46	23	106
Mashau, R	65	82	23	170
Pakathi, Z	56	69	23	148
Tshilambavhuma, E	60	82	23	166
Luzipho, N	69	91	23	183
Zulu,B	80	114	-	194
Mphela, R	-	-	-	-
	<b>728</b>	<b>1 164</b>	<b>230</b>	<b>2 122</b>

The new board was appointed on 01 April 2020 for a period 5 years.  
<sup>1</sup>Mr. C Mudau was appointed as Chairperson of the Board on 01 April 2020.

Board Member	2019/20			
	R'000			
	Preparation Allowance	Meeting Allowance	Tools of Trade	Total
Jolingana, N (Chairperson)	22	39	23	84
Dludlu, D	163	288	23	473
Lephadi, M	157	269	23	450
Moyo, K	146	216	23	385
Conradie, S	89	175	23	286
Tiry, Z	62	107	23	191
Moyana, T	117	189	23	328
Nephawe, P	82	139	23	244
Mkhize, T	56	108	23	187
Kuhn, I	60	78	23	161
Molefe, M	73	125	23	222
Pebane,S	-	-	23	23
Mkhwanazi, N	11	24	-	35
Tsolo, K <sup>1</sup>	13	13	15	41
	<b>1 051</b>	<b>1 769</b>	<b>292</b>	<b>3 111</b>

<sup>1</sup>Ms. K Tsolo was appointed August 2019

#### 21.5 Audit Committee Remuneration

The fees were paid to the audit committee members for preparation and attendance of the audit committee meetings including other sub-committees.

Board Member	2020/21			2019/20
	R'000			R'000
	Meeting Allowance	Monthly Retainer	Total	Total
Docrat, F (Chairperson)	130	86	216	329
Pillay, M	84	-	84	110
Mushwana, P <sup>1</sup>	87	-	87	100
	<b>301</b>	<b>86</b>	<b>387</b>	<b>539</b>

There was no new appointment to the Audit and Risk Committee for 2020/21 financial year.

<sup>1</sup>Ms. Mushwana appointed January 2019.

#### 21.6 Chamber Committee Remuneration

No new chamber committee members were appointed in 2020/2021 financial year.

Chamber Member	2019/20		
	R'000		
	Meeting Allowance	Tools of Trade	Total
<b>Justice</b>			
Cooper, N	4	4	8
Viljoen, S	23	4	27
	<b>27</b>	<b>8</b>	<b>35</b>
<b>Police</b>			
Magagula, K	8	4	12
Gaya, M	16	4	19
Maponyane, K	8	4	12
Mahlatjie, M	-	4	4
Maaga, B	-	4	4
Maphalala, V	-	4	4
Nthakheni, M	-	4	4
	<b>31</b>	<b>27</b>	<b>58</b>

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**Corrections**

Gadisi, T	16	4	19
Malinga, N	16	4	19
Venter, T	16	4	19
Marimani, X	12	4	15
Lambani, P	-	4	4
	<b>58</b>	<b>18</b>	<b>76</b>

**Private Security**

Ntshangase, V	12	4	16
Thorpe, W	8	4	12
Bhembe, M	16	4	19
Ralioma, I	16	3	19
Mulatedzi, R	-	4	4
	51	19	69
	<b>167</b>	<b>71</b>	<b>238</b>

Chamber committees were established during the 2018/19 financial year

	2020/21	2019/20
	R'000	R'000
Aggregated governance remuneration	2 509	3 889
Number of personnel	15	36

**22. NEW ACCOUNTING PRONOUNCEMENTS**

**GRAP Standards Approved and Not Yet Effective**

At the date of authorisation of these Annual Financial Statements, the following Standards, Directives and Interpretations were in issue but not yet effective:

SASSETA will not be affected by these statement when it become effective.

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GRAP No	Title	Date of Issue	Effective Date	Impact on entity
GRAP 34	Separate Financial Statements	March 2017	01 April 2021	No Impact
GRAP 35	Consolidated Financial Statements	March 2017	01 April 2021	No Impact
GRAP 36	Investments in Associates and Joint Ventures	March 2017	01 April 2021	No Impact
GRAP 37	Joint Arrangements	March 2017	01 April 2021	No Impact
GRAP 38	Disclosure of Interests in Other Entities	March 2017	01 April 2021	No Impact
GRAP 110	Living and Non-living Resources	March 2017	01 April 2021	No Impact

**23. BUDGET DIFFERENCE**

**NOTES**

**23.1 Skills Development Levy Income:**

- Private levies received were R17.1m below budgeted. Penalty and interest due to late payment by the employers contributed significantly to the performance.
- Penalty and interest on SDL was R3.4m below the budget.
- Contributions from government departments was R58.0m more than the budget. Most government departments can only afford to contribute on the 10% basis. Six (6) government organs contributed at 30% basis, although contributions from three (3) organs is less than R2m combined.

Due to the Covid Lockdown process the Presidency announced a levy relieve of four months from April 2020 to July 2020 resulting in a decrease in collection of levy income.

**23.2 Investment Income:**

- Unutilised cash reserves were invested with Nedbank at better negotiated rates. On average the rate of return on investment is 7.90%.
- Late servicing of commitment/projects ensure that there were sufficient cash reserves for longer term investments.
- Monthly cash forecasting techniques assisted in determining the monthly required cash. Due to a decrease of levy collections during the Covid Lockdown period resulted in less funds received and utilisation of investments.

**23.3 Administration Expenditure:**

- Though cost containment was adhered to administration expenditure was R55.0m below budget. The lockdown period due to Covid-19 impacted expenditure for the financial year negatively.

Key expenditure which impacted administration expenditure:

- i. Repairs and Maintenance relating to new offices setup
- ii. Upgrade the ICT infrastructure
- iii. IT Maintenance New HR systems and Finance upgrades
- iii. New admin initiatives:
- iv. Filing and Archiving contract with new company that will allow remote access of information
- v. Business processes evaluation and documentation,
- vi. New office rental costs
- vii. Audit fees for extended audit

**23.4 Mandatory Grant:**

- Mandatory grant expenditure is R17.9m below budget.
- Any unutilised amount will be transferred to discretionary grant revenue.
- Due to Covid19 Lockdown period and Levy payment holiday announced by the President the levy expenditure were less as it is directly linked with the revenue.

**23.5 Project/discretionary spending:**

- All awarded projects were subject to the LPERC evaluation and adjudication process.
- Late advertisement of funding windows resulted in late awarded and implementation of projects.
- The discretionary grant expenditure was driven by the servicing of commitments that were awarded at the later part of 2019/20 financial year.
- Project expenditure amount to R153.4m which was R22.9m below budget.
- Included in the R153.4m is R2.8m for non-p ivotal and R0.54m used for project administration expenditure.
- Covid-19 lockdown period impacted the disresionary expenditure negatively
- SASSETA also had co-funded projects where possible.

**23.6 Surplus/(Deficit):**

- SASSETA' operating surplus for the year amounted to R52.9m when compared to a restated surplus of R55.9m in the prior year.

**23.7 Budget revision**

- SASSETA revenue split exercise was enforced by the following guiding documents:
  - i. HR Directive 1 of 2013
  - ii. Guidelines on public service as a training space
- Investment income was to change significantly based on the new investment technique.
- Information relating to government contributions became available at a later stage.
- Budget was revised to cater for the 4-months levy holiday as pronounced by the President of the Republic.

**24. GOING CONCERN**

The financial statements have been prepared on the going concern basis, as SASSETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern for the next 24 months. The current licence period of SASSETA expires on 31 March 2030 based on the recently gazetted extension of the NSDS III license period of the SETA's. The future existence and landscape of the SETA's after the above date will be based on a proclamation by the Minister of Higher Education and Training based on the future National Skills Development Strategy and landscape.

The impact of the COVID-19 pandemic was factored in the budget readjustment process. This was done by reprioritising within the administration grant segment as well as to adjust the Annual Performance Plan (APP) to avoid incidents of over-commitment and possible reckless trading.

**25. SUBSEQUENT EVENTS**

**25.1 Condonation of irregular expenditure**

On May 2021, the National Treasury issued Circular 1 of 2021 clarifying that irregular expenditure in relation to non-compliance with SETA Grant Regulations will no longer be condoned by the Executive Authority but by the National Treasury. The impact of this circular is that all applications for condonation approved by the Minister of Higher Education, Science and Innovation have to be submitted to the National Treasury for condonation.

**25.2 DHET communication on the appointment of members of the Accounting Authority**

On May 2021, the Department of Higher Education and Training issued a communication to SASSETA regarding non-compliance identified by the Auditor-General of South Africa in the appointment of members of the Accounting Authority. This matter was identified during the financial year-end under review, but was only finalised prior to submission of the Annual Financial Statement.

## 26. SEGMENT REPORTING

Information about the surplus / (deficit), assets and liabilities for the year ended 31 March 2021.

	2020/21				
	R'000				
	Administration	Mandatory	Discretionary	Total of the reportable segments	Reconciliation to the Statement of Financial Performance
<b>REVENUE</b>					
<b>Non-Exchange Transactions</b>	<b>129 791</b>	<b>59 972</b>	<b>182 734</b>	<b>372 498</b>	<b>372 498</b>
Skills development levy: Income	129 791	59 972	172 091	361 854	361 854
Skills development levy: Penalties and interest	-	-	10 644	10 644	10 644
<b>Exchange transactions</b>	<b>577</b>	<b>-</b>	<b>22 563</b>	<b>23 140</b>	<b>23 140</b>
Investment income	-	-	22 563	22 563	22 563
Other income	577	-	-	577	577
<b>Total segment revenue</b>	<b>130 368</b>	<b>59 972</b>	<b>205 297</b>	<b>395 637</b>	<b>395 637</b>
<b>EXPENSES</b>					
Employee cost	(81 299)	-	-	(81 299)	(81 299)
Depreciation/ amortisation	(7 951)	-	-	(7 951)	(7 951)
Mandatory grant expenditure	-	(47 443)	-	(47 443)	(47 443)
Discretionary grant expenditure	-	-	(153 420)	(153 420)	(153 420)
Other administration expenditure	(52 566)	-	-	(52 566)	(52 566)
<b>Total segment expenditure</b>	<b>(141 816)</b>	<b>(47 443)</b>	<b>(153 420)</b>	<b>(342 679)</b>	<b>(342 679)</b>
<b>Total (deficit)/surplus</b>	<b>(11 448)</b>	<b>12 529</b>	<b>51 877</b>	<b>52 958</b>	<b>52 958</b>

	2020/21				
	R'000				
	Administration	Mandatory	Discretionary	Total of the reportable segments	Reconciliation to the Statement of Financial Position
<b>ASSETS</b>					
Accounts receivable from non-exchange transactions	6 473	1 073	-	7 546	7 546
Accounts receivable from exchange transactions	6 305	-	-	6 305	6 305
Inventory	1 091	-	-	1 091	1 091
Cash and cash equivalents	11 112	1 194	512 032	524 339	524 339
Property, plant and equipment	26 033	-	-	26 033	26 033
Intangible assets	3 455	-	-	3 455	3 455
<b>Total assets</b>	<b>54 469</b>	<b>2 267</b>	<b>512 032</b>	<b>568 767</b>	<b>568 767</b>
<b>LIABILITIES</b>					
Trade and other payables from non-exchange transactions	-	(1 194)	(46 149)	(47 343)	(47 344)
Trade and other payables from exchange transactions	(11 112)	-	-	(11 112)	(11 112)
Finance lease obligations	(32)	-	-	(32)	(32)
Provisions	(9 814)	(6 906)	(1 426)	(18 146)	(18 146)
	<b>(20 958)</b>	<b>(8 100)</b>	<b>(47 575)</b>	<b>(76 635)</b>	<b>(76 635)</b>
<b>RESERVES</b>					
Reserves	29 488	310	462 335	492 133	492 133
	<b>29 488</b>	<b>310</b>	<b>462 335</b>	<b>492 133</b>	<b>492 133</b>

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	Restated				
	2019/20				
	R'000				
	Administration	Mandatory	Discretionary	Total of the reportable segments	Reconciliation to the Statement of Financial Performance
<b>REVENUE</b>					
<b>Non-Exchange Transactions</b>	<b>141 942</b>	<b>85 152</b>	<b>243 700</b>	<b>470 794</b>	<b>470 794</b>
Skills development levy: Income	141 942	85 152	234 586	461 680	461 680
Skills development levy: Penalties and interest	-	-	9 114	9 114	9 114
<b>Exchange transactions</b>	<b>177</b>	<b>-</b>	<b>32 771</b>	<b>32 948</b>	<b>32 948</b>
Investment income	-	-	32 771	32 771	32 771
Other income	177	-	-	177	177
<b>Total segment revenue</b>	<b>142 118</b>	<b>85 152</b>	<b>276 471</b>	<b>503 741</b>	<b>503 742</b>
<b>EXPENSES</b>					
Employee cost	(68 158)	-	-	(68 158)	(68 158)
Depreciation/ amortisation	(3 424)	-	-	(3 424)	(3 424)
Mandatory grant expenditure	-	(65 436)	-	(65 436)	(65 436)
Discretionary grant expenditure	-	-	(216 971)	(216 971)	(216 971)
Other administration expenditure	(93 787)	-	-	(93 787)	(93 787)
<b>Total segment expenditure</b>	<b>(165 368)</b>	<b>(65 436)</b>	<b>(216 971)</b>	<b>(447 775)</b>	<b>(447 775)</b>
<b>Total (deficit)/surplus</b>	<b>(23 250)</b>	<b>19 716</b>	<b>59 500</b>	<b>55 966</b>	<b>55 967</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

	Restated				
	2019/20				
	R'000				
	Administration	Mandatory	Discretionary	Total of the reportable segments	Reconciliation to the Statement of Financial Position
<b>ASSETS</b>					
Accounts receivable from non-exchange transactions	6 735	761	-	7 496	7 496
Accounts receivable from exchange transactions	11 130	-	-	11 130	11 130
Inventory	459	-	-	459	459
Cash and cash equivalents *	22 768	24 853	457 648	505 269	505 269
Property, plant and equipment	19 011	-	-	19 011	19 011
WIP	2 246	-	-	2 246	2 246
Intangible assets	819	-	-	819	819
<b>Total assets</b>	<b>63 169</b>	<b>25 613</b>	<b>457 648</b>	<b>546 430</b>	<b>546 430</b>
<b>LIABILITIES</b>					
Trade and other payables from non-exchange transactions	-	(24 850)	(52 731)	(77 581)	(77 581)
Trade and other payables from exchange transactions	(12 719)	-	-	(12 719)	(12 719)
Finance lease obligation	(161)	-	-	(161)	(161)
Provisions	(9 041)	(5 660)	(2 086)	(16 787)	(16 787)
<b>Total liabilities</b>	<b>(21 922)</b>	<b>(30 511)</b>	<b>(54 816)</b>	<b>(107 249)</b>	<b>(107 249)</b>
<b>RESERVES</b>					
Reserves	22 075	710	416 394	439 180	439 180
	<b>22 075</b>	<b>710</b>	<b>416 394</b>	<b>439 180</b>	<b>439 180</b>

\* Prior year presentation adjusted to align to current year presentation





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