



# ANNUAL REPORT

2022-2023



higher education  
& training  
Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**ANNUAL REPORT  
2022/2023  
FINANCIAL YEAR**

CULTURE, ARTS, TOURISM, HOSPITALITY, AND SPORT SECTOR  
EDUCATION AND TRAINING AUTHORITY (CATHSSETA)



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# **PART A:** GENERAL INFORMATION

## 1. PUBLIC ENTITY'S GENERAL INFORMATION

**REGISTERED NAME:**

The entity is registered as the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority, also known as CATHSSETA

**REGISTRATION NUMBER:**

25/CATHSSETA/1/04/11

**PHYSICAL ADDRESS:**

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Noordwyk  
Midrand,  
1687

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Rivonia,  
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www.cathsseta.org.za

**EXTERNAL AUDITORS:**

Auditor-General South Africa,  
4 Daventry Street  
Lynnwood Bridge Office Park  
Lynnwood Manor  
Pretoria  
0001

## BANKERS

### Nedbank

Upper Ground Floor Block I  
135 Rivonia Road  
Sandown  
Sandton  
2196

### Investec

100 Grayston Drive  
Sandown  
Sandton  
2196

### Rand Merchant Bank

1 Merchant Place  
Cnr Fredman and Rivonia Road  
Sandton  
2196  
South Africa


### FNB

7th Floor 1 First Place  
Bank City  
Cnr Simmonds and Pritchard Streets  
Johannesburg  
2193



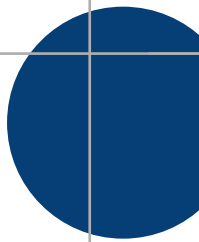
## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>4IR</b>	Fourth Industrial Revolution
<b>AA</b>	Accounting Authority
<b>AET</b>	Adult Education and Training
<b>AGSA</b>	Auditor General South Africa
<b>AI</b>	Artificial Intelligence
<b>AIDS</b>	Acquired Immunodeficiency Syndrome
<b>APP</b>	Annual Performance Plan
<b>ARC</b>	Audit and Risk Committee
<b>BA</b>	Bachelor of Arts
<b>BBBEE</b>	Broad-Based Black Economic Empowerment
<b>BCEA</b>	Basic Conditions of Employment Act
<b>BCCRAT</b>	Bargaining Council for Catering, Restaurants and Allied Trades
<b>BCFFRCAT</b>	Bargaining Council for Fast Food Catering, Restaurants and Allied Trades
<b>BCOM</b>	Bachelor of Commerce
<b>BSC</b>	Bachelor of Science
<b>CATHSSETA</b>	Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority
<b>CBO</b>	Community-Based Organisation
<b>CEO</b>	Chief Executive Officer
<b>CET</b>	Community Education and Training
<b>CODEFSA</b>	Community Development Foundation of South Africa
<b>COVID-19</b>	Coronavirus Disease of 2019
<b>DG</b>	Discretionary Grant
<b>DHET</b>	Department of Higher Education and Training
<b>DIO</b>	Deputy Information Officer
<b>DSAC</b>	Department of Sport, Arts and Culture



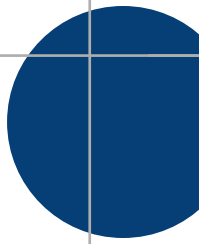
<b>EEA</b>	Employment Equity Act of 1998 as amended
<b>EMDP</b>	Emerging Management Development Programme
<b>ERRP</b>	Economic Reconstruction and Recovery Plan
<b>ERRPSS</b>	Economic Reconstruction and Recovery Plan Skills Strategy
<b>ETD</b>	Employee Training and Development
<b>EXCO</b>	Executive Committee of the Board of CATHSSETA
<b>FIFA</b>	Federation Internationale de Football Association
<b>FNB</b>	First National Bank
<b>FOSAWU</b>	Future of South African Workers Union
<b>FSGLTA</b>	Free State Gambling, Liquor and Tourism Authority
<b>G&amp;S</b>	Governance and Strategy Committee of the Board of CATHSSETA
<b>GDP</b>	Gross Domestic Product
<b>GGR</b>	Gross Gaming Revenue
<b>GRAP</b>	Generally Recognised Accounting Practices
<b>HCM&amp;D</b>	Human Capital Management and Development
<b>HEI</b>	Higher Educational Institutions
<b>HIAWU</b>	Hospitality Industry and Allied Workers Union
<b>HIV</b>	Human Immunodeficiency Virus
<b>HOTELLICA</b>	Hotel, Liquor, Catering, Commercial and Allied Workers Union of South Africa
<b>HR</b>	Human Resource
<b>ICT</b>	Information and Communication Technology
<b>IO</b>	Information Officer
<b>ISO</b>	International Organisation for Standardisation
<b>LLB</b>	Bachelor of Laws
<b>LRA</b>	Labour Relations Act of 1995 as amended
<b>MBA</b>	Master of Business Administration
<b>MG</b>	Mandatory Grant
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NAPWA</b>	National Association of People Living with HIV and AIDS
<b>NCOP</b>	National Council of Provinces





<b>NDP</b>	National Development Plan 2030
<b>NEDLAC</b>	National Economic Development and Labour Council
<b>NGB</b>	National Gambling Board
<b>NGO</b>	Non-Government Organisation
<b>NHRDSSA</b>	National Human Resource Development Strategy of South Africa
<b>NPO</b>	Non-Profit Organisations
<b>NQF</b>	National Qualification Framework
<b>NSDP</b>	National Skills Development Plan 2030
<b>NSF</b>	National Skills Fund
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>ODETDP</b>	Occupationally Directed Education, Training and Development Practitioner
<b>PAIA</b>	Promotion of Access to Information Act of 2000 as amended
<b>PFMA</b>	Public Finance Management Act of 1999 as amended
<b>PHRAG</b>	Provincial Heritage Resources Authority of Gauteng
<b>PIA</b>	Pretoria Institute for Architecture
<b>POPIA</b>	Protection of Personal Information Act of 2013
<b>PPFA</b>	Preferential Procurement Policy Framework Act of 2005
<b>PSET</b>	Post-School Education and Training
<b>QAR</b>	Quality Assurance Review
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>REMCO</b>	Remuneration Committee
<b>RCF</b>	Regulatory Compliance Framework
<b>RMC</b>	Risk Management Committee
<b>SA</b>	South Africa
<b>SAFTU</b>	South African Federation of Trade Unions
<b>SAQA</b>	South African Qualifications Authority
<b>SARS</b>	South African Revenue Service
<b>SCM</b>	Supply Chain Management





<b>SDA</b>	Skills Development Act of 1998 as amended
<b>SDLA</b>	Skills Development Levies Act of 1999
<b>SETA</b>	Sector Education and Training Authority
<b>SLA</b>	Service Level Agreement
<b>SMME</b>	Small, Medium and Micro Enterprise
<b>SP</b>	Strategic Plan
<b>SSP</b>	Sector Skills Plan
<b>TVET</b>	Technical and Vocational Education and Training
<b>UIFW</b>	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
<b>VR</b>	Virtual Reality
<b>WIL</b>	Work Integrated Learning
<b>WPPSET</b>	White Paper on Post-School Education and Training
<b>WRP</b>	Work Readiness Programme





### 3. FOREWORD BY THE ACCOUNTING AUTHORITY CHAIRPERSON

The Accounting Authority of the Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA) hereby submits the Annual Report for the 2022/23 financial year. The report encapsulates the significant effort put in by the SETA in realising its legislative mandate during the previous financial year.

The SETA is governed by a plethora of legislation and macro policies of government. Key macro policies that largely influence the direction that the SETA followed in the year under review are the National Skills Development Plan, 2030 (NSDP) and the Economic Reconstruction and Recovery Sector Strategy (ERRSS) for the Post-School Education and Training Sector (PSET).



Mr David Themba Ndhlovu

Board Chairperson

Through the ERRSS, the SETA was able to align its skills development interventions that support the Government-wide Economic Reconstruction and Recovery Plan (ERRP). In support of the ERRSS, the SETA implemented various strategic interventions in some of its sub-sectors. In the hospitality, sector for instance, we were able to implement the chef artisan development programme, which is aimed at producing artisans coming mainly from disadvantaged backgrounds. Another notable intervention is the investment made in the construction of two (2) industrial kitchens in the two (2) Technical Vocational and Training Colleges (TVET) in the Eastern Cape province. Construction work is currently under way, and we expect completion during the next financial year. Although this initiative may not directly contribute towards economic development, we believe that the local communities will benefit from this infrastructure as it brings practical learning for students who pursue hospitality and tourism studies.

During the year under review, the SETA responded to the Minister of Higher Education, Science and Innovation's call to support students whose parents fall under the "missing middle" category and cannot access financial assistance that is offered by the National Student Financial Aid Scheme (NSFAS), by making funding available to the tune of R22 million. The funds were ring-fenced to support students pursuing courses in various TVET Colleges, Universities and Universities of Technology, that are linked to the CATHSSETA's six (6) sub-sectors.

In addition, the focus was on students coming from rural areas and previously disadvantaged backgrounds.

In the other sub-sectors, we implemented various learning interventions in the form of learnerships, internships, skills programmes, bursaries, for full-time and part-time studying, Work-Integrated Learning and Graduate Placement Programmes. These interventions were done in line with the list of identified critical skills that are classified as part of Professional, Vocational, Technical and Academic Learning (PIVOTAL), which forms an important part of the Sector Skills Plan (SSP). To assist unemployed youth to gain Workplace-Based Learning (WBL) experience, the entity implemented the Work Readiness Programme (WRP) that attracted 200 learners from the provinces of Western Cape (WC), Eastern Cape (EC), Northern Cape (NC) and KwaZulu-Natal (KZN). There are good stories to tell regarding this programme as there are learners who after gaining experience have established their own companies or gained employment





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As the leader in skills development within our diverse sector, the SETA undertook various research studies which are vehicles that were used to understand the needs of the sector and come up with appropriate interventions on the one hand, and on the other hand prepared the SSP. Some of the studies conducted include The Fourth Industrial Revolution (4IR) Skills Strategy, Small, Micro and Medium Enterprises (SMME) Strategy, as well as the Analysis of the Conservation, Tourism and Travel Services sub-sectors. We are hopeful that the findings and recommendations made will inform our plans going forward.

Furthermore, establishing and maintaining partnerships form the cornerstone of our mission statement. To this end, the entity engaged in partnerships with various stakeholders to facilitate skills development within the diverse sector. Amongst the high-level partnership to be highlighted is the National Tourism Careers Expo (NTCE) which was hosted in collaboration with the Department of Tourism and Gauteng Tourism Authority, representing the Gauteng Department of Economic Development, which promotes the importance of tourism in the development of the economy. Another key activity was the hosting of the Heritage Careers Expo to showcase the available careers within the Arts, Culture and Heritage sub-sector where the CATHSSETA partnered with the Department of Higher Education and Training (DHET) and six (6) other SETAs. This initiative also attracted some Higher Educational Institutions (HEIs) that offer courses relating to this sub-sector. Lastly, we are grateful as a SETA to have partnered with two (2) TVET colleges, namely Ekurhuleni West in Gauteng and Waterberg in Limpopo Province, to support two (2) learners that participated in the World Skills Competitions held in Lucerne, Switzerland, in October 2022. These learners competed in the categories of cooking and restaurant services. Although the learners did not receive medals, we applaud them for the performance displayed considering the countries that they competed against.

During the year under review, the SETA experienced various challenges that negatively impacted the delivery of its services, such as the reluctance of the employers to make available workplaces for learners to gain practical experience. We also saw a low rate of absorption of learners post the expiry of the period for learnerships and internships. In addition, there is a large number of constituent members who fall below the threshold of levy payers, hence they do not submit Workplace Skills Plans (WSP) and Annual Training Reports (ATRs). This makes it difficult for the SETA to understand their training needs and introduce tailor-made interventions for these constituent members.

In the period under review, the SETA conducted a Mid-Term Review that focused on measuring progress made in the implementation of the Strategic Plan (SP) for the 2020/21 to 2024/25 financial years. The findings of this study will assist the SETA to develop a SP for the next Medium Term Strategic Framework (MTSF) period, which is aligned with the electoral cycle and the Government's five-year plan. It is the SETA's wish to focus on sustainable jobs rather than temporary interventions that do not directly contribute towards eradicating poverty and unemployment. This requires a change in mindset when the determination of the allocation of the Discretionary Grant (DG) is done. Instead of allocating small amounts of money to many SMMEs, the SETA would explore the possibility of partnering with large employers who commit to absorbing learners post the learning contract period and also focus on developing entrepreneurs.

We are grateful to have maintained the unqualified audit opinion, which shows that there is continuous improvement in the management of the allocated resources and internal controls. We still desire to reach the level of a clean audit before the end of the term of office of this Accounting Authority (AA).



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In conclusion, on behalf of the AA, I would like to express my gratitude to the Honourable Minister for providing political support and strategic direction to the entity. Appreciation is also extended to the DHET, under the leadership of the Director-General, the CATHSSETA's governance structures and all our stakeholders for their unwavering support. Lastly, my appreciation goes to the CEO, Management, and Staff of the CATHSSETA for their dedication and commitment to improving the performance of the organisation.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a thin horizontal line.

**Mr David Themba Ndhlovu**

**Accounting Authority Chairperson**

**Date: 31 August 2023**



#### 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The past financial year has seen the country emerge out of the COVID-19 lockdown with all the travel restrictions lifted to enable full operation of the economy. All the sub-sectors continued with operations at full strength albeit with reduced capacity as a result of permanent closure or loss of income, which resulted in retrenchments.

Section 14 of the Skills Development Act no.97 of 1998 (SDA), as amended, states that a SETA is financed from various sources other than the levies that are collected via the South African Revenue Service (SARS).



Mr Marks Thibela

CHIEF EXECUTIVE OFFICER

The entity has realised an increase in revenue of over R90 million, which can be attributed to new levy payers complying with relevant provisions of the Skills Development Levies Act of 1999, which compels them to pay the 1% and also submit the WSP and ATR. Secondly, the National Treasury compels public entities to invest their funds and earn better interest as compared to using commercial banks.

During the reporting period, the entity's revised budget was R897.2 million and the actual expenditure was at R278.1 million. As at year-end, the entity recorded additional revenue of R92,2 million which is attributed to the lifting of the lockdown in April 2022, new levy payers coming into the system and levy payers that moved from other SETAs to join the CATHSSETA. Consequently, a request will be submitted to the Executive Authority in terms of the Treasury Regulations, 2005 to retain surplus funds in the new financial year, so that the entity could embark on the massification of skills development initiatives. It is important to note that the increase in revenue does not automatically imply that the entity has addressed the challenges of curbing the 10,5% administration cost at the set threshold. Hence, the drive to find ways of cutting costs in non-core areas continued.

Furthermore, the entity improved its internal controls to ensure that compliance with legislative prescripts was achieved in the areas of Supply Chain Management systems and the management of Discretionary and Mandatory Grants processes. As a result, various policies and Standard Operating Procedures (SOPs) were either developed and revised, and approved to ensure continued business operations and adequate response to changing circumstances.

As a result, various policies and Standard Operating Procedures (SOPs) were either developed, revised and approved to ensure continued business operations and adequate response to changing circumstances.

With regard to the performance of the entity's predetermined performance targets as contained in the Annual Performance Plan (APP), we achieved 48 out of 52 performance targets which translates to 92% audited performance. This is an improvement of 3% as compared to 89% in the previous year. It is important to note that in the prior year, there were only 35 performance targets as compared to 52 during the reporting period. Out of these 52 targets, 39 of them fall under the core business where we achieved 38 and only missed one (1). Therefore, our achievement in the core business of the entity is nearly 100% and we hope to maintain the momentum in the new financial year.





The entity is mandated in terms of the SDA and its Regulations to facilitate skills development throughout the country through the implementation of the DG and MG policies. In order to keep in touch with technological advancement in the implementation of the DG and MG processes, the entity used the Enterprise Resource Plan (ERP) system to transact and enable the stakeholders to reach us from wherever they are instead of submitting voluminous hard copies. Although the system had its teething challenges, we did not experience a situation where stakeholders had to completely abandon it and resort to manual submission of documentation. A process of reviewing the efficacy of the ERP system has commenced and we hope that the benchmarking exercise being undertaken will provide useful information that will inform our decision-making. The key focus is the functionality and cost-effectiveness of an Information and Communication Technology (ICT) system moving towards 4IR.

The Minister of Higher Education, Science and Innovation approved the Economic Reconstruction and Recovery Plan Skills Strategy (ERRPSS) for the PSET sector which is the direct response to the Government's ERRP that was launched in October 2020. The entity implemented three (3) specific programmes in support of the ERRPSS in the form of the Chef Artisan Development Plan, Work Integrated Learning (WIL) and supporting the missing middle students who pursue studies relating to the six (6) subsectors at various Universities, Universities of Technology and the Technical and Vocational Education and Training (TVET). These three (3) interventions saw the entity supporting 334 learners who are pursuing the Chef qualification running over three years, bringing back 71 learners out of the 109 who were previously sent to China to acquire practical work experience for a period of 12 months and needed additional six (6) months to comply with the requirements to obtain the National N-Diploma at the TVET colleges. Lastly, a total of 396 students whose parents earn above the minimum threshold set by the NSFAS to access financial support to study in any public institution of higher learning were assisted. These funds were administered through the NSFAS as the implementing agent.

With regard to the operational challenges, the ERP system continues to disadvantage the entity from completely moving away from manual processes to automation, as it was envisaged. Processes are under way to find a permanent solution as we cannot maintain the manual process that required additional human resources. Another challenge relates to salary disparity which has a knock-on effect on labour turnover. The entity commenced with the process of revisiting the job grading and remuneration that were introduced during the 2020/21 financial year as part of the organisational realignment. The implementation of the outcome of this process will improve staff morale and bring the remuneration on par with other SETAs of similar size.

Regarding audit-related matters, the SETA developed a Post-Audit Action Plan to address deficiencies that were identified. We are glad to report that we completed 13 out of 14 activities which represent 93% of the Action Plan being implemented. Only one (1) intervention was not completed.

In conclusion, I want to thank the members of the Accounting Authority and other governance committees for the oversight and leadership provided to the entity. Appreciation also goes to the DHET and its Executive Authority, as our shareholder, for providing guidance and strategic direction on various governance and policy-related matters, various PSET institutions, as well as all stakeholders within the skills development fraternity. Lastly, I would like to thank the CATHSSETA Management and Staff for the continued commitment and sterling work displayed during the reporting period.

**Mr Marks Thibela**  
**Chief Executive Officer**  
**Date: 31 August 2023**



## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

- 5.1 To the best of my knowledge and belief, I confirm the following:
- 5.2 All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements and Annual Performance Information audited by the Auditor-General.
- 5.3 The Annual Report is complete, accurate and free from any deliberate omissions.
- 5.4 The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- 5.5 The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity. The annual performance information has been prepared in accordance with the National Treasury Guidelines for performance information.
- 5.6 The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgment made in this information.
- 5.7 The Accounting Authority is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- 5.8 The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- 5.9 In our opinion, the Annual Report fairly reflects the operations, governance information, performance information, human resources information and financial affairs of the public entity for the financial year that ended on 31 March 2023.

Yours faithfully

A handwritten signature in black ink, appearing to be 'D. Ndhlovu', written over a horizontal line.

**Mr David Themba Ndhlovu**  
**Accounting Authority Chairperson**





## 6. STRATEGIC OVERVIEW

### 6.1. Vision

Skills needs met in each sub-sector to drive economic growth by 2030

### 6.2. Mission

To facilitate skills development through strategic partnerships for CATHSSETA to contribute to economic growth.

### 6.3. Values

**Table 1: CATHSSETA Values**

VALUE	WHAT IT MEANS
<b>Service Excellence</b>	<ul style="list-style-type: none"><li>• To understand stakeholder needs, and to respond timeously, efficiently and effectively to stakeholder queries and requests;</li><li>• To display an image of professionalism and accountability; and</li><li>• To drive quality and high performance.</li></ul>
<b>Accessibility</b>	<ul style="list-style-type: none"><li>• To develop and promote skills development programmes in order to ensure equal access to opportunities for all;</li><li>• To develop skills development programmes aimed at improving opportunities for people in rural areas; and</li><li>• To ensure that, upon request, conversations, documentation and publications are translated into the prominent languages of the specific geographical areas.</li></ul>
<b>Fairness and Transparency</b>	<ul style="list-style-type: none"><li>• To conduct its operational business without fear or favour;</li><li>• All providers feel confident that their bids are given adequate consideration and evaluated professionally;</li><li>• Stakeholders are entitled to believe that nothing is hidden and that there are no undeclared implications and intentions; and</li><li>• Every practice of the CATHSSETA is out in the open for all to see, subject to ethical conduct and legal boundaries.</li></ul>



VALUE	WHAT IT MEANS
<b>Accountability</b>	<ul style="list-style-type: none"><li>• The acceptance of our responsibility and obligation towards the public for CATHSSETA's services;</li><li>• To follow the legal prescripts for reporting to the Department of Higher Education and Training, the Executive Authority, Parliament and the public;</li><li>• To provide honest, reliable and truthful reporting in respect of performance, concerning plans and financial performance; and</li><li>• Research-based Monitoring and Evaluation.</li></ul>
<b>Respect</b>	<ul style="list-style-type: none"><li>• Every stakeholder experiences a human relationship with CATHSSETA employees;</li><li>• All providers feel confident that their bids are given adequate consideration and evaluated professionally;</li><li>• Their self-worth is not eroded or negatively impacted by CATHSSETA employees' conduct or actions; and</li><li>• CATHSSETA staff practices humility in its engagement with stakeholders.</li></ul>
<b>Integrity</b>	<ul style="list-style-type: none"><li>• To build partnerships with relevant government departments, public and private training providers and organisations; and</li><li>• To offer quality education and skills development opportunities and experiences to learners, in order to ensure ultimate employability as well as to reduce inequality in the sector.</li></ul>
<b>Stakeholder orientation</b>	<ul style="list-style-type: none"><li>• To build partnerships with relevant government departments public and private training providers and organisations.</li><li>• To offer quality education and skills development opportunities and experiences to learners to ensure ultimate employability and reduce inequality in the sector.</li></ul>



## 7. LEGISLATIVE AND OTHER MANDATES

CATHSSETA is a statutory body established through the Skills Development Act No.97 of 1998, as amended (SDA). It is a Schedule 3A listed public entity in terms of the Public Finance Management Act No. 1 of 1999, as amended (PFMA), and is accountable to the National Department of Higher Education and Training (DHET). CATHSSETA conducts its activities within the following six sub-sectors:

1. Arts, Culture and Heritage;
2. Conservation;
3. Gaming and Lotteries;
4. Hospitality;
5. Sport, Recreation and Fitness; and
6. Tourism and Travel Services.

Within these sub-sectors, CATHSSETA's responsibility is to:

- Develop a Sector Skills Plan (SSP) within the framework of the NSDP;
- Implement the (SSP);
- Support and administer learning programmes;
- Conduct quality assurance on learning in line with Quality Council for Trades and Occupations (QCTO) requirements;
- Disburse levies collected from employers in our sub-sectors in terms of the Skills Development Levies Act No. 9 of 1999 (SDLA)
- Support the implementation of the National Qualifications Framework (NQF);
- Quality assures learning interventions; and
- Report to the Minister of Higher Education, Science and Innovation and the South African Qualifications Authority (SAQA).

### 7.1. Constitutional mandate

7.1.1 Section 29 of the Constitution provides all South Africans with the right to education. It states that everyone has the right to:

- Basic education, including adult basic education; and
- Further education, which the State, through reasonable measures, must make progressively available and accessible

7.1.2 In giving effect to this right, CATHSSETA must develop credible SSP and Strategic Plans (SPs) that guide the implementation of various skills development programmes within its diverse sector.



## 7.2. Legislative mandate

**Table 2:** Legislation guiding CATHSSETA's work

LEGISLATION or REGULATIONS	PURPOSE
<b>Skills Development Act (Act No, 97 of 1998), as amended (SDA)</b>	This is the founding Act that gives effect to the establishment and functioning of the SETAs. The Act outlines the legislative mandate of the SETAs and gives rise to the development of the SSP within which industry-supported learning programmes are implemented to upskill the workforce and improve labour productivity. The Act further compels the SETA to conclude a Service Level Agreement (SLA) with DHET that provides the basis on which the Shareholder will monitor the performance of the SETA. The roles and responsibilities of the SETA, as well as its funding mechanisms, are clearly outlined in this Act. Various arrangements are contained in this Act to support the effective implementation of skills development.
<b>Skills Development Levies Act No. 9 of 1999 as amended (SDLA)</b>	The Act makes provision for the collection of skills development levies and distribution. The SDLA prescribes how the skills levies are collected through the South African Revenue Service (SARS) and the way they are apportioned into the account of the National Skills Funds (NSF), then directed to the SETAs. It further stipulates the portion that is transferred to QCTO, and the way the SETAs use the funds, as provided for in the SDA and accompanying SETA Grant Regulations that were promulgated in 2012.
<b>The SETA Grant Regulations, 2012</b>	Grant Regulations are drawn from the SDA. They regulate the use of monies received by the SETA and the processes for disbursement of such monies. In the disbursement of these monies, the SETA must set out the output and targets in the APP and demonstrate how it will achieve the objectives of the SSP and the NSDP.
<b>National Qualifications Framework Act No. 67 of 2008 (NQFA)</b>	The NQFA provides for the establishment of the National Qualifications Framework. Its objectives are: (i) to create a single integrated national framework for learner achievement, facilitate access, mobility and progression within the education, training and career paths; (ii) to enhance the quality of education and training; and (iii) to accelerate the redress of past, unfair discrimination in education, training and employment opportunities. In contributing to the said objectives, CATHSSETA supports its sector through the allocation of 80% of its Discretionary Grant to implement various learning programmes that are aligned with the NQF.
<b>Public Finance Management Act No. 1 of 1999 as amended (PFMA)</b>	The objective of the PFMA is to ensure effective, efficient, and economical management of all public resources allocated to a public institution. The PFMA provides for the classification of public entities into various schedules. The twenty-one (21) SETAs are classified as Schedule 3A National Public Entities. The Act also designates the Board of a SETA as an Accounting Authority. The Minister in turn is designated as the Executive Authority.



LEGISLATION or REGULATIONS	PURPOSE
<p><b>Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended (B-BBEE)</b></p>	<p>The Act introduced amendments to Code Series 300, Statement 300, namely, the “General Principles for Measuring Skills Development”. These principles prescribe compliance targets and weighting points to be claimed by measured entities. The measured entities should demonstrate the expenditure incurred in training black people on various listed learning interventions. The Code determines that the Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved will constitute the criteria for Measured Entities to receive points towards their BEE scorecards.</p>
<p><b>Preferential Procurement Policy Framework Act No.5 of 2002, as amended (PPPFA)</b></p>	<p>The purpose of this Act is to give effect to Section 217 of the Constitution, which requires that contracting for goods or services by state institutions be done in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. The Act further outlines the processes for procuring goods or services, below and above R1 000 000, as well as determining the preference points system in the awarding of bids. In line with this legislation, CATHSSETA has a Policy on Supply Chain Management which guides the procurement of goods and services of any value.</p>
<p><b>Basic Conditions of Employment Act No. 75 of 1997 as amended: (BCEA): Sectoral Determination No. 5: Learnerships</b></p>	<p>The Act provides for Sectoral Determination No. 5 which establishes binding conditions of employment and rates of allowances for learners. As such, CATHSSETA should comply with the Sectoral Determination for any learning programme agreements that it enters into.</p>
<p><b>Employment Equity Act No. 55 of 1998, as amended (EEA)</b></p>	<p>The purpose of this Act is to achieve equity in the workplace by: (i) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and (ii) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and at all levels in the workplace. CATHSSETA will ensure that the allocation of funds to various learning programmes promotes equity and fairness. The SETA will, in accordance with section 30 of the Act, implement an Employment Equity Plan to promote equality in the workplace.</p>
<p><b>Labour Relations Act No. 66 of 1995, as amended (LRA)</b></p>	<p>The Act gives effect to section 23 of the Constitution, which states that everyone has the right to fair labour relations. The purpose of this Act is to advance economic development, social justice, labour peace and the democratisation of the workplace. Both employer and employee rights, during an employment relationship between parties, are guaranteed through this Act. The SETA will always respect the existing collective bargaining processes, endeavour to maintain smooth relations between employer and employee organisations and, ensure that all disciplinary and grievance-related processes adhere to the provisions of this Act.</p>

**LEGISLATION or REGULATIONS****PURPOSE****Promotion of Access to Information Act No. 20 of 2000, as amended (PAIA)**

This Act gives effect to the constitutional right of access to any information held by the State and any information held by another person, which is required for the exercise or protection of any rights, as well as to provide for matters connected therewith. The Act designates the head of a public institution as an Information Officer (IO), who is required to develop and publish a PAIA Manual to regulate requests for information held by any public and private institution. The SETA will ensure that the PAIA Manual is developed and implemented, and that the IO designates a Deputy Information Officer (DIO).

**Protection of Personal Information Act No. 4 of 2013 (POPIA)**

The purpose of this Act is: (a) to give effect to the constitutional right to privacy, by safeguarding personal information when processed by a responsible party, subject to justifiable limitations that are aimed at: (i) balancing the right to privacy against other rights, particularly the right of access to information; and (ii) protecting important interests, including the free flow of information within the Republic and across international borders; (b) to regulate how personal information may be processed, by establishing conditions, in harmony with international standards, that prescribe the minimum threshold requirements for the lawful processing of personal information; and (c) to provide persons with rights and remedies to protect their personal information from processing that is not in accordance with this Act.

The Act further regulates security measures on the integrity and confidentiality of personal information kept by any public and private bodies. Every public and private body must ensure that personal information in its possession or under its control is protected, by taking appropriate, reasonable technical and organisational measures to prevent: (a) loss of, damage to, or unauthorised destruction of personal information; and (b) unlawful access to, or the processing of personal information. The SETA will ensure that all personal records in its possession are safeguarded and that the CATHSSETA Information Management System is implemented.



## 7.3. Policy Mandates

The above legislation is supported by the following policy directives:

**Table 3: Policy directives**

Policy	PURPOSE
<b>National Development Plan, 2030 (NDP)</b>	<p>The NDP identifies skills development and education as a catalyst for economic development and growth. The NDP correctly positions skills development and education as a necessity for the empowerment of people. Education must enable people to define their identity, take control of their own lives, raise healthy families and play a meaningful role in broader societal development.</p> <p>The NDP acknowledges that education, training and innovation are not the only solutions to our common national problems. Rather, education is critical in building the country's national capacity to solve the problems. Addressing our national training and educational expectations requires harnessing the capacity of different provider institutions so that they can be effective in delivering on their respective mandates.</p>
<b>National Skills Development Plan, 2030 (NSDP)</b>	<p>The NSDP aims to ensure that the country has adequate and high-quality skills that contribute to economic growth, employment creation and social development. The Plan came into effect from 1 April 2020 and outlines key objectives for skills development. The Plan also provides performance indicators against which SETAs must perform from 2020 and beyond.</p>
<b>National Human Resource Development Strategy of South Africa 2010-2030 (NHRDSSA)</b>	<p>The primary goal of the NHRDSSA is to contribute to human development in the country. The strategic priorities and interventions that make up the strategy are explicitly designed to address critical skills' challenges to promote socio-economic growth and development in the country. The document also sets out collective commitments for all sectors of society. CATHSSETA as a leading authority in the area of skills development within its sector, is committed to realising the outcomes of the NHRDSSA, as outlined in Table 1 below.</p>
<b>White Paper on Post-School Education and Training, 2013 (WPPSET)</b>	<p>The White Paper provides a vision for a single, coherent, differentiated and highly articulated post-school education and training system that contributes to the country's fight against structural challenges facing our society by expanding access to education and training opportunities and increasing equity, as well as achieving high levels of excellence and innovation.</p>



### 7.3. Policy Mandates

The above legislation is supported by the following policy directives:

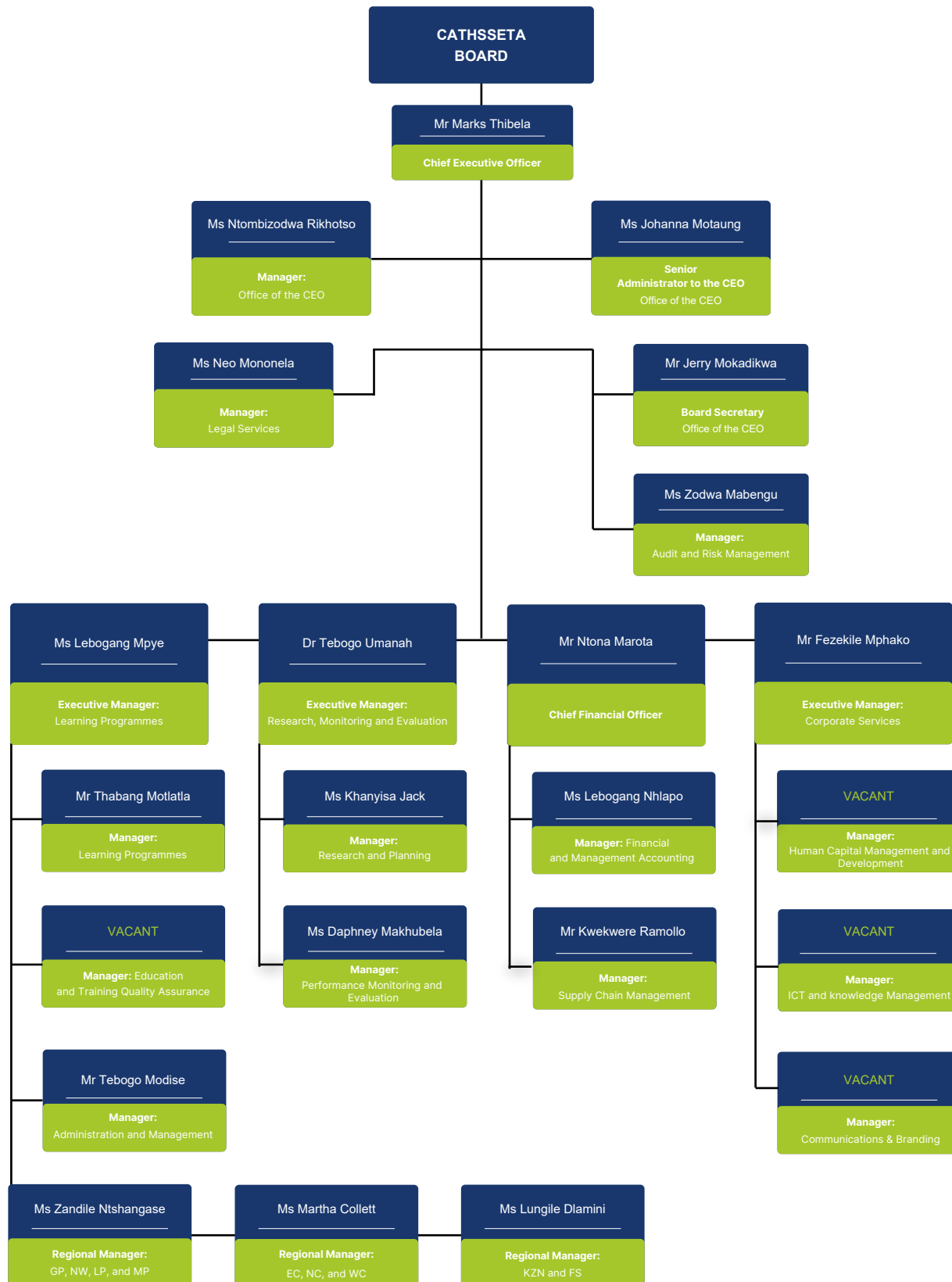
**Table 3: Policy directives**

Policy	PURPOSE
<b>Minister of Higher Education, Science and Innovation's Budget Vote Speech of 2022</b>	The Minister of Higher Education, Science and Innovation, Honourable Dr Bonginkosi Emmanuel Nzimande, stated in his Budget Vote Speech delivered in May 2022, that the Department of Higher Education and Training is currently reviewing the five-year enrolment plan for Community Education and Training (CET) Colleges, and that CET Colleges will offer entrepreneurship and digital skills programmes in addition to academic, skills and occupational programmes already on offer. The Minister also highlighted measures to ensure that a percentage of the SETA Discretionary Grant funding is committed to CET Colleges including providing some of their training programmes. Furthermore, CETs will also broaden the scope of their partnerships with other government departments and community organisations such as faith-based organisations, in order to increase access to skills programmes.
<b>Economic Reconstruction and Recovery Plan (ERRP), 2020</b>	The South African government promulgated the ERRP to directly respond to the immediate negative impact the COVID-19 Pandemic has presented to the South African economy. The Plan sets out a reconstruction and recovery plan for the South African economy, aimed at stimulating equitable and inclusive growth. Skills development is highlighted as one of the key enablers for the successful implementation and realisation of the Plan. The ERRP also highlights the need to contribute to the prevention of job losses through the expansion of reskilling and retraining of workers.
<b>Economic Reconstruction and Recovery Plan Skills Strategy (ERRPSS)</b>	The ERSS lays out a set of core interventions to ensure effective implementation of the ERRP in the context of skills development. The focus is on enabling a larger number of people to acquire the necessary skills to ensure that they can be absorbed into high-potential growth sectors in the labour market. Given the urgency to mitigate the effects of COVID-19 on the sector, the updated 2020/2021 - 2024/2025 SSP identified the ERRPSS as a key strategic priority and CATHSSETA has aligned its SP to the priority interventions and related actions which will be implemented through the APP.





## 8. ORGANISATIONAL STRUCTURE





## Executive Management Team



Chief Executive Officer  
Mr Marks Thibela



Chief Financial Officer  
Mr Ntona Marota



Executive Manager:  
Research, Monitoring & Evaluation  
Dr Tebogo Umanah



Executive Manager:  
Corporate Services  
Mr Fezekile Mphako



Executive Manager:  
Learning Programmes  
Ms Lebogang Mpye





**PART B:**  
PERFORMANCE  
INFORMATION



## 1. AUDITOR-GENERAL'S REPORT ON PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the management report, with material findings being reported under the Predetermined Objectives heading.

(Refer to Part E of the report).

## 2. OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

### 2.1. Service Delivery Environment

#### 2.1.1. Success of the Sector

The various CATHSSETA subsectors have realised growth during the period under review. For instance, the Parliamentary Monitoring Group (2022) estimates that the Arts, Culture, and Heritage subsector contributed R161 billion, or 2,97%, to South Africa's Gross Domestic Product (GDP). The country also has a robust network of galleries, museums and art festivals that provide a venue for regional artists to display their work and forge connections with collectors. In the conservation subsector, the introduction of innovative technologies such as drones, and satellite tracking systems has improved the monitoring and management of protected areas. This translates to new and emerging occupations in the sector, such as conservation technologists (World Wildlife 2021). The latest data from the National Gambling Board (NGB) on the other hand, showed that Gross Gaming Revenue (GGR) in the country went from R23,25 billion in 2021/22 to R34,43 billion in 2022/23 – a 48% increase. This increase shows that the gambling industry has not only recovered from the impact of the Covid-19 pandemic, but it has boomed over the past two years. In the tourism and travel services, the country's successful vaccination campaign has boosted confidence among travellers as the Minister of Tourism reported that in 2022, tourism's contributions to the country's GDP stood at 3,7%. The January to October 2022 data indicates that the sector recovered at 43% of pre-pandemic 2019 levels (Department of Tourism, 2022).

The CATHSSETA sector has played a crucial role in promoting cultural exchange between communities while also contributing significantly to job creation and economic growth in the country. The emergence of new occupations in the sector is also a positive outcome as they not only provide opportunities for individuals interested in the sector, but also contribute significantly to the sector's growth. They bring new skills, knowledge and expertise that can help address complex problems effectively. All the SETA sub-sectors have displayed signs of recovery from COVID-19. This is evident in the Skills Development Levy (SDL) received, which exceeds the budget for the year. We hope that as this trend continues, the SETA will reach SDL recoveries that we realised before the COVID-19 pandemic dawned on us.

CATHSSETA participated in the WorldSkills competition, which is a ministerial project under the DHET, held in Switzerland in October 2022. This is in response to the National Development Plan (NDP) which prescribes that the national government should produce 30 000 Artisans by the year 2030 and the years 2014-2024 being declared as the Decade of the Artisan by the Minister of Higher Education, Science and Technology. The objective of the competition was to inspire young people to develop a passion for skills and pursue excellence, through competitions and promotions. It aims to develop skills through global training standards, benchmarking systems and enhancing industry engagement. Thirty competitors from 30 countries participated in the cooking competition. Twenty-one competitors from 21 countries participated in the restaurant services. CATHSSETA funded two learners who participated in the competition and they raised the South African flag high, and the results were as follows: Cooking: 683 and Restaurant Services: 644



### 2.1.2. Challenges faced by the Sector.

The South African economy has had a bright start in 2022, with real GDP growth hitting 4,9% due to a combination of factors including strong commodity prices, the lifting of COVID-19 restrictions and base effects. However, the country's economic momentum was quickly disrupted by a series of devastation. Devastating floods in KZN and electrical supply difficulties stifled industrial output and confidence across the board, while the Ukraine war exacerbated price pressures. According to PwC, power outages induced by load shedding lowered the country's potential real GDP growth by five percentage points, resulting in a loss of about 600 000 potential employment. In response, the government proposed a new energy plan in July 2022 to alleviate the power issue in the medium term, however, the country's GDP still experienced a decline of 1.3% in the first quarter of 2023 (CATHSSETA Sector Skills Plan 2022).

The composition of the sector shows that most entities (97%) are small (0-49), indicating that there is a need to support and prioritise SMME development in the sector. Literature and the SMME Track and Tracer study commissioned by CATHSSETA during the year under review has revealed that South Africa has one of the lowest creation rates of successful SMMEs due to numerous factors which include but are not limited to insufficient access to funding, low awareness of opportunities and lack of market access.

As part of the objectives of the above-mentioned study, CATHSSETA has developed an SMME strategy which focuses on three (3) primary strategic initiatives which are aimed at addressing SMME needs and challenges: 1) Upskill and Enable SMMEs, 2) Improve partnerships and collaboration with external organisations and 3) Improve ways of working within CATHSSETA. These strategic initiatives aim to create a supportive ecosystem that will enable the SMMEs in CATHSSETA's six (6) sub-sectors to contribute to sustainable economic growth.

Addressing the country's overall skills need provides a challenging task for SETAs to reduce the country's high unemployment rate, which Statistics South Africa (2022) estimates to be at 32,7%. A Learning Programs Track and Tracer study of beneficiaries from the 2019/20 to 2020/21 financial years found that a significant number of the respondents who participated in the study (56%) remained unemployed or did not find a job after the interventions. Only a mere 33% secured jobs post the completion of the training. Of the 33% who had employment opportunities, 66% of these jobs were short-term, without any guarantees. This is because casual and fixed-term contracts made the majority of the unsustainable jobs. Only 33% of the jobs made available were classified as full-time.

A CATHSSETA Fourth Industrial Revolution (4IR) Integrated Sector Skills Strategy and Plan (2023) considered the below constraints to the successful implementation of a 4IR strategy:

- Shortage of Entry Level Qualifications;
- Impact of an Under-Capacitated Labour Force;
- Budgetary Constraints Impacting the Development of 4IR Skills;
- Inequality and Low-income Distribution;
- Digital Divide; and
- Poor Access to 4IR in Rural Areas.



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CATHSSETA as part of the above-mentioned strategy will implement the below interventions:

- Identify 4IR skills in demand in the Sector Skills Plan (SSP) to ensure sub-sectors' needs are reflected, knowledge is disseminated and that planning for 4IR may commence;
- Invest in new training mechanisms that align with identified skills, as highlighted in the SSP;
- Introduce new or increase the current supply of 4IR and sub-sector-related qualifications, including in AI and VR for the Arts, Culture and Heritage sub-sector, and cloud computing and cyber security for Hospitality and Tourism and Travel Services sub-sectors, in partnership with industry and other stakeholders;
- Advocate for the development and provision of relevant 4IR and sub-sector qualifications with the private sector; and
- Engage with industry experts, TPs and HEIs and lobby for the development of 4IR interventions relevant to the CATHSSETA sub-sectors to facilitate the increased supply of 4IR learning interventions through traditional and non-traditional skills programmes as outlined above.

Finally, the growth of the sports economy faces various challenges, including limited access to funding and resources for sports development, infrastructure limitations, and low participation rates in certain sports. Despite these obstacles, the African continent has realised that sports activities offer an opportunity to diversify the economy and that the sports economy has the potential to contribute significantly to economic growth and job creation in the region. Currently, the sports industry in Africa represents only 0,5% of the continent's GDP, in contrast to 2% of the GDP in other parts of the world, indicating the untapped potential of the sports sector on the continent (French Development Agency, 2023).

### 2.1.3. Service Rendered

CATHSSETA conducted a Mid-Term review of its five-year Strategic Plan for the 2021/22 to 2024/25 period to ascertain the continued relevance of the strategy. The review shows that providing access to occupationally directed programmes has increased yearly. The 5-year target of 3209 was surpassed with the achievement of 4128 in the 2021/22 financial year. The study also found that the SETA was addressing occupational shortages and skills gaps through apprenticeships, learnerships, WIL and internships and Bursaries. Skills programmes is also an area of good performance, with the programme total achievement of 6931.

The SETA also implemented a WRP in 2021. The objective of the WRP was to provide learners with additional support to acquire knowledge and bridge the gap between public HEIs and the workplace. The WRP project was initiated in October 2021 in partnership with sector employers as host companies to enrol 450 learners from TVET Colleges and Universities and Universities of Technology (UoTs) from all nine (9) provinces. Learners were enrolled on the programme for six (6) weeks, where they were trained and mentored on developing the skills needed to be successful in the workplace and compete in the labour market. The project saw about 67 learners being absorbed into the workplace permanently after the completion of the WRP. Furthermore, 10 learners in Phuthaditjhaba registered their businesses, while another learner registered their own restaurant in Bloemfontein.

The SETA's performance against set targets relies on support from the public and private Higher Educational Institutions (HEIs). It is for this reason that the SETA has formed strategic partnerships with TVET Colleges and universities, which are critical for the success of the SETA. Accordingly, CATHSSETA has established strategic partnerships with nine (9) TVET Colleges and eight (8) universities. These partnerships are add-ons to an already existing partnership established in the previous years.



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Finally, CATHSSETA continues to partner with the NSFAS to increase the funds available for student loans and bursaries through the Scheme, particularly for the “missing middle” category of learners. The SETA awarded R22 774 400,00 to NSFAS for the provision of bursary funding to learners at various public institutions of higher learning. In this project, NSFAS is awarding bursaries to qualifying final year “missing middle” students studying for qualifications aligned to the sub-sectors of the CATHSSETA.

## 2.2. Organisational Environment

During the year under review, the entity continued with the implementation of the ERP system that is aimed at automating business processes and moving to digitisation. Instead of enabling the core business functions to be transacted online, as per the original intentions of the system, the entity resorted to manual processes from time to time to ensure business continuity. Although the implementation phase was in its second year, it has proven to be more problematic than being of assistance, especially in the malfunctioning of modules used by the core business units of the organisation. Consequently, we have embarked on a process of conducting a thorough assessment to determine its future usability and a decision will be made in the new financial year.

As part of improving our internal controls and making the environment conducive, several policies in various work streams were either reviewed or amended, whereas new ones were also developed. Key to these policies is the Remote Work Policy that enables employees to work in a hybrid manner and still perform their functions either virtually or in person. The impact of the implementation of the Organisational Realignment project became evident during the year under review as the entity experienced labour turnover as a result of salary disparities and high volume of work, which is contrary to the principle of equal pay for work of equal value. To remedy the situation, the entity appointed a service provider during the last quarter of the financial year to conduct job profiling, evaluation, grading and remuneration. The project will be undertaken and implemented in the next financial year. This will go a long way to address the continued staff complaints about the salaries offered by the entity as compared to their counterparts that are governed by the same enabling legislation and perform similar functions.

Although to a lesser extent than in the prior year, the SETA continued to be challenged on the payment of invoices within 30 calendar days as required by the PFMA. The root causes were mainly attributed to the inefficiencies of the business process, which are being attended to by Programme 1: Administration and Programme 3: Learning Programmes.

## 2.3. Key Policy Developments and Legislative Changes

The Quality Council for Trades and Occupations (QCTO) has taken a giant leap towards developing an Occupational Qualifications Sub-Framework Policy, 2021 (OQFS). Among others, the purpose of the OQFS is to provide occupational qualifications that can be credibly benchmarked against similar international occupational qualifications. The policy goes a long way in ensuring that education and training speak directly to the needs of both educational institutions and employers.

Employers will no longer be asked to grapple with specialist terminology embedded in the National Qualifications Framework (NQF), just to understand whether a candidate has the educational profile that fits the job. What is important in terms of the OQFS is structured educational pathways that allow for entry into further studies.



### 3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The AA conducted a strategic review process of the current strategic plan and the implementation thereof thus far, and a few improvement areas were identified and will be implemented in the remaining period of the MTSF. As a result of this exercise, the SETA revised its vision during the year under review to respond to the outcomes that are encapsulated in the NSDP, 2030. The revision of the vision ushered in new priority areas that have been identified by the AA for the remaining period of the MTSF. Notwithstanding, outcomes and outcome indicators will remain relevant and will be implemented over a medium period.

Key priorities to be carried out by the SETA during the post-COVID-19 recovery phase have been identified as a result of the impact statement for the SETA, which is a transformed and growing sector, with the requisite skills that respond to the needs of the South African economy. The CATHSSETA priorities, as set out in the SSP of 2022/23, are aimed at ensuring that the SETA reclaims its rightful leadership role within the sector and responds to the needs of vulnerable people, particularly the youth, women and people with disabilities. The impact statement will be evaluated in the last year of implementation through an impact evaluation study of 2020/21 - 2024/25 Strategic Plan

The strategic outcomes in the CATHSSETA SP have been aligned with the National Skills Development Plan, 2030 (NSDP) and seek to address 2020/21 – 2024/25 SSP priorities. Both the National Skills Development Plan (NSDP) and the 2020/21 – 2024/25 SSP took into consideration the National Development Plan, 2030 (NDP). The development of the strategic outcomes was guided by Seta's mandate as legislated, including policy framework and government priorities. Greater focus during the year under review was placed on improving performance monitoring and evaluation as well as ensuring maximum and institutionalised stakeholder participation in CATHSSETA's programmes.

As we have entered the third year of the current MTSF period, the CATHSSETA's Accounting Authority (AA) committed to ensuring that the SP is effectively implemented. It is for this reason that the impact statement is supported by eight (8) outcomes, within which outputs and performance targets are identified and implemented on an annual basis. The performance of the outcomes during the year under review is detailed below:

- 3.1. **Outcome 1:** An ethically sound, effective and efficient institution that delivers on its mandate. This outcome is supported by five (5) performance targets and three (3) of these targets were achieved, representing a 60% achievement.
- 3.2. **Outcome 2:** Increased production of occupations in demand. This outcome is supported by three (3) performance targets and all three (3) targets were achieved, representing a 100% achievement.
- 3.3. **Outcome 3:** Improved capacity within the CATHSSETA sub-sectors. This outcome is supported by one (1) performance target and the target has been achieved, representing a 100% achievement.
- 3.4. **Outcome 4:** Increased access to occupationally directed programmes within the sector. This outcome is supported by three (3) performance targets and all these targets were achieved, representing a 100% achievement.
- 3.5. **Outcome 5:** Increase in work-ready graduates. This outcome is supported by 20 performance targets and 19 of these targets were achieved, representing a 95% achievement.
- 3.6. **Outcome 6:** Effectiveness of the public college system. This outcome is supported by five (5) performance targets and all targets were achieved, representing a 100% achievement.
- 3.7. **Outcome 7:** Successful entrepreneurs and cooperative businesses within the CATHSSETA sub-sectors. This outcome is supported by two (2) performance targets and both targets have been achieved, representing a 100% achievement.
- 3.8. **Outcome 8:** Increased rural footprint. This outcome is supported by one (1) performance target and the target has been achieved, representing a 100% achievement.





## 4. INSTITUTIONAL PROGRAMME PERFORMANCE

### 4.1. Description of each Programme

CATHSSETA is comprised of four (4) budget programmes, namely, Programme 1: Administration, Programme 2: Skills Planning, Programme 3: Learning Programmes and Projects, and Programme 4: Quality Assurance. The programmes are discussed in detail below:

#### 4.1.1. Programme 1: Administration

To provide governance oversight, strategic management, sound financial and supply chain management capability, as well as corporate and administrative support. It comprises sub-programmes: Corporate Services, Finance, Governance and Communication and Branding.

#### Sub-programme 1.1: Corporate Services

To establish effective corporate service functions for CATHSSETA.

**Table 4: Sub-programme 1.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
An ethically sound, effective and efficient institution that delivers on its mandate.	1.1.1.1	% of employees that received training as per the approved training plan	50%	100%	60%	-40%	Inadequate planning for training and development of the Workplace Skills Plan
	1.1.1.2	% Achievement of the ICT strategy as per the implementation plan	75%	70%	63%	-7%	Inadequate capacity, planning and delay in the start of the implementation of the implementation plan



## Sub-programme 1.2: Finance

To ensure delivery of sound, efficient financial management and administrative support.

**Table 5: Sub-programme: 1.2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
An ethically sound, effective and efficient institution that delivers on its mandate	1.2.1.1	% Reduction in UIFW expenditure	0%	80%	52%	-28%	Irregular expenditure was reduced by 52% in the financial year. Most of the irregular expenditure incurred relates to contracts where non-compliance with legislative prescripts occurred in the previous years. Only two (2) instances of new irregular expenditure were incurred during the financial year under review. Only two instances of fruitless and wasteful expenditure have been incurred where one relates to fraudulent payment on a matter from the previous year, while the other relates to penalties on vehicle license renewals. Fruitless and wasteful expenditure was reduced by 66% in the financial year under review.



### Sub-programme 1.3: Governance

To promote good governance at CATHSSETA.

**Table 6: Sub-programme: 1.3: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
An ethically sound, effective and efficient institution that delivers on its mandate	1.3.1.1	# of governance reports submitted to DHET	4	4	4	0	N/A
	1.3.1.2	Achievement of risk maturity level in accordance with the Risk Management Framework	Level 2	Level 3	Level 3	0	N/A



### Sub-programme 1.4 Communications and Branding

To manage CATHSSETA's stakeholder relations internally and externally, and to strengthen CATHSSETA as a brand while managing the reputation of the organisation.

**Table 7: Sub-programme 1.4: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Increased rural footprint	1.4.1.1	# of career guidance interventions	18	16	28	12	More than anticipated career guide exhibitions were held based on the demand for CATHSSETA's service offerings

*\*Programme 1: Administration has a total number of 6 performance targets. A total of 3 performance targets were achieved, representing a 50% achievement.*



#### 4.1.2. Programme 2: Skills Planning

This programme ensures that research is conducted to inform planning, in order to provide information that informs decision-making, leading to the achievement of the predetermined strategic objectives of CATHSSETA.

##### Sub-programme 2.1: Research, Planning and Performance

To have decision-making that is informed by research and develops a well-researched SSP in line with the SSP Framework.

**Table 8: Sub-programme 2.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Improved capacity within the CATHSSETA sub-sectors	2.1.1.1	# of research and evaluation reports on skills capacity within the sector	50%	7	7	0	N/A

*\*Programme 2: Skills Planning has a total number of seven (7) performance targets. All performance targets were achieved, representing a 100% achievement.*

#### 4.1.3. Programme 3: Learning Programmes and Projects

This programme establishes partnerships and facilitates the delivery of skills development, and also provides support services for the Sector. This programme comprises three (3) sub-programmes namely, occupationally-directed programmes, special projects and mandatory grants which are discussed below:

##### Sub-programme 3.1: Occupationally-Directed Programmes

Flowing from the SSP, sub-programme 3.1 addresses the occupational shortages and skills gaps identified in the sector, by enrolling learners in professional, vocational, technical and academic learning programmes. The table below outlines the 2020/21 to 2024/25 CATHSSETA outcomes and outputs for addressing the strategic priority occupations list identified in the current SSP.

The outcomes that this sub-programme contributes to are listed below:

- Education linked to the workplace;
- Improved levels of skills in the South African workforce;
- Increased access to occupationally directed programmes within the sector; and
- Increased support for the growth of the public College system.

**Table 9: Sub-programme 3.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Work-based learning programme opportunities for the unemployed	3.1.1.1	# of unemployed learners entering learnership programmes	196	240	280	40	Overachievement is a result of the combination of strategic projects being implemented as a learnership unemployed programme.
	3.1.1.2	# of unemployed learners entering skills programmes	349	140	240	100	Overachievement is as a result of the combination of strategic projects being implemented as skills programmes.
	3.1.1.3	# of unemployed learners entering graduate internship programmes	189	313	313	0	N/A
	3.1.1.4	# unemployed learners entering TVET WIL (Internships N-diploma and National Certificate Vocational)	319	500	500	0	N/A
	3.1.1.5	# of unemployed learners entering Internship Category A	209	220	220	0	N/A
	3.1.1.6	# of unemployed learners completing learnership programmes	261	100	166	66	More learners met the completion requirements and were declared competent for completion reporting in the reporting period.



Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
	3.1.1.7	# of unemployed learners completing skills programmes	202	132	161	29	More learners met the completion requirements and were declared competent for completion reporting in the current financial year
	3.1.1.8	# of unemployed learners completing graduate internship programmes	111	109	121	12	More learners met the completion requirements and were declared competent for completion in the current financial year.
	3.1.1.9	# of unemployed learners completing TVET WIL (Internships N-diploma and National Certificate Vocational)	159	166	174	8	More learners met the completion requirements and were declared competent for completion reporting in the current financial year
	3.1.1.10	# of unemployed learners completing Internship Category A	136	132	137	5	More learners met the completion requirements and were declared competent for completion reporting in the current financial year

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Employees trained and supported through skills development interventions	3.1.2.1	# of employed learners entering LEARNERSHIP programmes	211	225	225	0	N/A
	3.1.2.2	# of employed learners entering SKILLS programmes	310	126	126	0	N/A
	3.1.2.3	# of employed learners entering BURSARY programmes	136	110	139	29	Overachievement is as a result of the combination of strategic projects being implemented as bursary for the employed emanating from the previous year.
	3.1.2.4	# of employed learners completing LEARNERSHIP programmes	127	132	156	24	More learners met the completion requirements and were declared competent for completion reporting in the current financial year
	3.1.2.5	# of employed learners completing SKILLS programmes	101	84	160	76	More learners met the completion requirements and were declared competent for completion reporting in the current financial year





Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
	3.1.2.6	# of employed learners completing BURSARY programmes	88	66	77	11	More learners met the completion requirements and were declared competent for completion reporting in the current financial year
Artisan produced	3.1.3.1	# of Learners entering the ARTISAN Development Programme, towards meeting the target of the NDP	263	251	251	0	N/A
	3.1.3.2	# of Learners completing the ARTISAN Development Programme, towards meeting the target of the NDP	*New Indicator	52	7	-45	Some of the completion requirements were not met at the end of March 2023.
Unemployed Learners in bursary Programmes	3.1.3.3	# of unemployed learners granted bursaries (entering and continuing)	553	128	135	7	Overachievement is due to the NSFAS partnership working well.
	3.1.3.4	# of unemployed learners granted bursaries completing	88	90	111	21	More learners met the completion requirements and were declared competent for completion reporting in the current financial year



Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Partnership projects implemented with sector employers and employers in rural communities and universities	3.1.3.5	# of University partnerships established	13	8	8	0	N/A
	3.1.3.6	# of SETA employer partnerships established	22	19	19	0	N/A
	3.1.3.7	# of rural community partnerships established	9	10	11	1	The target was overachieved due to increased demand for partnerships to reach the rural communities
Partnership projects implemented with TVET Colleges and Community Education and Training Colleges (CETs)	3.1.4.1	# of TVET partnerships established	10	9	9	0	N/A
	3.1.4.2	# of CET partnerships established	0	4	4	0	N/A
SETA offices established and operational in TVET Colleges	3.1.4.3	# of SETA offices established and operational in TVET Colleges	2	2	2	0	N/A

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Skills development programmes implemented with CETs	3.1.4.4	# of CET College lecturers developed through Skills Programmes	20	21	21	0	N/A
	3.1.4.5	# of CET learners accessing AET programmes	0	32	41	9	The target was overachieved due to the legacy projects that were completed during the reporting period

### Sub-programme 3.2: Special Projects

The purpose of these sub-programmes is to ensure that projects targeting transformation in the sector are implemented. This sub-programme contributes to two (2) outcomes which are transformational entrepreneurship and career development enabled and supported in the sector and improved levels of skills in the South African workforce.

**Table 10: Sub-programme 3.2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Successful entrepreneurs and cooperative businesses within the CATHSSETA sub-sectors	3.2.1.1	# of SMMEs supported through training interventions	96	121	121	0	N/A
	3.2.1.2	# of cooperatives, NGOs/NPOs/CBOs supported through skills training	9	10	10	0	N/A
	3.2.2.1	# of trade unions/federations supported with skills interventions through capacity-building interventions	0	4	6	2	Increased demand for skills development initiatives from the organised labour constituency



Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
	3.2.3.1	# of partnerships established for TVET Lecturer placements	*New Indicator	4	4	0	N/A

### Sub-programme 3.3: Mandatory and Discretionary Grants

To collect reliable employer data used in updating sector plans and ensure grant allocations are targeted at addressing occupations in demand in the sector.

**Table 11: Sub-programme 3.3: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Increased production of occupations in demand	3.3.1.1	Mandatory Grants approved	760	1134	1 135	1	The overachievement is a result of more levy payers submitting Workplace Skills Plans and Annual Training Reports.
	3.3.1.2	% of the Discretionary Grant budget allocated to develop high-level, intermediary and elementary occupations in high demand	*New Indicator	90% of the Pivotal Budget Allocated in signed contracts	91% of the Pivotal Budget Allocated in signed contracts	1%	Increase in participation and partnership towards implementation of Skills Development Initiatives

**\*Programme 3: Learning Programmes and Projects has a total number of 34 performance targets. A total of 33 performance targets were achieved, representing a 97% achievement.**



#### 4.1.4. Programme 4: Quality Assurance

The purpose of this programme is to build the provider capacity required to deliver priority skills for the sector, developing standards, accrediting providers, and quality-assuring learning.

##### Sub-programme 4.1: Quality Assurance

The sole purpose of this programme is to provide accreditation support to the sector and contributes to the outcome of increased support for the growth of the public college system.

**Table 12: Sub-programme 4.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Increased access to occupationally-directed programmes within the sector.	4.1.1.1	% of learner completion achievement reports or certificates issued	100%	100%	100%	0%	N/A
	4.1.1.2	# of reports on registered ETD practitioners	4	4	4	0	N/A
	4.1.1.3	# of reports on learning programme evaluation	4	4	4	0	N/A

##### Sub-programme 4.2: Qualification Development

The purpose of this programme is to provide quality assurance support services and also contribute to increased access to occupationally directed programmes within the sector.

**Table 13: Sub-programme 4.2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
Increased production of occupations in demand	4.2.1.1	# of occupational part or full qualifications reviewed or developed	13	13	13	0	N/A



### Sub-programme 4.3: Monitoring and Evaluation

The purpose of this sub-programme is to put in place monitoring, evaluation, reporting and learning plans, to measure progress towards the achievement of planned targets, and to use monitoring findings in order to improve performance, future planning and budgeting. The outcome that this sub-programme contributes to is an ethically sound, effective and efficient institution that delivers on its mandate.

**Table 15: Sub-programme 4.3: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	No.	Output Indicators	Audited Actual Achievement 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation	Comment on Deviation
An ethically sound, effective and efficient institution that delivers on its mandate	4.3.1.1	# of quarterly monitoring reports submitted to DHET	4	4	4	0	N/A

*\*Programme 4: Quality Assurance has a total number of five performance targets. A total of five performance targets were achieved, representing a 100% achievement.*



## 4.2. Linking Performance with Budget

**Table 16: Programme 1: Administration**

### 2022/23

Programme/activity/objective	Budget	Actual Expenditure	(Over) / underfunded Expenditure
	R'000	R'000	R'000
Sub-programme 1.1: Corporate Services	44 461	35 115	9 346
Sub-programme 1.2: Finance Services	13 241	15 045	(1 804)
Sub-programme 1.3: Office of the CEO and Governance	36 358	33 719	2 639
<b>TOTAL</b>	<b>94 060</b>	<b>83 879</b>	<b>10 181</b>

### 2021/22

Programme/activity/objective	Budget	Actual Expenditure	(Over) / underfunded Expenditure
	R'000	R'000	R'000
Sub-programme 1.1: Corporate Services	63 859	54 994	8 865
Sub-programme 1.2: Finance Services	15 897	13 463	2 434
Sub-programme 1.3: Office of the CEO and Governance	18 992	18 155	837
<b>TOTAL</b>	<b>98 748</b>	<b>86 612</b>	<b>12 136</b>

**Table 17: Programme 2: Skills Planning**

### 2022/23

Programme/activity/objective	Budget	Actual Expenditure	(Over) / underfunded Expenditure
	R'000	R'000	R'000
Sub-programme 2.1: Research, Planning and Performance	15 298	8 582	6 716
<b>TOTAL</b>	<b>15 298</b>	<b>8 582</b>	<b>6 716</b>

### 2021/22

Programme/activity/objective	Budget	Actual Expenditure	(Over) / underfunded Expenditure
	R'000	R'000	R'000
Sub-programme 2.1: Research, Planning and Performance	4 345	3 765	580
<b>TOTAL</b>	<b>4 345</b>	<b>3 765</b>	<b>580</b>



**Table 18: Programme 3: Learning Programmes and Projects**

**2022/23**

Programme/activity/objective	Budget	Actual Expenditure	(Over) / underfunded Expenditure
	R'000	R'000	R'000
Sub-programme 3.1: Discretionary Grant	670 322	101 747	568 575
Sub-programme 3.2: Special Projects	27 255	19 881	7 374
Sub-programme 3.3: Mandatory Grant	79 970	58 201	21 769
<b>TOTAL</b>	<b>777 547</b>	<b>179 829</b>	<b>597 718</b>

**2021/22**

Programme/activity/objective	Budget	Actual Expenditure	(Over) / underfunded Expenditure
	R'000	R'000	R'000
Sub-programme 3.1: Discretionary Grant	533 300	117 693	418 586
Sub-programme 3.2: Special Projects	20 956	6 082	16 286
Sub-programme 3.3: Mandatory Grant	65 667	46 438	19 230
<b>TOTAL</b>	<b>619 924</b>	<b>170 213</b>	<b>454 102</b>

**Table 19: Programme 4: Quality Assurance**

**2022/23**

Programme/activity/objective	BUDGET	Actual Expenditure	(Over) / underfunded Expenditure
	R'000	R'000	R'000
Sub-programme 4.1: Quality Assurance, Qualification Development	10 328	6 386	3 942
<b>TOTAL</b>	<b>10 328</b>	<b>6 386</b>	<b>3 942</b>

**2021/22**

Programme/activity/objective	BUDGET	Actual Expenditure	(Over) / underfunded Expenditure
	R'000	R'000	R'000
Sub-programme 4.1: Quality Assurance, Qualification Development	4 538	94	4 444
<b>TOTAL</b>	<b>4 538</b>	<b>94</b>	<b>4 444</b>





### 4.3. Strategies to Overcome Areas of Underperformance

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In order to address the shortcomings, the following strategies will be implemented:

#### 4.3.1. Non-achievement of the training of staff target

- Put in place systems, processes and structures to enable proper preparation of the workplace skills and implementation thereof.

#### 4.3.2. Achievement of the activities on the ICT Implementation Plan

- Appoint a service provider to assist with the assessment of the current ICT environment and implement interventions that will bring improvement in terms of the adequacy of the ICT governance, information security, architecture and infrastructure.

#### 4.3.3. Prevention of irregular and wasteful expenditure that occurred.

- Educate employees on the modus operandi of email hackers to avoid fruitless expenditure due to fraudsters who impersonate service providers;

#### 4.3.4. Completions for the Artisan Development

- The entity took a decision to cover the learners' expenses to undertake the trade test which was previously excluded and made it difficult for the learners to complete the programme. More learners will be encouraged to participate in the trade test and complete the programme.

### 4.4. Reporting on the institutional response to the COVID-19 Pandemic

The entity implemented the preventative health and safety measures in accordance with the Disaster Management Regulations that were published by the Minister of Cooperative Governance and Traditional Affairs. Internally, there was a COVID-19 Policy assisted the entity in responding effectively to the challenges posed by the pandemic and also introduced Remote Work Policy that was approved to guide the organisation of the rotation of staff coming to the office.



## 5. REVENUE COLLECTION

**Table 20: Revenue Collection**

### 2022/23

Sources of revenue	Estimate	Actual Collected	(Over) / Under Collecting
	R'000	R'000	R'000
Mandatory Grant	79 970	96 499	(16 529)
Discretionary Grant	202 147	238 553	(36 406)
Administration Grant	41 950	50 627	(8 677)
Government Levies	-	21 035	21 035)
SDL Penalties & Interest	20 923	5 179	15 744
Interest Received	11 063	37 301	(26 238)
Other Income	2 283	1 385	898
<b>TOTAL</b>	<b>358 336</b>	<b>450 579</b>	<b>(92 243)</b>

### 2021/22

Sources of revenue	Estimate	Actual Collected	(Over) / Under Collecting
	R'000	R'000	R'000
Mandatory Grant	65 668	78 482	(12 814)
Discretionary Grant	162 528	192 820	(30 292)
Administration Grant	34 476	40 987	(6 511)
Government Levies	-	21 896	(21 896)
SDL Penalties & Interest	-	6 630	(6 630)
Interest Received	14 733	18 920	(4 187)
Other Income	-	706	(706)
<b>TOTAL</b>	<b>277 405</b>	<b>360 440</b>	<b>(83 035)</b>



## 6. CAPITAL INVESTMENT

### 6.1. Capital Investment, Maintenance and Asset Management Plan

**Table 21:** Capital investment and asset management plan.

#### 2022/23

<b>Assets</b>	<b>Budget</b>	<b>Actual Expenditure</b>	<b>(Over) / Under Expenditure</b>
	R'000	R'000	R'000
Purchase of laptops	1 358	1 358	-
Furniture			-
<b>TOTAL</b>	<b>1 358</b>	<b>1 358</b>	<b>-</b>

#### 2021/22

<b>Assets</b>	<b>Budget</b>	<b>Actual Expenditure</b>	<b>(Over) / Under Expenditure</b>
	R'000	R'000	R'000
Purchase of laptops	1 037	1 037	-
Furniture	142	142	-
<b>TOTAL</b>	<b>1 179</b>	<b>1 179</b>	<b>-</b>

The CATHSSETA does not have any infrastructure projects and mainly procures movable assets as indicated in the table above.



**PART C:**  
GOVERNANCE



## 1. INTRODUCTION

CATHSSETA is established in terms of the SDA, which outlines its powers, functions and the composition of the Board of Directors. Other pieces of legislation guide the work of the SETA and prescribe corporate governance requirements that must be adhered to. The entity is classified in terms of the PFMA as Schedule 3A public entity. In terms of section 49 (1) of the PFMA, the Board is designated as the Accounting Authority of the SETA and is accountable for the efficient, effective and economic utilisation of all its resources.

## 2. PORTFOLIO COMMITTEES

The SETA primarily accounts to the National Assembly via the Portfolio Committee on Higher Education, Science and Innovation remains the main Committee, however, given the diverse nature of the sector, it may be invited to appear before other Portfolio Committees such as Tourism and also Sport, Arts and Culture. In addition, the SETA like any other public entity may also be summoned to appear before the Standing Committee on Public Accounts and other Committees of the National Council of Provinces (NCOP). During the period under review, CATHSSETA did not appear before any Committee.

## 3. EXECUTIVE AUTHORITY

The Executive Authority (EA) of the CATHSSETA is the Minister of Higher Education, Science and Innovation, who is empowered in terms of the SDA to appoint the members of the Board and determine their remuneration.

## 4. THE ACCOUNTING AUTHORITY

### 4.1. Introduction

CATHSSETA, in terms of section 11 of the SDA, consists of 15 members on its Board, who are appointed by the Minister and operate in a part-time capacity. The Board consists of the Chairperson, six (6) members from the Organised Labour Constituency, six (6) members from the Organised Employer Constituency and two (2) from Community Organisations or professional bodies of government departments that have vested interest.

As of 31 March 2023, the Board had 14 members and one (1) vacancy that occurred on 22 September 2022 as a result of a resignation. In terms of the approved Constitution of the SETA read in conjunction with the Standard Constitution which is promulgated by the Minister in terms of section 13 of the SDA, the Board delegated functions relating to the overseeing of the management of the entity to the Board Executive Committee and the day-to-day operational management to the CEO.



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## 4.2. The role of the Board

In terms of the approved Constitution of the SETA read in conjunction with the SDA, the Board fulfils the following responsibilities:

- govern and manage the CATHSSETA in accordance with the PFMA and any other applicable legislation;
- ensure that the CATHSSETA achieves the objectives contemplated in item 5 and performs the functions contemplated in item 6 of the Constitution;
- provide effective leadership to ensure that the CATHSSETA implements the goals of the NSDP;
- provide a strategic direction for the CATHSSETA;
- liaise with stakeholders;
- ensure that the CATHSSETA complies with the relevant statutory requirements of this Constitution;
- exercise the duty of utmost care to ensure reasonable protection of the assets and records of the CATHSSETA;
- act with fidelity, honesty, integrity and in the best interests of the CATHSSETA in managing the financial affairs of the SETA;
- on request, disclose to the Minister all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Minister;
- manage institutional risk;
- monitor the performance of the CATHSSETA; and
- ensure that its members and the members of the committees established by it, comply with the Code of Conduct set out in Annexure 2 of the Constitution.

## 4.3. Board Charter

The Board annually reviews and approves its Charter which defines its composition, roles and responsibilities, meeting attendance and proceedings. This Charter is derived from the SETA's Constitution that was updated and approved on 24 May 2019.

## 4.4. Composition of the Board


Table 22 provides information about the members of the Board.




# THE CATHSSETA BOARD




Mr David Themba  
Ndhlovu



Ms Ntombifuthi  
Maureen Nzuza




Mr Solomon  
Zawempi Mhlanga




Ms Sumayya  
Shanitha Khan



Ms Edith  
Margaret Tukakgomo




Mr Moses  
Motha




Mr Manene  
Tabane



Mr. Kennilworth  
Itumeleng Dichabe



Mr Khumbudzo  
Vincent Maumela



Ms Rachel  
Phiri




Mr Joseph  
Nkanyezi Ntuli



Ms Lesiroha  
Matshediso Lesutu



Mr Thulaganyo  
Gaoshubelwe



Mr Lesiba  
Richard Aphane



**Table 22: Members of the Board, their names, qualifications, area of expertise and roles**

Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
<b>1. Mr David Themba Ndhlovu</b>	Non-Executive Director and Board Chairperson	Independent	01 April 2020	N/A	Master of Education, Bachelor of Education, BAArts, International Executive Leadership Programme	Business Planning, Marketing Insurance, Business Administration	Board Member of the Dube Trade Port Corporation,	Executive Committee	13
<b>2. Mr Moses Motha</b>	Non-Executive Director and ordinary member	Organised Labour	26 March 2019 (Re-appointed)	N/A	Master of Linguistics, Bachelor of Education and Bachelor of Arts in Education	Human Resources Development, Education and Training Skills Development	None	Executive Committee, Governance and Strategy Committee	12
<b>3. Mr Solomon Zawempi Mhlanga</b>	Non-Executive Director and ordinary member	Organised Labour	01 April 2020	N/A	Certificate in Skills Development Facilitation Certificate in Labour Relations	Labour law, Human Resources Governance and Skills Development	None	Executive Committee, Finance & Remuneration Committee	12
<b>4. Mr Kennilworth Itumeleng Dichabe</b>	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	B-Proc degree, Diploma in Advanced Banking	Law, Banking, Business Development, Marketing and Communications	None	Executive Committee (EXCO)	10





Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
<b>5. Ms Edith Margaret Tukakgomo</b>	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	Master of Town and Regional Planning, Master of Environmental Development (only completed coursework), Bachelor of Social Science, several certificates in Executive and Finance Management	Corporate Governance, Policy Development and Financial Management	Board member at uTshani Fund from 2005	Executive Committee Finance and Remuneration Committee	13
<b>6. Ms Karen Ann Borain</b>	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	Diploma in Personnel Management, Diploma in Resource Management, Diploma in Hospitality Supervision, Certificate in Hotel and Industrial Catering and Professional Certified Coach	Skills development Executive Coaching Hospitality Industry Management	Non-Executive Director: School of Tourism and Hospitality, University of Johannesburg	Governance and Strategy Committee Audit and Risk Committee	5



Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
<b>7. Ms Sumayya Shanitha Khan</b>	Non-Executive Director and ordinary member	Organised Employer	26 March 2018 (Re-appointed)	N/A	Postgraduate Diploma in Education, Diploma in Sport Management. Certificate in Executive Development	Governance, strategy development, financial management	None	Governance and Strategy Committee	7
<b>8. Mr Khumbudzo Vincent Maumela</b>	Non-Executive Director and ordinary member	Community Organisation	01 April 2020	N/A	Postgraduate Diploma in Heritage and Museum Studies, Bachelor of Arts and Diploma in Education	Cultural Heritage Management and Administration, Conservation and Management of Immovable Cultural Heritage, Museum Management and Administration, Heritage Tourism Development, Heritage Resources Management	Chairperson: Provincial Heritage Resources Authority of Gauteng (PHRAG)	Finance and Remuneration Committee	13

Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
<b>9. Mr Thulaganyo Gaoshubelwe</b>	Non-Executive Director and ordinary member	Organised Labour	01 April 2020	N/A	Global Master of Sport Management, Diploma in Law, Certificate in Executive Programme in Sport Arbitration, Bachelor of Commerce, majored in Economics and Management, Certificate in Sport Law and Certificate in Project Management	Labour Relations Negotiation	Pholo Bokamoso, Masibambisane Foundation TBT Trading	Governance and Strategy Committee	13
<b>10. Ms Ntombifuthi Maureen Nzuza</b>	Non-Executive Director and ordinary member	Organised Labour	01 April 2020	N/A	Diploma in Gender and Labour Studies, Degree in Social Science, Postgraduate Certificate in Industrial Relations or Labour Law	Labour Relations	None	Audit and Risk Committee. Finance and Remuneration Committee;	13



Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
<b>11. Ms Lesiroha Matshediso Lesutu</b>	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	Certificate in Executive Development Programme, Certificate Programme in Purchasing Management and Certificate in Advanced Public Relations	Small Business Development, Organisational Development, Training (Supplier Development), Socio-Economic Development, Skills Development, Supply Chain Management	Board Member of the Ilembe Consortium	Finance and Remuneration committee	13
<b>12. Ms Rachel Phiri</b>	Non-Executive Director and ordinary member	Organised Employer	20 June 2022	N/A	Master of Business Administration, Postgraduate Certificate in Management, Bridging Certificate in Theory of Accounting	Financial management Travel Management	None	Audit and Risk Committee. Governance and Strategy Committee	10 – (Appointed on 20 June 2022)



Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
<b>13. Mr Nkanyezi Joseph Ntuli</b>	Non-Executive Director and ordinary member	Organised Labour	20 June 2022	N/A	Bachelor of Commerce in HR (still in progress) and Certificate of Completion in Labour Law	Labour Relations	Deputy Chairperson – Bargaining Council for Restaurants and Catering Johannesburg, Deputy Chairperson – Bargaining Council for Restaurants, Catering and Allied Trades, Director – BK and Nkanyezi Construction Projects.	Finance and Remuneration Committee	11 - Appointed on 20 June 2022)
<b>14. Mr Lesiba Richard Aphane</b>	Non-Executive Director and ordinary member	Organised Labour	20 June 2022	N/A	LLB degree still in progress	Labour Relations	Director - MASA Holdings (Pty) Ltd,	Governance and Strategy Committee	11 (Appointed on 20 June 2022)
<b>15. Mr Manene Tabane</b>	Non-Executive Director and ordinary member	Organised Community	20 June 2022	N/A	Diploma in Law, Diploma in Local government, LLB degree still in progress	Law	Steering Committee Member – NEDLAC	Governance and Strategy Committee	9 (Appointed on 20 June 2022)

*\* The meetings indicated above include the Board Strategic Session, Staff meeting with the Board and the CATHSSETA Annual General meeting.*

*\* Ms Karen Ann Borain Resigned from the Board on 22 September 2022*



## 4.5. COMMITTEES

The Board is supported in its functions and duties by the Executive Committee (Exco), the Finance and Remuneration Committee, the Audit and Risk Committee, the Finance Committee and the Governance and Strategy Committee, established in accordance with the SETA's Constitution.

### 4.5.1. Executive Committee

The function of the Executive Committee is to:

- oversee the management of the SETA;
- supervise the proper management of all financial matters;
- coordinate and supervise the implementation of the SETA's policies;
- monitor national policy issues and developments and must make recommendations regarding the adoption of policies by the SETA;
- monitor the relations and interactions of the SETA with other SETAs and agencies on matters relating to skills development;
- coordinate the functioning of committees, chambers and structures of the SETA and must monitor their activities to ensure that they act within the terms of any powers delegated to them by the Accounting Authority;
- oversee staff employment issues; and
- determine budgets and business plans.

**Table 23: Members of the Executive Committee**

Name of Member	Role in the Committee	Number of Meetings Held	Number of Meetings Attended
Mr David Themba Ndhlovu	Chairperson	10	10
Mr Moses Motha	Member	10	6
Ms Edith Margaret Tukakgomo	Member	10	10
Mr Kennilworth Itumeleng Dichabe	Member	10	4
Mr Solomon Zawempi Mhlanga	Member	10	9

*\*The meetings indicated above include the Board Strategic Session and the CATHSSETA Annual General Meeting.*



#### 4.5.2. Governance and Strategy Committee

The Governance and Strategy Committee performs the following functions:

- develop policies, principles, criteria and guidelines that are necessary for the governance and strategy functions of the SETA;
- promote good governance within the SETA;
- develop the skills development strategy for the sector; and
- oversee the implementation of good social and ethical practices in the organisation.

**Table 24: Members of the Governance and Strategy Committee**

Name of Member	Role in the Committee	Date Appointed	Number of Meetings Held	Number of Meetings Attended
1. Mr Thulaganyo Gaoshubelwe	Chairperson	04 May 2020	8	7
2. Ms Sumayya Shanitha Khan	Member	04 May 2020	8	6
3. Mr Moses Motha	Member	04 May 2020	8	7
4. Ms Karen Ann Borain	Member	21 August 2021	8	7- Resigned from the Board in September 2022.
5. Mr Manene Tabane	Member	15 July 2022	8	3 – Appointed on 20 June 2022
6. Ms Rachel Phiri	Member	01 January 2023	8	1 (Temporary replacement for Ms Borain until a new member is appointed to the Board)

*\*The meetings indicated above include the Board Strategic Session and the CATHSSETA Annual General meeting.*



### 4.5.3. Finance and Remuneration Committee

The Finance and Remuneration Committee performs the following functions:

- provide advice on any matter relating to remuneration to enable the Accounting Authority to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its members and staff to attract, motivate and retain talented people;
- evaluate and make recommendations to the AA in respect of the following issues relating to the remuneration of both the staff and the CEO of the SETA;
  - (i) develop guidelines and review the compensation and performance of staff members of the organisation;
  - (ii) reviewing and approving corporate goals that are relevant to the compensation of the CEO;
  - (iii) determining the CEO's compensation in accordance with applicable rules and regulations, and evaluating the CEO's performance against the goals and objectives;
  - (iv) reviewing and reassessing the adequacy of the remuneration policy annually and recommending changes, if any, to the Accounting Authority for approval; and
  - (v) ensuring that the Board and committee members' remuneration is in accordance with the requirements of the PFMA and the National Treasury Relations that relate to finance and the remuneration of those members.

**Table 25: Members of the Finance and Remuneration Committee**

Name of Member	Role in the Committee	Date Appointed	Date Resigned	Number of Meetings Held	Number of Meetings Held
1. Ms Lesiroha Matshediso Lesutu	Chairperson	04 May 2020	N/A	13	11
2. Mr Khumbuzo Vincent Maumela	Member	04 May 2020	N/A	13	8
3. Ms Ntombifuthi Maureen Nzuzo	Member	04 May 2020	N/A	13	11
4. Ms Bonani Portia Masenya*	Member	29 May 2020	N/A	13	11
5. Dr Azwitamisi Shadrack Nthangeni*	Member	29 May 2020	N/A	13	7
6. Ms Edith Margaret Tukagomo	Member	14 April 2022	N/A	13	13
7. Mr Zawempi Solomon Mhlanga	Member	14 April 2022	N/A	13	13
8. Mr Nkanyesi Joseph Ntuli	Member	15 July 2022	N/A	13	8 - Appointed on 20 June 2022

\* Ms Masenya and Dr Nthangeni are independent members and not part of the Board.

\* The meetings indicated above include the Board Strategic Session and the CATHSSETA's Annual General meeting.





#### 4.5.4. Audit and Risk Committee

The Audit and Risk Committee has been established to promote the effectiveness of risk management, control and governance processes within the organisation. The Audit and Risk Committee performs the following functions in accordance with the PFMA;

6.4.1. monitor and reinforce the effectiveness of both the internal control system and the internal audit function; and

6.4.2. review and make recommendations in respect of the following:

- (i) functioning and overall efficiency and effectiveness of the internal control system;
- (ii) functioning of the Internal Audit and Risk Management Unit;
- (iii) risk areas of the SETA, which are to be covered by the scope of internal and external audits;
- (iv) adequacy, reliability and accuracy of the financial information provided to the AA;
- (v) scope and results of the external audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors;
- (vi) cooperation and coordination between the internal and external audit functions, and their cooperation and coordination about the management of the SETA; and
- (vii) accounting or auditing concerns identified through internal and external audits and by the Auditor-General;
- (viii) adequacy and effectiveness of the risk management processes followed and the development, maintenance and enhancement of fraud-prevention plans;
- (ix) effectiveness of the system for monitoring compliance with laws, regulations and policies, and the results of management's investigation and follow-up action (including disciplinary action) of any instance of non-compliance; and
- (x) SETA's compliance with relevant legal and regulatory requirements and its Code of Conduct and the action taken to address any violations.



**Table 27: Members of the Audit and Risk Committee**

Name of Member	Role in the Committee	Qualifications	Internal or external	If the internal, position in the public entity	Date Appointed	Date Resigned	Number of Meetings Held	Number of Meetings Attended
1. Ms Noziphiwo Phumeza Lubanga	Independent Member and Chairperson	MBA, Postgraduate Diploma in General Management, Diploma in Chef in Culinary Arts, Postgraduate Diploma in Internal Auditing, Certificate Programme in Executive Development; BCom in Internal Auditing, Diploma: Internal Auditing, PIA; QAR	External	N/A	Re-appointed 01 October 2020	N/A	8	8
2. Ms Ntombifuthi Maureen Nzuzo	Board Member	Diploma in Gender and Labour studies, Degree in Social Science, Postgraduate Certificate in Industrial Relations Labour Law	Internal (Board Member)	N/A	04 May 2020	N/A	8	6
3. Ms Karen Ann Borain	Board Member	Diploma in Personnel Management, Diploma in Hospitality Supervision, Certificate in Hotel and Industrial Catering, Professional Certified Coach	Internal (Board Member)	N/A	26 November 2020	N/A	8	2- Resigned from the Committee
4. Ms Tshiamo Maluleka-Disemelo	Independent Member	MBA, Postgraduate Diploma in Internal Auditing, BTech degree in Internal Auditing and National Diploma in Internal Auditing	External	N/A	01 October 2020	N/A	8	6 Resigned from the Committee in Feb 2023.
5. Mr Sikhalo Welcome Matomela	Independent Member	Bachelor of Science (Honours) in Engineering and Technology Management, Master of Technology and Innovation Management	External	N/A	01 October 2020	N/A	8	8
6. Mr Andrew Walter Mashifane	Independent Member	Chartered Accountant (SA), B Comm (Acc), B Comm (Honours), Postgraduate Certificate in Advanced Taxation, Bachelor of Laws	External	N/A	01 October 2020	N/A	8	8



Name of Member	Role in the Committee	Qualifications	Internal or external	If the internal, position in the public entity	Date Appointed	Date Resigned	Number of Meetings Held	Number of Meetings Attended
7. Ms Rachel Phiri	Board Member	Master of Business Administration, Postgraduate Certificate in Management, Bridging Certificate in Theory of Accounting	Internal (Board Member)	N/A	15 July 2022	N/A	8	5

*\*The meetings indicated above include the Board Strategic Session and the CATHSSETA Annual General meeting.*



## 4.6. Remuneration of Board Members

The Members of the Board are remunerated for attendance at the meetings and events organised by the SETA. Members are also paid allowances for subsistence and travel whilst undertaking official duties for the SETA. The remuneration allowance payable to the Members is based on category “s” as determined by the Executive Authority of the CATHSSETA and the National Treasury guidelines. The remuneration details are illustrated in the table below.

**Table 28: Remuneration of Board Members**

Name	Audit & Risk Committee	FINREMCO	EXCO	Governance & Strategy Committee	ICT Committee	Board	Subsistence & Reimbursable Travel	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mr. T. Ndhlovu	-	3470	82 672	-	-	149 285	24 155	259 582
Ms. N. Lubanga	75 064	-	37 109	-	-	83 771	281	196 225
Mr. M. Motha	-	2119	38 458	28 248	-	70 730	576	140 131
Ms. E. Tukakgomo	-	73 804	50 452	1 715	-	74 630	1 541	202 142
Ms. K. Borain	13 872	2119	-	23 389	-	57 629	-	97 009
Ms. L. Lesutu	-	70 374	22 956	1 985	-	95 366	7 569	198 250
Ms. N. Nzuza	43 855	76 756	-	8 365	-	77 962	11 813	218 751
Mr. S. Mhlanga	-	70 105	50 683	1 715	-	63 810	-	186 313
Mr. T. Gaoshubelwe	-	2119	12 646	29 598	-	82 021	1 065	127 449
Mr. V. Maumela	-	66 637	-	1 715	-	79 348	1 837	149 537
Ms. B. Masenya	-	57 654	-	1 717	-	17 637	625	77 631
Dr. S. Nthangeni	-	61 208	-	1 715	-	17 613	1 602	82 138
Mr. S. Matomela	58 660	-	-	-	17 496	33 076	1 748	110 980
Mr. A. Mashifane	58 660	-	-	-	-	32 753	1 134	92 547
Mr. R. Phiri	32 143	-	-	4 318	-	63 424	523	100 408
Mr. J. Ntuli	-	34 723	7 144	-	-	73 245	1 242	116 354
Mr. R. Aphane	-	-	3 238	19 462	-	60 339	1 282	84 321
Mr. M. Tabane	-	-	-	12 526	-	51 024	306	63 856
	<b>282 254</b>	<b>521 088</b>	<b>305 358</b>	<b>136 466</b>	<b>17 496</b>	<b>1 183 663</b>	<b>57 299</b>	<b>2 503 624</b>



## 5. RISK MANAGEMENT

CATHSSETA has embedded risk management techniques into the day-to-day operations to identify events that could affect the achievement of its outcomes and outputs which are fundamental in the realisation of the vision. In line with the National Treasury's Risk Management Framework, CATHSSETA's Risk Management Policy and Strategy, the entity is required to conduct a risk assessment to identify new and emerging risks continuously. Risk registers were compiled based on the risk assessment that was conducted, outlining the risk descriptions and categorisation, the controls put in place to reduce the impact of the risks and mitigation plans to bring to an acceptable level were implemented. Each departmental head is designated as a risk owner and takes accountability for managing risks within their respective areas of responsibility, thus embracing the culture of risk management throughout the entity. Risk Management has also been included in the management performance agreements of all levels of Management. Additionally, risk champions were identified in each department to assist in institutionalising risk management and raising awareness among all staff members.

A Risk Management Committee (RMC) was established and chaired by an independent chairperson, who is not employed by the entity and reports to the ARC every quarter. The Chairperson guides the Management Team in ensuring that all management activities are undertaken in accordance with the existing policy frameworks and plans.

The ARC provides independent and objective oversight on the effectiveness of the risk management function within the entity. The ARC's role is further to review progress made on the implementation of the mitigating actions against the risks and whether the entity is moving towards reaching the level of maturity. These also include reviewing the effectiveness of risk management activities, the nature and types of risks facing the entity and the responses thereof.

## 6. INTERNAL CONTROL UNIT

Due to remote working, maintaining effective control was a challenge. Documents had to be shared and approved electronically which did not occur previously and a new system of working had to be developed. The SETA has tried as best as it could, to maintain a system of internal control.

## 7. INTERNAL AUDIT AND AUDIT COMMITTEES

The SETA's internal audit function was performed through the appointed service provider, who is appointed for a fixed period of three (3) years. In line with the PFMA and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, Internal Auditors are required to provide the ARC and Management with quarterly internal audit reports in terms of its approved Annual and Three-year rolling Internal Audit Plan. The objective of the Internal Audit Function is to provide professional, independent and objective assurance and consulting activity designed to add value and improve the operations of CATHSSETA.

### 7.1. Key activities of Internal Audit were to:

- develop and implement a rolling three-year annual audit plan based on CATHSSETA's key areas of risks, including any risks or control concerns identified by management, and submit the plan to the Audit and Risk Committee for review and approval as well as periodic updates;
- consider the scope of work of the external auditors and other assurance providers, as appropriate for providing optimal audit coverage;
- perform efficient and effective audits which are proactive and promptly reported with the application of suitably skilled senior staff;
- perform independent compliance tests/reviews, to ensure that controls identified by management have been functioning properly in each division throughout the period under review and reporting on the results of such reviews; and
- timely issue reports and conduct regular internal audit follow-ups on corrective actions relating to weaknesses identified in previous reviews.



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## 7.2. Summary of audit work done

The three-year Internal Audit Plan was approved by the Audit and Risk Committee and the following audits were undertaken in the financial year:

- Review of the Finance Operating Controls;
- Review of the Discretionary and Mandatory Grant processes;
- Leave Management review;
- Review of the Interim Financial Statements;
- Information Technology Governance Review;
- IT general controls;
- Cybersecurity Review; and
- Review of the Supply Chain and Contract Management processes.

## 7.3. Key activities and objectives of the Audit and Risk Committee

Please refer to section 7.2 above.

## 7.4. Attendance of meetings

Please refer to Table 22 above.

## 8. COMPLIANCE WITH LAWS AND REGULATIONS

The CATHSSETA is committed to ensuring compliance with all applicable legislative prescripts and endeavours at all times to operate in line with best standards and practices. In so doing the entity periodically reported to the Board and the ARC the status of compliance with various pieces of legislation and policy frameworks. The entity operates in accordance with existing policies and standard operating procedures to guide the effective and efficient management of operations daily. These policies are developed, reviewed and amended in accordance with the Policy Development Framework which guides the policy development process in the entity.

## 9. FRAUD AND CORRUPTION

The entity had a Fraud Prevention Strategy as well as Fraud Prevention and Anti-Corruption Policy. Fraud risk assessments are conducted as an additional instrument to detect and prevent any form of fraud and corruption that is occurring or likely to occur. Fraud Awareness workshops were conducted to familiarise the staff with all forms of fraud and corruption-related activities which can take place and encouraged them to follow existing processes should they come across similar incidents.



The entity has a Fraud Hotline which is outsourced to a service provider which enables whistle-blowers to call anytime and report any possible incidents of fraud and corruption. When the employees of the entity or members of the public and or service providers reported such incidents, the kind of action to be taken by the entity is dependent on the nature and merits and guided by the process outlined below:

- screening and assessment of the reported incident to determine the veracity;
- internal investigation, if required; and
- external investigation is considered if the incident is deemed complex. External capacity is sourced to ensure that the process is credible and objective.

#### **10. MINIMISING CONFLICT OF INTEREST**

CATHSSETA's Board members disclose any potential and actual conflicts of interest at the commencement of their term of office and during each meeting. In case a member feels that there is a potential conflict of interest on a particular agenda item, he/she would recuse himself/herself from the discussion. The Staff members submit the Annual Declaration of Interest in terms of existing policies to the Human Capital Management and Development Unit. Additionally, the Supply Chain Management staff is required in terms of the PFMA and its Regulations to submit separate Annual Declaration of Business Interest that governs their area of work. This is to ensure the credibility of the decisions that are taken in the process.

#### **11. CODE OF CONDUCT**

The entity has an approved Code of Conduct that regulates the conduct of staff members. The SETA's approved Constitution read in conjunction with the Standard Constitution that was promulgated in terms of section 13 of the SDA, provides for a code of conduct that regulates the conduct of the members of the Board and its Committees. All new members joining the Board are subjected to an induction.

#### **12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES**

The CATHSSETA is committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act, 1993 (Act 85 of 1993) and to this end, a Health and Safety Committee was established in March 2023 to monitor the health and safety of employees and their work environment. However, there was no training conducted for the Committee to effectively discharge its responsibilities. This will only be undertaken in the next financial year, including the development of the Health and Safety Plan.

#### **13. COMPANY SECRETARY**

The SETA is a Schedule 3A public entity and it is not classified as a State-Owned Company (SOC) which is either Schedule 2 or 3B, in terms of the Companies Act No. 71 of 2008, as amended. Therefore, it does not have to comply with section 86, which puts a compulsory requirement for the appointment of the Company Secretary. However, there is a Board Secretary who provides secretarial and administrative support to the Board.

#### **14. SOCIAL RESPONSIBILITY**

The entity did not undertake specific corporate social responsibility initiatives in the year under review, however, it interacted with communities as part of the career guidance which aims to raise awareness of services rendered and funding opportunities that exist.



## 15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year that ended on 31 March 2023.

### Audit and Risk Committee Responsibility

The Audit and Risk Committee (ARC) reports that, it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the PFMA and Treasury Regulation 27.1.8. The ARC also reports that it has adopted appropriate formal terms of reference as its ARC Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

### The Effectiveness of Internal Control

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA, Internal Audit provides the ARC and management with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process and the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of Internal Audit, the Auditor General's audit report on the Annual Financial Statements and management's report of the Auditor-General, it was noted that there were instances of weaknesses in controls. However, the ARC is pleased to report a significant improvement in the general controls, and management put mechanisms and action plans in place to address the identified weaknesses. Management further undertook to report to the Audit Committee on a regular basis on progress made in this regard.

The Committee received good support from the Internal Audit function; as a part of its mandate, it reported to the Board regularly. The Committee also held meetings separately with Internal Audit and the AGSA to establish if there were any matters of concern that could not be discussed in an open session with management.

The reports received from other areas covered as per the approved Strategic and Operational Internal Audit Plan show areas of improvement whilst also showing shortcomings that were brought to the attention of the ARC by the Internal Auditors.

We also received feedback regarding the follow-up audit conducted in the areas the AGSA and Internal Auditors in the prior year's audit highlighted.

Significant progress has been made in addressing previous audit findings and matters contained in the Management letter. AGSA could only assess some outstanding remedial actions during the current year's audit.

The effectiveness of the internal control environment was assessed in relation to the results and conclusions made by Internal Audit.





## Reviews completed 2022-23 FY

Internal Audit Focus Areas	Opinion Issues	Overall assessment/conclusion
IT General Controls Review	Weak	In the absence of a system of internal control, business objectives will not be met.
Supply Chain Management Review	Weak	
Cybersecurity Review	Require improvements	Due to material incidents that need to be corrected, the internal control system can only be partly relied upon to assure that business objectives will be met.
Information Technology Governance Review	Require improvements	
Leave Management Review	Require improvements	
Finance Review	Satisfactory	Except for immaterial incidents that need to be corrected, the system of internal control is adequate and effective to provide reasonable assurance that the business objectives will be met.  These incidents are not likely to expose the organization to significant risk.
Interim Financial Statement Review	Good	The system of internal controls is adequate and effective to provide reasonable assurance that the business objectives will be met.



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## Management and Monthly/Quarterly Reports

The Management of the CATHSSETA has submitted monthly and quarterly reports to the Accounting Authority. The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the AA of the entity during the year under review.

The following reports have been submitted every quarter:

- Quarterly Performance Management Reports;
- Quarterly Financial Reports;
- Expenditure Reports;
- Contracts/Commitment Register Update;
- Progress on the Procurement Plan;
- Investment Reports;
- ICT reports;
- Legal and Compliance Reports; and
- Risk Management Reports.

## Performance Management

Quarterly reports on the Performance Information were submitted to the Committee concerning management and Internal Audit's assessment of the reported achievement of set objectives and the adequacy of the portfolio of evidence to support the reported results. Although certain areas for improvement remained, an overall improvement in the controls compared to previous periods was noted.

## Risk Management

The Audit and Risk Committee was also satisfied with the risk management processes within the SETA.

CATHSSETA has a Risk Management Strategy and Framework that was approved by the Board. The strategic risk assessment was conducted and monitored every quarter. CATHSSETA has a Risk Management Committee (RMC) in place, chaired by an independent member who later reports to the ARC on the matters emanating from the Risk Management Committee.

## Evaluation of financial statements

The Committee engaged with management on the 2022/23 Annual Financial Statements on 26 May 2023 and also noted the high-level review report submitted by the internal auditors. The Committee further engaged with the Auditor-General to receive and deliberate on the audit report of 2022/23 on Annual Financial Statements on 24 July 2023.

## Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior periods, and we are satisfied that the matters have been adequately resolved.

The Committee welcomed the audit opinion of the Auditor-General expressed in the 2022/23 Annual Financial Statements of CATHSSETA. The Committee concurs with the conclusions of the external auditor on the audited Annual Financial Statements. These statements should be read in conjunction with the Auditors' Report.

**Mrs Noziphiwo Lubanga**

**Chairperson of the Audit and Risk Committee**



## 16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

**Table 29: B-BBEE Compliance**

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

Criteria	Response Yes / No	Discussion (Include a discussion in your response and indicate what measures have been taken to comply)
for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	NO	CATHSSETA does not issue licences.
Developing and implementing a preferential procurement policy?	YES	The SCM division is responsible for implementing the procurement policy. A Supply Chain Management Transformation Charter had been developed and approved by the Board.
Determining qualification criteria for the sale of state-owned enterprises?	NO	CATHSSETA is not involved in the sale of State-owned enterprises.
Developing criteria for entering into partnerships with the private sector?	NO	The CATHSSETA has developed a Resource Mobilisation Strategy that set a criterion for entering into partnerships with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	NO	CATHSSETA has a criterion for awarding skills development grants to employers who applied for funding, has a discretionary grant policy



# PART D:

## HUMAN RESOURCE MANAGEMENT



## **1. INTRODUCTION**

### **1.1. Overview of Human Resources Matters at the Public Entity**

The Human Capital Management and Development Unit play a critical role in supporting the core business of CATHSSETA for the achievement of the strategic objectives through the implementation of human resource planning and employment policies, frameworks, systems, and practices.

The organisation has planned to revise existing Human Resources Policies and develop new ones. These policies are a deliberate effort to bolster the organisation's Employee Value Proposition and the desire to make CATHSSETA an employer of choice.

### **1.2. Set HR Priorities for the year under review and the Impact of these priorities**

During the previous financial year, the country was recovering from the COVID-19 pandemic. The below-mentioned priorities ensured that the organisation achieved its objectives:

#### **1.3. Workforce planning framework and key strategies to attract and recruit a skilled and capable Workforce.**

The organisation has been unable to fully retain employees within critical positions as there have been resignations at management levels in the past and this has had a negative effect on the organisational performance. The organisation has implemented various interventions to address the retention of critical skills and minimise employee turnover. These include, but are not limited to, the approval and implementation of the Remote Work Policy, the implementation of pension fund membership for all employees, the increase in medical aid subsidy for all employees, to mention just a few. The organisation is developing a core of suitably trained personnel and it prepares them for higher-level positions, when available, through tools like the Management Development Programme (MDP), in partnership with accredited higher institutions of learning.

#### **1.4. Employee Performance Management Framework**

The organisation has revised its Performance Management Policy to ensure that there is consistency between employee performance and organisational performance.

#### **1.5. Employee Wellness Programmes**

CATHSSETA is committed to promoting a work-life balance for its employees. The organisation managed to successfully implement regulations pertaining to the management of the COVID-19 pandemic in the workplace. A holistic wellness event that included health screening sessions were conducted wherein employees were assessed on Body Mass Index, waist circumference, breast cancer, prostate cancer, HIV-AIDS, cholesterol levels, blood sugar levels. Financial wellness training was provided through a qualified service provider to ensure that employees are empowered with financial knowledge. Counselling sessions were provided to assist employees with the post-COVID-19 stress, work and social challenges.

#### **1.6. Policy Development**

The organisation reviewed policies to ensure that they are relevant to address changing environment in the institution. Two (2) new policies were developed, namely the Remote Work Policy and Remunerative Work Outside Normal Employment.



### 1.7. Highlight Achievements

Despite all the challenges experienced in the year under review, CATHSSETA was still able to maintain a functional organisation with employees who were able to perform their work successfully, even under extremely unfavourable and challenging circumstances. The organisation has been able to keep the vacancy rate below 8% irrespective of the employee turnover.

### 1.8. Challenges faced by the Public Entity

The biggest challenge faced by the organisation, in terms of the Human Capital Management and Development, is the turnover of employees.

### 1.9. Future HR Plans

The organisation will review and update various policies, and also develop standard operating procedures to guide the performance of various functions within Human Capital Management and Development. To address some of the human resources challenges experienced, the entity will finalise the job grading and remuneration project to address the salary gaps that were created by the organisational realignment that was undertaken in the 2020/21 financial year.

**Table 30: Personnel cost by programme/activity/objective**

<b>Programme/activity/objective</b>	Total expenditure for the entity	Personnel expenditure	Personnel exp. as a % of total expenditure	No. of employees	Average personnel cost per employee
	R'000	R'000	R'000		R'000
Administration	278 676	53 821	19%	73	737
<b>TOTAL</b>	<b>278 676</b>	<b>53 821</b>	<b>19%</b>	<b>73</b>	<b>737</b>

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

**Table 31: Personnel cost by salary band**

Level	Personnel expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
	R'000	R'000	R'000	R'000
Top Management	2 015	5,18%	1	2 015
Senior Management	5 679	14,6%	4	1 419
Professional Qualified	14 868	38,2%	20	743
Skilled	7 891	20,3%	21	375
Semi-Skilled	7 899	20,3%	19	416
Unskilled	536	1,4%	3	179
<b>TOTAL</b>	<b>2 015</b>	<b>5,18%</b>	<b>1</b>	<b>2 015</b>

**Table 33: Performance rewards**

Programme/activity/objective	Performance Rewards	Personnel Expenditure	% of Performance Rewards to Total Personnel Cost
	R'000	R'000	R'000
Top management	131	2 015	6,5%
Senior management	249	5 679	4,4%
Professional qualified	789	14 868	5,3%
Skilled	642	7 891	8,1%
Semi-skilled	580	7 899	7,3%
Unskilled	39	536	7,3%
<b>TOTAL</b>	<b>2 413</b>	<b>38 888</b>	<b>6,2%</b>

*\*Note: the figures are for the Discretionary Bonus that was paid in November 2022, which is not linked to employees' specific performance ratings. Personnel expenditure for performance rewards excludes the personnel expenditure for salaries.*

## Table 34: Training Costs

Programme/activity/ objective	Personnel Expenditure	Training Expenditure	Training Expenditure as A % of Personnel Cost	Number of Employees Trained	Average Training Cost Per Employee
	R'000	R'000	R'000	R'000	R'000
Strategic Sourcing	0	6 500.00	0	1	6
Contract Management	0	11 000.00	0	2	10
Finance for Non-Financial Managers	0	17 020	0	4	5,5
Governance Risk and Compliance	0	3 968	0	1	6
Public Sector Risk Management	0	3 968	0	1	5
MS Excel	0	20 000	0	6	3,5
Project Management	0	32 400	0	6	3,5
Minute Taking	0	3 800	0	2	5,5
Business Presentation skills	0	7 000	0	2	4,3
Risk Management	0	12 397	0	2	7
Report Writing	0	9 960	0	2	5,5
<b>TOTAL</b>	<b>0</b>	<b>128 012</b>	<b>0</b>	<b>29</b>	<b>5</b>





**Table 35: Employment and vacancies**

Programme/activity/objective	Number of Employees	Approved Posts	Percentage of vacancies
	2022/2023	2022/2023	
Effective management of human resources within the organisation	73	77	5,2%

**Table 36: Employment and vacancies rate by personnel category**

Programme/Activity/Objective	Number of Employees	Approved Posts	Number of Employees	Vacancies	Percentage of vacancies
	2022/2023	2022/2023	2022/2023	2022/2023	
Top Management	1	1	1	-	-
Senior Management	4	4	4	-	-
Professional Qualified	22	25	22	3	12%
Skilled	22	23	22	1	4,3%
Semi-Skilled	21	21	21	-	2,6%
Unskilled	3	3	3	-	-
<b>TOTAL</b>	<b>73</b>	<b>77</b>	<b>73</b>	<b>4</b>	<b>5,2%</b>

**Table 37: Employment changes**

Salary Band	Employment at the Beginning of the Period	Appointments	Terminations	Employment at the end of the Period
Top Management	1	-	-	1
Senior Management	4	-	-	4
Professional Qualified	22	3	3	22
Skilled	21	2	3	22
Semi-Skilled	19	2	2	21
Unskilled	3	-	-	3
<b>TOTAL</b>	<b>74</b>	<b>7</b>	<b>8</b>	<b>73</b>

**Table 38:** Reasons for staff leaving.

Reason	Number	Percentage of total Number of Staff Leaving
Death	-	-
Resignation	8	10,4%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
<b>TOTAL</b>	<b>8</b>	<b>10,4%</b>

**Table 39:** Labour Relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	-
Written warning	1
Final written warning	2
Dismissal	-
Precautionary Suspensions	2
<b>TOTAL</b>	<b>5</b>

**Table 40: Equity target and employment equity status (Male)**

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	-	-	-	-	-	-	-
Senior management	2	-	-	-	-	-	-	-
Professional qualified	8	-	-	-	-	-	-	-
Skilled	7	-	-	-	-	-	-	-
Semi-skilled	5	-	-	-	-	-	-	-
Unskilled	1	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>24</b>	-	-	-	-	-	-	-

**Table 41: Equity target and employment equity status (Female)**

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	2	-	-	-	-	-	-	-
Professional qualified	14	-	-	-	-	-	1	-
Skilled	13	-	1	-	1	-	-	-
Semi-skilled	13	-	2	-	-	-	-	-
Unskilled	2	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>44</b>	-	<b>3</b>	-	<b>1</b>	-	<b>1</b>	-

**Table 42: Equity target and employment equity status (Persons with Disability)**

Levels	STAFF WITH DISABILITIES			
	MALE		FEMALE	
	Current	Target	Current	Target
Top management	-	-	-	-
Senior management	-	-	-	-
Professional qualified	-	-	-	-
Skilled	-	-	-	-
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
<b>TOTAL</b>	-	-	-	-

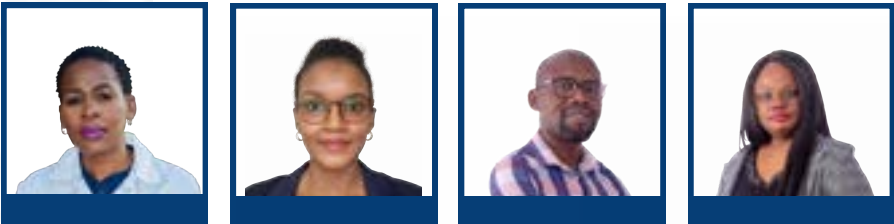


# CATHSSETA STAFF

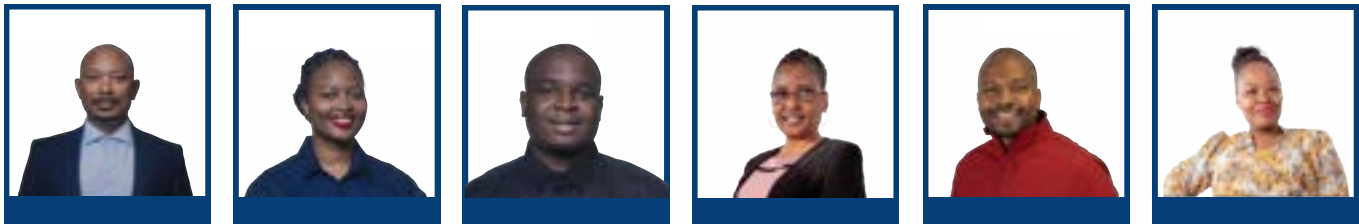
## OFFICE OF THE CEO



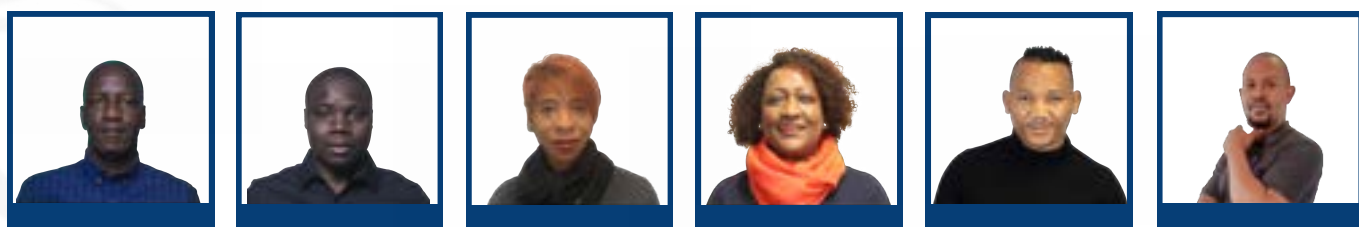
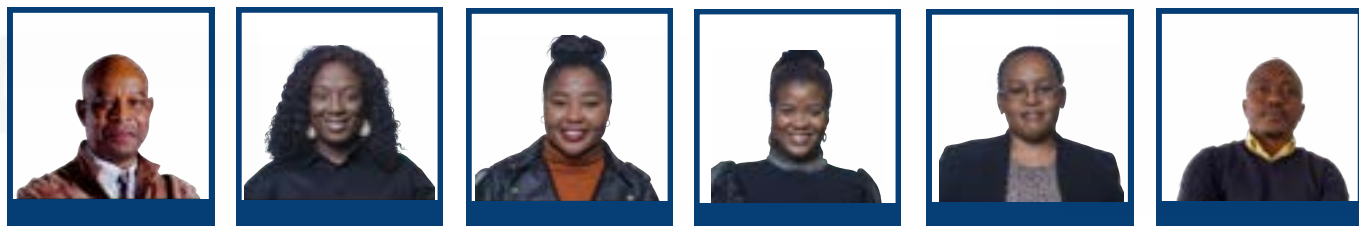
## RESEARCH, MONITORING AND EVALUATION



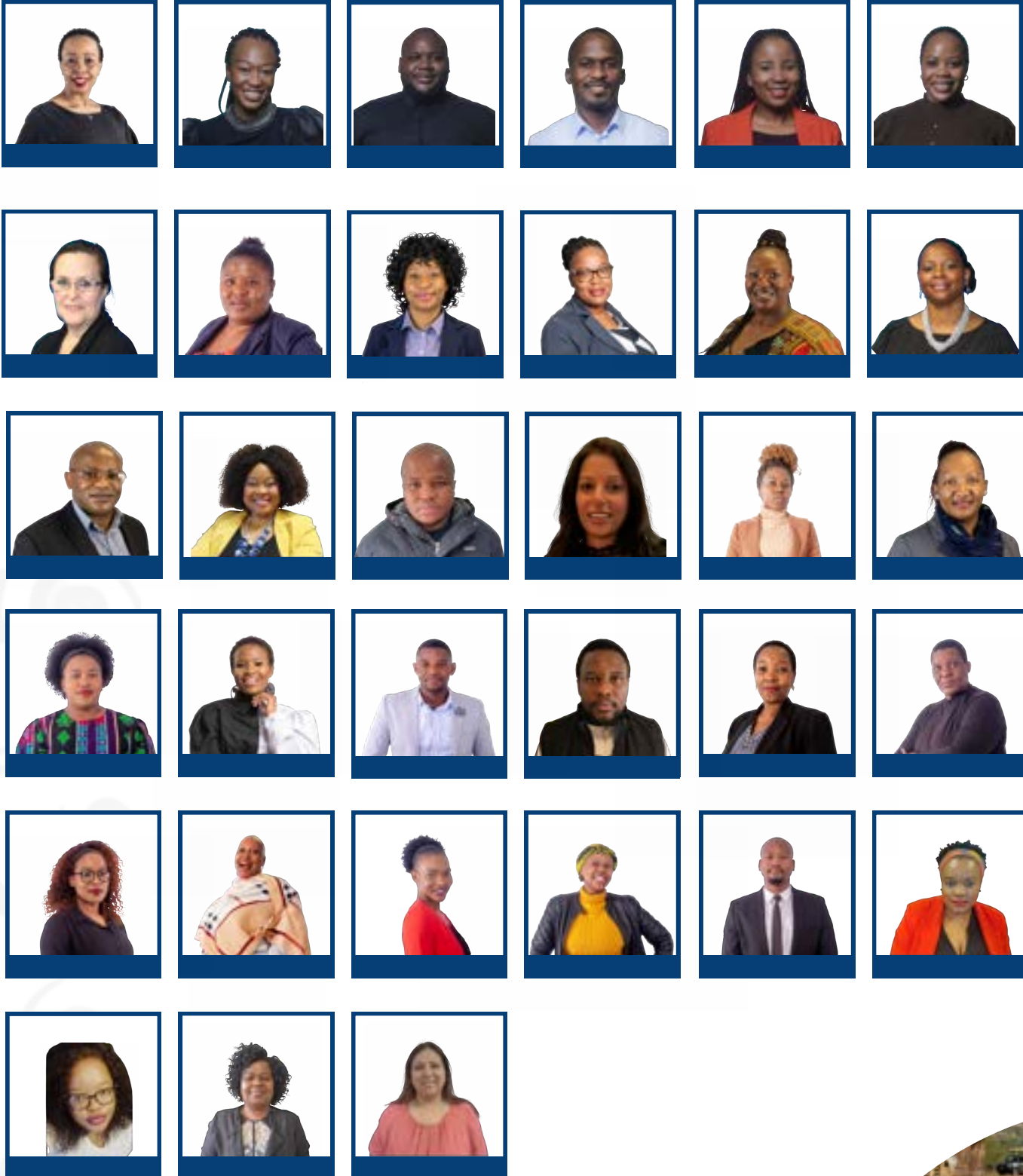
## FINANCE



## CORPORATE SERVICES



## LEARNING PROGRAMMES





# PART E:

## FINANCIAL INFORMATION





## Report of the auditor-general to Parliament on the Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority

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### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA) set out on pages 93 - 163, which comprise the statement of financial position as at 31 March 2023, the statement of financial performance, the statement of net assets, cash flow statement and statement of comparison of budget and actual amounts for the year ended, as well as the 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 Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA) as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 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 responsibilities of the auditor-general 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.

#### Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### Restatement of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2023.

#### Other matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework**

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 28 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of CATHSSETA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

#### **Retention of surplus not approved by National Treasury in terms of PFMA section 53**

10. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R560 270 000, for the financial year 2021-22, disclosed in note 33. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

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

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the 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.
12. 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.

#### **Responsibilities of the auditor-general for the audit of the financial statements**

13. 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.
14. 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

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Skills Planning	32	This programme ensures that research is conducted to inform planning, in order to provide information services that inform decision-making, leading to the achievement of the predetermined strategic objectives of CATHSSETA.
Programme 3: Learning Programmes and Projects	32 - 38	This programme establishes partnerships and facilitates the delivery of skills development, and to provide support services for the sector. This programme comprises:  occupationally-directed programmes, special projects and mandatory grant and discretionary grant.
Programme 4: Quality Assurance	40 - 41	This programme ensures successful quality assurance delivery of skills development learning interventions and results, through monitoring and evaluation, in order to improve and transform the sector.

- 
17. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
20. I did not identify any material findings on the reported performance information.

**Other matters**

21. I draw attention to the matter below.

**Achievement of planned targets**

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.
23. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:



Key service delivery indicators not achieved	Planned Target	Reported Achievement
Programme 3: Learning programmes and projects		
Targets achieved: 97%		
Budget spent: 76%		
Number of Learners completing the artisan development programme, towards meeting the target of the NDP	52	7

24. Reasons for the underachievement of targets are included in the annual performance report on page 44.

#### Report on compliance with legislation

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

#### Annual financial statements

29. The annual financial statements submitted for audit were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA.
30. Material misstatements of statutory receivable note and the cash flow statement identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.



#### Other information in the annual report

31. The accounting authority is responsible for the other information included in the annual report, The other information referred to 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 on in this auditor's report.
32. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
33. My responsibility is to read this other information and, in doing so, consider whether it 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.
34. 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

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
36. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on compliance with legislation included in this report.
37. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements as material misstatement were identified, these were however corrected by management which resulted in an unqualified opinion
38. Management did not adequately review and monitor compliance with applicable laws and regulations as a material non-compliance was identified

AUDITOR - GENERAL

Pretoria

31 July 2023





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## Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

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

#### Professional judgement and professional scepticism

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 selected requirements in key legislation.

#### Financial statements

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
- conclude on the appropriateness of the 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 public entity 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

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.

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.

Legislation	Sections or regulations
Public Finance Management act 1 of 1999 (PFMA)	Section 50(3)(a); Section 50(3)(b) Section 51(1)(a)(iii); Section 57(b) PFMA 38(1)(b) PFMA 51(1)(e)(iii) PFMA 52(b) PFMA 54(2)(c), (d) PFMA 57(b) PFMA 55(1)(a), (b) PFMA 55(1)(c)(i)
PFMA instruction note no.3 of 2021/22	Par.4.1 Par.4.2(b) Par. 4.3 Par. 4.4 and Par. 4.4(c), (d)
Treasury regulations	Treasury reg 16A6.1 Treasury reg 16A3.2 (fairness) Treasury reg 16A3.2(a) and (b) Treasury reg R16A6.3 (a), (b) (c) & (e) Treasury reg 16A6.4 Treasury reg 16A6.5 Treasury reg16A6.6 Treasury reg. 16A.7.1 Treasury reg. 16A.7.3 Treasury reg. 16A.7.6\ Treasury reg. 16A.7.7 Treasury reg 16A8.3 Treasury reg.16A8.4 Treasury reg 16A9.1(b)(ii), (d), (e) Treasury reg 16A9.1(d), (e) & (f) Treasury reg 16A9.2(a)(ii) Treasury reg. 8.2.1



Legislation	Sections or regulations
	Treasury reg. 8.2.2 Treasury reg. 29.1.1(a) & (c) Treasury reg. 29.3.1 Treasury reg. 30.1.1 Treasury reg. 30.1.3(a), (b) & (d) Treasury reg. 30.1.3(b) Treasury reg. 30.1.3(d) Treasury reg. 30.2.1 Treasury reg. 31.1.2(c) Treasury reg. 31.2.1 Treasury reg. 31.3.3 Treasury reg. 33.1.1 Treasury reg. 33.1.3
Practice Note 7 of 2009/10	Par 4.1.2
Practice Note 5 of 2009/10	Par.3.3
National Treasury Instruction 4A of 2016/17	par 6
National Treasury Instruction note 4 of 2015/16	Par. 3.4
National Treasury Instruction 01 of 2021/2022	Par. 4.1
National Treasury Instruction 07 of 2017/18	Par. 4.3
Treasury Instruction Note 11 of 2020/21 par 3.1	Paragraph 3.1; 3.4 (b) and 3.9
SCM Instruction Note 02 of 2021/22	Par.3.2.1 Par.3.2.4 Par. 3.3.1 par 4.1

Legislation	Sections or regulations
SCM Instruction Note 3 of 2016	Note 3
SCM Instruction 3 of 2016	Note 6
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; Section 2(1)(a); Section 2(1)(b); Section 2(1)(f)
Preferential procurement regulation of 2017 (PPR)	Regulation 4(1); Regulation 4(2) Regulation 5(1); Regulation 5(3); Regulation 5(6); Regulation 5(7) Regulation 6(8) Regulation 7(8) Regulation 8(2); Regulation 8(5) Regulation 9(1); Regulation 10(1); Regulation 10(2) Regulation 11(1); Regulation 11(2)
Preferential procurement regulation of 2011 (PPR)	Regulation 9(1) , 9(5)
Preferential procurement regulation of 2022 (PPR)	Regulation 4(4) Regulation 5(4)
National Treasury SCM Instruction 4 of 2015/16	Paragraph 4.1
National Treasury SCM Instruction Note 05 2020/21	Paragraph 1; 2; 4.8; 4.9 & 5.3
National Treasury SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2; 4.3; 4.4 & 4.4(d)
National Treasury instruction note 4 of 2015/16	Paragraph 3.4
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	Regulation 17& 25(7A)
SITA Act	Section 7(3)
SBD	SBD 6.2 issued in 2015/16
Public Service regulation	Reg. 18(1), (2)



Legislation	Sections or regulations
Second amendment NT Instruction No 5 of 2020/21	Paragraph 1
Erratum NT Instruction note No 5 of 2020/21	Paragraph 2
Seta Grant regulation	Paragraph 6(7) & 6(8) Paragraph 6(2) Paragraph 3(2)(c) Paragraph 6(1) Paragraph 3(8)(a) Paragraph 3(9) Paragraph 3(8)(b) Paragraph 6(5)
Skills Development act	Section 10(1)(b)(iii)



Culture, Arts, Tourism, Hospitality and Sport Sector Education and  
Training Authority

**Annual Financial Statements  
for the year ended 31 March 2023**



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## Accounting Authority's Responsibilities and Approval

The Accounting Authority is charged by the Public Finance Management Act (Act 1 of 1999) (PFMA) with the responsibility to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information in this report. It is the Accounting Authority's responsibility to ensure that the annual financial statements fairly represent the state of affairs for the CATHSSETA as at the end of the financial year and the results of its operations and cash flow for the period then ended, in conformity with South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) including any interpretations of such statements by the Accounting Standards Board. The external auditors are engaged to express an independent opinion on these annual financial statements.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provided a reasonable assurance that the financial records may be relied upon for the preparation of the financial statements. However, any system of internal control can provide only reasonable and not absolute assurance against material misstatement or losses.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives.

The annual financial statements set out on pages 93 - 163, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the accounting authority on 31 July 2023 and were signed on its behalf by:

A handwritten signature in black ink, appearing to be 'DT Ndhlovu', written over a horizontal line.

**Mr DT Ndhlovu**  
**Chairperson of the Board**



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## Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

### Audit Committee Report

The audit committee reports that it has complied with its responsibilities arising from Treasury Regulation 27.1.8.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the entity during the year under review.

### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

### Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Date: 31 July 2023



## Statement of Financial Position as at 31 March 2023

	NOTE(S)	2023 R'000	2022 Restated* R'000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	203	219
Receivables from exchange transactions	4	2 156	2 666
Receivables from non-exchange transactions	5	35 941	17 818
Cash and cash equivalents	6	748 443	610 104
		<b>786 743</b>	<b>630 807</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	6 907	6 910
Intangible assets	8	5 178	6 775
		<b>12 085</b>	<b>13 685</b>
<b>Total Assets</b>		<b>798 828</b>	<b>644 492</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	3 996	3 151
Payables from non-exchange transactions	10	22 407	44 194
Provisions	11	25 959	22 973
Finance lease obligation	12	247	-
		<b>52 609</b>	<b>70 318</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	12	140	-
<b>Total Liabilities</b>		<b>52 749</b>	<b>70 318</b>
<b>Net Assets</b>		<b>746 079</b>	<b>574 174</b>
<b>Reserves</b>			
Administration reserve		8 093	8 020
Discretionary reserve		737 986	566 154
<b>Total Net Assets</b>		<b>746 079</b>	<b>574 174</b>





## Statement of Financial Performance for the financial year ended 31 March 2023

	NOTE(S)	2023 R'000	2022 Restated* R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Other income	13	458	272
Interest received	14	37 301	18 920
<b>Total revenue from exchange transactions</b>		<b>37 759</b>	<b>19 192</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government levies	15	21 035	21 895
Skills Development Levies: income	16	385 679	312 289
Skills Development Levies: penalties and interest	17	5 179	6 630
Service in kind	18	927	434
<b>Total revenue from non-exchange transactions</b>		<b>412 820</b>	<b>341 248</b>
<b>Total revenue</b>		<b>450 579</b>	<b>360 440</b>
<b>Expenditure</b>			
Employee related costs	19	(53 821)	(55 861)
Depreciation and amortisation	20	(2 446)	(2 340)
Finance costs	21	(25)	-
Lease rentals on operating lease	22	(4 122)	(3 593)
Employer grant and project expenses	23	(194 797)	(169 299)
Loss on sale of assets	24	(511)	(1 229)
General Expenses	25	(22 954)	(21 921)
<b>Total expenditure</b>		<b>(278 676)</b>	<b>(254 243)</b>
<b>Surplus for the year</b>		<b>171 903</b>	<b>106 197</b>



## Statement of Changes in Net Assets for the financial year ended 31 March 2023

	Administration reserve	Employer grant reserve	Discretionary grant reserve	Total net assets
	R'000	R'000	R'000	R'000
<b>Restated Balance as at 01 April 2021</b>	<b>10 276</b>	-	<b>454 927</b>	<b>465 203</b>
Surplus as per Statement of Financial Performance	(43 957)	32 445	117 709	83 775
Prior period error adjustment Note 31	-	-	-	22 422
Appropriation of reserves	41 701	(32 444)	(6 482)	2 774
<b>Restated Balance as at 01 April 2022</b>	<b>8 020</b>	-	<b>566 154</b>	<b>574 174</b>
Surplus as per Statement of Financial Performance	(33 252)	38 691	166 464	171 903
Appropriation of reserves	33 325	(38 691)	5 368	2
<b>Total revenue from exchange transactions</b>	<b>8 093</b>	-	<b>737 986</b>	<b>746 079</b>

Note(s)



## Cash Flow Statement for the financial year ended 31 March 2023

	NOTE(S)	2023 R'000	2022 Restated* R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Other income		458	272
Levies, interest and penalties received		396 392	340 814
Interest income		36 721	18 920
		<b>433 571</b>	<b>360 006</b>
<b>Payments</b>			
Employer & Discretionary grants and project payments		(218 947)	(168 698)
Payments to suppliers and employees		(75 314)	(81 242)
		<b>(294 261)</b>	<b>(249 940)</b>
<b>Net cash flows from operating activities</b>	26	<b>139 310</b>	<b>110 066</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1 358)	(1 179)
<b>Cash flows from financing activities</b>			
Finance lease		387	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>138 339</b>	<b>108 887</b>
Cash and cash equivalents at the beginning of the year		<b>610 104</b>	<b>501 217</b>
<b>Cash and cash equivalents at the end of the year</b>	6	<b>748 443</b>	<b>610 104</b>

## Statement of Comparison of Budget and Actual Amounts for the financial year ended 31 March 2023

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Performance</b>						
Revenue						
Other income	-	2 283	2 283	458	(1 825)	34.1
Interest received	8 688	2 375	11 063	37 301	26 238	34.7
Fines and penalties	6 669	14 254	20 923	5 179	(15 744)	34.3
Skills development levies - Income	284 804	39 263	324 067	385 679	61 612	34.4
Government levies	-	-	-	21 035	21 035	34.2
Services in kind	-	-	-	927	927	
<b>Total revenue</b>	<b>300 161</b>	<b>58 175</b>	<b>358 336</b>	<b>450 579</b>	<b>92 243</b>	
Expenses						
Administration expenses	(51 557)	(42 503)	(94 060)	(83 343)	10 717	34.5
Finance costs	-	-	-	(25)	(25)	
Employer grants and project expenses	(248 604)	(554 569)	(803 173)	(194 797)	608 376	34.6
<b>Total expenditure</b>	<b>(300 161)</b>	<b>(597 072)</b>	<b>(897 233)</b>	<b>(278 165)</b>	<b>619 068</b>	
<b>Operating surplus/(deficit)</b>	<b>-</b>	<b>(538 897)</b>	<b>(538 897)</b>	<b>172 414</b>	<b>711 311</b>	
Loss on sale of assets	-	-	-	(511)	511)	
<b>Surplus/(deficit) for the period</b>	<b>-</b>		<b>(538 897)</b>	<b>171 903</b>	<b>710 800</b>	



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board .

These 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. They are presented in South African Rand, which is the functional currency of the CATHSSETA. All amounts are rounded to R'000.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below:

##### 1.1 Going concern assumption

The CATHSSETA remains solvent and liquid to be able to continue operations within the foreseeable 12 months and therefore these annual financial statements have been prepared based on the expectation that the CATHSSETA will continue to operate as a going concern.

##### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 annual financial statements. Significant judgements include:

###### Trade receivables / Held to maturity investments and/or loans and receivables

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

###### Allowance for slow moving, damaged and obsolete stock

An allowance has been made for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the notes to the Financial Statements as per Inventory Note 3.

###### Fair value estimation

The fair value of financial instruments is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the CATHSSETA is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the CATHSSETA for similar financial instruments.



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### 1.2 Significant judgements and sources of estimation uncertainty (continued)

##### Impairment testing

The recoverable amounts and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The CATHSSETA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

##### Useful lives of assets

The CATHSSETA's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and vice versa.

##### Effective interest rate

The CATHSSETA used the prime interest rate to discount future cash flows.

##### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one period.

##### Initial Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the CATHSSETA; and
- the cost of the item can be measured reliably.

##### Initial Measurement

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the CATHSSETA is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### Subsequent Measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Leasehold property	Straight-line	5 years
Furniture and fixtures	Straight-line	2 - 20 years
Motor vehicles	Straight-line	15 years
Office equipment	Straight-line	2 - 15 years
IT equipment	Straight-line	2 - 10 years

The CATHSSETA acquires and maintains assets to provide, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined for all CATHSSETA assets.

The useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the CATHSSETA to amend the previous estimate unless expectations differ from the previous estimate.





## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### 1.3 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

##### De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised and will be classified as revenue. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the CATHSSETA holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement. The CATHSSETA separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see Note 7).

##### Review of Useful Lives

At each reporting period, the pattern of expected use and remaining useful lives of the assets are assessed. Whilst the asset management policy includes depreciation rates, the depreciation rates each year are assessed based on the pattern of use and management's intended use of the asset. Adjustments are made in the fixed asset register in line with GRAP 17.

#### 1.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an CATHSSETA and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separable from the CATHSSETA or from other rights and obligations. An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the CATHSSETA; and
- the cost or fair value of the asset can be measured reliably. Intangible assets are initially recognised at cost.

When an intangible asset is acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.



## ACCOUNTING POLICIES

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### 1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other intangible assets	Straight-line	6 years

The CATHSSETA discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.



**CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY**

Annual Financial Statements for the financial year ended 31 March 2023

## **ACCOUNTING POLICIES**

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### **1.5 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one CATHSSETA and a financial liability or a residual interest of another CATHSSETA.

#### **Initial recognition**

The CATHSSETA recognises a financial asset or a financial liability in its statement of financial position when the CATHSSETA becomes a party to the contractual provisions of the instrument.

#### **Initial measurement of financial assets and financial liabilities**

The CATHSSETA measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **Subsequent measurement of financial assets and financial liabilities**

The CATHSSETA measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### **Classification**

The CATHSSETA 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:

<b>Class</b>	<b>Category</b>
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost

The CATHSSETA 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:

<b>Class</b>	<b>Category</b>
Payables from exchange transaction	Financial asset measured at amortised cost
Payables from non exchange transaction	Financial asset measured at amortised cost

#### **Reclassification**

The CATHSSETA does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### 1.5 Financial instruments (continued)

Where the CATHSSETA cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the CATHSSETA reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the CATHSSETA reclassifies the instrument from cost to fair value.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment and uncollectibility of financial assets

The CATHSSETA assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the CATHSSETA currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for de-recognition, the CATHSSETA does not offset the transferred asset and the associated liability.

#### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

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.

### 1.7 Inventories

CATHSSETA's Inventories constitutes of consumable goods held for distribution in day-to-day operations.

#### Initial Measurement

Inventories are initially measured at cost, except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition. Costs of inventories include all costs incurred in getting inventory into place of use as intended by management.

#### Subsequent Measurement

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all CATHSSETA inventories having a similar nature and use to the CATHSSETA.

#### Write-downs

The amount of any write downs of inventories are recognised as an expense in the period the write down occurs. The amount of any reversal of write downs of inventory, arising from an increase in net realisable value or current replacement cost, are recognised as an income in the period in which the reversal occurs.



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Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### De-recognition

When inventories are distributed, the carrying amounts of those inventories are recognised as an expense in the period in which the inventory is used.

#### 1.8 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the CATHSSETA; or
- the number of production or similar units expected to be obtained from the asset by the CATHSSETA.

#### 1.9 Impairment of non-cash-generating assets

Useful life is either:

- the period of time over which an asset is expected to be used by the CATHSSETA; or
- the number of production or similar units expected to be obtained from the asset by the CATHSSETA.

At each reporting date a review is carried out to determine whether there are any indications that any assets and non-cash generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable amount of an asset or non-cash-generating unit is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the revaluation reserve in respect of assets at revalued amounts.



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#### 1.9 Impairment of non-cash-generating assets (continued)

##### Reversal of an impairment loss

The CATHSSETA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the CATHSSETA estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### 1.10 Employee benefits

Employee benefits are all forms of consideration given by CATHSSETA in exchange for service rendered by employees.

##### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.



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#### 1.10 Employee benefits (continued)

When an employee has rendered service to the CATHSSETA during a reporting period, the CATHSSETA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the CATHSSETA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The CATHSSETA measures the expected cost of accumulating compensated absences as the additional amount that the CATHSSETA expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The CATHSSETA recognises the expected cost of bonus, incentive and performance related payments when the CATHSSETA has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the CATHSSETA has no realistic alternative but to make the payments.

#### 1.11 Provisions and contingencies

Provisions are recognised when:

- the CATHSSETA has a present obligation as a result of a past event
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.
- the amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the CATHSSETA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.





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#### 1.11 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If CATHSSETA has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the CATHSSETA

No obligation arises as a consequence of the sale or transfer of an operation until the CATHSSETA is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in CATHSSETA combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

#### 1.12 Commitments

Items are classified as commitments when the CATHSSETA has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of each financial period the CATHSSETA determines commitments in respect of capital expenditure that has been approved and contracted for which is then disclosed as a note in the annual financial statements differentiating between community, infrastructure and other capital expenditure commitments. (Refer to note 29 and 30).



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#### 1.12 Commitments (continued)

##### Operating Commitments

Transactions are classified as commitments when the SETA has committed itself to future transactions that will normally result in the outflow of cash. Operating commitments are disclosed in a note to the financial statements in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the CATHSSETA – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

##### Discretionary grant commitments

Discretionary grant commitments are recorded when the grant application has been approved and contracted through an approval letter and a signed contract by the employer and CATHSSETA. Commitments are included in the disclosure note to the financial statements. Commitments are derecognised when:

- Employers/grant recipients fail to register enrolments within the stipulated time lines or cancel before registration
- The grant programmes are terminated through a signed termination agreement; or
- When employers/grant recipients submit grant claim forms together with all the supporting documents as required by the Grant Funding Policy.

To achieve fair presentation the SETA also discloses grant commitments that are out of contract as the SETA usually receives claims for these programmes after year end due to delays in the submission of completion reports and grant claim forms.

#### 1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

##### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.



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#### 1.13 Revenue from exchange transactions (continued)

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the CATHSSETA has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the CATHSSETA retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the CATHSSETA; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the CATHSSETA;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

##### Interest

Revenue arising from the use by others of CATHSSETA assets yielding interest or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the CATHSSETA, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.



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#### 1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by CATHSSETA, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

##### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the CATHSSETA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

##### Measurement

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

When, as a result of a non-exchange transaction, the CATHSSETA recognises an 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 is also required to recognise a liability. Where a liability is required to be recognised it will be measured as 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 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 as revenue. The CATHSSETA has the following types of revenue from non-exchange transaction.

##### SDL Income

On a monthly basis, employers operating in the Culture, Arts, Tourism, Hospitality and Sports Sector collect 1% SDL levy from all their employees, to fund skills development intervention. The total value of each employer's contribution is dependent on the number of employees employed by that particular SDL Contributor.

##### SDL Interest and Penalties

This revenue relates to inflows emanating from interest and penalties charged for incorrect and/or late payments by SDL Contributors.



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#### 1.14 Revenue from non-exchange transactions (continued)

##### Government Levies

These levies arise from payments made from National and Provincial Departments in accordance with the DPSA circular, Circular No: HRD 1 of 2013.

##### Adjustment of revenue

Adjustments to revenue already recognised, arise from the completion of a South African Revenue Services (SARS) internal review process, and/or the outcome of an external appeal or objection process undertaken by employer companies. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process.

Refunds are recovered directly from monthly revenues by SARS, and CATHSSETA recognises revenue on net basis as and when it becomes receivable. The SETA has no access to or control to the appeal or review process carried on by SARS, and hence could not reasonably be expected to have access to reliable information at the initial stage of recognition. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process are therefore accounted for as a change in accounting estimate, and not as a correction of an error.

In instances where SARS has made adjustments to revenue and CATHSSETA has made payments to employer companies with regards to mandatory grants and the adjustments results in a recovery of mandatory grants paid, CATHSSETA raises a receivable and revenue for the difference between the revised mandatory grant amount and amount paid.

##### Services in-kind

Except for financial guarantee contracts, the CATHSSETA recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the CATHSSETA and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the CATHSSETA's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the CATHSSETA disclose the nature and type of services in-kind received during the reporting period.

#### 1.15 Statutory receivables

##### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another CATHSSETA in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.



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#### 1.15 Statutory receivables (continued)

##### Recognition

The CATHSSETA recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the CATHSSETA and the transaction amount can be measured reliably.

##### Initial measurement

The CATHSSETA initially measures statutory receivables at their transaction amount.

##### Subsequent measurement

The CATHSSETA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

##### Impairment losses

The CATHSSETA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the CATHSSETA considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.



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#### 1.15 Statutory receivables (continued)

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the CATHSSETA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an CATHSSETA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the CATHSSETA discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

#### Derecognition

The CATHSSETA derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the CATHSSETA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the CATHSSETA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the CATHSSETA:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.



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The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The CATHSSETA considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

#### 1.16 Mandatory grants and Discretionary grant

##### Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period, and the application has been approved as the payment then becomes probable. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period.

##### Discretionary grants

The CATHSSETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant, in the prescribed form, within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the conditions are complied with.

Project expenditure comprises of;

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the project;
- General administration costs for the use of facilities and other services rendered to or on behalf of SETA
- Such other costs as are specifically chargeable to the SETA under the terms of the contract.

Project costs means costs payable for an approved project funded through a discretionary grant. Therefore, project administration costs to be covered by a maximum of 7.5% relates to rent, water and lights, legal fees, postage, stationery, advertising, travel expenses, cleaning, security, and information systems as well as the maintenance thereof. Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics. Project costs are recognised as expenses in the period in which they are incurred.

#### 1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.





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#### 1.18 Irregular expenditure

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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 is 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 is 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 is 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 is 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 debt impairment 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.



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#### 1.19 Change in accounting policies, estimates and errors

##### Change in estimate

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of a period consumption of an asset, the results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities.

Change in accounting estimate result from new information and new developments and are not correction of errors. The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

- The period of the change, if the change affects that period only; or
- The period of the change and future periods, if the change affects both.
- To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of net assets, it shall be recognised by adjusting the carrying amount of the related asset, liability or item of net assets in the period of the change.

##### Prior period errors

Prior period errors are omissions from, and misstatements in the CATHSSETA's financial statements for one or more prior periods arising from a failure to use or misuse of, reliable information that:

- Was available when the annual financial statements for those period was authorised for issue; and
- Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Prior period error shall be corrected by retrospective restatement in the first set of financial statements authorised for issue after their discovery by:

- Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the error.

When it is impracticable to determine the period specific effects of the error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of the assets, liabilities and net assets for the earliest period for which retrospective restatements practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.



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#### Changes in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. An entity shall change an accounting policy only if the change:

- Is required by a standard of GRAP; or
- Results in the annual financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

A change in accounting policy shall be applied retrospectively, except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the change.

When is it impracticable to determine the period specific effects of changing an accounting policy on comparative information of one or more prior periods presented, the entity shall apply the new accounting policy to the carrying amounts of the assets and liabilities as at the beginning of the earliest period of which retrospective application is practicable, which may be the current period, and shall make a corresponding adjustment to the opening balance of each affected component of net assets for that period.

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods, the Entity shall adjust the comparative information to apply the new accounting policy prospectively from the earliest date practicable.

#### 1.20 Reserves

Reserves are sub-classified in the statement of financial position as following reserves:

##### Administration reserve

The balance of this reserve is equal to/or less than net carrying value of property, plant and equipment and Intangible assets. All net income is transferred to the Discretionary Reserve, net deficit is transferred from the Discretionary Reserve. These transfers are done in compliance with the Skills Development Act and Regulations.

##### Employer grant reserve

This reserve is for the payment of newly registered levy payers whose registration date still allows the completion of a WSP. Submission of the WSP will result in Grant payments. All reserves of levy payers who did not complete and submit WSP's are transferred to the Discretionary Reserve.

##### Discretionary reserve

This reserve is for the purpose of Discretionary Grants and Projects in compliance with the Skills Development Act and Regulations. 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).



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Member employer company 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 the following: Administration costs of the SETA, Mandatory Workplace Skills Planning/Implementation Grant, and Discretionary grants and projects.

In addition, 10% of contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised for discretionary grants.

The net surplus/deficit is allocated to the administration reserve and the discretionary fund reserve in terms of the Grant Regulations based on the above. The administration reserve comprises of the future depreciation of all property, plant and equipment plus the 5% of uncommitted discretionary grant funds at the end of the year.

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Heading	2023	2022
Administration	10.50 %	10.50 %
Mandatory grants	20.00 %	20.00 %
Discretionary grant	49.50 %	49.50 %
<hr/>		
Received by SETA	80.00 %	80.00 %
Contribution by National Skills Fund	20.00 %	20.00 %
<hr/>		
	<b>100.00 %</b>	<b>100.00 %</b>

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### ACCOUNTING POLICIES

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#### 1.21 Budget information

CATHSSETA are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by CATHSSETA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

Comparative information is not required.

Differences between budget and actual amounts are regarded as material differences when a 10% difference exists. All material differences are explained in the Statement of Comparison of Budget and Actual Amounts to the annual financial statements.

#### 1.22 Related parties

A related party is a person or an CATHSSETA with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an CATHSSETA that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an CATHSSETA so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting CATHSSETA and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an CATHSSETA, but is not control over those policies.

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the CATHSSETA.



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### ACCOUNTING POLICIES

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#### 1.22 Related parties (continued)

The CATHSSETA is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the CATHSSETA to have adopted if dealing with that individual CATHSSETA or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting CATHSSETA's legal mandate.

Where the CATHSSETA is exempt from the disclosures in accordance with the above, the CATHSSETA discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the CATHSSETA's financial statements to understand the effect of related party transactions on its annual financial statements.

#### 1.23 Events after reporting date

Events after reporting date 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:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The CATHSSETA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The CATHSSETA will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.



## ACCOUNTING POLICIES

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### 1.24 New Standards and Interpretations

<b>Standard and interpretations issued, but not yet effective</b>	<b>Effective date</b>	<b>Effective impact</b>
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be material impact
GRAP 25 (as revised 2021): Employee Benefits	01 April 2023	Unlikely there will be material impact
GRAP 104 (amended): Financial Instruments	01 April 2023	Unlikely there will be material impact
iGRAP 21: The Effects of Past Decisions on Materiality	01 April 2023	Unlikely there will be material impact
Guideline on the Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be material impact



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	R'000	R'000

**2. Allocation of the net surplus for the year to reserves**

31 March 2023	<b>Administration reserve</b>	<b>Employer grant reserves</b>	<b>Discretionary grant reserve</b>	<b>Total Statement of financial performance</b>
Administration levy income	50 627	-	-	50 627
Grant levy income	-	96 499	238 553	335 052
Service in kind	-	-	927	927
SDL: Penalties & Interest	-	-	5 179	5 179
Interest income	-	-	37 301	37 301
Other income	-	-	458	458
Government levies	-	-	21 035	21 035
<b>Total revenue</b>	<b>50 627</b>	<b>96 499</b>	<b>303 453</b>	<b>450 579</b>
Administration expenses	(83 879)	-	-	(83 879)
Grants and project expenses	-	(57 808)	(136 989)	(194 797)
<b>Net Surplus per Statement of Financial Performance</b>	<b>(33 252)</b>	<b>38 691</b>	<b>166 464</b>	<b>171 903</b>

31 March 2022	<b>Administration reserve</b>	<b>Employer grant reserves</b>	<b>Discretionary grant reserve</b>	<b>Total Statement of financial performance</b>
Administration levy income	40 987	-	-	40 987
Grant levy income	-	78 482	192 820	271 302
Service in kind	-	-	434	434
SDL: Penalties & Interest	-	-	6 630	6 630
Interest income	-	-	18 920	18 920
Other income	-	-	272	272
Government levies	-	-	21 895	21 895
<b>Total revenue</b>	<b>40 987</b>	<b>78 482</b>	<b>240 971</b>	<b>360 440</b>
Administration expenses	(84 944)	-	-	(84 944)
Grants and project expenses	-	(46 037)	(123 262)	(169 299)
<b>Net Surplus per Statement of Financial Performance</b>	<b>(43 957)</b>	<b>32 445</b>	<b>117 709</b>	<b>106 197</b>





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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>3. Inventories</b>		
Inventories	<b>203</b>	<b>219</b>
Inventory consists of stationery on hand and consumables at the end of the financial year. Inventory is not pledged as security.		
<b>4. Receivables from exchange transactions</b>		
Prepayments	74	26
Sundry debtors	2 082	2 640
	<b>2 156</b>	<b>2 666</b>
<b>Trade receivables age analysis - sundry debtors</b>		
Current (0-30 days)	74	26
Over 60 days	2 082	2 640
	<b>2 156</b>	<b>2 666</b>
<b>5. Receivables from non-exchange transactions</b>		
Statutory receivables	33 310	17 047
Inter-SETA receivables	35	64
Sundry debtors - discretionary and mandatory grants	2 596	707
	<b>35 941</b>	<b>17 818</b>
<b>Trade receivables from non-exchange age analysis</b>		
Current (0-30 days)	33 310	17 111
Over 60 days	2 631	707
	<b>35 941</b>	<b>17 818</b>



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	R'000	R'000

**Statutory receivables**

The Minister of Public Service and Administration issued a Directive in March 2012 in terms of Part IX, Sections A and B.4 of the Public Service Regulations, 2001 as amended. In terms of this Directive, per annum each government department shall set aside a minimum amount of one percent (1%) of the total department's annual personnel budget for training and development of its personnel and potential employees.

Per annum the 1% of the total personnel budget shall be apportioned as follows:

- Thirty percent (30%) of this amount shall be paid to the SETA which the department is affiliated.

The Statutory Receivables have been recognised in terms of this Directive. No interest has been levied on the statutory receivables. The statutory receivables are not impaired as they are due to the CATHSSETA in terms of legislation and therefore are collectible.

**6. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	8	8
Bank balances	3 918	41 523
Short-term deposits	744 517	568 573
	<b>748 443</b>	<b>610 104</b>

**Bank balances**

First National Bank: Current	2 857	1 965
First National Bank: Salary	544	493
Nedbank: Current	517	39 064
	<b>3 918</b>	<b>41 522</b>

**Short-term investments**

Notice account: Investec	211 258	199 483
Notice account: Nedbank	122 140	369 090
Notice account: South African Reserve Bank	411 119	-
	<b>744 517</b>	<b>568 573</b>



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Annual Financial Statements for the financial year ended 31 March 2023

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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The First National Bank: Current Account is the main transacting account. Short-term investments are held and earn an interest at an average of 7% per annum.

**Credit quality of cash at bank and short term deposits, excluding cash on hand**

Management considers that all the above cash and cash equivalents categories are of good credit quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalents mentioned above. During the year cash and cash equivalents were kept in an investment and current account. The cash and cash equivalents were not pledged as security for any financial liabilities.



CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Property, plant and equipment

	March 2023			March 2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	-	-	-	700	(700)	-
Furniture and fixtures	2 930	(951)	1 979	3 230	(896)	2 334
Motor vehicles	2 418	(960)	1 458	2 418	(798)	1 620
Office equipment	132	(55)	77	140	(49)	91
IT equipment	4 971	(1 578)	3 393	4 232	(1 367)	2 865
<b>Total</b>	<b>10 451</b>	<b>(3 544)</b>	<b>6 907</b>	<b>10 720</b>	<b>(3 810)</b>	<b>6 910</b>



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**Reconciliation of property, plant and equipment - March 2023**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Total</b>
Furniture and Fittings	2 334	-	(191)	(164)	1 979
Motor Vehicles	1 620	-	-	(162)	1 458
Office Equipment	91	-	(5)	(9)	77
IT Equipment	2 865	1 358	(314)	(516)	3 393
	<b>6 910</b>	<b>1 358</b>	<b>(510)</b>	<b>(851)</b>	<b>6 907</b>

Reconciliation of property, plant and equipment - March 2022

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Total</b>
Leasehold property	64	-	-	(64)	-
Furniture and fixtures	2 804	142	(457)	(155)	2 334
Motor vehicles	1 781	-	-	(161)	1 620
Office equipment	102	-	(2)	(9)	91
IT equipment	2 786	1 037	(606)	(352)	2 865
	<b>7 537</b>	<b>1 179</b>	<b>(1 065)</b>	<b>(741)</b>	<b>6 910</b>

**Pledged as security**

There are no items of Property, Plant and Equipment that have been pledged as security.



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**8. Intangible assets**

	March 2023			March 2022		
		R'000			R'000	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	9 591	(4 413)	5 178	9 591	(2 816)	6 775

Reconciliation of intangible assets - March 2023

	Opening balance	Amortisation	Total
Computer software	6 776	(1 598)	5 178

Reconciliation of intangible assets - March 2022

	Opening balance	Amortisation	Total
Computer software	8 375	(1 599)	6 776



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>9. Payables from exchange transactions</b>		
Trade payables	16	680
Other payables	773	752
Admin accruals	2 705	1 409
Operating lease payables	502	310
	<b>3 996</b>	<b>3 151</b>
<b>Trade payables from exchange age analysis</b>		
Current (0 - 30 days)	3 082	2 554
31 - 60 days	2	-
Over 90 days	912	597
	<b>3 996</b>	<b>3 151</b>
<b>10. Payables from non-exchange transactions</b>		
Project accrual	3 711	13 993
Project administration accrued expenses	2 648	117
Discretionary and mandatory levy creditors	16 048	30 084
	<b>22 407</b>	<b>44 194</b>
<b>The carrying amount of payables approximate their fair value.</b>		
<b>Trade payables from non exchange age analysis</b>		
Current (0 - 30 days)	22 274	44 111
31 - 60 days	133	-
Over 60 days	-	83
	<b>22 407</b>	<b>44 194</b>



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**11. Provisions**

Reconciliation of provisions - March 2023

	<b>Opening balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Reversed during the year</b>	<b>Total</b>
PROJECT PROVISION	3 464	-	-	(3 464)	-
SMME provision - below R500K	14 269	4 533	-	(3 769)	15 033
Employee bonus provision	3 562	8 210	(2 847)	-	8 925
Leave provision	1 678	1 410	(1 087)	-	2 001
	<b>22 973</b>	<b>14 153</b>	<b>(3 934)</b>	<b>(7 233)</b>	<b>25 959</b>

Reconciliation of provisions - March 2023

	<b>Opening balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Reversed during the year</b>	<b>Total</b>
PROJECT PROVISION	2 587	3 389	-	(2 512)	3 464
SMME provision - below R500K	13 356	3 172	-	(2 259)	14 269
Employee bonus provision	-	3 562	-	-	3 562
Leave provision	798	1 330	(450)	-	1 678
	<b>16 741</b>	<b>11 453</b>	<b>(450)</b>	<b>(4 771)</b>	<b>22 973</b>





## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2023</b>	<b>2022</b>
	R'000	R'000

#### Project Provision

The CATHSSETA enters into service level agreement with employers for projects allocated in terms of the Discretionary Grants policy. In order for grant funding to be disbursed, employers must submit all the documentation of the deliverables. In certain instances, employers submit incomplete documentation and the CATHSSETA reserves the right to withhold funds for deliverables not adequately supported. A project provision is recognised in this instances.

#### SMME Provision

Employers whose payroll bill is below R500 000 are not liable to pay the Skills Development Levy. However, sometimes such employers make contributions even though they are not required to do so. Contributions made by such employers are refundable if employers claim such contribution within five years. This provision represents contributions made by such employers, for the period not exceeding five years in line with the skills development circular no.09/2013.

#### Bonus provision

Employees sign performance contracts as part of their conditions of service at the beginning of each financial year. Employees are assessed bi-annually, and the bonus is paid in December. The amount is dependent on the outcome of individual performance evaluation. The provision is based on a flat rate based on management's best estimate of performance.

#### Leave provision

Leave pay provision represents the potential liability in respect of leave outstanding at year end.

#### 12. Finance lease obligation

##### Minimum lease payments due

- Within one year	279	-
- In second to fifth year inclusive	143	-
less: future finance charges	(35)	-
Present value of minimum lease payments	<b>387</b>	-



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>Present value of minimum lease payments due</b>		
- Within one year	247	-
- In second to fifth year inclusive	140	-
	<b>387</b>	<b>-</b>

Finance leases relates to the lease of 45 mobile devices from MTN for a total period of two years commencing October 2022.

**13. Other Income**

Other income	458	272
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Included in other income are refunds from the insurance refunds, and staff debtors (purchase of assets).

**14. Interest**

**Interest revenue**

Investment interest	36 906	18 576
Bank interest	395	344
	<b>37 301</b>	<b>18 920</b>



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	R'000	R'000
Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 37,3 million (PY: R 18,9 million).		
<b>15. Government levies</b>		
Limpopo Tourism Agency	-	106
Department of Sports, Arts, Culture and Recreation - Free State	760	801
Department of Sports, Arts, Culture and Recreation - Kwazulu Natal	459	334
Department of Sports, Arts, Culture and Recreation - Eastern Cape	1 349	1 395
ECPTA	148	141
Department of Sports, Arts, Culture and Recreation - Limpopo	404	387
Department of Agriculture - Gauteng	526	585
Department of Arts, Culture and Traditional Affairs - North West	87	75
Department of Tourism - National	181	181
Tourism KZN	127	1 022
Limpopo Tourism	115	112
Department of Tourism and Environment	714	732
Department of Arts and Culture - Gauteng	361	664
Department of Economic Development, Environmental Affairs and Tourism - EC	771	664
Department of Co-operative Governance and Traditional Affairs - KwaZulu Natal	2 024	1 860
Department of Co-operative Governance and Traditional Affairs - Mpumalanga	1 108	1 011
Department of Economic, Small Business Development, Tourism - Free State	261	258
Department of Sports, Arts, Culture and Recreation - Northern Cape	506	492
Department of Economic Development and Tourism - Mpumalanga	398	368
Department of Sports, Arts, Culture and Recreation - Mpumalanga	574	552
Department of Environment and Nature Conservation - Northern Cape	815	887
Department of Environmental Affairs - Gauteng	4 962	5 211
The National Heritage Council - Gauteng	84	78
Department of Co-operative Governance and Traditional Affairs - Northern Cape	724	707
Department of Environmental Affairs & Development Planning- Western Cape	615	607
Department of Sports, Arts, Culture and Recreation - Gauteng	725	664
Department of Co-operative Governance and Traditional Affairs - Gauteng	921	880



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	<b>R'000</b>	<b>R'000</b>
<b>15. Government levies (continued)</b>		
Department of Cultural Affairs and Sport - Western Cape	594	537
Department of Arts and Culture - KwaZulu Natal	722	585
	<b>21 035</b>	<b>21 896</b>

**16. Levies**

Administration	50 627	40 987
Discretionary Grant	238 553	192 820
Employer Grant	96 499	78 482
	<b>385 679</b>	<b>312 289</b>

**17. Penalty and Interest**

Penalties received	2 368	3 178
Interest received	2 811	3 452
	<b>5 179</b>	<b>6 630</b>

**18. Services in kind**

Services in Kind	927	434
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With effect from October 2021, the Northlink TVET College has provided the CATHSSETA with office accommodation for its regional office at no cost. There is no market related value of the accommodation as the property is within the college campus. However, management has determined its best estimate for the accommodation for recognition as a receivable and related revenue in terms of GRAP23.



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>19. Employee related costs</b>		
Basic	40 320	45 544
Bonus	8 946	5 920
Medical aid - company contributions	1 168	885
UIF	127	181
WCA	108	31
SDL	344	453
Leave pay provision charge	341	905
Garnishee	-	33
Union fees	18	36
Long-term benefits - Pension, disability and funeral	2 449	1 873
	<b>53 821</b>	<b>55 861</b>
<b>20. Depreciation and amortisation</b>		
Property, plant and equipment	847	741
Amortisation - Intangible assets	1 599	1 599
	<b>2 446</b>	<b>2 340</b>
<b>21. Finance costs</b>		
Finance lease	25	-
<b>22. Operating Lease - as lessee</b>		
Operating lease - Building	2 781	2 788
Operating lease - Equipment	414	371
Operating lease - Service in Kind	927	434
	<b>4 122</b>	<b>3 593</b>



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Annual Financial Statements for the financial year ended 31 March 2023

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>23. Employer and DG grant expenditure</b>		
Employer grant	57 808	46 037
Discretionary grant	131 464	119 831
Discretionary grant project admin cost	5 525	3 431
	<b>194 797</b>	<b>169 299</b>

### 24. Loss on sale of assets

Property, plant and equipment	(511)	(1 229)
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Certain office equipment were scrapped as they were damaged and no longer in use.

### 25. General expenses

Advertising	506	555
Auditors remuneration	6 042	5 128
Bank charges	89	81
Cleaning	504	781
Computer expenses	624	223
Consulting and professional fees	106	208
Consumables	39	115
Legal fees	662	1 267
Insurance	430	366
Motor vehicle expenses	3	5
Placement fees	75	577
Postage and courier	2	-
Printing and stationery	129	457
COVID-19	10	62
Repairs and maintenance	233	234
Security fees	853	1 178
Staff welfare	244	45
Subscriptions and membership fees	38	26
Telephone and fax	1 453	1 949
Training	1 238	919
Travel - local	584	325
Water and electricity	584	723
QCTO	2 262	1 899



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>25. General expenses (continued)</b>		
AGM	100	92
Catering	22	7
System costs	2 260	1 478
Board fees and administration	2 670	2 248
Other expenses	1 192	973
	<b>22 954</b>	<b>21 921</b>
<b>25.1. Auditors' remuneration</b>		
Fees - External Auditors	4 281	3 503
Fees - Internal Auditors	1 761	1 625
	<b>6 042</b>	<b>5 128</b>
<b>25.2. Repairs and maintenance</b>		
Repairs and maintenance - Building	227	205
Repairs and Maintenance - General	6	29
	<b>233</b>	<b>234</b>



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>26. Cash generated from operations</b>		
Surplus	171 903	106 197
<b>Adjustments for:</b>		
Depreciation and amortisation	2 446	2 340
Loss on disposal of assets	511	1 229
Finance costs - Finance leases	25	-
Movements in provisions	2 964	6 232
Other non-cash items	-	261
<b>Changes in working capital:</b>		
Inventories	16	52
Receivables from exchange transactions	510	678
Receivables from non-exchange transactions	(18 123)	(17 392)
Payables from exchange transactions	845	(1 940)
Payables from non-exchange transactions	(21 787)	12 409
	<b>139 310</b>	<b>110 066</b>

### 27. Risk management

#### Financial risk management

In the course of the SETA operations it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of Treasury Regulation (TR) 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

#### Liquidity risk

Ultimate responsibility for the liquidity risk management rests with the CATHSSETA Board, who has built an appropriate liquidity risk management framework for the management of CATHSSETA's short, medium and long term funding and liquidity management requirements. CATHSSETA manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows.





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	<b>2023</b>	<b>2022</b>
	R'000	R'000

**Credit risk**

Financial instrument	<b>March 2023</b>	<b>March 2022</b>
Accounts receivables	4 787	3 437
Cash and cash equivalents	3 918	41 523
Cash and cash equivalents - short term deposits	744 517	568 573

<b>March - 2023</b>	<b>0 - 30 days</b>	<b>Over 60 days</b>	<b>Total</b>
Receivables from exchange transactions	74	2 082	2 156
Receivables from non-exchange transactions	-	2 631	2 631
	<b>74</b>	<b>4 713</b>	<b>4 787</b>

<b>March - 2022</b>	<b>0 - 30 days</b>	<b>Over 60 days</b>	<b>Total</b>
Receivables from exchange transactions	26	2 640	2 666
Receivables from non-exchange transactions	64	707	771
	<b>90</b>	<b>3 347</b>	<b>3 437</b>

**Market risk**

**Interest rate risk**

CATHSSETA is exposed to interest rate risk as all surplus funds are invested in short-term cash investments. Although changes in the current interest rate affects the income from these investments, all income received from these investments is deemed to be income to the Discretionary Reserve and would not affect the productivity or existence of CATHSSETA directly. Further, the bulk of the surplus funds are invested in short-term fixed rate investments and are therefore not sensitive to interest rate changes.

**Sensitivity analysis**

	<b>Change in investments</b>	<b>Increase/ (decrease)</b>	<b>Increase/ (decrease) in net surplus for the yeane downward change</b>
Cash and cash equivalent (March 2023)	1.0 %	7 484	7 483
Cash and cash equivalent (March 2022)	1.0 %	6 101	6 101



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#### 27. Risk management (continued)

A change in the market interest rate at the reporting date would have increased/ (decreased) the surplus for the year by the amounts above.

##### Foreign exchange risk

The CATHSSETA does not hedge foreign exchange fluctuations. CATHSSETA has no exposure to foreign currency.

##### Price risk

As CATHSSETA has no investments in any form of equity, there is no exposure to price risk.

##### Capital risk management

CATHSSETA manages its capital to ensure that the projects of the organisation will be able to continue as a going concern while maximising the return on investments of surplus funds and ensuring continuous benefits for all stakeholders. CATHSSETA's overall strategy remains unchanged from the previous financial years.

##### Quality of credit

All accounts receivable are with organisations well known to CATHSSETA and in the same industry as CATHSSETA. The accounting authority has full trust in the quality of these accounts and did not deem it necessary to apply any further evaluation of credit quality.

##### Fair value of accounts receivable

The fair value of accounts receivable approximates the carrying amount due to the relative short term maturity of these assets. The effect of discounting was considered and found to be immaterial.

##### Accounts receivable, defaults, security and pledges

No accounts receivable has defaulted during the year and no alternative arrangements has been made with any accounts receivable during the year

##### No security is held for receivables

No portion of accounts receivable was pledged as security for any financial liabilities.

##### Cash and cash equivalents

The SETA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by the National Treasury through the approval of the investment policy in terms of Treasury Regulations. The CATHSSETA's exposure is continuously monitored by the Accounting Authority. Further, the organisation has adopted a policy of only dealing with creditworthy counterparts. CATHSSETA only transacts with Banks that are part of the "big five" registered banks in South Africa and which are approved by the National Treasury as per the PFMA. The credit and investment ratings of the above-mentioned banks are monitored on a continuous basis with international credit rating agencies to ensure the mitigation of any risks involved. CATHSSETA has developed a comprehensive Investment Policy in compliance with the PFMA which ensures that all the surplus funds are invested between fixed deposits and call accounts.

The amount disclosed for cash and cash equivalents represents the maximum exposure that credit poses to the CATHSSETA.



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	<b>2023</b>	<b>2022</b>
	R'000	R'000

**27. Risk management (continued)**

**Maximum exposure**

The amount disclosed for accounts receivable represents the maximum exposure that credit risk poses to the CATHSSETA.

**Default**

The CATHSSETA have never defaulted on any of the accounts payable nor were any of the terms attached to the accounts payable ever re-negotiated.

**Fair value**

Financial instruments recognised in the CATHSSETA Statement of Financial Position includes cash and cash equivalents, trade and other receivables, trade and other payables. The particular recognition methods adopted are disclosed in Note 1 of these annual financial statements.

**Categories of financial instruments**

**March - 2023**

<b>Financial Assets</b>	<b>Interest Bearing</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
Cash (interest @ 3.5%)	748 435	8	748 443
Accounts Receivable	-	4 787	4 787
	<b>748 435</b>	<b>4 795</b>	<b>753 230</b>

<b>Financial Liabilities</b>	<b>Interest Bearing</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
Accounts payable	6 644	19 759	26 403

**March 2022**

<b>Financial Assets</b>	<b>Interest Bearing</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
Cash (interest @ 3%)	608 513	8	610 104
Accounts Receivable	-	3 474	3 474

<b>Financial Liabilities</b>	<b>Interest Bearing</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
Accounts payable	3 268	44 077	47 345



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	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>28. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure</b>		
28.1. Irregular Expenditure and Fruitless and Wasteful Expenditure		
Irregular expenditure	27 695	6 341
Fruitless and wasteful expenditure	74	217
<b>Closing balance</b>	<b>27 769</b>	<b>6 558</b>

### 29. Commitment on Discretionary Grant

Opening balance	132 147	161 597
Additions	131 651	116 336
Movement	(135 886)	(145 786)
	<b>127 912</b>	<b>132 147</b>

Commitment discretionary grants will now be disclosed reflecting only balances, details will be on the commitment register.

Notice No. 35940 of 2012 of the Grant Regulations defines a commitment as a contractual obligation (an agreement (written) with specific terms between the SETA and a third party whereby the third party undertakes to perform something in relation to a discretionary project for which a SETA will be obliged to make a payment against the discretionary grant) that will obligate the SETA to make a payment in the ensuing year.

The prior period figures were understated by R4,036 million and have been corrected.

### 30. Commitment on Operating Lease

Operating lease

#### Minimum lease payments due

- within one year	2 992	2 992
- in second to fifth year inclusive	6 233	9 224
	<b>9 225</b>	<b>12 216</b>



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	<b>2023</b>	<b>2022</b>
	R'000	R'000

The operating lease relates to the new premises used for CATHSSETA office accommodation. The current lease agreement has been signed for a period of five (5) years from 01 May 2021. As at 31 March 2023, a non-definite commitment existed between CATHSSETA and City Properties regarding the continuation of the office accommodation lease.

CATHSSETA leases printing and photo copy machinery from Altron as from 01 May 2021. The monthly payable amount is fixed for the duration of the contract.

CATHSSETA leases a building from IPS for a period of five years from 01 May 2021. On expiry date, the agreement is automatically renewed on a month to month basis, subject to either giving 30 (thirty) written days' notice of its intention to terminate.

CATHSSETA leases a walk through scanner as at 01 September 2021 and the amount is fixed.

**31. Prior period errors**

Statement of Financial Position	Amount previously reported	Prior period error	Restated amount
Inventory	223	(4)	219
Receivables from exchange transaction	3 071	(405)	2 666
Receivables from non-exchange transaction	73	17 745	17 818
Cash and cash equivalent	608 522	1 582	610 104
Property, Plant and Equipment	5 583	1 327	6 910
Intangible	3 961	2 814	6 775
Payables from exchange transaction	(2 979)	(172)	(3 151)
Payables from non- exchange transactions	(46 817)	2 623	(44 194)
Appropriation of reserves	314	(3 088)	(2 774)
	<b>571 951</b>	<b>22 422</b>	<b>594 373</b>



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	<b>2023</b>	<b>2022</b>
	R'000	R'000
<b>Statement of Financial Performance</b>		
	<b>Amount</b>	<b>Prior</b>
	<b>previously</b>	<b>period</b>
	<b>reported</b>	<b>error</b>
		<b>Restated</b>
		<b>amount</b>
Other income	445	(173) 272
Government levies	4 848	17 047 21 895
Services in kind	-	434 434
Depreciation and amortisation	(4 297)	1 957 (2 340)
Lease rentals on operating lease	(3 159)	(434) (3 593)
Discretionary and Employer grant	(172 828)	3 529 (169 299)
General expenses	(21 983)	62 (21 921)
	<b>(196 974)</b>	<b>22 422 (174 552)</b>

Prior period errors are due to correcting various accounting transactions in 2021/22 financial years. The net impact in the statement of financial performance is R22,422 million.

**The impact is narrated below:**

**Statement of Financial Position**

**Inventories**

Inventory amounting to R4,000 was erroneously recorded in the prior year due to the errors on the inventory count sheets. A correcting journal was posted in this regard.

**Receivables from exchange transactions**

Discretionary grants receivables amounting to R405,000 were reclassified to receivables from non-exchange transactions.

**Receivables from non-exchange transactions**

With effect from April 2013 (Circular No.: HRD 1 OF 2013 issued by the Department of Public Service), all provincial and national departments are required to set aside 1% of their compensation budget of which 30% of the amount so determined.



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 31. Prior period errors (continued)

must be paid over to the CATHSSETA. To ensure compliance with GRAP 108 - Statutory Receivables which is now effective, an adjustment amounting to R17,047,078.95 was processed for the 30% due to the CATHSSETA. Various other adjustments amounting to R293,000 on net basis were processed in relation to Mandatory and Discretionary Grants overpayments and Inter-SETA balances.

#### Cash and cash equivalents

Management undertook a detailed analysis of all unreconciling transactions between the cash book and bank statements to ensure that they reconcile. As a result, an adjustment amounting to R1,582,000 was processed to the prior year cash book.

#### Property, plant and equipment (PPE)

Following the review of the useful lives of PPE in terms of GRAP17, an adjustment amounting to R1,327,000 was processed.

#### Intangible assets

Following the review of the useful lives of Intangible assets in terms of GRAP17, an adjustment amounting to R2,814,000 was processed.

#### Payables from exchange transactions

Management undertook a detailed analysis of all unreconciling transactions between the cash book and bank statements to ensure that they reconcile. As a result, an adjustment amounting to R172,000 was processed.

#### Payables from non-exchange transactions

Certain invoices in the prior year for Discretionary grants were duplicated in error and therefore an adjustment amounting R2,555,642.64 was processed to reverse the overstatement. Furthermore, the cashbook was reduced with Mandatory grant payments to certain employers as the funds had not been disbursed from the bank account. As a result, payables were adjusted by R68,280.08 to recognise these payments in the prior year.

#### Statement of Financial Performance

##### Other income

Reclassification of a credit note from a service provider amounting to R165,000 to expenditure and a reversal of R8,000 for the withdrawal of an Inter-SETA transaction.

##### Government Levies

With effect from April 2013 (Circular No.: HRD 1 OF 2013 issued by the Department of Public Service), all provincial and national departments are required to set aside 1% of their compensation budget of which 30% of the amount so determined must be paid over to the CATHSSETA. To ensure compliance with GRAP 23 - Revenue from non-exchange transactions, an adjustment amounting to R17,047,078.95 was processed for the 30% due to the CATHSSETA.

##### Services in kind

Recognition of a service in kind in terms of GRAP 23 - Revenue from non-exchange transactions for the accrued benefit amounting to R434,000 derived from using office accommodation at no cost.



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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 31. Prior period errors (continued)

##### Depreciation and amortisation

Following the review of the useful lives of PPE and Intangible assets in terms of GRAP17, an adjustment amounting to R1,957,000 was processed.

##### Lease rentals on operating lease

Recognition of a service in kind accrued expense amounting to R434,000 in terms of GRAP 23 - Revenue from non-exchange transactions for using office accommodation at no cost.

##### Discretionary and Employer grants

Certain invoices in the prior year for Discretionary grants were duplicated in error and therefore an adjustment amounting R2,960,576.44 was processed to reverse the overstatement.

Furthermore, the cashbook was reduced with Mandatory grant payments to certain employers as the funds had not been disbursed from the bank accounts. As a result, payables were adjusted by R568,706.97 to recognise these payments in the prior year.

##### General expenses

Management undertook a detailed analysis of all unreconciling transactions between the cash book and bank statements to ensure that they reconcile. As a result, an adjustment amounting to R62,000 was processed.

#### 32. Related parties

##### 32.1. Controlling entity

Department of Higher Education and Training (DHET).

CATHSSETA 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 CATHSSETA. CATHSSETA is ultimately controlled by the DHET. It is therefore related to all other entities within the DHET. CATHSSETA 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 (2022/23: R nil).

##### 32.2. Entities under common control

All TVET Colleges and Universities are under the common control of the DHET and are therefore related parties. The transactions are within normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions. Transactions with TVET Colleges and Universities relates mainly to expenses paid with regard to the Discretionary Grant. The Discretionary Grant Commitment balances with TVET Colleges and Universities are R43,815,092.44 (PY: R 32,063,158.11).

All SETA's are under common control of the DHET and all transactions between the SETA's are disclosed. Interest transactions and balances arise due to movement of employers from one SETA to another. The necessary notifications between the transacting SETA's have therefore been exchanged and where applicable, the necessary payments have been made. No other transactions occurred during the year with other SETA's. All transactions are at arms length.





## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

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	<b>2023</b>	<b>2022</b>
	R'000	R'000

#### 32. Related parties (continued)

The CATHSSETA has related party relationships with the National Students Financial Aid Scheme (NSFAS), National Skills Fund (NSF), Quality Council for Trade and Occupations (QCTO) and South African Qualifications Authority (SAQA) which are under the same control as the SETA. The prior period figures for NSFAS and DHET were incorrectly disclosed. They have been subsequently reinstated.

#### Service in Kind

With effect from October 2021, the Northlink TVET College has provided the CATHSSETA with office accommodation for its regional office at no cost. There is no market related value of the accommodation as the property is within the college campus. However, management has determined its best estimate for the accommodation for recognition as a receivable and related revenue in terms of GRAP23.

#### 32.3. Other departments with significant influence

The CATHSSETA implement policies mandated by the National Executive and therefore related to all other entities within the national government.

#### Related party balances

TVET Colleges	29 514	23 720
Universities	14 301	8 343
Interseta	(34)	(73)
NSFAS	6 000	6 000
	<b>49 781</b>	<b>37 990</b>

#### Related party transactions

TVET Colleges	22 724	12 496
Universities	19 617	20 915
QCTO	2 262	1 898
DHET	-	1 027
NSFAS	-	24 000
National and provincial departments - various (Note 15)	19 666	19 524
Provincial public entities - various (Note 15)	1 369	2 372
	<b>65 638</b>	<b>82 232</b>



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**32. Related parties (continued)**

32.4 Organisations relating to Accounting Authority members

<b>March 2023</b>	<b>Name of Company</b>	<b>Capacity/Interest/ Holder of Shares</b>	<b>Nature of business</b>
<b>Board Member</b>			
Vincent Maumela	Vincent Heritage Management Consulting (Pty) Ltd	Director	Heritage Management
Shanitha Khan	Netball World Cup 2023	Government Representative	Netball World Cup
Rachel Phiri	Hamba Umhlaba Travel	Director	Travel Management Company



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<b>Name</b>	<b>Audit &amp; Risk</b>	<b>FINREMCO</b>	<b>EXCO</b>	<b>Governance &amp; Strategy</b>	<b>Board</b>	<b>ICT</b>	<b>Subsistence &amp; Reimbursable Travel</b>	<b>Total</b>
Ms N Lubanga	75 064	-	37 109	-	83 771	-	281	196 225
Mr M Motha	-	2 119	38 458	28 248	70 730	-	576	140 131
Mr T Ndhlovu	-	3 470	82 672	-	149 285	-	24 155	259 582
Ms E Tukakgomo	-	73 804	50 452	1 715	74 630	-	1 541	202 142
Ms K Borain	13 872	2 119	-	23 389	57 629	-	-	97 009
Ms L Lesutu	-	70 374	22 956	1 985	95 366	-	7 569	198 250
Ms N Nzuzo	43 855	76 756	-	8 365	77 962	-	11 813	218 751
Mr S Mhlanga	-	70 105	50 683	1 715	63 810	-	-	186 313
Mr T Gaoshubelwe	-	2 119	12 646	29 598	82 021	-	1 065	127 449
Mr V Maumela	-	66 637	-	1 715	79 348	-	1 837	149 537
Ms B Masenya	-	57 654	-	1 715	17 637	-	625	77 631
Dr S Nthangeni	-	61 208	-	1 715	17 613	-	1 602	82 138
Mr S Matomela	58 660	-	-	-	33 076	17 496	1 748	110 980



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**32. Related parties (continued)**

<b>Name</b>	<b>Audit &amp; Risk</b>	<b>FINREMCO</b>	<b>EXCO</b>	<b>Governance &amp; Strategy</b>	<b>Board</b>	<b>ICT</b>	<b>Subsistence &amp; Reimbursable Travel</b>	<b>Total</b>
Mr A Mashifane	58 660	-	-	-	32 753	-	1 134	92 547
Mr R Phiri	32 143	-	-	4 318	63 424	-	523	100 408
Mr J Ntuli	-	34 723	7 144	-	73 245	-	1 242	116 354
Mr R Aphane	-	-	3 238	19 462	60 339	-	1 282	84 321
Mr M Tabane	-	-	-	12 526	51 024	-	306	63 856
	<b>282 254</b>	<b>521 088</b>	<b>305 358</b>	<b>136 466</b>	<b>1 183 663</b>	<b>17 496</b>	<b>57 299</b>	<b>2 503 624</b>

*\*Ms Tshiamo Maluleka- Disemelo, Mr Kenny Dichabe and Ms Sumayya Khan are not remunerated because they are employees in Public Service.*

*\*Ms Karen Borain resigned on the 22 September 2022.*

*\*Ms Rachel Phiri, Mr Joseph Ntuli, Mr Manene Tabane and Mr Richard Aphane were appointed on the 20 June 2022.*



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**March 2022**

<b>Name</b>	<b>Audit &amp; Risk</b>	<b>FINREMCO</b>	<b>EXCO</b>	<b>Governance &amp; Strategy</b>	<b>Board</b>	<b>ICT</b>	<b>Subsistence &amp; Reimbursable Travel</b>	<b>Total</b>
Ms N Lubanga	102 033	1 870	22 294	41 361	32 769	7 480	231	208 038
Mr M Motha	-	540	-	59 613	62 388	-	618	155 394
Mr T Ndhlovu	-	5 011	-	99 244	97 954	-	13 296	215 505
Ms E Tukakgomo	6 830	15 453	45 253	68 745	59 268	-	5 576	201 125
Ms K Borain	26 092	2 361	4 783	3 159	51 981	-	4 095	128 908
Ms L Lesutu	-	70 800	-	16 605	63 813	-	547	151 765
Ms N Nzuzo	34 290	50 787	-	-	66 936	-	121	152 134
Mr S Mhlanga	5 183	4 548	29 113	58 842	51 984	-	-	149 670
Mr T Gaoshubelwe	-	540	3 888	16 335	46 665	-	-	124 602
Mr V Maumela	6 830	37 152	30 760	-	62 967	-	931	138 640
Mr B Masenya	-	44 052	-	-	8 826	-	92	52 970
Dr S Nthangeni	-	27 939	-	-	8 826	-	381	37 146
Mr S Matomela	44 487	4 354	-	-	14 319	4 239	304	73 806
Mr A Mashifane	40 935	4 354	-	-	14 319	-	117	70 182
	<b>266 680</b>	<b>269 761</b>	<b>363 904</b>	<b>125 846</b>	<b>643 015</b>	<b>11 719</b>	<b>26 309</b>	<b>1 859 885</b>

*Ms Tshiamo Maluleka- Disemelo, Mr Kenny Dichabe and Ms Suraya Khan are not remunerated because they are employees in Public Service*



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Figures in Rand Thousands

**32. Related parties (continued)**

**32.5 Remuneration of Executive Management**

**March 2023**

<b>Name</b>	<b>Basic Salary</b>	<b>Performance bonus</b>	<b>Allowances</b>	<b>Contribution-pension fund</b>	<b>Contribution-other schemes</b>	<b>Total</b>
Mr M Thibela - Chief Executive Officer	1 894	240	237	138	31	2 540
Ms P Mpye - Executive Manager: Learning Programme	1 484	195	216	111	25	2 031
Dr T Umanah - Executive Manager: Monitoring & Evaluation	1 357	172	140	98	23	1 790
Mr N Marota - Chief Financial Officer	1 432	81	259	84	25	1 881
Mr F Mphako - Executive Manager: Corporate Services	1 387	48	126	84	23	1 668
	<b>7 554</b>	<b>736</b>	<b>978</b>	<b>515</b>	<b>127</b>	<b>9 910</b>



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Figures in Rand Thousands

**March 2022**

<b>Name</b>	<b>Basic Salary</b>	<b>Performance bonus</b>	<b>Allowances</b>	<b>Contribution-pension fund</b>	<b>Contribution-other schemes</b>	<b>Leave payout</b>	<b>Total</b>
Mr M Thibela - Chief Executive Officer	1 894	131	73	134	31	-	2 195
Ms N Thomas - Chief Financial Officer	513	-	18	36	9	72	648
Ms P Mpye - Executive Manager: Learning Programme	1 447	155	96	98	26	-	1 822
Dr T Umanah - Executive Manager: Monitoring & Evaluation	1 321	95	36	96	23	-	1 571
Ms M Ngwenya - Executive Manager: Corporate Services	504	-	18	34	8	63	627
Ms L Nhlapo - Acting Chief Financial Officer	204	14	190	15	5	-	428
Mr N Marota - Chief Financial Officer	557	-	54	37	9	-	657
Mr F Mphako - Executive Manager: Corporate Services	477	-	123	7	-	-	607
	<b>6 849</b>	<b>395</b>	<b>608</b>	<b>457</b>	<b>111</b>	<b>135</b>	<b>8 555</b>



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousands

#### 33. Contingencies

##### 33.1. Case No: JR 1110/13 – Matter between Business Unity South Africa and the Minister of Higher Education and Training, National Skills Authority and the National skills Refund.

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 2021/22 year in the levy download information. The CATHSSETA continued to pay and accrue mandatory grants at 20% in the 2022/23 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure in Note 23 as well as the mandatory grant liability in Note 10 were calculated using mandatory grant percentage of 20%.

The CATHSSETA 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, DHET 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.

##### 33.2. Expired projects contracts.

This contingent liability relates to suppliers whose funds have not been advanced to them owing to outstanding documentation. Their contracts had expired as at 31 March 2023, However, there are still outstanding deliverables on this contracts. The CATHSSETA reserves the right to withhold funds for claims not adequately supported. These funds will be advanced on submission of outstanding documentation. Should the Suppliers claim funds on these expired contracts the CATHSSETA will be liable for an amount of R 6,408,329.31 (2021/22: R 6 098 373.06).

##### 33.3. Matter between CATHSSETA and former employee.

The former employee has taken the organisation to the Labour Court. The employee alleges unfair suspension by CATHSSETA. At this stage the outcome of the matter cannot be determined and the amount cannot be quantified.

##### 33.4. Retention of surpluses

In terms of Section 53(3) of the PFMA, public entities listed in Schedules 3A and 3C of the PFMA may not accumulate surpluses that are realised in the previous financial year without obtaining prior written approval of the relevant Treasury.

The National Treasury Instruction Note No.2 of 2020/2021 revised the definition of surplus. According to this instruction note, a surplus is based on "Cash and Cash Equivalents at the end of the year" plus "Receivables" less "Current Liabilities". The calculated surplus as at 31 March 2023 is as per the table below:





## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Cash and cash equivalent at the end of the year	748 443	610 104
Add: Receivables	38 097	20 484
Less: Current Liabilities	(52 609)	(70 318)
	<b>733 931</b>	<b>560 270</b>

In the prior period, cash and cash equivalent were disclosed as R 608,522 million. Due to prior period errors Note 32, the amounts have been corrected.

Receivables as R3,144 million and current liabilities as R72,769 million. These were corrected in the comparative figures resulting in a total surplus of R560,740 million.

Following the application for the retention of surplus to National Treasury, they responded indicating that the Minister of Higher Education, Science and Innovation has the authority to approve the application. Various engagements took place between DHET and National Treasury on the matter resulting in the ultimately granting the approval for the retention of surplus funds amounting to R 538,897 million. However, Section 3 (5) of the PFMA indicates that in the event of any inconsistency between this Act any other Legislation, the PFMA prevails. Based on the provision of the PFMA, it is possible that the approval for the retention of surplus funds may not have been appropriately granted resulting in the CATHSSETA having a contingent liability for the funds.

#### 34. Budget differences

Differences between budget and actual amounts:

##### 34.1 Other income

Other income is made up of mostly grant recoveries from employers who did not implement learning programmes and other recoveries such as sale of assets and ETDP SETA income. No budget is set for grant recoveries as these have not been material, historically.

##### 34.2 Government levies

Levy accruals from provincial and national departments within the sector in terms of GRAP 108 .

##### 34.3 Fines and penalties

Actual income received from fines and penalties are above budgeted amounts due to conservative budgeting on this line as it is not a main source of revenue, and it is difficult to estimate future revenues with certainty.

##### 34.4 Skills development levy: Income

The levies received are higher than budgeted, due to the sub-sector recovery from the impact of Covid-19 and entry of new levy payers



## CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the financial year ended 31 March 2023

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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#### 34.5 Administration expenses

The administration expenditure was below budget due to vacancies throughout the financial year and the effective management of general expenditure in terms of the cost containment principles.

Furthermore, the procurement plan was not fully implemented due to capacity constraints in the SCM unit.

#### 34.6 Employer grants and project expenses

The underspending in grant expenses emanates mainly from the approval of the retention of surplus during the last month of the financial year. As a result, management could not implement any of the planned projects.

#### 34.7 Interest received – Investments

Interest income is higher than budgeted due to cash invested with banks.

#### 35. Going concern

The financial statements have been prepared on the going concern basis, as CATHSSETA does not see any reason to significantly curtail its operations in the foreseeable future and the CATHSSETA will continue to operate as a going concern for the next 12 months. The current licence period of CATHSSETA 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.

#### 36. Segment information

##### General information

##### Identification of segments

A segment is an activity of an CATHSSETA

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same CATHSSETA) ;
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

All three requirements listed above must be met in order to disclose a segment, however, the CATHSSETA does not meet all three requirements as separate financial information is not available for all activities. As a result of this, the CATHSSETA does not disclose segment reporting as per GRAP 18.



**OTHER INFORMATION AS PRESCRIBED BY THE NATIONAL TREASURY INSTRUCTION  
NOTE NO. 4 OF 2022/23: PFMA COMPLIANCE AND REPORTING FRAMEWORK**

**Irregular Expenditure**

	2023 R'000	2022 R'000
<b>Opening balance as previously reported</b>	<b>17 675</b>	<b>71 073</b>
<b>Add:</b> Current year - under investigation	25 005	1 246
Previous year - under determination	2 690	5 095
	45 371	77 414
<b>Less:</b> Removed in terms of the National Treasury Framework	(9 342)	(59 739)
<b>Closing balance</b>	<b>36 028</b>	<b>17 675</b>

**Details of current and previous year disciplinary or criminal steps taken:**

None.

**Fruitless and Wasteful Expenditure**

	2023 R'000	2022 R'000
<b>Opening balance as previously reported</b>	<b>5 401</b>	<b>5 184</b>
Interest and penalties - under assessment	-	20
Vehicle traffic fines - under assessment	3	7
Losses from perishable inventory - under assessment	-	4
Losses from criminal conduct - under investigation	71	94
Relocation expenditure of a former employee - under assessment	-	92
<b>Closing balance</b>	<b>5 474</b>	<b>5 401</b>



**OTHER INFORMATION AS PRESCRIBED BY THE NATIONAL TREASURY INSTRUCTION  
NOTE NO. 4 OF 2022/23: PFMA COMPLIANCE AND REPORTING FRAMEWORK**

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**Details of current and previous year disciplinary or criminal steps taken:**

Losses from criminal conduct

- This matter was referred to the South African Police Service (SAPS) for further investigation and has not been concluded.

Losses from perishable inventory

- Staff involved were held personally liable for a portion of the loss incurred resulting in R1 000 being recovered.

**Information on payment of supplier's invoices**

Description	Number of invoices	Value R'000
Valid invoices received	6 197	196 789
Invoices paid within 30 days or agreed period	5 815	172 352
Invoices paid after 30 days or agreed period	382	24 437
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-



OTHER INFORMATION AS PRESCRIBED BY THE NATIONAL TREASURY INSTRUCTION NOTE NO. 4 OF 2022/23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

**Information on Supply Chain Management**

Procurement by other means

Project Description	Name of Supplier	Type of procurement by other means	Value of contract R'000
BPM License	AccTech System	Single Source	29
Capacity Building Courses - Board Members	Institute of Directors South Africa (IODSA)	Single Source	148
Sage Evolution License Renewal - 2022	Sage License Renewal - 2022	Single Source	58
Caseware License Renewal	Adapt IT (Pty) Ltd	Single Source	104
SITA Conference 2022	SITA	Single Source	13
Street Name Advertisement	JCDecaux	Single Source	35
Heritage Team Building	Constitutional Hill	Single Source	57
Board Training	Institute of Directors South Africa (IODSA)	Single Source	62
World Skills Competition	Techno Pro	Single Source	993
Emergency Diesel Procurement	City Property	Emergency	46
Caseware Specialist Training	Adapt IT (Pty) Ltd	Single Source	92
Job Profile Management Clean up	CCG	Single Source	46



OTHER INFORMATION AS PRESCRIBED BY THE NATIONAL TREASURY INSTRUCTION NOTE NO. 4 OF 2022/23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

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**Contract variations and expansions**

Project Description	Name of Supplier	Original value of contract R'000	Value of previous contract expansion/s or variation(s) (if applicable) R'000	Value of contract R'000
Microsoft Exchange investigation on the Supply Chain Management's mail	Technology for Results	Variation	-	137



## **CATHSSETA**

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@Cathsseta1



Cathsseta



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ISBN: 978-0-621-51141-3

RP155/2023



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA