



Education, Training and Development Practices Sector Education and Training Authority

Annual Report

2017/18

F I N A N C I A L Y E A R



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

S K I L L I N G T H E N A T I O N







Education, Training and Development Practices Sector Education and Training Authority

SKILLING THE NATION

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SKILLING THE NATION

PART A

General Information

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1. ETDP SETA Information

Addresses of the nine provincial offices

are presented on the back cover of the report.

Name

Education, Training and Development
Practices Sector Education and Training

Authority. Referred to in this report as
ETDP SETA.

Physical Address

ETDP SETA House

2-6 New Street
South Marshalltown
Johannesburg CBD
0001

Private Bag X105
Melville
2109

Contact Details

Contact Person:

Ms Sesi Nombulelo Nxesi

Telephone Number:

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nombulelon@etdpseta.org.za

Website Address:

www.etdpseta.org.za

External Auditors

The Auditor-General of South Africa
(AGSA)

300 Middel Street
New Muckleneuk
Pretoria, RSA
0181

Telephone Number:

+27(0)12 426 8000

Website Address:

www.agsa.co.za

Main Banker

Standard Bank of South Africa

5 Simmonds Street
Johannesburg
2000

2. List of Abbreviations and Acronyms

Acronym	Description
AA	Accounting Authority
AET	Adult Education and Training
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ANC	African National Congress
APP	Annual Performance Plan
APPETD	Association of Private Providers of Education, Training and Development
ATR	Annual Training Report
B.Ed	Bachelor of Education
CBO	Community Based Organisation
CCMA	Commission for Conciliation, Mediation and Arbitration
CDO	Career Development Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGICT	Corporate governance of ICT

Acronym	Description
CHIETA	Chemical Industries Education and Training Authority
COMDEV	Community Development
COSATU	Congress of South African Trade Unions
CS	Constituency Support
DA	Democratic Alliance
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
ECD	Early Childhood Development
ELRC	Education Labour Relations Council
ETD	Education, Training and Development
ETDP SETA	Education, Training and Development Practices Sector Education and Training Authority
ETDQA	Education Training and Development Quality Assurance
EWP	Employee Wellness Programme
FASSET	Finance and Accounting Services Sector Education and Training Authority

Acronym	Description
FEDUSA	Federation of Unions of South Africa
FMPPI	Framework for Managing Programme Performance Information
FP&M SETA	Fibre Processing and Manufacturing Sector Education and Training Authority
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institution
HELM	Higher Education Leadership and Management
HoD	Head of Department
HR	Human Resources
ICT	Information and Communication Technology
IFP	Inkatha Freedom Party
KZN	KwaZulu-Natal
LGSETA	Local Government Sector Education and Training Authority
LIASA	Library and Information Association of South Africa
LMI	Labour market information
LP	Limpopo Province

Acronym	Description
LSEN	Learners with Special Educational Needs
M&E	Monitoring and Evaluation
MBA	Master of Business Administration
MBL	Master of Business Leadership
MDP	Management Development Programme
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTSETA	Media, Information and Communication Technologies Sector Education and Training Authority
MIS	Management Information System
MOU	Memorandum of Understanding
MPA	Master of Public Administration
MSc	Master of Science
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NAISA	National Alliance of Independent Schools Associations

Acronym	Description
NAPTOSA	National Professional Teachers' Organisation of South Africa
NATU	National Teachers Union
NEHAWU	National Education, Health and Allied Workers' Union
NGO	Non-Governmental Organisation
NLPE	Non-Levy Paying Entity
NPD	National Development Plan
NPO	Non-Profit Organisation
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
NTEU	National Tertiary Education Union
PEU	Professional Educators' Union
PFMA	Public Finance Management Act
PGCE	Postgraduate Certificate in Education

Acronym	Description
PIMM	Performance Information Management Module
PM&R	Performance, Monitoring and Reporting
PMDS	Performance Management and Development System
PWD	People with disabilities
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SACE	South African Council for Educators
SACP	South African Communist Party
SADTU	South African Democratic Teachers Union
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SCM	Supply Chain Management
SDA	Skills Development Act
SDF	Skills Development Facilitator
SETA	Sector Education and Training Authority

Acronym	Description
SGB	School Governing Body
SLA	Service Level Agreement
SMT	School Management Team
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
UCT	University of Cape Town
UNISA	University of South Africa
UoT	University of Technology
USAf	Universities South Africa
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WIL	Work Integrated Learning
WITS	University of Witwatersrand
WPE	Workplace Experience
WSP	Workplace Skills Plan
WSPRs	Workplace Skills Plans Reports

3.

Acknowledgements

Executive Authority

Ministry of Higher Education and Training



Ms N Pandor, MP

Minister of Higher Education & Training



Mr B Manamela, MP

Deputy Minister of Higher Education & Training

The Accounting Authority of the Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA) would like to express their appreciation to the Ministry of Higher Education and Training for the leadership they have provided. The ETDP SETA remains committed to contributing positively to realising the Department's vision of skilling the nation through a differentiated and fully inclusive post-school education and training system.

Acknowledgements

Ministry of Basic Education

National and Provincial Departments of Education



Ms AM Motshekga, MP

Minister of Basic Education



Mr ME Surty, MP

Deputy Minister of Basic Education

We also express our appreciation to the Ministry of Basic Education and to the national and provincial Departments of Education for their financial contribution to the ETDP SETA and collaboration in implementing the skills development programmes.

Levy-paying organisations

The ETDP SETA's Accounting Authority appreciates all contributions made by the levy-paying organisations through the levy grant system. The mandate of the ETDP SETA would not have been achieved without the financial contributions made.

4. Foreword by the Chairperson

Mr Duncan Hindle
Accounting Authority
Chairperson

Introduction

The 2017/18 financial year marked the end-of-term for the Accounting Authority (AA) appointed in April 2011. It is on behalf of the newly appointed AA, therefore, that I present this Annual Report of the ETDP SETA. The oversight role played by the previous AA in the implementation of the Annual Performance Plan (APP) is much appreciated.

High Level overview of performance

Performance against predetermined objectives

The ETDP SETA achieves its Five-year Strategic Plan objectives by implementing the APP. The achievements reported in this Annual Report show that, compared with the 2016/17 financial year, there was a 3% improvement. The 2017/18 approved APP had 41 performance indicators across six programmes. Twenty-seven of the indicators (66%) were fully achieved compared with 63% in the previous financial year.

Detailed reports on financial and performance achievements are given in Section B of this Annual Report in the sub-section 'Performance Information by Programme'.



Strategic relationships

The ETDP SETA continues to engage its strategic partners in the implementation of the APP. The partners include constituent employers and employees as well as diverse constituencies at National and Provincial levels.

Challenges faced by the AA

A large portion of the ETDP SETA revenue is received from the Departments of Education, the largest single employer in the sector.

The receipt of provincial contributions is often made late in the financial year, making it impossible to implement the intended programmes within the time-frames of the APP. This in turn leads to under-expenditure within a financial year and an increase in commitments of the funds for incomplete projects.

Medium to long term planning

The ETDP SETA continues to plan in line with the NSDS III, which has been extended to 31 March 2020. Medium-term planning is done in line with the Medium-Term Expenditure Framework (MTEF) and Medium Term Strategic Framework (MTSF, 2014-2019) and long-term planning with the National Development Plan (NDP) Vision 2030, with specific reference to Chapter 9.

A new strategic plan will be developed once the new MTSF 2020-2025 and NSDS IV are made available.

Acknowledgements and appreciation

I would like to thank the previous Chairperson Ms Shirley Mabusela for her commitment and dedication, as well as members of the previous AA for their contributions. The Chairpersons and members of Committees and Chambers must also be acknowledged. The leadership and support given by everyone to ensure that the ETDP SETA achieves its mandate is acknowledged and appreciated.

I would also want to thank the newly appointed AA for their contribution to the review of the 2017/18 performance and financial reports.

My gratitude is extended to the CEO, management and staff for their contributions with the hope that the challenges encountered during the APP implementation process will be addressed and that performance will improve substantially in the 2018/19 financial year. A clean audit opinion by the Auditor General for two years in succession is also acknowledged. A sustainable and continuous improvement of the internal controls and performance will position the ETDP SETA at the cutting edge of skills development.

Finally, I wish to thank all our constituencies and partners and the beneficiaries of our programmes for their support, and look forward to working with them henceforth to enhance skills development in the ETD sector.



Mr Duncan Hindle
Accounting Authority Chairperson

31 July 2018

5. Chief Executive Officer's Overview

Ms Sesi Nombulelo Nxesi
Chief Executive Officer



General financial review of the organisation

The ETDP SETA's financial performance has improved over the years, with continuous improvement in financial, compliance and administrative controls. Adherence to Generally Recognised Accounting Practice (GRAP) remains a priority.

The SETA is funded through the following three major sources:

Revenue items	2017/18 R'000	2016/17 R'000	2015/16 R'000
Levies received from employers	484 521	427 443	396 667
Department levies	369 269	395 908	361 975
Investment income	71 746	58 559	33 250

Revenue from employers has increased by 13% from the prior year. This is attributable to an increase in levy contributing employers in the current year compared to the prior year as well as inflationary increase.

Departmental levies show a decrease of 7% from the prior year. This is due to a lesser contribution by some of the Provincial Departments in the current financial year as compared to the prior year.

Interest income from investments increased by 23% from the prior year due to delayed implementation of projects resulting in high on cash reserves.

Spending trends

The table below shows the expenditure trends over three years against various budgets.

Expenditure type	2017/18 R'000	2016/17 R'000	2015/16 R'000
Mandatory grants	91 670	69 435	69 390
Discretionary grants	601 894	519 099	274 486
Administration	162 760	148 048	145 868
QCTO transfers	2 242	1 971	1 334

Mandatory grants expenditure increased by 32% from the prior financial year in line with the increase in revenue from levy paying employers.

Discretionary grant spending showed an increase of 16% as compared to the prior financial year. This is due to increased expenditure in the last two quarters of the financial year.

Administrative expenditure increased by 10% from the prior year which is in line with inflation. The expenditure is within the legislated threshold of 10.5% as per the Grant Regulations (including QCTO).

Capacity constraints and challenges facing the ETDP SETA

The capacity of provincial staff remains constrained to deliver on the planned programmes. As a result of the high volumes of documents to be captured and reported, for performance information reporting purposes, it is anticipated that digitisation and the enhanced Management Information System will reduce the large amount of administrative work. The organisational organogram will be revisited for the 2018/19 financial year.

Discontinued activities/activities to be discontinued

The ETDP SETA did not discontinue any activities in the 2017/18 financial year.

New or proposed activities

For 2018/19, collaboration with other SETAs and employers will be encouraged in order to increase the impact of service delivery. The ETDP SETA/TVET offices were established at the following TVET Colleges:

- Ikhala - Eastern Cape
- Umgungundlovu - KwaZulu-Natal
- Vhembe - Limpopo

The establishment of these delivery sites will require additional staff and resources.

Request for roll-over funds

The National Treasury approved utilisation of R169,5 million surplus funds from the 2016/17 financial year. An addendum to the APP was subsequently approved by DHET in February which was late for the commencement of programmes. The additional targets as set in the addendum could therefore not be addressed in the 2017/18 financial year and have been committed for implementation during the course of 2018/19 financial year.

Supply chain management processes and systems

The ETDP SETA has complied with most of the National Treasury regulations and instruction notes and has implemented cost-containment measures. The SCM policy and standard operating procedures are used to strengthen internal controls and to prevent irregular, fruitless and wasteful expenditure. All bid structures are in place and functional.

Concluded unsolicited bids for 2017/18

No unsolicited bid proposals were concluded in the 2017/18 financial year.

Challenges and strategies to address them

- Late implementation of programmes remains a challenge and the Departments of Education have been urged to pay their contributions timeously.

- There were also competing priorities especially in programmes for the training of teachers and lecturers which resulted in implementation delays. The chambers have committed to addressing the delays.
- On gaining of employment, interns drop out of the programme before the end of the 12 months. Whilst this is the ultimate goal of the programme, DHET regards the less reported against the planned target as under-achieved. There is continuous engagement with DHET to reach consensus.
- Programme completions are also a challenge as we experience slow learner progress in some instances with that of implementing plans of the ETDP SETA.

Previous audit report and how the findings were addressed

The previous audit findings were addressed in line with the audit implementation plan. Improvement is however still required in some areas as raised during the audit which pertain to both the financial statements and performance information. For the 2016/17 financial year, the ETDP SETA received a clean audit outcome and committed to continue on the same momentum. I am proud to announce that once again, for the 2017/18 financial year, the ETDP SETA received a clean audit.

Future plans to address financial challenges

The financial statements show slow spending of discretionary grants. This is due to late implementation of projects. Management has resolved to implement business process re-engineering to improve the efficiency of project implementation.

Events after the reporting date

A new Accounting Authority (AA) was constituted on 1 April 2018.

Economic viability

The ETDP SETA continues to operate as a going concern as the assets and liabilities are fairly stated. Skills Development Levy income increased by 4% from R823,4 million (2016/17) to R853,8 million (2017/18). Although employer contributions have increased from the prior year, there has been a decrease in Government levy contributions from R395,9 million (2016/17) to R369,2 million (2017/18) as the majority of the Departments of Education paid fewer contributions compared to the prior year.

Acknowledgements

I would like to thank the previous Chairperson of the AA, Ms Shirley Mabusela, for her willingness to avail herself when required and members of the previous AA, Committees and Chambers for their contribution throughout the financial year. The tenure of the previous AA ended on 31 March 2018.

The new AA assumed office on 1 April 2018 and played an oversight role in the finalisation of this Annual Report. My sincere gratitude goes to all of them as well.

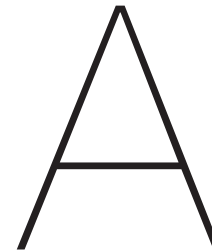
A word of appreciation also goes to the management and staff of the ETDP SETA for their contribution towards the implementation of the APP and the effort of management in improving performance ratings and the attainment of a clean audit. Lastly, I wish to thank all our levy payers, Departments of Education, service providers, suppliers and project beneficiaries for their continued support and cooperation.



Ms Sesi Nombulelo Nxesi
Chief Executive Officer

31 July 2018

6. Statement of Responsibility and Confirmation of Accuracy of the Annual Report by the Accounting Authority



All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General.

The Annual Report is complete, accurate and free from any omissions and has been prepared in accordance with the guidelines for annual reports as issued by National Treasury.

**To the best of our knowledge and belief, we
confirm the following:**

The annual financial statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (Standards of GRAP), applicable to the ETDP SETA.

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

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

The Auditor General is engaged to express an independent opinion on the annual financial statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information and the financial affairs of the ETDP SETA for the financial year ended 31 March 2018.



Ms Sesi Nombulelo Nxesi
Chief Executive Officer

31 July 2018



Mr Duncan Hindle
Accounting Authority Chairperson

31 July 2018

7. Strategic Overview

7.1 Vision

The vision of the ETDP SETA is to be a promoter and facilitator in the development and improvement of the skills profile of the sector's workforce in order to benefit employers, workers and employees in the sector.

7.2 Mission

The ETDP SETA holds as its mission the promotion, facilitation and development of an education, training and development sector in which:

- the skill levels of employees and workers are raised
- there is a healthy balance between supply and demand in the labour market
- there are diverse, flexible routes for initial and in-service education and training
- a variety of career paths are available
- the quality of education and training provision is improved
- the levy grant scheme is efficiently administered
- there is regular liaison with providers, other SETAs, the Department of Labour, the Department of Education, the National Skills Authority (NSA) and the South African Qualifications Authority (SAQA) and its structures
- internal and external communication is effective in order to advance national human resource and skills development
- dialogue and interaction between public and private entities in the sector with regard to skills transfer and training delivery is encouraged
- employers, workers and employees in the sector benefit from good quality training, higher productivity and harmonious mutual dependencies.

7.3 Values

The ETDP SETA's values include a commitment to:

- transparency and fair conduct
- honesty and integrity
- courteousness and caring
- honouring deadlines
- promoting equity amongst all our stakeholders
- cooperative governance
- striving for continuous improvement.

8.

Legislative and Other Mandates

The ETDP SETA falls under Schedule 3A of the PFMA. The following legislative, policy and mandates govern the work of the SETA:

- Constitution of the Republic of South Africa (1996)
- Skills Development Act, 1998 (Act No. 97 of 1998), as amended
- Skills Development Levies Act, 1999 (Act No. 9 of 1999)
- Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Employment Equity Act 1998 (Act No. 55 of 1998)
- Protection of Personal Information Act, 2013 (Act No. 4 of 2013)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- National Treasury Regulations
- National Skills Development Strategy III
- SETA Grants Regulations – December 2012 (Government Notice No. 35940)
- Standard Constitution provided for the SETAs (2012)
- National Development Plan Vision 2030
- Medium Term Strategic Framework 2014-2019
- White Paper on Post School Education and Training (2012)
- Human Resource Development Strategy of South Africa, 2030
- Education, Training and Development Sector Skills Plan
- Occupational and Safety Act, 1993 (Act No. 85 of 1993), as amended
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and applicable regulations.



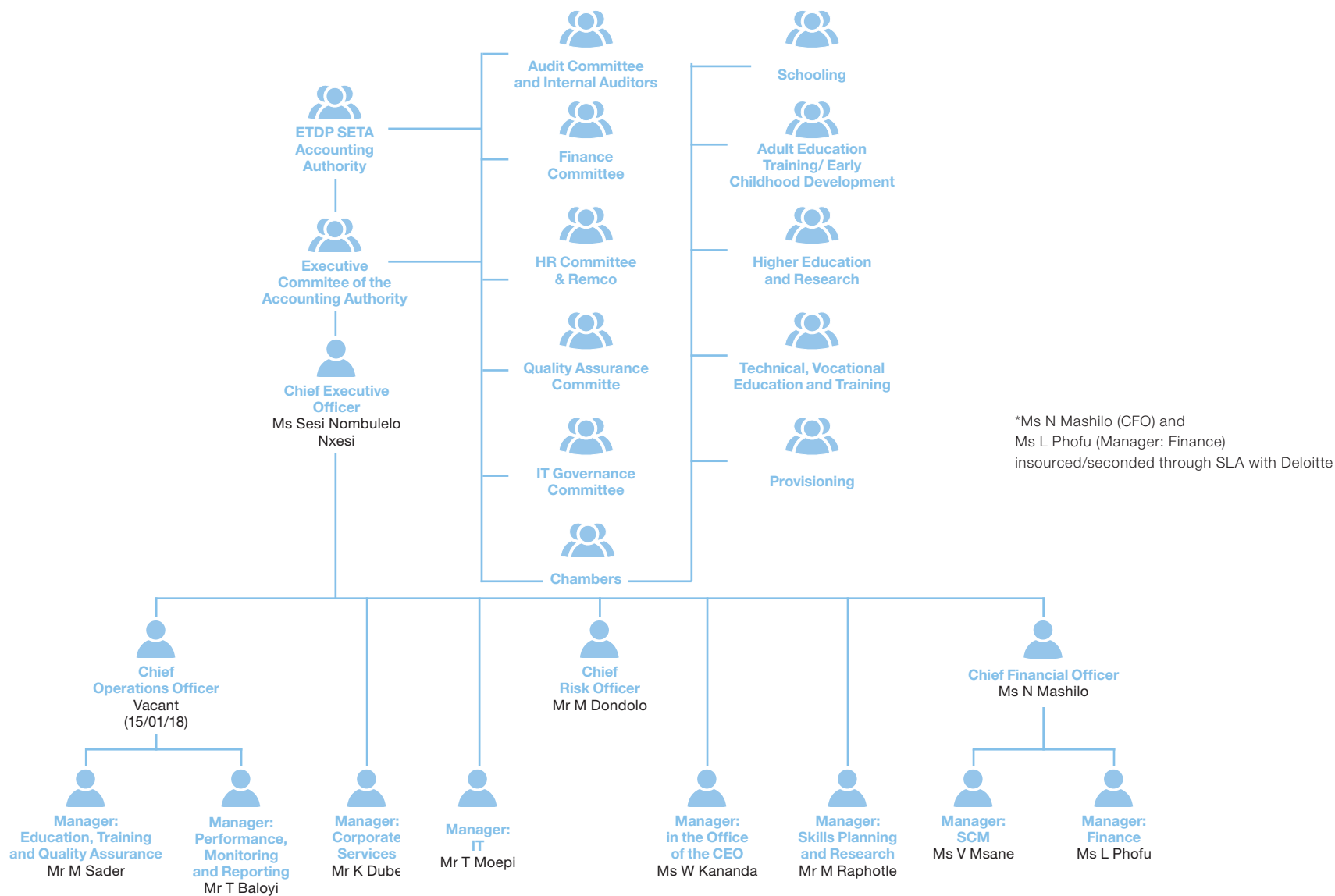


SKILLING THE NATION

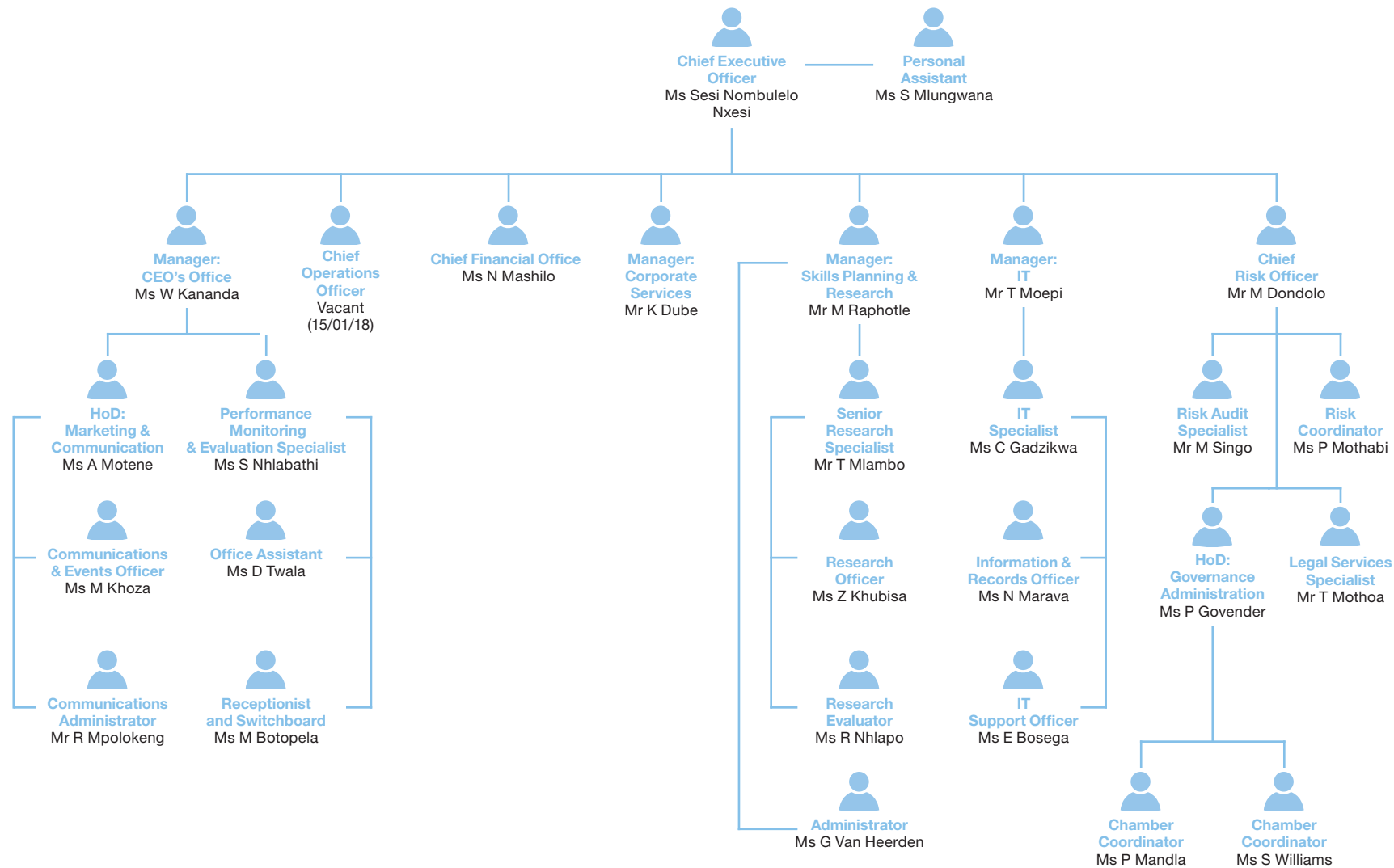
Organisational Structure

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

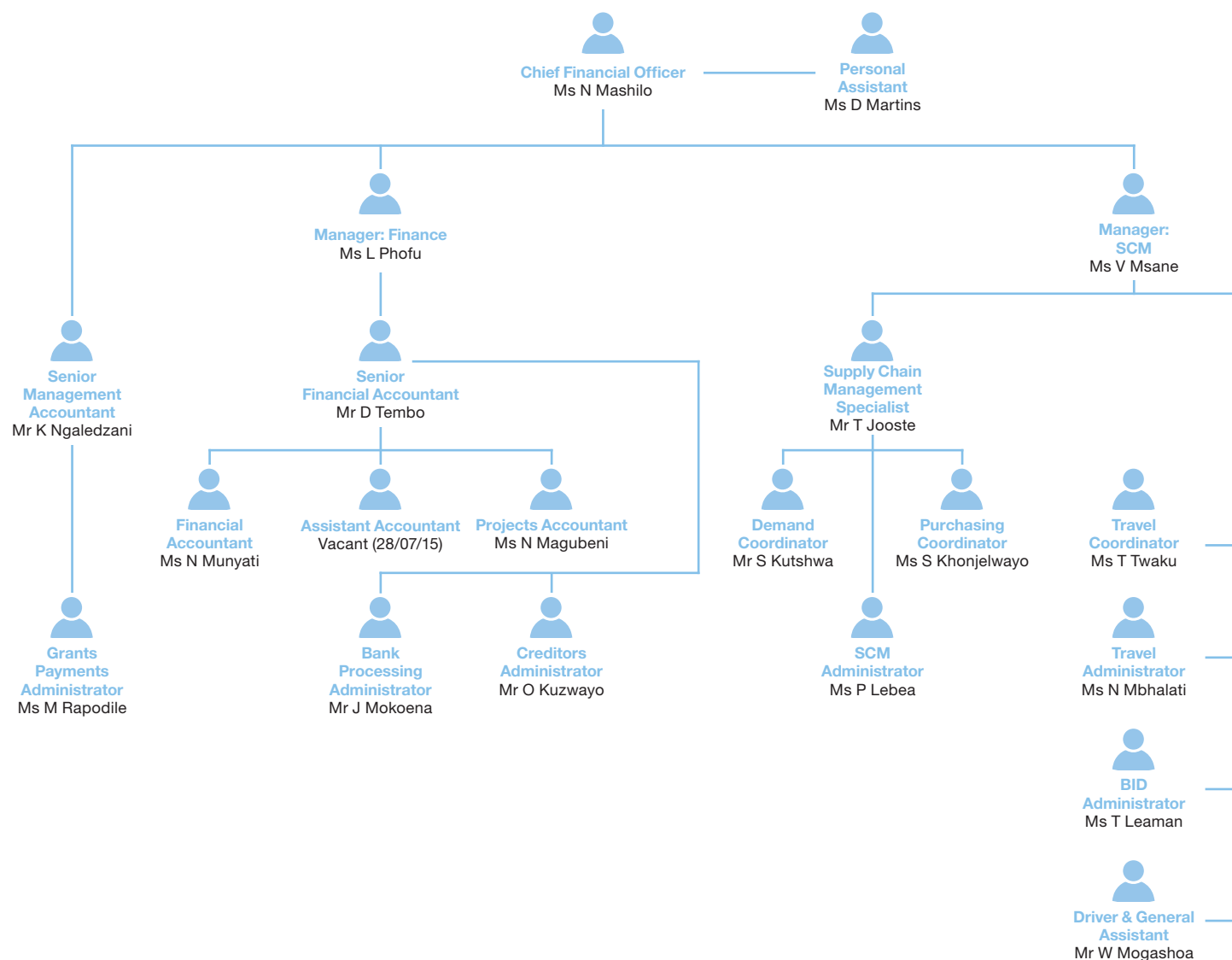
9. Governance and Management



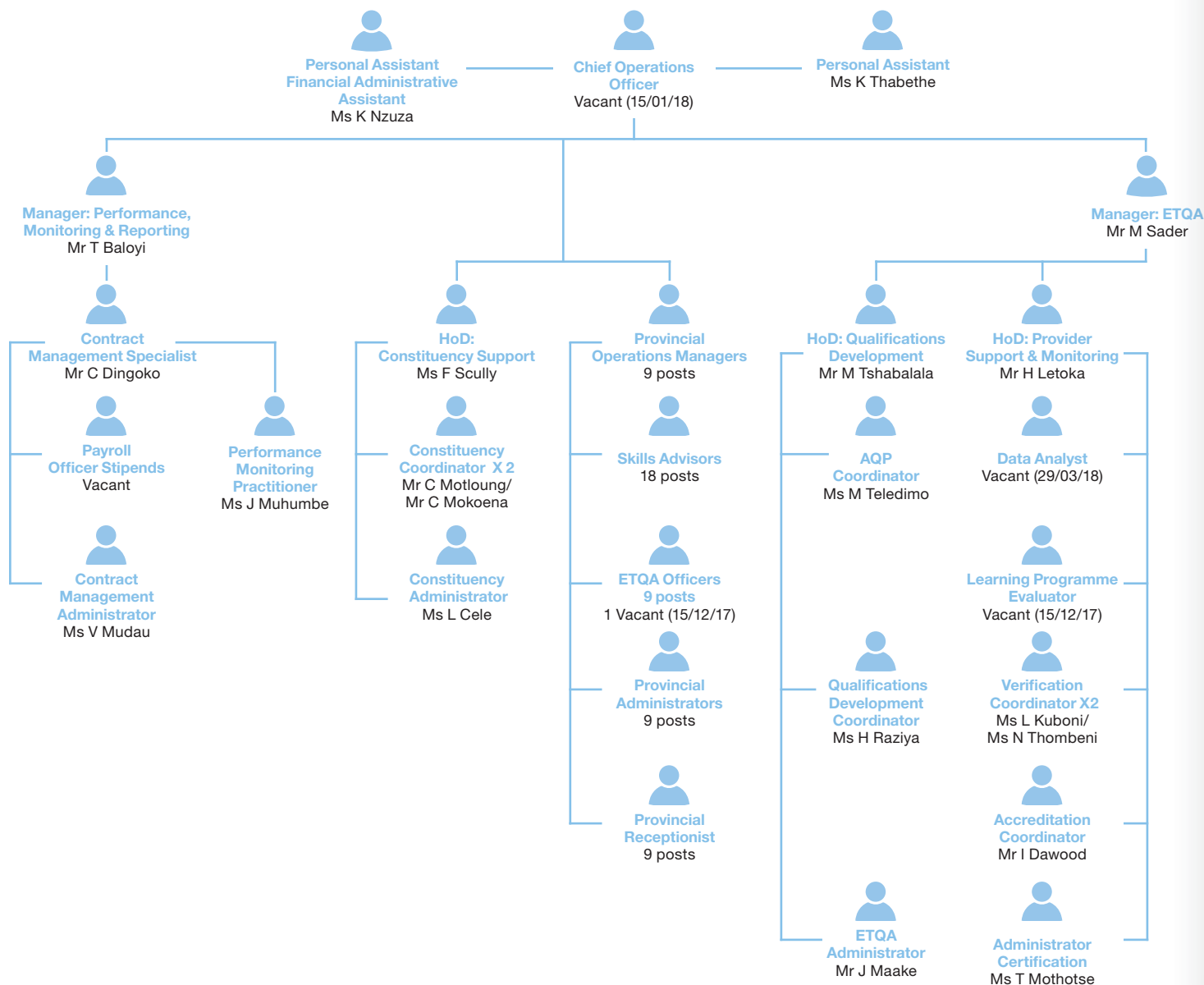
Functional Structure of the CEO



Functional Structure: Finance and Procurement



Functional Structure: Operations



Provincial Managers

EC: Ms J Socutshana
FS: Ms T Moleko
GP: Mr G Francis
KZN: Mr K Mabotha
LP: Mr I Mphaphuli
MP: Ms N Mxenge
NC: Mr R Kistiah
NW: Ms N Msebe
WC: Ms F Machimana

Skills Advisors

EC: Ms S Pantshwa	LP: Mr C Sithole
EC: Ms C Mona	MP: Ms N Speelman
FS: Mr E Radebe	MP: Mr D Netshikweta
FS: Ms S Masia Poo	NC: Mr D Gulston
GP: Ms S Jacobs	NC: Mr C Mpisi
GP: Mr V Naidoo	NW: Ms T Chipa
KZN: Ms B Msomi	NW: Ms A Kromhout
KZN: Ms G Le Grange	WC: Mr P Kunene
LP: Mr M Thema	WC: Mr A Shasha

ETQA Officers

EC: Ms N Mtsweni	MP: Ms V Middleton
FS: Ms F Madzivha	NC: Ms C Zwane
GP: Mr N Mnguni	NW: Mr M Chauke
KZN: Ms S Rambehary	WC: Ms J Malan
LP: Ms L Machebe	Hendricks

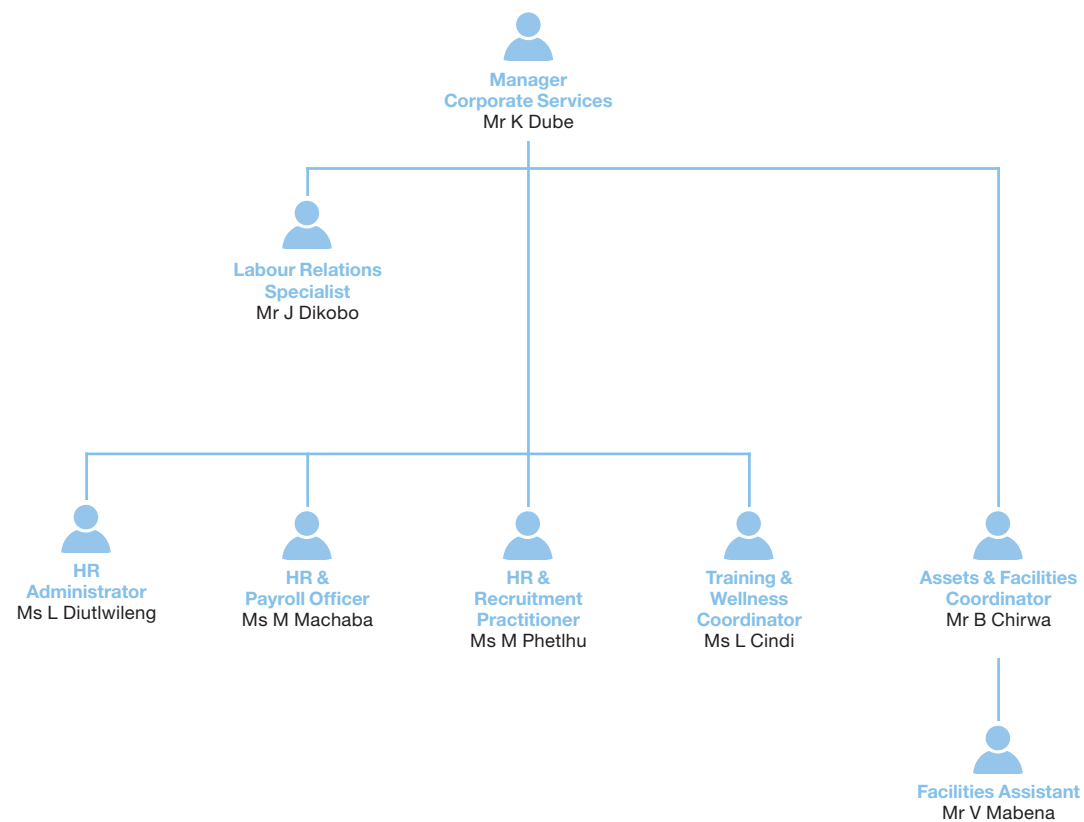
Provincial Administrators

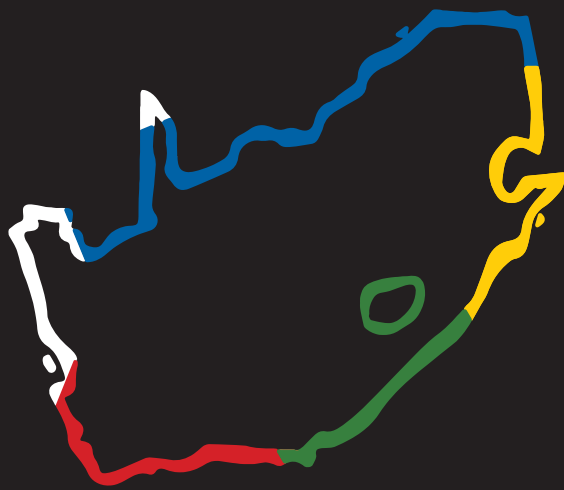
EC: Ms A Kama	NC: Ms J Skennette
FS: Ms E Ketshwa	NW: Ms T Chabalala
GP: Ms F Mchunu	WC: Ms D Boltman
KZN: Mr X Nxumalo	
LP: Ms T Malongete	
MP: Mr A Mvuma	

Provincial Receptionists

EC: Ms T Vokiyane
FS: Ms R Ramasimong
GP: Mr T Ngubane
KZN: Ms N Mazibuko
LP: Ms V Mokgolo
MP: Ms S Maringa
NC: Ms B van der Sandt
NW: Ms F Hlomendlini
WC: Ms D Nonkonyana

Functional Structure: Corporate Services





SKILLING THE NATION

PART B

Performance Information

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1.

Auditor-General's Report: Predetermined Objectives

The ETDP SETA falls under Schedule 3A of the PFMA.

The Auditor General performed the audit on predetermined objectives and the report is provided on pages 125-129.

2. Situational Analysis

2.1 Service Delivery Environment

The 2017/18 APP was implemented through six programmes. One programme was aimed at ensuring the efficiency and effectiveness of the organisation and the others at addressing the needs of the constituencies and the ETD sub-sectors. Across all the APP's targets, the overall performance of the organisation was 66%.

Challenges encountered during programme implementation included:

- Finalising projects for implementation with stakeholders took longer than anticipated. Contracting and training for most programmes therefore largely took place in the last quarter of the financial year
- There were frequent drop-outs after learners had entered their programmes. Replacing these learners usually took longer than anticipated.

The major external factor affecting service delivery was late payment of contributions by some provincial Departments of Education. This led to delays in project implementation.

2.2 Organisational Environment

A major challenge faced by the organisation during implementation of the APP was the resignation of the Chief Operations Officer in December 2017. This negatively affected operations in particular. To address this challenge, selected Senior Managers were assigned oversight roles to provinces, providing leadership and support to provincial staff in the implementation of programmes.

The Auditor General issued the ETDP SETA with a clean audit outcome for the 2017/18 financial year. In 2016/17, the ETDP SETA also received a clean audit.

2.3 Key Policy Developments and Legislative Changes

The Minister of Higher Education and Training published Government Gazette No: 40733 (31 March 2017) on the Standard for the Specifications for Load Files for the Skills Education and Training Management Information System

Monitoring Reports (SETMIS-MR). Although the Gazette was published in the 2016/17 financial year, implementation took place during the year under review. The Gazette affected the ETDP SETAs NDSIII reporting capabilities and required changes to reporting processes.

2.4 Strategic Outcome Oriented Goals

The ETDP SETA's Five-Year Strategic Plan has six strategic outcome-oriented goals. During the reporting period, achievements in terms of these goals were as follows:

Goal 1: A highly effective organisation with good corporate governance practices.

- SCM Training was conducted
- MIS was fully implemented
- IT Governance Committee was established and compliance with the CGICT policy framework was ensured
- Clean Audit outcome was achieved

Goal 2: Labour market information (LMI) mechanism in place to inform sector skills planning through credible and empirical research.

- The Sector Skills Plan (SSP) was approved by the Minister of Higher Education and Training and used to inform the 2018/19 Annual Performance Plan.
- Research publications by research chairs and specialists were used to develop the SSP.

Goal 3: A skilled public service personnel to improve teaching and learning and administrative efficiency in schools, TVET colleges, community colleges and higher education institutions.

- This goal was achieved through Programme 3 of the APP. While specific targets related to this Programme were not achieved in full, it is important to note that a total of 8 558 public personnel were enrolled on various programmes to improve teaching and learning and strengthen public administration.

Goal 4: Increased number of under-graduates and graduates who successfully enter the post school education and training system and the labour market.

- This goal was achieved through Programme 4 of the APP. Six out of eight indicators in the Programme were achieved, translating into 75% achievement and a total of 8 263 unemployed enrolled in various programmes.

Goal 5: Increased number of skilled practitioners in ECD, NGOs, trade unions, political parties, SETAs, professional bodies, libraries and archives institutions through skills development.

- This goal was achieved through Programme 5 of the APP, where 86% (7 out of 8) of the targets were achieved.

Goal 6: Improved quality of service delivery and performance through the implementation of quality and monitoring systems.

- This goal was achieved through Programme 6. 100% of targets were achieved and a tracer study that was commissioned in 2016/17 showed a slight improvement in the quality of service delivery.

3.

Performance Information by Programme

3.1 Programme 1: Administration

3.1.1 Purpose

The purpose of the programme is to ensure effective organisational management and administration.

3.1.2 Strategic Objective

To ensure that the SETA has effective strategic leadership, management and administrative support to ensure that the organisation complies with all relevant legislative and policy prescripts.

3.1.3 Sub-programmes

Programme 1 has eight sub-programmes:

- Finance
- Governance Administration
- Risk Management and Audit
- Human Resources Management & Legal Services
- Information and Communication Technology
- Marketing and Communications
- Performance Monitoring and Evaluation
- Supply Chain Management

3.1.4 Progress and Achievement

Eight of the ten indicators were achieved (80% achievement).

3.1.5 Changes to planned targets

There were no changes to planned targets.

3.1.6 Challenges

The following two indicators were not achieved.

- Number of governance structure members trained
- Level of compliance with SCM-related legislative provisions.

Programme 1: Administration

3.1.7 Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to achievement	Comment on deviations
Ensure that the SETA has effective strategic leadership, management and administrative support to ensure that the organisation complies with all relevant legislative and policy prescripts	Clean audit outcome achieved	1	1	1	0	Achieved
	Number of governance structure members trained	61	152	99	-53	Under-achieved Number of actual members was over-stated in the APP
	Percentage of risks within approved tolerance and appetite levels	50%	50%	63%	13%	Over-achieved The organisation improved its risk management processes planned
	Percentage of litigation managed procedurally	100%	100%	100%	0	Achieved
	Level of ICT governance compliance	-	75%	94%	19%	Over-achieved The development of CGICT deliverables that were behind schedule were accelerated
	Level of awareness and profiling of the organisation	-	80%	81%	1%	Over-achieved More stakeholders responded positively to the survey
	Level of compliance with SCM-related legislative provisions	100%	100%	98%	-2%	Under-achieved Bids received were not published within the prescribed timeframes as per the National Treasury Regulations
	Number of employees trained on full and short courses	116	75	99	24	Over-achieved More employees took up opportunities for training and bursaries awarded
	Number of APP programmes evaluated	-	5	5	0	Achieved
	Performance monitoring of APP programmes conducted and reported	4	4	4	0	Achieved

3.1.8 Strategy to Overcome Areas of Underperformance

Performance Indicator	Strategy to overcome areas of underperformance
Number of governance structure members trained	The number of governance members to be trained has been aligned with the number of governance structure members
Level of compliance with SCM-related legislative provisions	The process of publishing submitted bids within ten days has been reviewed; the publishing dates will be included in the bid register

3.1.9 Changes to Planned Targets

There were no changes to any of the 2017/18 planned targets.

3.1.10 Linking performance with budgets

The total approved administration budget was R193.8 million. The Programme 1 budget of R24 343 million is part of this administration budget.

Sub-programme/ Activity	Budget 2016/17	Actual Expenditure 2016/17	Over/Under Expenditure 2016/17	Budget 2017/18	Revised Budget 2017/18	Actual Expenditure 2017/18	Over/Under Expenditure 2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Clean audit outcome achieved	2 000	2 417	(417)	-	3 050	3 122	(72)
Number of governance structure members trained	300	318	(18)	450	450	125	325
Percentage of risk within approved tolerance and appetite levels	-	-	-	-	-	-	-
Percentage of litigation managed procedurally	1 923	2 192	(269)	2 200	2 000	158	1 842
Level of ICT governance compliance	5 224	3 774	1 450	3 200	6 700	5 987	713
Level of awareness and profiling of the organisation	-	-	-	3 700	3 700	-	3 700
Level of compliance with SCM-related legislative provisions	-	-	-	-	8 493	8 489	4
Number of employees trained through full and short courses	1 600	1 024	570	3 750	800	750	50
Number of APP programmes evaluated	600	606	6	2 400	2 400	1 688	712
Performance monitoring of the APP programmes conducted and reported	-	-	-	-	-	-	-
TOTAL	11 647	10 331	1 322	18 250	27 593	20 319	7 274

3.2 Programme 2: Research Skills and Planning

3.2.1 Purpose

The purpose of this programme is to obtain accurate information on the supply of and demand for skills to address the skills gaps in the sector.

3.2.2 Sub-programmes

- Development of the SSP
- Support for Research Organisations

3.2.3 Strategic Objectives

The strategic objective of this programme is to conduct research to identify the skills gaps or mismatches of skills in the ETD sector for purposes of employability, occupational mobility and entrepreneurship.

3.2.4 Progress and achievement

One of the two indicators was achieved (50% achievement).

Programme 2: Research Skills and Planning

3.2.5 Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to achievement	Comment on deviations
Research identifies the skills gaps or skill mismatches in the ETD sector for purposes of employability, occupational mobility and entrepreneurship	An updated approved annual SSP to inform organisational planning	Approved SSP	SSP annual update to be submitted to DHET 1 August 2017 as prescribed	Draft SSP submitted to DHET on 15 June 2017, and final SSP submitted on 1 August 2017 and approved by DHET in Feb 2018	-	Achieved
	Number of research organisations supported through skills development	-	5	-	-5	Under-achieved Delays in procurement

3.2.6 Strategy to Overcome Areas of Under Performance

Performance Indicator	Strategy to overcome areas of underperformance
Number of research organisations supported through skills development	Guide research organisations to procure their service providers during the process of consultation

3.2.7 Changes to Planned Targets

There were no changes to the planned targets.

3.2.8 Linking Performance with Budgets

Administration Budget

Sub-Programme Name

	Budget 2016/17	Actual Expenditure 2016/17	Over/ Under Expenditure 2016/17	Budget 2017/18	Commitment 2017/18	Actual Expenditure 2017/18	Variance 2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Sector Skills Plan	8 500	8 867	367	11 600	702	9 015	1 883

Discretionary Budget

Sub-Programme Name

	Budget 2016/17	Actual Expenditure 2016/17	Over/ Under Expenditure 2016/17	Budget 2017/18	Commitment 2017/18	Actual Expenditure 2017/18	Variance 2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Sector Skills Plan	822	-	822	1 104	132	72	900
Skills Development Support for Research Organisations	-	-	-	1 000	258	300	442
Total	822	-	822	2 104	390	372	1 342

3.3 Programme 3: Improved quality teaching and learning in institutions

3.3.1 Purpose

The purpose of this programme is to improve the quality of teaching and learning in public schools, TVET colleges, HEIs and Community Colleges and to capacitate those involved in the delivery of services, and in this way contribute to a transformed post-school education and training environment.

3.3.2 Sub-programmes

Programme 3 has eleven sub-programmes:

- Public TVET colleges lecturers and managers supported through skills development
- Community Education and Training College practitioners supported through skills development
- Universities South Africa (USAf) supported through skills development
- Public HEIs supported through skills development
- Private HEIs supported through skills development
- Private FET colleges supported through skills development
- Public school teachers enrolled in full qualifications
- Public school teachers enrolled in part qualifications/skills programmes
- Public school teachers awarded bursaries
- Government officials in the education sector enrolled in public administration and management development programmes
- Teacher unions supported through skills development.

3.3.3 Strategic Objectives

The six strategic objectives of this programme are to:

- Support TVET Colleges to improve student performance
- Support Community Education and Training Colleges to improve learner performance
- Assist HEI lecturers to gain appropriate competencies to improve student performance
- Support skills development in private HEIs
- Ensure that teachers are trained on programmes that enhance their competencies
- Enhance the administrative capacity of key and strategic government officials in education at national, provincial and district offices.

3.3.4 Progress and Achievement

Three of the eleven indicators were achieved (27% achievement).

Programme 3: Improved quality teaching and learning in institutions

3.3.5 Actual Achievements

Strategic Objectives	Performance Indicators	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to actual achievement 2017/18	Comment on deviations and/or variances 2017/18
Support TVET colleges to improve student performance	Number of public TVET college lecturers and managers supported through skills development	50 TVET Colleges supported	400	350	-50	Under-achieved Under-recruitment of lecturers
Support Community Education and Training Colleges to improve learner performance	Number of Community Education and Training Colleges practitioners supported through skills development	-	100	129	29	Over-achieved There was an increase in demand
Train HEI lecturers to gain appropriate competencies in order to improve student performance	Universities South Africa (USAf) supported through skills development	1	1	1	-	Achieved
	Number of public HEIs supported through skills development	21	26	13	-13	Under-achieved Delays in procurement processes
Support private HEIs in skills development	Number of private HEIs supported through skills development	4	20	2	-18	Under-achieved Delays in procurement processes
	Number of private FET colleges supported through skills development	-	10	0	-10	Not achieved Delays in procurement processes
Ensure that teachers are trained on programmes that enhance their competencies	Number of public school teachers enrolled in full qualifications	6 382 (part and full qualifications)	1 000	747	-253	Under-achieved Under-recruitment of teachers
Ensure that teachers are trained on programmes that enhance their competencies in order to improve learner performance	Number of public school teachers enrolled in part qualifications/skills programmes		5 000	3 658	-1 342	Under-achieved Under-recruitment of teachers
	Number of public school teachers awarded bursaries	-	2 000	1 621	-379	Under-achieved Under-recruitment of teachers
Enhance the administrative capacity of key and strategic government officials in education at national, provincial and district offices	Number of government officials in the education sector enrolled in public administration and management development programmes	693	2 000	1 979	-21	Under-achieved Under-recruitment of government officials
	Number of Teacher Union Institutes supported through skills development	3	5	5	-	Achieved

3.3.6 Strategies to Overcome Areas of Under-performance

Performance Indicator	Strategy to overcome areas of under-performance
Number of public TVET colleges lecturers and managers supported through skills development	The SETA will ensure 100% quality assurance of learner documentation on projects that are administered by external implementing partners before reporting
Number of Community Education and Training Colleges Practitioners supported through skills development	Management will work with DHET to re-conceptualise the sub-sector. This requires extensive consultation with the stakeholders and should result in a plan on how to support the sub-sector effectively
Number of public HEIs supported through skills development	Management will develop a strategy to support HEIs centrally at head office
Number of private HEIs supported through skills development	Management will develop a strategy to ensure that all constituencies are supported through expressions of interest
Number of public school teachers enrolled in full qualifications	Provincial Managers are required to consult with the provinces to align programmes before submission of the APP to DHET for approval There must be timeous payment of departments' 30% contribution
Number of public school teachers enrolled in part qualifications/skills programmes	
Number of public school teachers awarded bursaries	
Number of government officials in the education sector enrolled in public administration and management development programmes	

3.3.7 Changes to Planned Targets

The Minister for Higher Education and Training approved an addendum to the APP in February 2018. The table below details the additional targets:

Sub-programme	Original approved 2017/18 APP Budget	Surplus Funds	Revised 2017/18 APP Budget	Original Approved Target	Combined Revised Target
Public school teachers enrolled in full qualification programmes	R26 000 000	R5 200 000	R31 200 000	1 000	1 220
Public school teachers enrolled for part qualifications/skills programmes	R50 000 000	R51 514 040	R101 514 040	5 000	11 790
Public school teachers awarded bursaries for further studies	R50 000 000	R5 500 000	R55 500 000	2 000	2 220
Creation of digital platform for diagnostic assessment	None	R4 785 960	R4 785 960	None	1
Labour market analysis in Limpopo's three districts	None	R2 500 000	R2 500 000	None	1
Total:	R126 000 000	R69 500 000	R195 500 000		

These targets are not included in the “Actual achievement” table as well as the “Linking Performance with Budgets” table as the SETA could not implement the targets in the 2017/18 financial year. The funds have been committed for implementation in the 2018/19 financial year.

3.3.8 Linking Performance with Budgets

Sub-Programme Name	Budget 2016/17	Actual Expenditure 2016/17	Over/Under Expenditure 2016/17	Budget 2017/18	Commitment 2017/18	Actual Expenditure 2017/18	Variance 2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of public TVET college lecturers and managers supported through skills development	34 000	8 454	25 546	12 000	7 883	-	4 117
Number of Community Education and Training college practitioners supported through skills development	-	-	-	2 500	2 861	-	-361
Universities South Africa (USAf) supported through skills development	1 500	112	1 388	2 300	471	515	1 313
Number of public HEIs supported through skills development	26 000	4 352	21 648	33 140	33 017	925	-802
Number of private HEIs supported through skills development	-	-	-	2 000	185	451	1 367
Number of private FET colleges supported through skills development	-	-	-	2 499	-	-	2 499
Number of public school teachers enrolled in full qualifications	120 937	21 178	99 759	26 000	23 726	-	2 274
Number of public school teachers enrolled in part qualifications/skills programmes				50 000	73 386	3 252	-26 638
Number of public school teachers awarded bursaries	-	-	-	50 000	47 599	1 019	1 382
Number of government officials in the education sector enrolled in public administration and management development programmes	12 000	1 480	10 520	60 000	41 087	977	17 936
Number of Teacher Union Institutes supported through skills development	5 000	-	5 000	4 500	2 390	846	1 264
Total	199 437	35 176	163 861	244 939	232 606	7 984	4 349

Commitment and actual expenditure for eight sub-programmes were within budget and three exceeded the budget. However, overall commitment and actual expenditure for the programme is within budget based on virement within the programme.

3.4 Programme 4: Youth Development and Student Support

3.4.1 Purpose

The purpose of this programme is to provide career development services, increase access to occupationally directed programmes and provide unemployed graduates and under-graduates with workplace learning and experience for employability.

3.4.2 Sub-programmes

There are eight sub-programmes under this programme:

- Students awarded new bursaries
- Students awarded bursaries (renewals)
- Graduates and undergraduates provided with workplace experience: Internships, TVET College and UoT student placement
- Unemployed candidates receiving qualifications through Recognition of Prior learning (RPL)
- Unemployed people enrolled in skills programmes

- Unemployed people enrolled in learnership programmes
- Unemployed people with disabilities enrolled in skills programmes
- Support for cooperatives.

3.4.3 Strategic Objectives

To increase students' access to further and higher education institutions and the labour market through workplace experiential learning.

3.4.4 Progress and achievement

Six of the eight indicators were achieved (75% achievement).

Programme 4: Youth Development and Student Support

3.4.5 Actual Achievements

Strategic Objectives	Performance Indicators	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to actual achievement 2017/18	Comment on deviations and/or variances
To increase students' access to further and higher education institutions and the labour market through workplace experiential learning	Number of students awarded new bursaries	543	500	545	45	Over-achieved Additional learners were supported
	Number of students awarded bursaries (renewals)	771	650	837	187	Over-achieved Additional learners were supported
	Number of graduates and undergraduates provided with workplace experience (CDOs, internships, TVET college and UoT graduate placements)	2 684	2 500	2 952	452	Over-achieved Additional learners were supported
	Number of candidates receiving qualifications through Recognition of Prior learning (RPL)	436	250	252	2	Over-achieved Additional learners were supported
	Number of unemployed youth enrolled in skills programmes	3 119	1 700	1 484	-216	Under-achieved Under recruitment due to no stipends
	Number of unemployed youth enrolled in learnership programmes	1 503	1 600	1 658	58	Over-achieved Additional learners were supported
	Number of unemployed people with disabilities enrolled in skills programmes	788	500	445	-55	Under-achieved Under recruitment due availability of learners
	Number of co-operatives supported through skills development (continuation)	18	18	18	-	Achieved

3.4.6 Strategy to Overcome Areas of Underperformance

Performance Indicator	Strategy to overcome areas of underperformance
Number of unemployed youth enrolled in skills programmes	Provision of stipends will encourage learners to enrol for skills programmes.
Number of unemployed people with disabilities enrolled in skills programmes	The APP implementation strategy must be developed and approved in the first quarter of the new financial year.

3.4.7 Changes to Planned Targets

The Minister for Higher Education and Training approved an addendum to the APP in February 2018. The table below details the additional targets:

Su-programme	Original approved 2017/18 APP Budget	Surplus Funds	Revised 2017/18 APP Budget	Original Approved Target	Combined Revised Target
Students awarded new bursaries	R30 000 000	R100 000 000	R130 000 000	500	1 700
Total	R30 000 000	R100 000 000	R130 000 000		

These targets are not included in the “Actual achievement” table as well as the “Linking Performance with Budgets” table as the SETA could not implement the targets in the 2017/18 financial year. The funds have been committed for implementation in the 2018/19 financial year.

3.4.8 Linking Performance with Budgets

Sub-Programme Name	Budget 2016/17	Actual Expenditure 2016/17	Over/Under Expenditure 2016/17	Budget 2017/18	Commitment 2017/18	Actual Expenditure 2017/18	Variance 2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of students awarded new bursaries	145 000	6 968	1 382	30 000	19 392	9 175	1 433
Number of students awarded bursaries (renewals)	37 125	7 193	29 932	39 000	29 222	22 923	-13 145
Number of graduates and undergraduates provided with workplace experience (CDOs, internships, TVET college and UoT graduate placement)	114 215	40 181	74 004	114 300	49 868	55 792	8 640
Number of candidates receiving qualifications through Recognition of Prior learning (RPL)	8 305	780	7 525	7 500	4 243	-	3 257
Number of unemployed youth enrolled in skills programmes	19 381	1 548	17 833	9 350	3 863	1 518	3 969
Number of unemployed youth enrolled in learnership programmes	75 000	36 995	38 005	80 000	69 260	8 276	2 464
Number of unemployed people with disabilities enrolled in skills programmes	24 000	2 573	21 427	15 000	7 861	248	6 891
Number of co-operatives supported through skills development (continuation)	2 000	-	2 000	4 150	216	3 623	311
Total	425 026	96 238	328 758	299 300	101 555	183 925	5 181

Commitment and actual expenditure for seven sub-programmes were within budget and one sub-programme exceeded its budget. However, overall commitment and actual expenditure for the programme was within budget.

3.5 Programme 5: Skills Development for ETD Constituencies

3.5.1 Purpose

The purpose of the programme is to build human and institutional capacity within the ETD sector constituencies.

3.5.2 Sub-programmes

Programme 5 has seven sub-programmes:

- Skills development support for trade unions, including trade union federations
- Skills development support for political parties
- Skills development for NLPEs and NGOs, including Worker Education Organisations
- Support for School Governing Bodies as employers
- Skills development support for SETAs paying levies to the ETDP SETA professional bodies
- Skills development support for independent schools' associations
- Skills development support for private training providers.

3.5.3 Strategic Objectives

To conduct skills development programmes to build human and institutional capacity within the ETDP SETA constituencies.

3.5.4 Progress and Achievement

Six of the seven indicators were achieved (86% achievement).

Programme 5: Skills Development for ETD Constituencies

3.5.5 Actual Achievements

Strategic Objectives	Performance Indicators	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to actual achievement 2017/18	Comment on deviations and/or variances
Conduct skills development programmes to build human and institutional capacity within the ETDP SETA constituencies	Number of trade union organisations, including trade union federations supported through skills development	4	15	7	-8	Under-achieved Delays in procurement
	Number of political parties supported through skills development	4	4	4	-	Achieved
	Number of NLPEs, NGOs and Worker Education Organisations supported through skills development	-	100	103	3	Over-achieved Additional organisations were recruited
	Number of school governing bodies supported through skills development	25	2	2	-	Achieved
	Number of SETAs and professional bodies paying levies to the ETDP SETA supported through skills development	8	11	11	-	Achieved
	Number of independent schools' associations supported through skills development	1	8	8	-	Achieved
	Number of private training providers supported through skills development	1	1	1	-	Achieved

3.5.6 Strategy to Overcome Areas of Underperformance

Performance Indicator	Strategy to overcome areas of underperformance
Number of trade union organisations, including trade union federations supported through skills development	Review and implement the process of engaging with constituencies

3.5.7 Changes to Planned Targets

None.

3.5.8 Linking Performance with Budgets

Discretionary Budget

Sub-Programme Name

	Budget 2016/17	Actual Expenditure 2016/17	Over/Under Expenditure 2016/17	Budget 2017/18	Commitment 2017/18	Actual Expenditure 2017/18	Variance 2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of trade union organisations, including trade union federations, supported through skills development	5 000	548	4 452	4 000	1 397	690	1 913
Number of political parties supported through skills development	3 000	941	2 059	3 000	746	1 741	512
Number of NLPEs, NGOs and Worker Education Organisations supported through skills development	-	-	-	1 528	12	115	1 400
Number of school governing bodies supported through skills development	4 000	202	3 798	2 886	973	45	1 870
Number of SETAs and professional bodies paying levies to the ETDP SETA supported through skills development	3 000	1 131	1 869	5 500	1 666	2 033	1 801
Number of independent schools' associations supported through skills development	5 000	-	5 000	3 000	1 400	600	1 000
Number of private training providers supported through skills development	3 000	1 500	1 500	2 763	1 380	-	1 383
Total	32 300	4 433	27 867	22 678	7 574	5 225	9 879

3.6 Programme 6: Improved Quality Assurance

3.6.1 Purpose

The purpose of the ETDQA function is to ensure that the ETDP SETA develops and implements an effective and efficient quality assurance and training provider support system.

3.6.2 Sub-programmes

- Learning programme evaluation
- External moderation conducted
- Assessment centres accredited.

3.6.3 Strategic Objectives

The quality of service delivery and performance in the ETDP SETA is improved through implementing and monitoring quality assurance systems and processes.

3.6.4 Progress and Achievement

All three indicators were achieved (100% achievement).

Programme 6: Improved Quality Assurance

3.6.5 Actual Achievements

Strategic Objectives	Performance Indicators	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to actual achievement 2017/18	Comment on deviations and/or variances
Strengthen the quality assurance systems in line with the QCTO landscape requirements	Number of learning programmes evaluated	606	400	403	3	Over achieved Additional demand
	Number of external moderations conducted	497	400	531	131	Over achieved Additional demand
	Number of Assessment Centres established	-	9	9	-	Achieved

3.6.6 Strategy to Overcome Areas of Under Performance

None.

3.6.7 Changes to Planned Targets

There were no changes to the planned targets.

3.6.8 Linking Performance with Budgets

Administration Budget

Sub-Programme Name

	Budget 2016/17	Actual Expenditure 2016/17	Over/Under Expenditure 2016/17	Budget 2017/18	Actual Expenditure 2017/18	Variance 2017/18
	R'000	R'000	R'000	R'000	R'000	R'000
Learning programmes are evaluated by end March 2018	166	156	10	1 500	208	1 292
Assessment results verified/externally moderated by end March 2018	1688	868	820	1 500	909	591
Assessment centres accredited by end March 2018	-	-	-	2 000	-	2 000
Total	1854	1024	830	5 000	1 117	3 883

3.7

Highlights and Strategic Partnerships formed during the year under review

3.7.1 Taking our services to where the people are

The National Skills Development Strategy III and the White Paper on Post School Education and Training (2013) encourage a close relationship between the SETAs and the Technical Vocational Education and Training (TVET) Colleges.

The TVET Colleges, in general, offer learning programmes that are aimed at equipping students with knowledge and skills that are relevant to the labour market in order to increase the employability of their graduates. TVET Colleges are viewed as key levers for addressing a myriad of social ills such as poverty, youth unemployment and skills shortages.

The ETDP SETA with three TVET colleges, namely; Umgungundlovu (KwaZulu-Natal), Vhembe (Limpopo) and Ikhala (Eastern Cape) established Service Centres in March 2018 in order to offer skills development services within their communities.



*Unveiling of the plaque:
Ms Ntombi Ntshangase - Principal of Umgungundlovu TVET College,
Ms Sesi Nombulelo Nxesi - CEO ETDP SETA*

The establishment of the Service Centres will be of benefit to both the ETDP SETA and colleges.

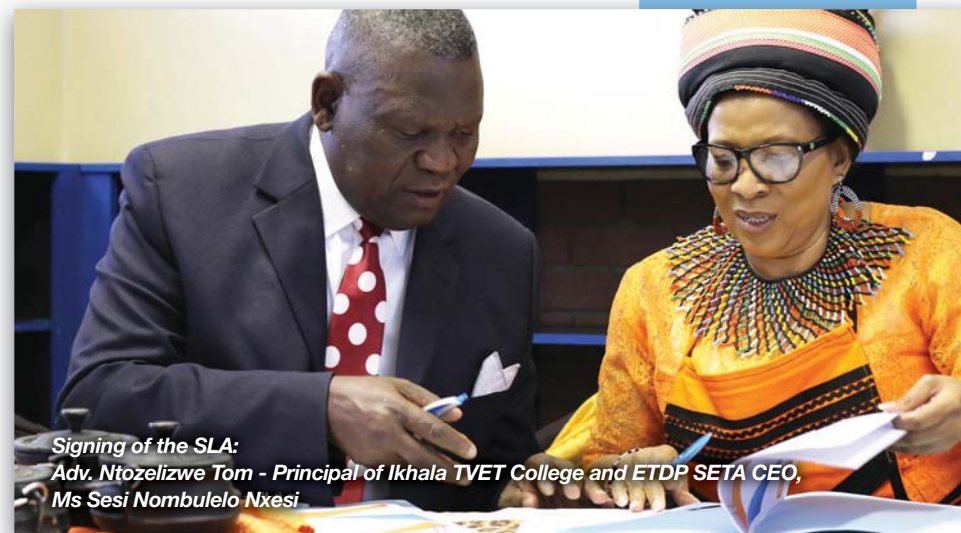
The following will be achieved:

- Coordination and streamlining of the SETA-TVET programmes and projects
- Regular updates on SETA key activities, programmes and other developments
- Additional human resources to the colleges
- Skills advisory services for students and communities
- Institutionalisation of the Career Guidance programme
- Institutionalisation of the Recognition of Prior Learning (RPL) and Community Development projects
- Administration of assessment centres

- Physical presence of the SETA at the colleges promoting the visibility thereof
- The partnership will ensure the dissemination of information about the Post School Education and Training System in general and SETAs in particular.

The ETDP SETA has committed itself towards payment of salaries and stipends of personnel placed at the colleges. The SETA has also provided resources for the effective functioning and running of the centres. A budget has been made available starting 2017 and will continue until 2020.

The ETDP SETA looks forward to healthy relationships with each of the colleges. We remain committed to making a meaningful impact on the lives of the people of South Africa



3.7.2 Enhancing employability by ensuring creative solutions through implementation of relevant programmes – Work Integrated Learning (WIL) a resounding success

The ETDP SETA celebrated two years of successfully piloting Work Integrated Learning (WIL) for the TVET College Lecturers Project.

In partnership with the Swiss-South African Co-operation Initiative (SSACI), the ETDP SETA took a strategic decision to pilot the WIL for TVET College Lecturers Programme. The main objective of the programme was to improve teaching and learning in participating TVET colleges through a systematic industry-based lecturer workplace experience. The project targeted 280 lecturers to participate and complete WIL from 28 public TVET colleges with at least two colleges per province. The ETDP SETA

funded the programme and SSACI was responsible for developing the model of WIL for lecturers to be implemented. Both partners were jointly responsible for the project's implementation which was overseen by a steering committee, with SSACI taking responsibility for its operational management.

The ETDP SETA is proud to announce that all objectives were met. Progress was made in terms of incorporating lecturer learning from WIL into teaching and the curriculum. It was also reported that lecturers communicated that they have been able to integrate their learning in the summative evaluation. Lecturers also reported that they have been able to integrate their learning from WIL into their teaching.

The WIL programme also made an impact on lecturers' teaching. Lecturers are now able to give more relevant examples to students by explaining concepts better. Indeed this has given the lecturers fresh insights into the types of jobs available. The project demonstrated in a very practical way how WIL can and should be integrated into new professional qualifications for TVET lecturers.

The achievements of the project directly address the objectives of the ETDP SETA's programme two, to support skills development among TVET college lecturers. For the ETDP SETA, with a mandate to advance the development of its members, this project has yielded great results which should be shared widely.



3.7.3 Mapping the way forward for Geography Teachers

The ETDP SETA made it possible for 271 Gauteng intermediate phase Geography teachers to undertake short courses in Basic Map Work Skills, Advanced Map Work Skills and Geographical Information Systems (GIS). The teachers successfully completed the course and were awarded with certificates at an award ceremony at the University of Johannesburg.

Statistics from the programmes confirm that these short learning programmes are desperately needed to equip teachers with the necessary skills to teach Geography effectively. Statistics show the following:

- a third of the high school teachers never received any training in map work;
- 58.3% of the primary school teachers are not trained as Geography teachers; and
- 76.6% of the teachers that attended the GIS course never received any training in GIS.

The training of teachers in GIS and map work assists with the University of Johannesburg's vision - to actively engage with external communities to facilitate and harness mutually beneficial relationships and partnerships that are relevant and sustainable over the longer period. In the offering of this programme, this vision is realized through the application of UJ's human capital in adding value to Geography teachers. This is beneficial to the University community, as well as the broader external communities in Gauteng.

The University of Johannesburg expressed their sincere thanks to the ETDP SETA for providing the necessary funds for these teachers to expand their skills base. In doing this, the EDTP SETA contributed to the development and improvement of these teachers. Indeed this is not only beneficial to the teachers, but to the biggest beneficiaries who happen to be the learners whom they teach.



3.8 PIVOTAL LIST

The table below highlights the PIVOTAL interventions informing the ETDP SETA's Annual Performance Plan (APP)

SETA NAME	Period	OFO code	Occupation	Specialization/Alternative	Intervention Planned	Number Needed (NO. of people to be trained)	NQF Level Aligned	NQF Level	Quantity to be supported by SETA
ETDP SETA	2019/20	2017-234101	Foundational Phase School Teacher	African Languages	B-Ed Foundation Phase Qualification	2289	Yes	7	200
ETDP SETA	2019/20	2017-233107	Senior Secondary School Teacher (Grades 10-12)	Mathematics, Physical Science, Accounting, Languages, Life Sciences, Computer Applications, Civil Technology, Electrical Technology, Agricultural Sciences	Part Qualification on Subject Matter and Pedagogy	1093	Yes	4	500
ETDP SETA	2019/20	2017-231101	University Lecturer	Associate Professor, Engineering, Statistics, Accounting, Computer Sciences, Mathematics	Advanced Diploma: Teaching / Pedagogy	1009	Yes	7 & 8	200
ETDP SETA	2019/20	2017-234201	Early Childhood Development Practitioner	Early Childcare Teacher	Qualification in ECD	924	Yes	5	200
ETDP SETA	2019/20	2017-234102	Senior Primary School Teacher (Grades 4-7)	Mathematics, Natural Science Teacher	Part Qualification on Subject Matter and Pedagogy	698	Yes	7	300
ETDP SETA	2019/20	2017-232130	TVET Educator	TVET Educator	Qualification/Part Qualification on Subject Matter	524	Yes	7	300

SETA NAME	Period	OFO code	Occupation	Specialization/Alternative	Intervention Planned	Number Needed (NO. of people to be trained)	NQF Level Aligned	NQF Level	Quantity to be supported by SETA
ETDP SETA	2019/20	2017-233108	Junior Secondary School Teacher (Grades 8 - 9)	Natural Sciences, Languages and Mathematics	Part Qualification on Subject Matter and Pedagogy	488	Yes	7	200
ETDP SETA	2019/20	2017-235201	Special Needs Teacher	Part Qualification on Subject Matter and Pedagogy: Deaf and Hard of Hearing Special Needs Teacher, Visual Impairment Special Needs Teacher, Remedial Teacher, Autism Special Education Teacher, Behaviour Management Special Needs Teacher, Learning Support Teacher, Education Therapist, Behaviour Support Teacher	Remedial Teacher	432	Yes	7	100
ETDP SETA	2019/20	2017-134501	School Principal	Deputy Principal	Public Administration and Management Programme	368	Yes	7	100
ETDP SETA	2019/20	2017-134507	Head of Department (Teacher)	Head of Department (Teacher)	Leadership and Management Programme	225	Yes	7	100

3.9 2017/18 ETDP SETA/DHET Service Level Agreement

NSDS Goal	Learning Programme	Planned Target	Actual Achievement	Deviation for planned target to actual achievement
Establishing a credible institutional mechanism for skills planning	Large Firms	100	519 (519%)	419
	Medium Firms	300	454 (151%)	154
	Small Levy Paying Firms	1100	612 (56%)	-488
Increase access to occupationally directed programmes	Learnership Unemployed Entered	1600	1657 (104%)	57
	Bursaries Unemployed Entered	1150	1383 (120%)	235
	Internships Unemployed Entered	250	406 (162%)	156
	Skills Programmes Unemployed Entered	1700	1929 (113%)	229
	Learnerships Unemployed Completed	1000	1418 (142%)	418
	Bursary Unemployed Completed	400	850 (213%)	450
	Internships Unemployed Completed	1225	1427 (116%)	202
	Skills Programmes Unemployed Completed	2660	1683 (63%)	-977
	Total Artisan Entered	N/A	N/A	N/A
	Total Artisan Completed	N/A	N/A	N/A
	Learnerships Workers Entered	1000	807 (81%)	-193
	Bursaries Workers Entered	2000	3300 (165%)	1300
	Skills Programmes Workers Entered	5000	5265 (105%)	265

NSDS Goal	Learning Programme	Planned Target	Actual Achievement	Deviation for planned target to actual achievement
Encouraging better use of workplace based skills programmes	Workers Entering Full Qualification Programmes	1000	807 (81%)	-193
	Workers Entering Bursaries (Full Qualifications)	2000	3300 (165%)	1300
	Workers Entering Skills Programmes (Part Qualifications)	5000	5265 (105%)	265
	Workers Completed Learnerships	1 750	527 (30%)	-1223
	Workers Completed Bursary (Full Qualifications)	400	110 (28%)	-290
	Workers Completed Skills Programmes (Part Qualifications)	3 500	3331 (95%)	-169
	Candidacy Programme Entered	N/A	N/A	N/A
	Candidacy Programme Completed	N/A	N/A	N/A
	Recognition of Prior Learning (RPL)	250	252 (101%)	2
Promoting the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities	TVET Student Placement Completed	780	190 (24%)	-590
	University Student Placement Entered	500	597 (119%)	97
	University Student Placement Completed	385	319 (83%)	-28
	Career Development Officers (CDOs) placed In TVET Colleges	250	222 (89%)	0
	SETA / TVET Partnerships	50	50 (100%)	0
	SETA / University Partnerships	26	26 (100%)	0
	SETA / Employer Partnerships	11	11 (100%)	50
	Lecturer Development Programmes Entered	300	350 (117%)	-146
	SETA Offices Opened	2	3 (150%)	1

3.9 2017/18 ETD P SETA/DHET Service Level Agreement

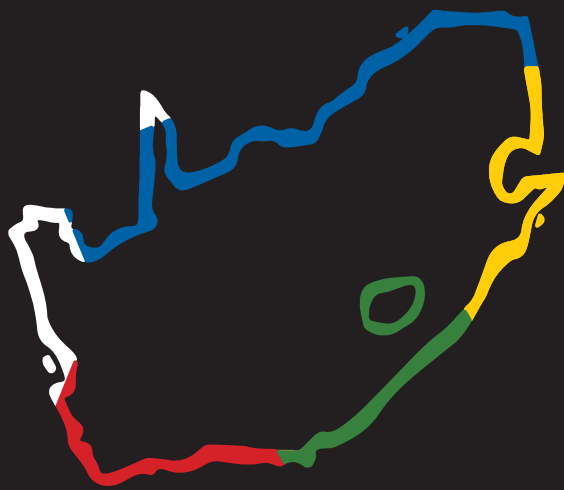
NSDS Goal	Learning Programme	Planned Target	Actual Achievement	Deviation for planned target to actual achievement
Addressing the low level of youth and adult language and numeracy skills to enable additional training	AET Programmes Entered	100	129 (129%)	29
	AET Programmes Completed	100	129 (129%)	29
Encouraging and supporting the co-operatives, small enterprises, worker initiatives, NGO and community training Initiatives	Co-Operatives	18	18 (100%)	0
	NGOs	50	50 (100%)	0
	CBOs	30	30 (100%)	0
	NLPEs	20	20 (100%)	0
	Trade Unions	15	7 (47%)	-8
Building Career Guidance and Vocational Guidance	Career Guidance	45	80 (178%)	35
NSDS III Projects	Rural Development Projects	9	0 (0%)	0
Governance	Governance Reports	4	4 (100%)	0

4. Revenue collection

	2016/17			2017/18		
	R'000 Budget	R'000 Actual	R'000 Over /Under	R'000 Budget	R'000 Actual	R'000 Over /Under
Skills development levies	372 367	414 474	-42 107	394 711	470 815	-76 104
Department contributions	405 877	395 908	9 969	433 478	369 269	64 209
Penalties and interest	13 515	12 969	546	13 600	13 707	-107
Investment income	16 000	58 559	-42 559	22 209	71 746	-49 537
Other	-	2 653	-2 653	-	225	-225
Total	807 759	884 563	-76 804	863 997	925 762	-61 765

- The skills development levy per the Skills Levies Act is based on 1% of the total annual payroll cost of the employer. Employers with an annual payroll cost below R500 000 are exempt from paying skills development levy to SARS. SARS then pays over the levy to the Department of Higher Education and Training where 80% of the 1% is paid over to the SETA while the 20% is paid to the National Skills Fund.
- The Department of Public Service and Administration issued a circular in March 2012 stating that the provincial and national departments in ETD sector should contribute 30% of the 1% of their personnel budget to the SETA.

- Revenue from employers has increased by 13% from the prior year. This is attributable to growth in the contributing employer's payroll costs as well as inflationary increase. With all departments having made their contributions to the SETA, levies from contributing departments show a decrease of 7% from the prior year. This is due to a lesser contribution by some of the Provincial Departments in the current financial year as compared to the prior year and as budgeted.
- Penalties and interest relate to late submissions and payment of skills development levy by employers to SARS.
- Investment income was higher than budgeted due to the high cash reserves linked to the increase in the skills development levy and provincial contributions as well as delayed implementation of projects.



SKILLING THE NATION

PART C

Governance

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1.

Introduction

The ETDP SETA is a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended and is governed by the standard Constitution which was determined by the Minister of Higher Education and Training and gazetted by Parliament (Government Notice R1399 in Government Gazette No. 24035).

The Accounting Authority (AA) and its structures abide by corporate governance principles that are embodied in the various legislative frameworks, regulations and reports such as the Companies Act and King IV Report.

The National Skills Development Strategy III and the SETA landscape have been officially extended to March 2020. However, the tenure of the AA ended on 31 March 2018 as gazetted in Government Gazette 39394.

2. Portfolio Committees

The Portfolio Committee on Higher Education and Training, in its distinct role of exercising oversight of public entities' performance, invited the SETA to appear before it.

One meeting was held on 17 May 2017 to present and discuss the Strategic Plan 2015/16-2019/20 and the Annual Performance Plan 2017/2018.

No issues were raised by the Portfolio Committee.

3.

Executive Authority

Report

Date Submitted

Quarterly Monitoring Report Quarter 1	14 July 2017
Quarterly Monitoring Report Quarter 2	16 October 2017
Quarterly Monitoring Report Quarter 3	16 January 2018
Quarterly Monitoring Report Quarter 4	16 April 2018

4. The Accounting Authority Report

The purpose of the AA is to provide strategic leadership and guidance to ensure that the ETDP SETA fulfils its mandate and realises its vision and mission in attaining its targets as set out in the NSDS III and Service Level Agreement SLA entered into with DHET.

The functions and powers of the AA, as outlined in its Constitution, are to:

- Govern and manage the SETA
- Ensure that the SETA achieves the objectives contemplated in clause 5 of its Constitution and performs the functions contemplated in clause 6 of its Constitution
- Provide effective leadership and ensure that the SETA implements the goals of the NSDS and the Performance Agreement with the Minister
- Set a strategic direction for the SETA
- Liaise with stakeholders
- Ensure that the SETA complies with the relevant statutory requirements and the requirements of its Constitution
- Manage institutional risk
- Monitor the performance of the SETA
- Apply for the establishment of the SETA in terms of section 9(1) of the Act, read together with the Regulations Regarding the Establishment of Sector Education and Training Authorities, 7 September 1999, as amended by General Notice R106 in the Government Gazette 27254 of February 2005.

Accounting Authority Charter

The ETDP SETA AA complies with the approved Governance Charter and provides performance and financial reports on a quarterly basis to DHET as per the prescribed template.

The Charter outlines the AA's responsibility with regard to:

- Adopting strategic plans
- Monitoring operational performance and management
- Determining policy processes to ensure the integrity of the public entity risk management and internal controls
- Communication policy and director selection, orientation and evaluation.

The AA meets quarterly to ensure that its functions are carried out as outlined in the ETDP SETA Constitution and the AA's Charter.

Composition of the Accounting Authority

The AA is made up of fifteen members appointed by the Minister. The members are as follows:

- Three Ministerial appointees which include the chairperson of the AA
- Three employer representatives from the Departments of Education (Department of Basic Education and Department of Higher Education and Training)
- Three employer representatives from the following organisations:
 - Universities South Africa (USAf), a forum made up of University Vice Chancellors as employers
 - National Alliance of Independent Schools Associations (NAISA) representing employers of independent schools
 - Association of Private Providers of Education, Training and Development (APPETD) representing Education, Training and Development private training providers affiliated to APPETD.

- Six organised labour representatives from federations, educator unions and NEHAWU.

The AA has the following governance structures, established in terms of its Constitution:

- Executive Committee
- Audit Committee
- Finance Committee
- Human Resource Committee
- IT Governance Committee
- Quality Assurance Committee
- Five Advisory Chambers:
 - Schooling Chamber
 - AET/ECD Chamber
 - TVET Chamber
 - Provisioning Chamber
 - Higher Education and Research Chamber

The new members of the AA were appointed on 01 April 2018. The new members are listed on the next page.

Mr Duncan Hindle
Accounting Authority Chairperson

31 July 2018

The new members of the AA appointed on 1 April 2018 are listed in the table below.

4.1.1 Qualifications and Expertise of the AA members as from 1 April 2018

Name	Designation	Qualifications	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Duncan Hindle	Chairperson	Post-graduate qualification in education	Education and Governance	Council of the Tshwane South TVET College; non-Executive Director of SADTU Investments Holding Company (SIHOLD)	EXCO Chairperson
Simone Geyer	Member	Bachelor of Arts (BA), LLM (Labour Law)	Human Resource development and negotiations	-	EXCO Member
Nkosinathi Ngcobo	Member	Master's Degree in Science (MSc)	Human Resource Development	-	-
Sello Sethusha	Member	Post-graduate Diploma in Education Bachelor in Education: Honours Degree Bachelor in Arts B-Tech in HRM	Management and Development	SACE Council	-
Mandla Mthembu	Member	BA (Hons); MA in Applied Linguistics and Policy Studies	Policy Analysis and Development; Strategic Management; Organisational Development and Scenario Planning; Research, Training and Development	Chairperson of the Obed Mlaba Foundation Trust; Director of Policy and Government Relations at Accelerated Education Enterprises; Managing Director at ZOE SOZO ENTERPRISE	
Kgomotso Kasonkola (Dr)	Member	PhD Organisational Behaviour; Bachelor of Public Administration and Honours; Masters of Arts in Industrial and Organisational Psychology	Human Resources and Governance	COMETSA Pty Ltd: Director; Wits Health Consortium; Wits Enterprise; Retirement fund Board of Trustees for WITS: Chairperson; Higher Education Directors Forum: Chairperson; HR and REMCO for USaF	EXCO Member

4.1.1 Qualifications and Expertise of the AA members as from 1 April 2018

Name	Designation	Qualifications	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Sharon Blignaut	Member	Post-Graduate Diploma: Curriculum Design and Development; Bachelor Degree in Training and Development; Diploma in Adult Basic Education and Training; Certificate in Corporate Governance; Certificate in Adult Basic Education and Training	Design and Development of Learning Leadership Learning Material Development Adult Literacy	EEE Invest; Institute for Adult Development CC	-
Siphiwe Louisa Nxumalo	Member	Higher Certificate in Social Theory; Higher Certificate in Business Management; Higher Certificate in Education; Advanced National Labour Education programme	Education Labour issues Human resources and management Business Management Social programmes	NBC Board member; Director of Critical Hope Foundation cc; Founder and Secretary of Critical Hope Association NPO	-
Amos Vusi Monyela	Member	B. Tech. in Public Management	Human Resource Management	-	EXCO Member
Lindiwe Martha Motshwane	Member	Secondary Teachers Diploma, Elijah Mango College; Advanced Certificate in Education, University of Pretoria; Basic Financial Skills, Unisa; Post Graduate Certificate in Labour Law Management, NMMU; Certificate in Principles of Economics, Wits; Introduction to Investment and Finance, Wits; Principles of Finance and Investment Management, Wits	Finance Labour Issues	Director and Chairperson of SADTU Investment Holdings; Trustee of SADTU Investment Trust; Trustee of Kopano Ke Matla; Director Kopano Ke Matla Investment Company; Finance Committee member, PSCBC	-

4.1.1 Qualifications and Expertise of the AA members as from 1 April 2018

Name	Designation	Qualifications	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Gloria Kgoleng	Member	Secondary Teachers Diploma (STD); ACE Languages; ACE-Curriculum and professional Development; Train the Trainer Introduction to PC; Life Skills, HIV/AIDS education; ACE - Curriculum and Professional Development; Financial Management and Financial Control Systems	Education Finance Labour issues	-	EXCO Member
John Landman	Member	Bachelor of Journalism; Bachelor of Fine Arts; Master of Fine Arts	Geotechnical Systems Specialist; Information Technology	-	-
Thirona Moodley	Member	Bachelor of Pedagogics, LLB (Labour Law) Post Graduate Diploma Industrial Relations; Diploma in Law in the Education Sector	Labour Law Education	-	-
Theo Toolo	Member	Bachelor in Education (Hons); Further Diploma in Education (Management/Administration); Secondary Teachers Diploma (STD)	Professional Development Labour Issues Education	-	-
Leonard Saul	Member	Lower Secondary Teacher's Diploma; Diploma in Theology; BED Degree; Management Development Diploma M ED Degree	Strategic Planning and Education	-	-

4.1.1 Qualifications and Expertise of the AA members, 2011-2018

Name	Designation	Qualifications	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Shirley Mabusela	Chairperson (Ministerial appointee)	Post Graduate Diploma in Advanced Social Work. Bachelor of Social Work. Management Diploma	Human Rights Development Work. Training in ECD	Director of Bethlehem Hydro, Hydro WSA and Batlou Consulting	ETDP SETA Executive Committee
Sipho Khuzwayo	Ministerial appointee	Master's Degree	Human capital development	Thembaletu Trust	None
Maryna Marais	Ministerial appointee	Bachelor of Commerce	Management Accounting	Association of Colleges South Africa	None
Lucas Maphila	Accounting Authority member	Higher Education Diploma	Education and Union Movement	Old Mutual Education Trust	ETDP SETA Quality Assurance Committee
Veronica Hofmeester	Accounting Authority Member	Bachelor of Education. Bachelor of Arts.	Education and Union Movement. Educational Psychology	-	ETDP SETA Executive Committee. ETDP SETA Schooling Chamber
John Landman	Accounting Authority member	Bachelor of Journalism; Bachelor of Fine Arts; Master of Fine Arts	Geotechnical Systems Specialist; Information Technology	-	ETDP SETA Audit Committee and IT Governance Committee
Bhabhali Ka Maphikela Nhlapo	Accounting Authority member	BA (Social Work), Post Graduate Diploma (Global Labour Studies)	Skills Training and Development	Unemployment Insurance Fund: Ordinary Board Member; National Skills Authority: Deputy Chairperson; Leondale High School: Governing Board Secretary.	ETDP SETA Quality Assurance Committee

Qualifications and Expertise of the AA members as from 1 April 2018

Name	Designation	Qualifications	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Vusi Amos Monyela	Accounting Authority member	B.Tech. in Public Management	Human Resource Management	None	EXCO, IT Governance Committee
Nomarashiya Caluza	Accounting Authority member	Senior Primary Teachers Diploma Advanced Certificate in Education Diploma in Practical Labour Law B. Ed. Honours (in progress)	Education and Trade Unionism	SACE Council Member University of Zululand Council	-
Simone Geyer	Accounting Authority member	Bachelor of Arts (BA), LLM (Labour Law)	Human Resource development and negotiations	-	ETDP SETA Executive Committee
Nkosinathi Ngcobo	Accounting Authority member	Master's Degree in Science (MSc)	Human Resource Development	-	-
Whitfield Green (Dr)	Accounting Authority member	PhD Didactics	Teaching and Learning	Board of South African Mathematics Foundation	ETDP SETA TVET Chamber
Cynthia Reynders	Accounting Authority member	Master's in Business Administration	Financial Management	-	-

Qualifications and Expertise of the AA members as from 1 April 2018

Name	Designation	Qualifications	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Mandla Mthembu	Accounting Authority member	BA (Hons); MA in Applied Linguistics and Policy Studies	Policy Analysis and Development; Strategic Management; Organisational Development and Scenario Planning; Research, Training and Development	Chairperson of the Obed Mlaba Foundation Trust; Director of Policy and Government Relations at Accelerated Education Enterprises; Managing Director at ZOE SOZO ENTERPRISE	ETDP SETA Schooling Chamber ETDP SETA Audit Committee and IT Governance Committee
Michael Cloete	Accounting Authority member	M Com (Industrial Psychology) Registered Industrial psychologist (PS91324) Busy with PhD	HR generalist: HRD, OD, Change Management, Psychometric Assessment, Strategy, Performance and Talent Management Leadership Development	Exco Member of USAf Higher Education HIVAIDS and Wellness CoP	HR Committee
Kim Bonaconsa	Accounting Authority member alternate	Bachelor of Arts (NQF 7) English & Psychology majors	Management	-	-

Accounting Authority, Committees and Chambers Meeting Attendance

Accounting Authority Meetings

Five meetings were held during the financial year.

Name of member	Designation	Date of Appointment	Date resigned	Number of meetings attended
Shirley Mabusela	Chairperson	April 2011	-	5
Sipho Khuzwayo	Member	April 2011	-	5
Maryna Marais	Member	April 2011	-	4
Lucas Maphila	Member	July 2011	-	1
Veronica Hofmeester	Member and EXCO	April 2011	-	4
John Landman	Member	May 2014	-	5
Bhabhali Ka Maphikela Nhlapo	Member	October 2015	-	5
Vusi Amos Monyela	Member and EXCO	January 2017	-	5
Nomarashiya Caluza	Member	May 2016	-	3
Simone Geyer	Member and EXCO	April 2011	-	5
Nkosinathi Ngcobo	Member	April 2011	-	5
Whitfield Green (Dr)	Member	April 2011	-	4
Cynthia Reynders	Member	October 2014	July 2017	0
Mandla Mthembu	Member	November 2011	-	4
Michael Cloete	Member	October 2016	-	5
Kim Bonaconsa	Alternate	October 2014	-	2
Oupa Bodibe	Alternate	July 2014	-	3

Executive Committee

Name of member	Number of meetings held	Number of meetings attended
Shirley Mabusela (Chairperson)	4	4
Simone Geyer	4	3
Veronica Hofmeester	4	4
Vusi Amos Monyela	4	4
Cynthia Reynders (resigned in July 2017)	4	0

Audit Committee

Name	Qualifications	Internal/External	Position in ETDP SETA	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
Vusi Mokwena (Chairperson)	CA (SA)	External and Independent	-	1 Mar 2012	-	5	5
Charles Motau	B Com; Higher Diploma in Computer Auditing; MBL; Masters in IT	External and Independent	-	28 April 2016	-	5	5
Pumla Mzizi	CA (SA)	External and Independent	-	1 Mar 2012	-	5	5
Mandla Mthembu	BA (Hons); MA in Applied Linguistics and Policy Studies	Internal	AA member	1 April 2015	-	5	5
John Landman	Bachelor of Journalism; Bachelor of Fine Arts; Master of Fine Arts	Internal	AA member	1 April 2015	-	5	5

Finance Committee

Name of member	Number of meetings held	Number of meetings attended
Sipho Sukati (Chairperson)	5	4
Nick Nicholls CA (SA)	5	4
Manoshni Perumal	5	5
Phumlani Duma	5	5

Human Resources Committee

Name of member	Number of meetings held	Number of meetings attended
Enoch Rabotapi (Chairperson)	6	6
Michael Cloete	6	5
Jonavon Rustin	6	4
Mbulelo Mandlana	6	5

IT Governance Committee

Name of member	Number of meetings held	Number of meetings attended
John Landman (Chairperson)	4	4
Mandla Mthembu	4	3
Seliki Tlhabane	4	2
Vusi Amos Monyela	4	4

Remuneration Committee

Name of member	Number of meetings held	Number of meetings attended
Simone Geyer (Chairperson)	6	4
Jonavon Rustin	6	6
Sipho Sukati	6	6
Enoch Rabotapi	6	6

Quality Assurance Committee

Name of member	Number of meetings held	Number of meetings attended
Mandla Msweli (Chairperson)	6	6
David Shasha	6	5
Habib Karimulla	6	5
Chaneez Francis	6	6
Oupa Bodibe	6	2
Nirmala Gopal (Prof)	6	5
Silas Mpungose	6	6
Bhabhali ka Maphikela Nhlapo	6	0

ABET and ECD Chamber

Name of member	Number of meetings held	Number of meetings attended
Jonavon Rustin (Chairperson)	4	3
Raisibe Tshweu (Co-Chairperson)	4	2
David Diale	4	0
Tsela Moloi	4	3
Ruby Motaung	4	2
Marie- Louise Samuels	4	1
Victoria Mokgatlhe	4	3
Yvonne Dos Santos	4	3
Natalie Gross	4	3
Augustus Dlodlu	4	1
Tuletu Njengele	4	4
Inez Petersen	4	3
Meryl Anne Hewett Fourie	4	1
Leonard Saul	4	1
Mpho Komana	4	2
Archie Mokonane (Resigned June 2018)	4	1
Kedisaletse Motlhakoe (Resigned June 2018)	4	0
Vacant 4		

Schooling Chamber

Name of member	Number of meetings held	Number of meetings attended
Haroon Mohamed (Chairperson) (resigned in June 2017)	4	1
*Oupa Bodibe (Co-Chairperson)	4	3
Duma Ncanywa	4	0
Tsatsi Montso (replaced by Diseko Gopane 2018)	4	1
Jeanette Moema	4	3
Skhumbuzo Manganye	4	2
Sussan Malima	4	4
Nosipho Malope	4	3
Roseline Tyler	4	3
Ezzy Lukhaimane	4	2
Nobantu Pasiya	4	3
Mahmood Moosa	4	4
Mandla Mthembu	4	3
Hendrik de Kock	4	3
Veronica Hofmeester	4	3
Faseega Solomon	4	1

*took up Chairpersonship from June 2017 to March 2018 following the resignation of Haroon Mahomed

Schooling Chamber

Name of member	Number of meetings held	Number of meetings attended
Ruth Ledwaba	4	4
Brenda Ndelu	4	2
Gaelebale BB Mahumapelo (resigned and replaced by Fadiel Farao)	4	1
Honjiswa Mrwebi (resigned and replaced by Mkhuseli Mafunda)	4	1
Nkosipendule Ntantala	4	3
Hemwathee Hariram	4	4
Tony Akal	4	4
Johannes Motona	4	3
Gugulethu Mbele	4	0
Marietjie Le Roux	4	3

TVET Chamber

Name of member	Number of meetings held	Number of meetings attended
Thamsanqa Mbalo (Chairperson)	4	4
Patricia Garza (Co-Chairperson)	4	4
Nthabiseng Kotsokoane	4	4
Titus Williams	4	4
Sylvia Nkanyuza (Dr)	4	4
Takalani Ratshilumela	4	3
Maurice Mopeli	4	4
Daniel Stander	4	2
Moses Peo	4	2
Zweli Nqodi	4	4
Burton Malgas (Dr)	4	3
Rickey Moodley (replaced by Ms Chaneez Francis) Appointed in June 2017)	4	0
Ms Chaneez Francis	4	1
Precious Sipuka	4	4
Mike Mashinini	4	3
Mmapoifo Motlhamme	4	1

TVET Chamber

Name of member	Number of meetings held	Number of meetings attended
Ms Sholina Durga (replaced by Dr Helen Kempson) Appointed in June 2018	4	0
Helen Kempson (Dr)	4	1
Vacancy (DBE)	-	-
Vacancy (NEHAWU)	-	-
Vacancy (DHET)	-	-

Higher Education and Research Chamber

Name of member	Number of meetings held	Number of meetings attended
Nirmala Gopal (Dr) (Chairperson)	4	3
Manoshni Perumal (Co-Chairperson)	4	4
Basiami Disipi	4	4
Mantshego Selepe	4	2
Leo Doria	4	4
Manoshe Phasha (resigned in November 2017)	4	2
Dhirendra Deonarain (new member appointed in November 2017)	4	1

Higher Education and Research Chamber

Name of member	Number of meetings held	Number of meetings attended
Derek Heradien	4	2
Renny Somnath (Dr)	4	3
Christabel Guma (resigned in June 2017)	4	1
Silas Mpungose	4	4
Ntsako Nombelani	4	3
Vincent Mtyende	4	4
Ryno van Rooyen	4	2
Grant Abbot	4	2
Ingrid Thomson	4	4
Lynne Herrmann	4	4
Moonilall Kooblal (Dr)	4	1
Angelina Magabane	4	2
Hannelie van Rensburg	4	0
Shaheeda Essack (Dr)	4	3
Helen Kempson(DR) Alternate to Dr Kooblal	4	1

Provisioning Chamber

Name of member	Number of meetings held	Number of meetings attended
Gavin de Bruyn (Chairperson)	4	4
Norman Kemp (Prof)	4	3
Naphtali Molohe	4	3
Mandlenkosi Msweli	4	3
Vonani Mathonsi	4	2
Annamarie Goosen	4	2
David Shasha	4	3
Babette Le Roux (replaced by Marietjie Le Roux in September 2017)	4	0
Marietjie Le Roux	4	0
Stephen Kunene	4	2
Gloria Kgoleng	4	2
Ben Machipi	4	3
Roy Raju	4	3
Stephen Endersby (resigned in June 2017). Replaced by Chaneez Francis	4	1
Chaneez Francis (appointed in June 2017)	4	0
Helen Kempson (appointed in June 2017)	4	0
Christinah Phatlane	4	1

*No Co-Chairperson was nominated for this Chamber

Remuneration Committee**Accounting Authority members**

Name of member	Meeting fees	Annual Accounting Authority Fees	Other expenses: (travel expenses)	Total
Shirley Mabusela	21 593	-	0	21 593
Sipho Khuzwayo	16 788	-	-	16 788
Maryna Marais	-	-	-	-
Lucas Maphila	3 229	-	-	3 229
Veronica Hofmeester	12 916	-	-	12 916
John Landman	16 145	-	10 864	27 009
Simone Geyer	-	-	-	-
Nkosinathi Ngcobo	-	-	7 881	7 881
Bhabhalikamaphikela Nhlapo	16 145	-	2 189	18 335
Cynthia Reynders	0	-	0	0
Michael Cloete	16 145	-	3 603	19 749
Mandla Mthembu	12 916	-	2 334	15 250
Whitfield Green	-	-	-	-
Vusi Amos Monyela	16 145	-	1 600	17 746
Nomarashiya Caluza	9 687	-	995	10 682
Kim Bonaconsa	6 458	-	0	6 458

Chamber and Committee Chairpersons attending Accounting Authority Meetings

Name of member	Meeting fees	Other allowances	Other expenses: (travel expenses)	Total
Sipho Sukati	-	-	22 416	22 416
Vusi Mokwena	40 810	-	-	40 810
Mandla Msweli	-	-	5 644	5 644
Nirmala Gopal (Dr)	12 458	-	878	13 337
Thamsanqa Mbalo	-	-	984	984
Jonavon Rustin	12 458	-	-	12 458

Executive Committee

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Shirley Mabusela	17 233	-	0	17 233
Veronica Hofmeester	12 916	-	-	12 916
Simone Geyer	-	-	-	-
Vusi Amos Monyela	12 916	-	1 634	14 551

Audit Committee

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Vusi Mokwena	40 810	-	-	40 810
Pumla Mzizi	32 650	-	-	32 650
Mandla Mthembu	16 145	-	2 917	19 063
John Landman	16 145	-	10 864	27 009
Charles Motau	33 860	-	-	33 860

Finance Committee

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Sipho Sukati	-	-	28 630	28 630
Manoshni Perumal	16 145	-	-	16 145
Nick Nicholls	26 120	-	-	26 120
Phumlani Duma	-	-	2 653	2 653

Human Resource Committee

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Enoch Rabotapi	-	-	-	-
Jonavon Rustin	12 917	-	-	12 917
Mbulelo Mandlana	16 146	-	-	16 146
Michael Cloete	16 146	-	4 929	20 775

IT Governance Committee

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
John Landman (Chairperson)	16 608	-	-	16 608
Mandla Mthembu	9 687	-	-	9 687
Seliki Tlhabane	-	-	-	-
Vusi Amos Monyela	12 916	-	1 962	14 878

IT Governance Committee

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
John Landman (Chairperson)	16 608	-	-	16 608
Mandla Mthembu	9 687	-	-	9 687
Seliki Tlhabane	-	-	-	-
Vusi Amos Monyela	12 916	-	1 962	14 878

Remuneration Committee

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Enoch Rabotapi	-	-	-	-
Jonavon Rustin	19 375	-	-	19 375
Sipho Sukati	-	-	36 240	36 240
Simone Geyer	-	-	-	-

Quality Assurance Committee Remuneration

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Mandla Msweli	-	-	14 952	14 952
David Shasha	16 145	-	28 710	44 855
Habib Karimulla	-	-	-	-
Chaneez Francis	12 916	-	1 500	14 416
Oupa Bodibe	9 687	-	3 216	10 003
Nirmala Gopal (Prof)	12 916	-	1 465	14 381
Silas Mpungose	16 145	-	3 516	19 661
Bhabhali ka Maphikela Nhlapo	-	-	-	-

AET/ECD Chamber

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Jonavon Rustin	12 458	-	-	12 458
Raisibe Tshweu	6 458	-	1 764	8 222
David Diale	-	-	-	-
Tsela Moloi	-	-	-	-
Ruby Motaung	-	-	-	-
Marie Louise Samuels	-	-	-	-
Victoria Mokgatle	-	-	-	-
Yvonne Dos Santos	9 687	-	198	9 885
Natalie Gross	9 687	-	657	10 344
Augustus Dlodlu	3 229	-	960	4 189
Tuletu Njengele	12 916	-	8 664	21 580
Inez Petersen	9 687	-	576	10 263
Meryl Anne Hewett-Fourie	3 229	-	180	3 409
Leonard Saul	3 229	-	280	3 509
Mpho Komana	6 458	-	150	6 608
Archie Mokonane	3 229	-	-	3 229
Kedisaletse Motlhakoe	-	-	-	-

Schooling Chamber

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Haroon Mohamed	-	-	-	-
Oupa Bodibe	9 687	-	3 220	12 907
Duma Ncanywa	-	-	-	-
Tsatsi Montso (replaced by Diseko Gopane, 2018)	-	-	-	-
Jeanette Moema	-	-	-	-
Skhumbuzo Manganye	-	-	-	-
Sussan Malima	-	-	7 906	7 906
Nosipho Malope	-	-	1 489	1 489
Roseline Tyler	-	-	-	-
Ezzy Lukhaimane	-	-	-	-
Nobantu Pasiya	-	-	-	-
Mahmood Moosa	12 916	-	1 600	14 516
Mandla Mthembu	9 687	-	1 350	11 039
Hendrik De Kock	9 687	-	2 130	11 817
Veronica Hofmeester	9 687	-	-	9 867

Schooling Chamber

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Faseega Solomon	3 229	-	-	3 229
Brenda Ndelu	6 458	-	600	7 058
Ruth Ledwaba	12 916	-	-	12 916
Gaelebale BB Mahumapelo (resigned and replaced by Fadiel Farao in 2018)	3 229	-	-	3 229
Honjiswa Mrwebi (resigned and replaced by Mkhusele Mafunda in 2018)	3 229	-	435	3 664
Nkosiphendule Ntantala	9 687	-	-	9 687
Hemwathee Hariram	12 916	-	1 780	14 696
Anthony Akal (Dr)	12 916	-	840	13 756
Johannes Motona	9 687	-	5 168	6 198
Gugulethu Mbele	3 229	-	1 382	4 611
Marietjie Le Roux (Dr)	9 687	-	-	9 687

Higher Education and Research Chamber

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Nirmala Gopal (Prof)	10 611	-	881	11 492
Manoshni Perumal	15 687	-	1 040	16 727
Basiami Disipi	12 916	-	1 522	14 439
Mantshego Selepe	6 458	-	350	6 808
Leo Doria	12 916	-	1 520	14 436
Manoshe Phasha	6 458	-	-	6 458
Dhirendra Deonarain	3 229	-	-	3 229
Derek Heradien	6 458	-	-	6 458
Renny Somnath (Dr)	9 687	-	300	9 987
Christabel Guma	3 229	-	1500	4 729
Silas Mpungose	12 916	-	1 755	14 671
Mr Ntsako Nombelani	9 687	-	726	10 413
Vincent Mtyende	12 916	-	585	13 501
Ryno van Rooyen	6 458	-	1342	7 800
Grant Abbot	6 458	-	-	6 458
Ingrid Thomson	12 916	-	-	12 916
Lynne Herrmann	12 916	-	-	12 916

Higher Education and Research Chamber

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Moonilall Kooblal (Dr)	3 229	-	-	3 229
Angelina Magabane	-	-	-	-
Hannelie van Rensburg	-	-	-	-
Shaheeda Essack (Dr)	-	-	-	-
Helen Kempson (Dr) Alternate to Dr Kooblal	3 229	-	-	3 229

TVET Chamber

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Thamsanqa Mbalo	-	-	3050	-
Patricia Garza	-	-	-	-
Nthabiseng Kotsokoane	12 916	-	512	13 428
Titus Williams	12 916	-	434	13 350
Sylvia Nkanyuza (Dr)	12 916	-	585	13 502
Takalani Ratshilumela	9 687	-	1 073	10 760
Maurice Mopeli	12 916	-	7 061	19 978
Daniel Stander	6 458	-	3 618	10 076

TVET Chamber

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Moses Peo	6 458	-	839	7 297
Zweli Nqodi	12 916	-	-	12 916
Burton Malgas (Dr)	9 687	-	-	9 687
Rickey Moodley (resigned in June 2017 replaced by Chaneez Francis)	3 229	-	-	3 229
Chaneez Francis	3 229	-	198	3 428
Precious Sipuka	-	-	-	-
Mike Mashinini	-	-	-	-
Sholina Durga (resigned in June 2017, replaced by Dr Helen Kempson)	-	-	-	-
Helen Kempson (Dr)	3 229	-	-	3 229

Provisioning Chamber

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Gavin de Bruyn	-	-	-	-
Norman Kemp (Prof)	9 687	-	-	-
Naphtali Molohe	-	-	-	-
Mandlenkosi Msweli	-	-	3 000	3 000
Vonani Mathonsi	6 458	-	0	6 458
Annamarie Goosen	6 458	-	292	6 751
David Shasha	9 687	-	11 924	21 611
Babette Le Roux (replaced by Marietjie Le Roux in September 2017)	-	-	-	-
Marietjie Le Roux	-	-	-	-

Name of member	Meeting fees	Other allowance	Other expenses: (travel expenses)	Total
Stephen Kunene	6 458	-	1600	8 058
Gloria Kgoleng	6 458	-	-	6 458
Ben Machipi	6 458	-	527	6 985
Roy Raju	9 687	-	-	9 687
Stephen Endersby (resigned in June 2017) Replaced by Chaneez Francis	3 229	-	-	3 229
Chaneez Francis	-	-	-	-
Helen Kempson (appointed in June 2017)	-	-	-	-
Christinah Phatlane	3 229	-	-	3 229
Vacancies X 1 SADTU Vacancy X 1 NEHAWU		-	-	-

5. Risk Management

Section 51 (1) (a) of the PFMA states that “the accounting officer of a public entity must ensure that (a) the public entity has and maintains (i) effective, efficient and transparent systems of financial and risk management and internal control and (ii) a system of internal audit under the control of the audit committee.”

The ETDP SETA has an approved risk management policy, risk framework and risk appetite statement. The Audit Committee plays an oversight role in term of Risk Management Committee activities.

The organisation has a Risk Management Committee that reports to the Audit Committee. The Risk Management Committee is made up of the senior management team and is chaired by the Chief Risk Officer. The Committee meets monthly to review progress made in implementing the action plan on each risk. New risks and emerging risks are identified and recorded in risk registers for reporting to the Audit Committee and recommended for approval by the AA.

The ETDP SETA has implemented an enterprise wide risk management methodology focused on Strategic and Operational risks. Risk assessment was performed in the first quarter of the financial year. Identified risks above the risk tolerance level were managed by means of risk mitigation plans to reduce the residual to an acceptable level. The strategic risks of the ETDP SETA were targeted to be 50% within the approved risk tolerance and appetite level. The evaluation of the strategic risk tolerance is measured at 63%.

Although risks were managed to be within the tolerance level, the risks associated with the underperformance of some programmes such as Programmes 3 and 4 require special attention. Monitoring will be increased to ensure that the risk mitigation strategies are yielding the intended results.

6. Internal Controls

The ETDP SETA is governed by policies approved by the AA and the Standard Operation Procedures. These are used by the internal auditors to review and recommend internal controls.

Recommendations on internal controls by the internal and external auditors have been implemented to improve weak controls identified.

Management monitors the controls through a Risk Management function where they identify controls and improve them in the risk registers.

7. Internal Audit

The role of Internal Audit is to review the adequacy and effectiveness of internal control systems to ensure proper compliance with ETDP SETA policies, plans, procedures and regulatory requirements. Internal Audit also provides reasonable assurance to the Audit Committee and Accounting Authority that the controls are adequate and are implemented effectively.

The audits conducted by Internal Audit are in line with the audit plan approved by the Audit Committee. During the year under review, Internal Audit carried out the following internal audits in line with the approved audit plan:

- Performance Information (Performance against Objectives): Phase 1: Quarter 2
- Human Resource Management
- Skills Plan Implementation (Discretionary Grants)
- Strategic Plan and Annual Performance Plan Review (2018/2019)
- Supply Chain and Expenditure Management: all Thresholds
- Follow Up: Internal Audit Findings:
 - Governance and Compliance
 - Quality Assurance
- Commitments Schedule and Contract Management
- Financial Discipline

8. Compliance with Laws and Regulations

The organisation has controls in place to monitor compliance with applicable legislation. These are continuously implemented by management to monitor the level of compliance and to ensure that compliance is not compromised.

9. Fraud and Corruption

The entity's Fraud Hotline is administered by an independent service provider. The Hotline's number is 0800 204 937. This number is on all business cards and on the entity's intranet and website. Fraud reported through the hotline is communicated to the Chairperson of the Audit Committee who is independent from the entity. The Chairperson of the Audit Committee reports all fraud-related cases to the Audit Committee and the cases are included in the Audit Committee's report to the Board. Any fraud reported is investigated adequately. Investigation procedures have been developed to ensure uniformity in reporting and investigating incidences of fraud and corruption.

10. Minimising Conflict of Interest

Governance Structure members are required to declare any conflicts of interest at every Board and EXCO meeting.

Prohibition of awards to persons in the ETDP SETA

To safeguard the integrity of the organisation, the SCM policy prohibits awards of bids to:

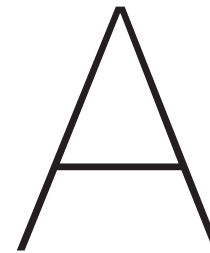
- A person in the service of the ETDP SETA
- Any entity which has a direct or indirect interest in the business activities of the SETA

SCM officials or any other role players who have any private or business interest in any contract to be awarded, must:

- Disclose that interest
- Withdraw from participating in any manner whatsoever in the process relating to that contract.

11.

Code of Conduct



All Governance Structure members have to subscribe to and abide by the ETD P SETA's Code of Conduct, contained in Schedule 2 of its approved Constitution.

During the period under review, no accounts of misconduct were noted or reported.

Processes to be followed when the Code of Conduct is breached are defined in the Constitution as follows:

- a. Clause (8) points 13 and 14 of the Constitution refers to recourse when a Governance Structure member has contravened the Code of Conduct.
- b. Clause (14) of the Constitution deals with adherence of the Code of Conduct.

12. Health, Safety and Environmental Issues

The ETDP SETA observes the Occupational Health and Safety Act as well as environmental regulations, and has implemented the required infrastructure in the workplace.

A Health and Safety committee has been established. Health and Safety representatives and First Aiders have been appointed for the SETA offices and have been trained in first aid and fire fighting to ensure the safety of staff and other stakeholders in the workplace.

13.

Audit Committee Report

Audit Committee Responsibilities

The Audit Committee is responsible for reviewing:

- The effectiveness of the internal control system
- The effectiveness of the internal audit function
- The risk areas of the ETDP SETA's operations to be covered in the scope of internal and external audit
- The adequacy and reliability of the performance and financial information provided by management, and any accounting and auditing concerns identified as a result of internal and external audits
- The ETDP SETA's compliance with legal and regulatory provisions
- The activities of the internal audit function, including its annual work programme, co-ordination with external auditors, reports on significant investigations and responses by management to specific recommendations
- The annual financial statements and the opinion expressed by the Auditor-General thereon.

Effectiveness of Internal Control

The Audit Committee has reviewed the internal controls for effectiveness and adequacy. Our assessment of these controls is that they need improvement. This is consistent with the reports of the internal auditors. The Auditor-General South Africa has also made findings on the effectiveness and adequacy of the internal controls. Management is urged to implement them to improve the control environment.

Quality of Management and Monthly/Quarterly Reports Submitted in Terms of Legislation

The Audit Committee received and reviewed quarterly financial and performance reports. Where performances were below the Annual Performance Plan targets, management provided reasons for such under-performance and put in place plans to improve identified performance deficiencies. We note that there has been significant improvement in the annual performance of the ETDP SETA from the previous financial year.

Evaluation of the Public Entity's Financial Statements

The Audit Committee evaluated the Annual Financial Statements presented in the annual report. The statements fairly present the financial performance and financial position and the results of financial operations.

Principal Activities of the Audit Committee during 2017/18

The Audit Committee undertook the following activities (amongst others) during the financial year:

- Reviewed strategic and operational risk management controls in the SETA
- Reviewed the final risk register prepared by the ETDP SETA management
- Reviewed quarterly operational and financial performance information prepared by the ETDP SETA's management for final approval by its Board
- Reviewed the Annual Financial Statements presented together with the Annual Report
- Reviewed and approved the risk-based internal audit plan prepared by the internal auditors
- Reviewed the Audit Committee Charter to ensure its continuing relevance and presented the same to the Board for their final approval
- Reviewed and approved the Internal Audit Charter

- Received periodic internal audit reports on their findings
- Conducted a review of the internal audit function
- Attended Board meetings to raise any concerns that the Audit Committee may have had
- Received anonymous whistle-blowing reports from an independent service provider and followed these up with management where relevant.

Internal Audit

The Internal Auditors of the ETDP SETA conducted reviews of reports on Quarterly Performance Information, Skill Plans Implementation (Discretionary Grants), Governance and Compliance, Quality Assurance (ETQA), Strategic and Annual Performance Plan, Supply Chain Management Policy and Procedure, Commitment Schedules and follow-ups on the Auditor-General's Management Report. Recommendations were made and incorporated into procedures and controls of the organisation.

External Audit

There are no unresolved issues raised by the Auditor-General.

There are no additional matters that we wish to raise pertaining specifically to the ETDP SETA.

Conclusion

This report must be read together with the annual report.



Mr Vusi Mokwena: CA(SA), RA
Audit Committee Chairperson

31 July 2018



SKILLING THE NATION

PART D

Human Resource Management

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1.

Introduction

Overview of HR matters at the Entity

The ETDP SETA has as an overall objective to enhance organisational management and administration and to ensure effective utilisation of its talent to ensure that the organisation fulfils its skills development mandate.

In the period under review, the organisation identified talent development and staff development through skills programmes and bursaries as focal areas in managing its human resources. The need to align the organisation's design with its strategic priorities and processes was identified. The organisational structure and capacity are under review to achieve this.

Priorities identified for the year under review

Review of the organisational structure

The purpose of the review is to align the structure with the organisation's human resources needs so that it can achieve its objectives.

The review of the structure is to achieve alignment to staffing needs. Work accomplished under the period under review resulted in a resolution not to fill certain positions, others were identified and filled.

Ten positions were filled in the period under review.

Staff development and talent management

To build talent and create a pipeline of employees with the potential to advance to middle management, candidates were identified and placed on a management development programme presented by an external training institution. The candidates successfully completed the programme.

To enhance operational effectiveness and continuous development, the organisation continued to invest in the development of all staff through skills programmes aligned with the requirements of their positions in order to build towards their respective career advancements.

Ninety-nine staff members took part in skills development programmes, some receiving bursaries for further studies to advance their careers. Staff who were placed on management development are included in this figure.

Employee performance management framework

The ETDP SETA's performance management and development policy and framework ensure that staff performance is aligned with the organisation's priorities, with each division being allocated targets to achieve based on the Annual Performance Plan (APP). The performance agreements are aligned with the APP and targets cascaded to all levels of staff based on the line of sight of each position.

The performance agreements include personal development plans that the line manager and staff identify as areas of further development and that assist staff to meet the requirements of their positions and to continuously improve.

Employee Wellness Programme

The ETDP SETA recognises that the wellbeing of its employees is vital to the success of the organisation. The Employee Wellness programme aims to assist with psychological, physical, emotional and financial wellbeing in the workplace, recognising that issues and events in employees' personal lives often have an impact on their performance and experience of work.

To support employees and immediate family members, an Employee Assistance programme available at all times was approved and implemented during the period under review.

Utilisation of the programme was 7%, which is higher than the national average of 3%. One hundred and fifty-six employees, including interns and temporary staff, were reached through EWP induction/orientation sessions; 101 attended health risk assessments.

HR Policy

The HR policy is reviewed biennially and encourages participation by staff and consultation with the union. In the year under review, the policy was reviewed. The union made inputs and staff were encouraged to make recommendations at any stage during the year.

Amendments proposed were channelled through the Board sub-committee on Human Resource matters.

At the time of reporting, the consultation process was under-way for recommendations to the AA.

Labour Relations

The objective of good labour relations is to foster sound relationships between the employer and employees and amongst employees, ensure discipline and address areas of dissatisfaction. The organisation has a Grievance Procedure through which employees can raise matters of dissatisfaction for resolution. It encourages resolution of grievances at the lowest possible level. In the year under review, grievances raised were addressed at lower levels and did not need to follow the formal procedure.

In terms of the organisation's policy on maintenance of discipline in the work place, two cases of alleged misconduct had not been finalised at the formal disciplinary enquiry stage.

In terms of dispute resolution by external tribunals, the organisation has one matter pending at the CCMA and one at the Labour Court.

To ensure maintenance of sound labour relations, management had ongoing engagement with the recognised union to discuss matters relating to human resources management that fall within the delegated authority of management on day to day issues impacting on employees.

Staff Turnover

Whilst the organisation's staff turnover of 7.31% is within acceptable levels, it will continue to focus on staff morale and staff satisfaction in the workplace.

2 Human Resource Oversight Statistics

Personnel cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Programme 1	141 914	33 943	4.28	138	630
Programme 2	122 176	4 209	.53		
Programme 3	61 723	5 333	0.67		
Programme 4	360 234	29 532	3.72		
Programme 5	57 762	3 668	.46		
Programme 6	23 088	10 237	1.29		
Total	766 896	86 936	100	138	630

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	5 456	6.28	3	1 819
Senior Management	8 211	9.44	7	1 173
Professional qualified	23 769	27.34	24	990
Skilled	37 032	42.60	59	628
Semi-skilled	10 840	13.62	35	338
Unskilled	629	0.72	2	314
Total	86 936	100%	132	5 262

Performance rewards per band

Programme	Performance rewards (R'000)	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	114	5 456	-
Senior Management	146	8 211	-
Professional qualified	688	23 769	-
Skilled	994	37 032	-
Semi-skilled	355	11 840	-
Unskilled	20	629	-
TOTAL	2 317	86 936	2.7%

Training Costs

Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg. training cost per employee (R'000)
86 936	854	0.98	99	8.63

Employment and vacancies

The tables in this section summarise the position with regards to employment and vacancies

2016/2017

No. of Employees	Approved Posts	No. of Employees	Vacancies	% of vacancies
124	133	123	10	7.58

	2016/2017	2017/2018			
Programme	No. of Employees	Approved Posts	No. of Employees	Vacancies	% of Vacancies
Top Management	4	4	2	2	50
Senior Management	7	7	7	-	-
Professional qualified	22	24	24	-	-
Skilled	57	61	54	7	11.48
Semi-skilled	31	33	32	1	3.03
Unskilled	3	4	4	-	-
Total	124	133	*123	10	7.58%

Employment changes

This section provides information on changes in employment over the financial year

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	3	-	1	2
Senior Management	7	-	-	7
Professional qualified	21	3	-	24
Skilled	58	2	7	53
Semi-skilled	31	3	1	33
Unskilled	3	1	-	4
Total	123	9	9	123

Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	-	-
Resignation	7	5.69
Dismissal	1	0.81
Retirement	1	0.81
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	9	7.31

Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	-
Written Warning	1
Final Written Warning	-
Dismissal	1

Equity Targets and Employment Equity Status

The organisation is satisfied with the progress made towards meeting equity targets, notably the significant progress made in achieving gender equity.

However, it remains difficult to attract persons with disabilities in order to ensure the representation of this category of employees.

An employment equity plan guides the achievement of equity targets. To reach a large number of potential applicants, vacancies are advertised through national print media. This is complemented by internal advertisements to inform staff about vacancies and expand the reach.

Advertisements include a clause that encourages persons with disabilities to apply and, where applicable, preferences in relation to under-represented population groups or gender are indicated.

Male staff

Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	1	-	-	-	-
Senior Management	4	-	1	-	-	1	-	-
Professional qualified	11	-	-	-	2	-	1	-
Skilled	12	-	2	-	2	-	-	1
Semi-skilled	8	-	-	-	-	1	-	-
Unskilled	1	-	-	1	-	1	-	-
TOTAL	37	-	3	2	4	3	1	1

Female staff

Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	1	-	-
Senior Management	2	-	-	-	-	-	-	-
Professional qualified	9	-	-	1	1	-	1	-
Skilled	30	-	3	-	1	-	4	-
Semi-skilled	19	-	4	-	-	1	-	-
Unskilled	3	-	-	-	-	-	-	-
TOTAL	64	-	7	1	2	2	5	-

Disabled staff

Levels	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	1	1	1	1
Skilled	-	1	-	-
Semi-skilled	-	-	-	1
Unskilled	-	-	-	-
TOTAL	1	2	1	2



SKILLING THE NATION

PART E

Financial information

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1. Report of the Auditor-General to Parliament on ETDP SETA

Report on the audit of the financial statements

Opinion

1. I have audited the separate financial statements of the Education, Training and Development Practices Sector Education and Training Authority set out on page 134 to 194 which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Education, Training and Development Practices Sector Education and Training Authority as at 31 March 2018, and financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practise (SA standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development of Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the and separate financial statements section of this auditor's report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the 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 matters

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

Underspending of the budget

7. As disclosed in the statement of comparison of budget and actual amount, the public entity has materially underspent the budget to the amount of R174 895 million. This is due to the fact that the SETA did not have opportunity to utilize budget as the change in the targeted performance was approved late by executive authority.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the separate financial statements in accordance with [the applicable financial reporting framework and the requirements of the SA 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the separate financial statements, the accounting authority is responsible for assessing the Education, Training and Development Practices Sector Education and Training Authority'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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

11. A further description of my responsibilities for the audit of the separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the

general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes

Programme 3: Improved quality teaching and learning in institutions	41 - 47
Programme 4: Youth development and student support	47 - 50

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 3: Improved quality teaching and learning in institutions
 - Programme 4: Youth development and student support

Other matters

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on page(s) 36 - 55; for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 3: Improved quality teaching and learning institutions. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information

Report on the audit of compliance with legislation

Introduction and scope

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

21. I did not raise material findings on compliance with specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act). The other information does not include the separate financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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.
25. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor General

Pretoria

31 July 2018



Annexure

Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the separate financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
- conclude on the appropriateness of the board of directors, which constitute the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Education, Training and Development Practices Sector Education and Training Authority ability 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 the 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 continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



SKILLING THE NATION

Annual Financial Statements

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

Annual Financial Statements

For the year ended 31 March 2018

The Annual Financial Statements for the year ended 31 March 2018 have been approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) on 31 July 2018 and are signed on its behalf:



Ms Sesi Nombulelo Nxesi
Chief Executive Officer

31 July 2018



Mr Duncan Hindle
Accounting Authority Chairperson

31 July 2018

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STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2018

		2017/18	2016/17
Note	R'000	R'000	
REVENUE			
Revenue from non-exchange transactions	3	840,083	810,382
Revenue from non-exchange transactions: penalties and interest	3.1	13,707	12,969
Investment income from exchange transactions	4	71,746	58,559
Other income	5	225	2,653
Total revenue		925,761	884,563
EXPENSES			
Consultancy Fees		-23,088	-21,817
Impairment Expense		-178	-609
Repairs and Maintenance		-3,695	-1,369
Loss on disposal of assets		-26	-24
QCTO expense		-2,242	-1,971
Mandatory and discretionary grants	6	-693,564	-588,534
General Administration Expenses	7	-46,591	-46,093
Employee Costs	7.1	-86,936	-75,642
Depreciation and Amortisation	8 & 9	-2,246	-2,494
Total expenses		-858,566	-738,553
NET SURPLUS/(DEFICIT) FOR THE PERIOD	2	67,195	146,010

Statement of Financial Position

As at 31 March 2018

		2017/18	2016/17
ASSETS	Note	R'000	R'000
Non-current assets			
Property, plant and equipment	8	3,685	5,192
Intangible assets	9	1,451	1,763
		5,136	6,955
Current assets			
Cash and cash equivalents	10	1,096,861	954,548
Consumables	11	147	204
Receivable from non-exchange transactions	12	514	941
Receivable from exchange transactions	13	7,521	3,650
		1,105,043	959,343
TOTAL ASSETS		1,110,179	966,298
LESS : LIABILITIES			
Current liabilities			
Payable from non-exchange transactions	14	12,495	9,327
Payable from exchange transactions	15	199,067	127,948
Accrued employee entitlements	16	10,363	8,268
Provision for exempt employers	17	4,139	3,835
		226,064	149,378
TOTAL LIABILITIES		226,064	149,378
NET ASSETS		884,115	816,920
RESERVES			
Administration reserve	19.2	5,136	6,955
Employer grant reserve	19.3	25,603	58,014
Discretionary reserve	19.1.1	853,376	751,951
		884,115	816,920

Statement of Changes In Net Assets

For the year ended 31 March 2018

	Note	Administration reserve	Employer grant reserve	Discretionary reserve	Unappropriated Surplus	Total
		R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2016		9,190	25,099	636,621	-	670,910
Net surplus per Statement of Financial Performance		-	-	-	146,010	146,010
Allocation of unappropriated surplus for the period		36,334	32,915	76,761	-146,010	-
Excess reserves transferred to Discretionary reserve		-38,569	-	38,569	-	-
Balance at 31 March 2017		6,955	58,014	751,951	-	816,920
Net surplus per Statement of Financial Performance		-	-	-	67,195	67,195
Allocation of unappropriated surplus for the period	2	20,578	25,603	21,014	-67,195	-
Excess reserves transferred to Discretionary reserve		-22,397	-58,014	80,411		-
Balance at 31 March 2018		5,136	25,603	853,376	-	884,115

CASH FLOW STATEMENT

For the year ended 31 March 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Operating activities

		2017/18	2016/17
Note		R'000	R'000
Cash receipts from stakeholders		853,764	823,445
Levies, interest and penalties received		853,713	823,445
Other cash receipts from stakeholders		51	-
Less: Cash paid to stakeholders, suppliers and employees		-776,435	-666,436
Grants and project payments		-541,130	-525,427
Compensation of employees		-84,823	-73,849
Payments to suppliers and other		-150,482	-67,160
Cash generated in operations		77,329	157,009
Interest Income		66,571	58,080
Net cash inflow from operating activities	18	143,900	215,089

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property, plant and equipment		-635	-237
Purchase of Intangible Assets		-952	-655
Proceeds from insurance claims		-	54
Net cash outflow from investing activities		-1,587	-838

CASH FLOWS FROM FINANCING ACTIVITIES

Finance cost		-	-
Net cash outflow from financing activities		-	-
Net increase in cash and cash equivalents		142,313	214,251
Cash and cash equivalents at beginning of the year	10	954,548	740,297
Cash and cash equivalents at end of the year	10	1,096,861	954,548

Statement of Comparison of Budget and Actual Amount

For the year ended 31 March 2018

2017/18	2017/18	2017/18	2017/18	2017/18	2017/18
Initial Budget	Adjustments	Final Budget	Actual	Variance	Reference
R'000	R'000	R'000	R'000	R'000	

REVENUE

SDL Income	841,788	169,500	1,011,288	853,790	-157,498	Note 27
Investment income	22,209	-	22,209	71,746	49,537	Note 27
Other income	-	-	-	225	225	
Total revenue	863,997	169,500	1,033,497	925,761	-107,735	

EXPENSES

Consultancy Fees	23,000	-	23,000	-23,088	-88	
Repairs and Maintenance	2,000	-1,100	900	-3,695	-2,795	
QCTO expense	2,467	-	2,467	-2,242	225	
Mandatory & Discretionary	667,699	169,500	837,199	-693,564	143,635	Note 27
General Admin Expenses	74,851	1,100	75,951	-49,041	26,910	Note 27
Employee Costs	93,980	-	93,980	-86,936	7,044	Note 27
Total expenses	863,997	169,500	1,033,497	-858,565	174,932	
Net surplus/(deficit) for the year	-	-	-	67,195	67,195	

Notes to the Financial Statements

1. Accounting Policies

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations of such standards, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999). These 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. A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.2 Currency and level of rounding

These financial statements are presented in South African rands, as this is the currency in which all entity transactions are denominated. Furthermore, all figures presented are rounded to the nearest thousand.

1.3 Revenue recognition

Skills Development Levy transfers are recognised when it is probable that future economic benefits will flow to the Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA) and these benefits can be measured reliably. This occurs when the Department

of Higher Education and Training (DHET) either makes an allocation or payment, whichever comes first, to the ETDP SETA as required by Section 8 of the Skills Development Levies Act, No.9 of 1999. The Skills Development Levy transfer is measured at the fair value of the consideration received. Contributions from the Department of Basic Education (DBE) are recognised when cash is received.

1.3.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act No. 9 of 1999, registered member companies of the ETDP SETA pay a skills development levy of 1% of their total payroll cost to the South African Revenue Service (SARS).

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

Levy income is recognised at the earlier of the allocation of monies by the DHET to the ETDP SETA or when cash is received.

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

Revenue is adjusted for inter-SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the Standard Operating Procedure issued in October 2006 by the Department of Labour.

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

Employers who have annual payrolls below R500 000 have been exempted from further payment of skills development levies. In cases where payments have been made by these employers in error, a provision has been made for the refund of the levies covering a period of 5 years (Prior year: 5 years).

1.3.2 Interest and penalties

Interest and penalties are levied by SARS in terms of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended. Interest and penalties are recognised at the earlier of the allocation by the Department of Higher Education and Training to the ETDP SETA or when cash is received.

1.3.3 Contributions by the Departments of Education

The Provincial and National Departments of Education contribute 30% of their annual training budgets to the ETDP SETA, as per a Cabinet decision. The 30% receipt is utilised for Administration (one third) and Discretionary Projects (two thirds).

Contributions by the Departments of Education are recognised as revenue when and in the period they are actually received.

1.3.4 Government grants and other donor income

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate. Unconditional grants received are recognised when the amounts have been received.

1.3.5 Investment Income

Interest from investments is recognised when the bank has credited the investment with interest due in line with the maturity date of the investment. Interest from call accounts is accrued on a time proportion basis as advised by the banks at the reporting date.

1.4 Grants and project expenditure

A registered organisation may recover a maximum of 20% of its total levy payment as a Mandatory Grant (excluding penalties and interest) by complying with the criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Levies Act No. 9 of 1999. Grants and project expenditure are measured at the amounts incurred. These amounts represent the fair value of the transactions.

1.4.1 Mandatory grant payments

Mandatory grant expenditure is recognised when the submission by a member organisation of a Workplace Skills Plan (WSP) and the Annual Training Report (ATR) within the agreed cut off period has been approved by the ETDP SETA for payment. In the case where a WSP/ATR has been approved and transfers from the DHET have been received but actual payment has not been made, an accrual is made for the amounts payable. These grants are measured at the amounts paid/payable which represent the fair value of the transaction. The amount payable is 20% of the levies paid to SARS by the member organisation and remitted to ETDP SETA by the DHET.

1.4.2 Discretionary grants and project payments

Discretionary grants relate to the 49.5% of levies paid to SARS by member organisations and remitted to ETDP SETA by the DHET plus surplus from administration budget, interest earned from the banks and forfeited mandatory grants. This grant is used to fund training and skills enhancing programmes in the sector. The project expenditure is recognised when the training or the skills enhancing programme has been delivered in accordance with the contract of agreement between the ETDP SETA and the training institution or provider. These grants are measured at the amounts paid/payable which represent the fair value of the transaction.

Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprises:

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

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

1.4.3 QCTO Expense

An amount determined by the Minister based on QCTO related income received, as per Section 2(4) of the Grant Regulations issued in terms of Government Gazette 35940.

1.5 Irregular and fruitless and wasteful expenditure

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

- The PFMA,
- The Skills Development Act.

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

1.6 Consumables

Consumables are prepaid stationery, refreshments and cleaning materials.

Consumables are recognised as an asset at cost on the date of acquisition and are subsequently recognised in surplus or deficit as they are consumed. The balance is subsequently measured at the lower of the cost and current replacement cost.

1.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and adjusted for any impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. No assets are held with the primary objective of generating a commercial return; hence all assets are classified as non-cash-generating. Depreciation is calculated on the straight-line method to write off the cost of each asset to estimated residual value over its estimated useful life as noted below. The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

	Rates
Audio-visual equipment	20 %
Computer equipment	33%
Kitchen equipment	15%
Leasehold improvements	15%
Office furniture and fittings	15%
Office equipment	20 %
Minor assets	100%
Motor Vehicle	20 %

Each part of an item of property, plant and equipment is depreciated separately. Depreciation commences when the items of property, plant and equipment are available for use and ceases at the earlier of the date that asset is classified as held for sale or included in a disposal group classified as held for sale and the date that the asset is derecognised.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the operating surplus/deficit.

Costs relating to repairs and maintenance are recognised in surplus and deficit as incurred.

1.8 Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and adjusted for any impairments. Historical cost includes expenditure

that is directly attributable to the acquisition of the item. No assets are held with the primary objective of generating a commercial return; hence all assets are classified as non-cash-generating. All software is commercially purchased and no labour component is applicable that may require capitalisation. Amortisation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life as noted below. Useful lives and residual values of assets are re-estimated annually to finite periods. The assets are then amortised over their re-assessed useful lives.

	Rates
Computer software	33%
Intangible assets under construction	

Until an intangible asset is available for use, it is classified as an asset under construction. Assets under construction are measured at cost.

1.9 Leasing

Leases of property plant and equipment where ETDP SETA has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. The corresponding rental obligations net of finance charges, are charged to liability. The interest element is charged to the Statement of Financial Performance over the lease period. Leases, where a significant portion of

risks and rewards of ownership are retained by the lessor, are classified as operating leases. Operating costs are charged against operating income on a straight line basis over the period of the lease.

1.10 Employee benefits and retirement benefit costs

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date. Termination benefits are recognised and expensed only when the payment is made. Liabilities for annual leave are recognised as they accrue to employees. The entity recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual. Liabilities for bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employee renders the related services are recognised as they accrue to the employee. The performance bonus liability is recognised as an accrual.

The entity operates a defined contribution plan, the assets of which are held in separate trustee-administered funds. The plan is generally funded by payments from the entity and employees and is managed by external fund managers determined by the members of the fund.

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance in the year to which they relate. When an employee has rendered service during a period, ETDP SETA recognises the contribution payable to a defined contribution plan in exchange for that service: (a) as a liability after deducting any contributions already paid. If the contribution already paid exceeds the contribution due for the service, the ETDP SETA shall recognise that excess as an asset to the extent that it will lead to a reduction in future payments and (b) as an expense.

The rules of the defined contribution plan determine the following in respect of contributions :

- Contribution by employee = 7,5% of retirement funding income.
- Contribution by employer = 7,5% of retirement funding income.

1.11 Provisions

Provisions are recognised when the ETDP SETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.11.1 Provisions for discretionary grants and commitments

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments are disclosed in a note to the financial statements if both the following criteria are met:

- Contracts should be non-cancellable or cancellable at a significant cost
- Contracts should relate to something other than the routine, steady-state business of the entity - therefore salary commitments relating to employment contracts are excluded.

1.12 Financial instruments

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

Financial instruments are initially measured at fair value, including transactional costs. Subsequent to initial recognition these instruments are measured as set out below:

1.12.1 Financial assets

ETDP SETA's principal financial assets are receivables and cash and cash equivalents

Accounts and other receivables

Receivables are subsequently measured at their amortised cost using the effective interest rate method and reduced by appropriate allowances for estimated irrecoverable amounts which represent fair value.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

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

1.12.2 Financial liabilities

The ETDP SETA's principal financial liabilities are accounts payable and other payables.

All financial liabilities are measured at amortised cost, comprising original debts less principal payments and amortisations which represent fair value.

Gains and losses arising from a change in the fair value of financial instruments, other than available for sale financial assets, are included in surplus or deficit in the period in which they arise.

A financial liability or part thereof is derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability including related unamortised costs, and the amount paid for it is included in surplus or deficit for the period.

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting the expected future cash flows at the prevailing interest rates. The fair values have been estimated using available market information and appropriate methodologies but are not necessarily indicative of the amounts that the ETDP SETA could realise in the normal course of business. The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair value due to the short term trading cycles of these items.

Financial assets and liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to offset exists.

1.13 Net assets

This is represented by reserves as per 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).

The following reserves are utilised :

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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:

	2017/18	2016/17
	%	%
Administration costs of the ETDP SETA	10.5	10.5
Including 0.5% payable to QCTO		
Employer grants	20	20
Discretionary grants and projects	49.5	49.5
	80	80

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for 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 is utilised in accordance with the stipulations of the funder.

The net surplus/deficit is allocated to the Administration reserve, the Employer grant reserve and the Discretionary reserve based on the above.

After retaining an amount to cover future depreciation of assets the surplus funds in the Administration reserve are moved to the Discretionary reserve at year end. Employer grant reserve funds that are not provided for specific grants are moved to the Discretionary reserve. Accruals are made for grants to be paid from levies that have not been received at reporting date.

1.14. Impairment of assets

At each reporting period, the ETDP SETA assesses whether there is any indication that an asset may be impaired. If any such indication exists, the ETDP SETA estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell and its value in use.

If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount. This reduction is the impairment loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is immediately recognised in surplus or deficit.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is immediately recognised in surplus or deficit.

1.15 Revenue and expenses from exchange and non exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the ETDP SETA directly in return for services rendered, the value of which approximates the consideration received or receivable.

Revenue from non exchange transactions refers to transactions where ETDP SETA received revenue from another party without directly giving approximately equal value in exchange. Revenue from non exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.16 Comparative figures

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

1.17 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Where such a situation exists the nature and type of transactions and relationships between parties are disclosed in the notes to the Financial Statements.

Senior Management staff and members of the Accounting Authority are considered to be Key Management and no transactions take place between these staff members and the ETDP SETA other than the payment of emoluments. Senior Management emoluments are disclosed in the Accounting Authority report. No relationship exists between close members of family of Key Management and the ETDP SETA. No loans are made by the ETDP SETA to Key Management.

1.18 Significant adjustments and estimates

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

Impairment testing: Management uses fair value less cost to sell in identifying the assets that may have been impaired.

Provisions: Management uses available information to determine an estimation for provisions. These are measured at management's best estimate of the expenditure required to settle the obligation at reporting date.

Fair value measurement of revenue and financial instruments: 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 for ETDP SETA's similar financial instruments.

1.19 New standards and interpretations

1.19.1 Standards issued, and effective

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date	Expected Impact:
GRAP 17: Property, Plant and Equipment	01 April 2017	The impact of the amendment is not material.
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact

1.19.2 Standards not yet effective or relevant

The entity has not applied the following standards which have been published but are not yet effective.

Standard/Interpretation:	Effective date	Expected Impact
GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
GRAP 32: Service Concession Arrangements: grantor	01 April 2019	Unlikely there will be a material impact
GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
GRAP 109: Accounting for Principals and Agents	01 April 2019	Unlikely there will be a material impact
IGRAP 17: Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	Not yet determined	Unlikely there will be a material impact

2. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES:

For the year ended 31 March 2018

	Administration reserve	Employer grant reserve	Discretionary reserve	2017/18	2016/17
	R'000	R'000	R'000	R'000	R'000
Total revenue	185,580	117,273	622,908	925,761	884,561
Skills development levy: income					
Admin levy income (DHET)	62,265	-	-	62,265	54,383
Grant levy income (DHET)	-	117,273	291,276	408,549	360,090
Skills development levy: penalties and interest	-	-	13,707	13,707	12,969
Levy - DBE and DHET	123,090	-	246,179	369,269	395,908
Investment income	-	-	71,746	71,746	58,559
Other income	225	-	-	225	2,653
Total expenses	165,002	91,670	601,894	858,566	738,552
Administration expenses	162,760	-	-	162,760	148,047
QCTO expense	2,242	-	-	2,242	1,971
Employer grants and project expenses	-	91,670	601,894	693,564	588,534
NSF Expense	-	-	-	-	-
Net surplus/(deficit) per Statement of Financial Performance	20,578	25,603	21,014	67,195	146,010

3. REVENUE FROM NON-EXCHANGE TRANSACTIONS

2017/18	2016/17
R'000	R'000

The total levy income per the Statement of Financial Performance is as follows:

Levy income: Administration	185,355	186,352
Levies received	185,355	186,352
Levies received from levy payers	62,265	54,383
Government levies received	123,090	131,969
Inter SETA transfers in	-	-
Inter SETA transfers out	-	-
Levy income: Employer Grants	117,273	102,351
Levies received	117,273	102,351
Levies received from levy payers	117,273	102,351
Inter SETA transfers in	-	-
Inter SETA transfers out	-	-
Levy income: Discretionary Grants	537,455	521,679
Levies received	537,455	521,679
Levies received from levy payers	291,276	257,740
Government levies received	246,179	263,939
Inter SETA transfers in	-	-
Inter SETA transfers out	-	-
	840,083	810,382

3.1 Revenue from non-exchange transactions: penalties and interest

Penalties and interest	13,707	12,969
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4. INVESTMENT INCOME FROM EXCHANGE TRANSACTIONS

	2017/18	2016/17
	R'000	R'000
Interest income		
Accrued	5,851	676
Bank deposits	65,895	57,883
	71,746	58,559

5. OTHER INCOME

	2017/18	2016/17
	R'000	R'000
Mandatory grants received	116	134
Insurance recoveries	51	54
Other	58	2,465
	225	2,653

6. MANDATORY AND DISCRETIONARY GRANTS

	2017/18	2016/17
	R'000	R'000
Mandatory grants	91,670	69,435
Discretionary grants and projects	601,894	519,099
	693,564	588,534

7. GENERAL ADMINISTRATION EXPENSES

	2017/18	2016/17
	R'000	R'000
Building related costs		
Operating rentals - buildings	11,236	10,446
Security and cleaning	1,660	1,597
Water and electricity	2,164	3,434
Remuneration to members of the audit committee	153	166
Meeting and board fees	1,228	1,320
Auditors' remuneration	3,438	2,417
External audit fees	3,047	2,020
Internal audit fees	391	397
Staff training and development	1,022	1,348
Recruitment	476	851
Stationery and consumables	843	918
Other administration costs		
Advertising, marketing and promotions, communication	2,631	1,755
Legal fees	303	2,192
Travel and subsistence	9,065	8,012
Courier fees	495	699
Hire of equipment	2,769	3,308
Insurance	411	438
Bank charges	492	484
Workshops and AGM	2,656	1,197
Staff relocation	154	463
Printing and postage	1,369	927
Refreshments and catering	1,574	1,340
Telephone and cellular phone	1,464	1,722
Interest	19	-
Other	969	1,059
Total per Statement of Financial Performance	46,591	46,093

7.1 EMPLOYEE COST

	2017/18	2016/17
Employee Cost		
Salaries and wages	80,550	70,127
Basic salaries	75,377	64,294
Pension contributions: employee	4,018	3,429
Non-pensionable allowance	164	611
Annual Leave	991	1,793
Employer contributions	6,386	5,515
Medical aid contributions	2,164	1,866
Pension contributions: defined contribution plan	4,018	3,440
UIF	204	209
	86,936	75,642
Allocation of cost of employment		
Administration expenses	86,936	75,642
Average number of employees: 123 (2017: 124)		

8. PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2018

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
ETDP SETA assets			
Computer equipment	6,602	-4,544	2,058
Office furniture and fittings	4,483	-3,349	1,134
Office equipment	577	-491	86
Audio-visual equipment	415	-252	163
Kitchen equipment	82	-53	29
Leasehold improvements	754	-593	161
Motor vehicle	428	-388	40
Minor assets	270	-256	14
Balance at end of year	13,611	-9,926	3,685

8. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 March 2017

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
ETDP SETA assets			
Computer equipment	6,482	-4,123	2,359
Office furniture and fittings	4,684	-3,420	1,264
Office equipment	2,144	-1,049	1,095
Audio-visual equipment	517	-331	186
Kitchen equipment	75	-51	24
Leasehold improvements	1,826	-1,630	196
Motor vehicle	428	-379	49
Minor assets	297	-278	19
Balance at end of year	16,453	-11,261	5,192

There is no property, plant and equipment that is pledged as security.

	Carrying amount 31 March 2017	Additions at cost	Disposals at net book value	Impairment	Depreciation	Depreciation change in estimate	Carrying amount 31 March 2018
Reconciliation of carrying amount as at 31 March 2018	R'000	R'000	R'000	R'000	R'000	R'000	R'000

ETDP SETA assets

Computer equipment	2,359	385	-27	-82	-577	-	2,058
Office furniture and fittings	1,264	147	-29	-23	-225	-	1,134
Office equipment	1,095	34	-884	-61	-98	-	86
Audio-visual equipment	186	60	-36	-11	-36	-	163
Kitchen equipment	24	9	-	-	-4	-	29
Leasehold improvements	196	-	-	-	-35	-	161
Motor vehicle	49	-	-	-	-9	-	40
Minor assets	19	-	-	-1	-4	-	14
Balance at end of year	5,192	635	-976	-178	-988	-	3,685

	Carrying amount 31 March 2016	Additions at cost	Disposals at net book value	Impairment	Depreciation	Depreciation change in estimate	Carrying amount 31 March 2017
Reconciliation of carrying amount as at 31 March 2017	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ETDP SETA assets							
Computer equipment	2,770	152	-22	-11	-1,125	595	2,359
Office furniture and fittings	1,506	5	-	-17	-418	188	1,264
Office equipment	1,248	25	-	-2	-300	124	1,095
Audio-visual equipment	164	55	-2	-3	-41	13	186
Kitchen equipment	28	-	-	-	-6	2	24
Leasehold improvements	632	-	-	-	-468	32	196
Motor vehicle	57	-	-	-	-14	6	49
Minor assets	23	-	-	-	-8	4	19
Balance at end of year	6,428	237	-24	-33	-2,380	964	5,192

9. INTANGIBLE ASSETS

As at 31 March 2018

	Cost	Accumulated amortisation & Impairment	Closing carrying amount
	R'000	R'000	R'000
ETDP SETA assets			
Computer software	2,996	-1,545	1,451
	2,996	-1,545	1,451

As at 31 March 2017

	Cost	Accumulated amortisation & Impairment	Closing carrying amount
	R'000	R'000	R'000
ETDP SETA assets			
Computer software	3,800	-2,037	1,763
Assets under Development	1,080	-1,080	-
	4,880	-3,117	1,763

	Carrying amount 31 March 2017	Reclassification	Additions	Impairment	Amortisation	Disposal at net book value	Carrying amount 31 March 2018
Reconciliation of carrying amount as at 31 March 2018	R'000	R'000	R'000	R'000	R'000	R'000	R'000

ETDP SETA assets

Computer software	1,763	-	952	-	-1,258	-6	1,451
Assets under Construction	-	-	-	-	-	-	-
	1,763	-	952	-	-1,258	-6	1,451

	Carrying amount 31 March 2016	Reclassification	Additions	Impairment	Amortisation	Amortisation in change of estimate	Carrying amount 31 March 2017
Reconciliation of carrying amount as at 31 March 2017	R'000	R'000	R'000	R'000	R'000	R'000	R'000

ETDP SETA assets

Computer software	974	1,212	655	-	-1,048	-30	1,763
Assets under Development	1,788	-1,212	-	-576	-	-	-
	2,762	-	655	-576	-1,048	-30	1,763

10. CASH AND CASH EQUIVALENTS

	2017/18	2016/17
	R'000	R'000
Cash at bank and on hand	8,814	64,492
Cash at bank	8,777	64,475
Cash on hand	37	17
Short term investments	1,088,047	890,056
Cash and cash equivalents at end of year	1,096,861	954,548

The security of cash and cash equivalents is ensured by only contracting with the top four financial institutions. The carrying value, at which cash and cash equivalents are disclosed, approximates their fair values.

As required in National Treasury regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 7% (Prior year 6.5%).

11. CONSUMABLES

	2017/18	2016/17
	R'000	R'000
Consumables	147	204
	147	204

12. RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

	2017/18	2016/17
	R'000	R'000
Employer receivables	451	1,136
less : provision for doubtful receivables	-58	-611
Staff debtors	121	76
Inter SETA transfers receivable	-	340
	514	941

R451 000 (2017: R1 136 000) was recognised as a receivable relating to grant overpayments to levy-paying employers in prior periods, as a result of levy income reversals done after grants have been paid. An amount of R58 000 (2017: R611 000) was provided for as doubtful debt. ETDP is confident that it will recover the net balance. Also refer to Note 14 for grant amounts owed to levy-paying employers as a result of subsequent changes in levy information.

13. RECEIVABLE FROM EXCHANGE TRANSACTIONS

	2017/18	2016/17
	R'000	R'000
Deposits	579	2,336
Interest receivable	5,851	676
Sundry receivables	1,091	790
Prepayments	0	89
less : provision for doubtful receivables	-	-241
	7,521	3,650

14. PAYABLE FROM NON-EXCHANGE TRANSACTIONS

	2017/18	2016/17
	R'000	R'000
Skills development grants payable	12,470	9,171
Inter seta transfers payable	25	156
	12,495	9,327

15. PAYABLE FROM EXCHANGE TRANSACTIONS

	2017/18	2016/17
	R'000	R'000
Project creditors	188,342	102,455
Trade payables	3,962	3,913
Accruals	3,404	18,787
Staff and Payroll creditors	2,801	2,625
Liability resulting from straight line valuation of leases	558	168
	199,067	127,948

The effect of discounting, where applicable, was considered and found to be immaterial given the short term nature of these payables. The carrying amount approximates the fair value of each class of payables.

16. ACCRUED EMPLOYEE ENTITLEMENTS

	Employee leave R'000	Employee bonus R'000	2017/18 R'000	2016/17 R'000
Open carrying amount	5,497	2 770	8,267	7,343
Amounts utilised during the year	-957	-3,090	-4,047	-9,072
Charged to income during the year	1,671	4,472	6,143	9,997
Closing carrying amount	6,211	4,152	10,363	8,268

The liability for the payment of leave pay is accrued and is calculated as number of leave days accumulated at the daily pay rate per payroll.

An accrual is made for the payment of a 13th Cheque at the end of November for those employees who have opted to take a 13th Cheque and is calculated each month as the number of employees involved times one twelfth of their 13th Cheque. This is accumulated to date of payment.

17. PROVISION FOR EXEMPT EMPLOYERS

	2017/18	2016/17
	R'000	R'000
Opening carrying amount	3,835	3,035
Additions during the year	987	1,389
Write-offs	-683	-589
Closing carrying amount	4,139	3,835

An amount of R4 139 000 (2017: R3 835 000) relates to levies incorrectly contributed by levy-paying employers, and paid over by SARS and DHET, after being exempted from contributing SDL due to legislative changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the levy-paying employers remains with SARS.

In terms of the Skills Development Circular No. 09/2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190(4) of the Tax Administration Act. In terms of section 4(7) of the SETA Grant Regulations, all unclaimed mandatory grants should be transferred to the discretionary funds because the employer cannot claim it back after the expiry date.

18. RECONCILIATION OF NET CASH FLOW FROM NET SURPLUS TO NET CASH (OUTFLOW) / INFLOW FROM OPERATIONS

	2017/18	2016/17
	R'000	R'000
Net (deficit)/surplus as per Statement of Financial Performance	67,195	146,010
Adjusted for non-cash items:		
Depreciation / Amortisation	2,246	2,494
Impairment	178	609
Loss on disposal of property, plant and equipment	26	24
Proceeds on disposal of fixed assets (Claim)	956	-
Other income	-	-54
Increase in provisions	2,399	-
Adjusted for working capital changes:		
(Increase)/ decrease in receivables	-3,444	-269
Decrease/ (increase) in consumables	57	2,365
(Decrease) / increase in payables	74,287	63,910
Net cash inflow /(outflow) from operations	143,900	215,089

19 RESERVES

19.1.1 Discretionary Reserve

Of the balance of R853 376 000 available in the Discretionary Reserve at the end of the year, the commitments detailed below of R698 002 000 have been made for projects and skills priorities. Expenses that relate to these commitments are included in grant expenses in the Statement of Financial Performance.

Discretionary Commitments

2017/18

Programme	Opening Balance R'000	Adjustments R'000	New contracts R'000	Total Expenditure R'000	Closing Balance R'000
Programme 2	213,048	273	762	-122,176	66,363
Programme 3	57,699	-14,834	215,759	-61,723	216,607
Programme 4	288,535	-16,994	396,894	-360,234	309,858
Programme 5	54,591	-20	13,287	-57,762	14,277
Letters of Award	-	-	90,897	-	90,897
Total	613,873	-31,576	717,599	-601,894	698,002

2016/17

Programme	Opening Balance	Adjustments	New contracts	Total Expenditure	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Contingent Liability	16,833	-9,568	-	-7,264	-
Prior years	98,586	-34,566	-	-63,936	85
Programme 1	-	-	600	-	600
Programme 2	127,710	-11,820	322,732	-188,687	249,935
Programme 3	67,696	-3,607	54,549	-60,695	57,943
Programme 4	121,769	-30,385	381,181	-184,159	288,406
Programme 5	12,102	-2,021	21,180	-14,357	16,904
Total	444,696	-91,967	780,242	-519,098	613,873

In the current financial year, the programmes have been restructured from five to four programmes in accordance with the standardised programme structure proposed by the Department of Higher Education and Training. The closing balances from the previous financial year and the current year's opening balances per programme have been aligned accordingly.

19.1.2 Administrative Commitments**2017/18**

Programme	Opening Balance	Adjustments	New contracts	Total Expenditure	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Administrative commitments	19,648	34,637	27,185	-39,865	41,605
Total	19,648	34,637	27,185	-39,865	41,605

2016/17

Programme	Opening Balance	Adjustments	New contracts	Total Expenditure	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Administrative commitments	32,977	-	-	-13,329	19,648
Total	32,977	-	-	-13,329	19,648

19.2 Administration reserve

Administration reserve

	2017/18	2016/17
	R'000	R'000
Reserve retained to cover the carrying values of property, plant and equipment/Intangible assets which will be depreciated in future years.	5,136	6,955

19.3 Employer grant reserve

	2017/18	2016/17
	R'000	R'000
The reserve is retained to cover the first time employer registrations and future mandatory grants pay-outs. The surplus remaining in the reserve will be swept to the Discretionary Reserve on 1 August.	25,603	58,014

19.4 Total of future minimum lease payments under non-cancellable leases:

	2017/18	2016/17
	R'000	R'000

19.4.1 Operating Leases - Buildings**Buildings**

Not later than one year	8,079	6,732
Later than one year and not later than five years	9,199	1,241
Later than five years	-	-
	17,278	7,973

Details of operating lease agreements:

	Service	Commencement date	Termination date	Option to renew	Escalation % p.a.
Geographic area					
CBD, Johannesburg	Rental	1 September 2017	30 June 2020	Yes	8
Nelspruit	Rental	1 July 2016	30 June 2018	Yes	10
Potchefstroom	Rental	1 July 2016	30 June 2018	Yes	10
Kimberley	Rental	1 July 2016	30 June 2018	Yes	10
East London	Rental	1 July 2016	30 June 2018	Yes	10
Cape Town	Rental	1 July 2016	31 March 2018	Yes	8
Durban	Rental	1 July 2016	30 June 2018	Yes	8
Polokwane	Rental	1 July 2016	30 June 2018	Yes	6
Bloemfontein	Rental	1 July 2016	30 June 2018	Yes	8
Braamfontein, Johannesburg	Rental	1 July 2016	30 June 2018	Yes	9



20 CONTINGENCIES

20.1 Retention of surpluses

In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realized in the previous financial year without obtaining the prior written approval of National Treasury. During May 2017, National Treasury Issued Instruction No.6 of 2017/18 which gave a revised definition of a surplus. According to this instruction, a surplus is based on cash and cash equivalents, plus receivables, less current liabilities and commitments at the end of the financial year.

As of 31 March 2018 the surplus for the year is as follows:	Note	2017/18	2016/17
Cash and Cash Equivalents	10	1,096,861	954,548
Plus: Net Receivables	12 & 13	8,035	4,591
Less: Current Liabilities	14,15,16 & 17	-226,064	-149,378
Less: Commitments	19.1.1 & 19.1.2	-739,607	-641,494
		139,225	168,267

20.2 Litigations and claims

The SETA is involved in a dispute with a former employee regarding the termination of their employment contract. The matter is currently with the CCMA and management's estimate of the financial exposure is approximately R622 000.

20.3 First time employer registrations

The SETA Grant Regulations section 4(c) allows an employer, registering for the first time, six months to submit an application for a mandatory grant.

At reporting date, it is estimated that, as a result, additional mandatory grant expenditure of R232 000 (2017: R0) will be payable. The amount is contingent on the number of submissions received and approved.

21 RISK MANAGEMENT

21.1 General

In the course of its operations, the ETDP SETA is exposed to interest rate, liquidity risk and market risk. In order to monitor these risks, the ETDP SETA has developed a risk management strategy in terms of Treasury Regulation 28.1. Below is the ETDP SETA's risk management process.

21.2 Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The ETDP SETA cannot expect to eliminate all operational risks, but by initiating a rigorous

control framework and by monitoring and responding to potential risk, the ETDP SETA is able to manage risk. Controls include effective segregation of duties, monitoring, authorisation, reconciliation, staff education and risk assessment processes.

21.3 Liquidity risk

This risk is managed via proper working capital management, expenditure management, actual versus forecast cash flows and the cash management policy. Adequate reserves in support of existing commitments and liquid resources are maintained. The table below provides an analysis of ETDP SETA's financial liabilities into their maturity groupings as per the Statement of Financial Position. These amounts are not discounted as they are as per contracts:

	Not later than one month	Later than one month but not later than three months	Later than three months but not later than one year	Later than one year but not later than five years
	R'000	R'000	R'000	R'000
31 March 2018				
Trade and other payables	199,067	12,495	10,363	-
	Not later than one month	later than one month but not later than three months	later than three months but not later than one year	later than one year but not later than five years
	R'000	R'000	R'000	R'000
31 March 2017				
Trade and other payables	127,948	9,327	8,268	-

21.4 Interest risk

ETDP SETA manages its interest risk by spreading its funds over the four major banks in which it uses current account, call account and short term investments. A cash management system is used for monitoring bank balances. The sensitivity of surplus funds to interest rates is dependant on the prime rates variations. At the reporting date, the prime rate was 10.5% (Prior year: 10.5%).

	Floating rate		Non-interest bearing	
	Amount R'000	Effective interest rate % p.a.	Amount R'000	Total R'000
For the year ended 31 March 2018				
Financial assets				
Cash	1 096 824	7.00	37	1 096 861
Accounts receivable	7 521		514	8 035
Total financial assets	1 104 345		551	1 104 896
Financial liabilities				
Accounts payable	-199 067		-22 858	-221 926
Total financial liabilities	-199 067		-22 858	-221 926
For the year ended 31 March 2017				
Financial assets				
Cash	954 531	6.50	17	954 548
Accounts receivable	3 650		941	4 591
Total financial assets	958 181		958	959 139
Financial liabilities				
Accounts payable	-127 948		-17 595	-145 543
Total financial liabilities	-127 948		-17 595	-145 543

21.5 Credit risk

Financial assets which potentially subject ETDP SETA to the risk of non performance by counter parties and thereby to concentration of credit risk, consist mainly of cash and cash equivalents and accounts receivable. Except for the global economic meltdown which may impact on the income received from the levy paying organisations no events occurred during the year that may impact on the accounts receivable.

The ETDP SETA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation 31.2. The ETDP SETA's exposure is continuously monitored by a Finance Committee convened in accordance with the PFMA.

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

21.6 Market risk

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

Fair values

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

No financial asset or liability was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.



22 GOING CONCERN

The annual financial statements have been prepared based on the expectation that the ETDP SETA will continue to operate as a going concern for at least the next 12 months. Further the ETDP SETA has been re-established to operate from 01 April 2017 to 31 March 2020.

23 RELATED PARTY TRANSACTIONS

23.1 Transactions with other SETAs.

Inter SETA transactions arise due to the movement of employers from one SETA to another.

All transactions were at arm's length.

The parent entity of all SETAs is the Department of Higher Education and Training.

	2017/18 R'000		2016/17 R'000	
	Amount of the transaction	"Amount receivable/ (payable)"	Amount of the transaction	"Amount receivable/ (payable)"
Received	340	-	201	340
SERVICES SETA	215	-	144	215
FASSET	51	-	-	51
CATHSETA	3	-	3	3
W&RSETA	2	-	2	2
MERSETA	16	-	16	16
INSETA	35	-	35	35
CONSTRUCTION SETA	2	-	-	2
HEALTH & WELFARE SETA	16	-	1	16
Paid	-182	-25	-152	-157
MERSETA	-10	-	-9	-10
MICTSETA	-60	-	-60	-60
CETA	-65	-	-65	-65
SERVICES SETA	-5	-	-5	-5
W&RSETA	-10	-	-10	-10
TETA	-10	-9	-1	-1
CATHSETA	-2	-	-2	-2
FASSET	-18	-16	-	-2
FP&M SETA	-2	-	-	-2
Total	158	-25	49	183

23.2 Transactions with other related parties

The ETDP SETA recognises that related party transactions can present potential or actual conflicts of interest, it is therefore the policy of the ETDP SETA that at the time of evaluating contractual engagements the contracting parties are requested to provide evidence of company registrations and ownership/directorship. All the stakeholders are also requested to declare their interests prior to start of all official meetings.

Related party			2017/18 R'000		2016/17 R'000	
	Nature of relationship	Transaction type	Amount of the transaction	Amount payable/ (receivable)	Amount of the transaction	Amount payable
HESA	Levy payer	Mandatory grant	-	-	22	-
SACE	Levy payer	Mandatory grant	-	-	26	-
SADTU	Levy payer	Mandatory grant	-	6	86	6
NAPTOSA	Levy payer	Mandatory grant	-	-	10	-
BANK SETA	Levy payer	Mandatory grant	59	-	63	4
FP&M SETA	Levy payer	Mandatory grant	49	-	66	4
LG SETA	Levy payer	Mandatory grant	43	-	38	-
W&R SETA	Levy payer	Mandatory grant	175	-	158	-
MICT SETA	Levy payer	Mandatory grant	-	4	76	4
MQA SETA	Levy payer	Mandatory grant	-	10	150	10
CHIETA	Levy payer	Mandatory grant	-	14	88	14
CATH SETA	Levy payer	Mandatory grant	-	61	-	-
MERSETA	Levy payer	Mandatory grant	-	-	180	-
QCTO	Accreditation body	QCTO expenditure	2 242	-	1 970	-
Department of Higher Education	Controlling entity	Revenue contributions	15 563	-	16 356	-
Provincial Departments of Education	Entity under common control	Revenue contributions	353 706	-	379 553	-
Receivables						
LG SETA	Levy payer	Administration	525	1 529	1 124	525

23.3 Remuneration of Key Management

	2017/18	2016/17
	R'000	R'000
23.3.1 Chief Executive Officer		
Basic Remuneration	2 213	2 063
Pension	176	167
Total Guaranteed Cost to Company	2 389	2 230
Performance bonus	114	91
Total Guaranteed and unguaranteed remuneration	2 502	2 321

23.3.2 Chief Risk Officer

Basic Remuneration	1 382	219
Pension	66	11
Medical	38	6
Total Guaranteed Cost to Company	1 486	236
Performance bonus	-	-
Total Guaranteed and unguaranteed remuneration	1 486	236

23.3.3 Chief Operations Officer

Basic Remuneration	1 214	1 301
Pension	55	62
Medical	23	25
Total Guaranteed Cost to Company	1 292	1 388
Performance bonus	-	57
Total Guaranteed and unguaranteed remuneration	1 292	1 445

23.3.4 Chief Financial Officer

Basic Remuneration *	1 517	1 509
Total remuneration	1 517	1 509

*The Chief Financial Officer is seconded and the Basic Remuneration represents the amounts paid by the ETDP SETA to the service provider.

23.4 Remuneration of Accounting Authority Members

Name	Meeting Fees	Other Expenses	Total 2017/18	2016/17
S Mabusela	38	-	38	44
S Khuzwayo	17	-	17	17
L Maphila	3	-	3	6
V Hofmeester	26	-	26	41
J Landman	49	22	71	55
K Bonaconsa	6	-	6	26
BKM Nhlapho	16	2	18	15
M Cloete	32	6	38	18
M Mthembu	39	5	44	53
VA Monyela	42	5	47	31
J Rustin	-	-	-	52
N Caluza	10	1	11	-
C Reynders	-	-	-	3
N Ngcobo	-	7	7	3

24 CHANGE IN ESTIMATES

CHANGE IN ESTIMATES

	Note	2017/18 R'000	'2016/17 R'000
<p>In the 2016/17 financial year, the ETDP SETA was re-established to operate until 31 March 2020. The useful lives of the assets were then re-assessed to be in line with the life of the SETA, and the relevant change in the useful lives were revised. At year-end, the SETA re-assessed all indications of the expected useful lives in line with GRAP 17, and determined that the conditions have remained the same since the preceding reporting date. The expected useful lives of the assets were thus not revised.</p>	8, 9	-	934

25 EVENTS AFTER THE REPORTING DATE

No significant events occurred after the reporting date which required further disclosure in the financial statements.

26 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	2017/18	2016/17
	R'000	R'000
FRUITLESS AND WASTEFUL EXPENDITURE		
Opening Balance	577	58
Amount raised in the year	25	577
Amount recovered in the year	-	-58
Closing Balance	602	577

The fruitless and wasteful expenditure amounting to R25 000 relates to interest paid on late payment of invoices, cancellation fees, fines and charges on withdrawal of tenders.

	2017/18	2016/17
	R'000	R'000
IRREGULAR EXPENDITURE		
Opening Balance	1348	-
Add: Irregular Expenditure - current year	839	1348
Less: Amounts condoned	-	-
Closing Balance	2187	1348

In the 2016/17 financial year, during the time of contracting three landlords for the leasing of properties, an impression was given that they were finalising their tax issues. As these were the only buildings available, we contracted in anticipation that we would receive the tax clearance certificates but this did not work out as anticipated. Through management efforts, one landlord ultimately provided a tax clearance certificate during the course of the 2017/18 financial year.

27 EXPLANATION OF MATERIAL VARIANCES BETWEEN ACTUAL RESULTS AND APPROVED BUDGET



Variances above the ETDP SETA's materiality, as outlined in its Materiality Framework are explained below:

Skills Levy income

Levy receipts were 18% lower than the budget.

National Treasury approved utilisation of R169 500 000 surplus funds from the 2016/17 financial year, however no implementation had commenced at the end of the year for the earmarked programmes.

Investment income

Investment income is 69% higher than the budgeted amount due to higher than expected cash balances in the current year. Process delays resulted in commitments not realising as cash payments.

Employee cost

The employee cost is 8% lower than budgeted for as the budget was based on plans to fill key vacant positions in the organisation.

Administrative expenditure

Administration expenditure (including QCTO, general expenditure, and consultancy fees) is limited to 10.5% of levies received. The legislative limit has not been exceeded.

Mandatory and discretionary grants

The budgeted amounts are based on the portion of levies to be received during the financial year while the reported expense includes expenditure on projects carried forward from previous periods. These projects are financed through ring-fenced amounts already available from previous years and are not from the current year budget.

National Treasury approved utilisation of R169 500 000 surplus funds from the 2016/17 financial year, however no implementation had commenced at the end of the year for the earmarked programmes.

General administration expenses

Administration expenses are less than budgeted for in the current year which is expected in light of the fact that actual discretionary expenditure is less than budgeted.

28 SEGMENT REPORTING

TDP SETA reports to management on the basis of three functional segments namely; administration, mandatory and discretionary. Management uses these segments in determining strategic objectives and allocating resources. The reporting of these segments is also appropriate for external reporting purposes.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The geographical segments have not been disclosed as the necessary information required is not readily available and the cost to develop would be excessive.

Information about the surplus, assets and liabilities reconciliations per functional segment is as follows:

31 March 2018

	Administration	Mandatory	Discretionary	Unallocated	Total 2017/18
	R'000	R'000	R'000		R'000
Total segment revenue	185,580	117,273	622,908	-	925,761
Revenue from non-exchange transactions					
Skills development levy: income	185,355	117,273	537,455	-	840,083
Skills development levy: penalties and interest	-	-	13,707	-	13,707
Revenue from exchange transactions					
Investment income	-	-	71,746	-	71,746
Other income	225	-	-	-	225
 Total segment expenses	 165,002	 91,670	 601,894	 -	 858,566
Administration expenses	162,760	-	-	-	162,760
QCTO expense	2,242	-	-	-	2,242
Employer grants and project expenses	-	91,670	601,894	-	693,564
NSF Expense	-	-	-	-	-
 Total Surplus	 20,578	 25,603	 21,014	 -	 67,195
 ASSETS					
Non-current assets	5,136	-	-	-	5,136
Consumables	147	-	-	-	147
Account receivables from non-exchange transactions	121	393	-	-	514
Account receivables from exchange transactions	-	7,521	-	-	7,521
Cash and cash equivalents (Unallocated asset)	-	-	-	1,096,861	1,096,861
 Total assets	 5,404	 7,914	 -	 1,096,861	 1,110,179
 Liabilities					
Trade and other payables from non-exchange	-	12,495	-	-	12,495
Trade and other payables from exchange transactions	10,725	-	188,342	-	199,067
Provision for Exempt Employers	-	-	4,844	-	4,844
Accrued employee entitlements	10,363	-	-	-	10,363
 Total liabilities	 21,089	 12,495	 193,186	 -	 226,770

31 March 2017

	Administration	Mandatory	Discretionary	Unallocated	Total 2016/17
	R'000	R'000	R'000		R'000
Total segment revenue	186,352	102,350	595,860	-	884,562
Revenue from non-exchange transactions					
Skills development levy: income	186,352	102,350	521,679	-	810,381
Skills development levy: penalties and interest	-	-	12,969	-	12,969
Revenue from exchange transactions					
Investment income	-	-	58,559	-	58,559
Other income	-	-	2,653	-	2,653
Total segment expenses	150,019	69,435	519,099	-	738,552
Administration expenses	148,047	-	-	-	148,047
QCTO expense	1,971	-	-	-	1,971
Employer grants and project expenses	-	69,435	519,099	-	588,534
NSF Expense	-	-	-	-	-
Total Surplus	36,333	32,915	76,761	-	146,009
ASSETS					
Non-current assets	6,955	-	-	-	6,955
Consumables	204	-	-	-	204
Account receivables from non-exchange transactions	76	865	-	-	941
Account receivables from exchange transactions	-	3,650	-	-	3,650
Cash and cash equivalents (Unallocated asset)	-	-	-	954,548	954,548
Total assets	7,235	4,515	-	954,548	966,298
Liabilities					
Trade and other payables from non-exchange	-	9,327	-	-	9,327
Trade and other payables from exchange transactions	25,493	-	102,455	-	127,948
TVET Infrastructure Funding Payable	-	-	3,835	-	3,835
Provision for exempt employers	8,268	-	-	-	8,268
Accrued employee entitlements	-	-	-	-	-
Total liabilities	33,761	9,327	106,290	-	149,378



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