



F A S S E T

Make the future count

2022/2023

ANNUAL
INTEGRATED
Report





Make the future count.



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Prioritising a Stakeholder-Centred Approach in Skills Development

Navigating an era of ever-changing skills needs while
balancing a multifaceted interrelations map.

Navigating an era of ever-changing skills needs while balancing a multifaceted interrelations map.

FASSET's 2022/2023 Financial Year was a year that brought stakeholder relations to the fore in many facets. With some programmes, such as the bursary programme, restructured for internal facilitation, FASSET came closer than ever to its stakeholders. With this reality in sight, we took the opportunity to gain insight in their needs and concerns while also celebrating milestones. The stakeholder satisfaction survey highlighted gaps that required careful attention in both the operations and delivery of programmes by the SETA. It is through the survey that FASSET will be able to strategise with a closer focus on delivering on its mandate through multifaceted interrelations.

Stakeholders relations became such a high priority that the FASSET Chief Executive Officer (CEO) was invited to build platforms of her own to engage stakeholders, this included the CEO Roadshow, as well as the talktoCEO mailbox. This extended further to building the capability to engage external stakeholders through the call centre and internally through a more capable Human Resource team, allowing for team and knowledge building activities.

With rural reach as a secondary theme, FASSET also embarked on programme launches to widen its reach, especially among its beneficiaries who were also included in the celebrations. The launches worked as a means for building awareness and inducting our stakeholders on who we are, what we are delivering and what our plans are for the provinces, particularly rural ones.

The story to be told by FASSET in 2022/2023 is the necessity to be cognisant of the stakeholders connected to and contributing towards the achievement of its targets and achieving high-impact outcomes. This story talks to the following:

- Interrelatedness of FASSET stakeholders to the SETA programmes.
- The role of stakeholder satisfaction; externally and internally.
- Programme Launches.
- Rural reach and high impact.
- Information flow and keeping in touch with our stakeholders.

In this report FASSET will address the steps taken in getting to know its stakeholders, the work done in solidifying these commitments and the plans to follow under the same umbrella.

CONTENTS

PART A: GENERAL INFORMATION	1
1. PUBLIC ENTITY'S GENERAL INFORMATION	2
2. LIST OF ABBREVIATIONS/ACRONYMS	3
3. LETTER TO THE MINISTER	5
4. FASSET APPROACH TO INTEGRATED REPORTING	6
4.1 Scope	6
4.2 Reporting framework	6
4.3 Assurance	6
4.4 Accounting Authority responsibility	6
4.5 Approval	6
5. FOREWORD BY THE CHAIRPERSON	7
6. CHIEF EXECUTIVE OFFICER'S OVERVIEW	9
7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	13
8. STRATEGIC OVERVIEW	14
8.1 About us	14
8.2 Our strategy	14
8.3 Vision	15
8.4 Mission	15
8.5 Values	15
8.6 Aligning with the National Skills Development Plan	15
8.7 FASSET's material issues	17
9. LEGISLATIVE AND OTHER MANDATES	18
10. ORGANISATIONAL STRUCTURE	19
PART B: PERFORMANCE INFORMATION	21
1. Auditor's Report: PREDETERMINED OBJECTIVES	22
2. OVERVIEW OF PERFORMANCE	22
2.1 Service delivery environment	22
2.2 Organisational environment	23
2.3 Key policy developments and legislative changes	27
2.4 Progress towards achievement of institutional impacts and outcomes	27
2.5 Programme highlights	28
2.6 Performance information	49
2.7 Reporting on the institutional response to the Covid-19 pandemic	66
3. REVENUE COLLECTION	67
4. CAPITAL INVESTMENT	67

PART C: GOVERNANCE	69
1. INTRODUCTION	70
2. PORTFOLIO COMMITTEES	71
3. EXECUTIVE AUTHORITY	71
4. THE NATIONAL SKILLS AUTHORITY	71
5. THE ACCOUNTING AUTHORITY	72
5.1 Introduction	72
5.2 The role of the Accounting Authority	72
5.3 Board Charter and Code of Conduct	72
5.4 Composition of the Accounting Authority (Board)	73
5.5 Board and Board committees	76
5.6 Remuneration of Board members	82
6. RISK MANAGEMENT	82
7. RISK MANAGEMENT COMMITTEE	83
8. Internal Audit FUNCTION	85
9. COMPLIANCE WITH LAWS AND REGULATIONS	86
10. FRAUD AND CORRUPTION	86
11. MINIMISING CONFLICT OF INTEREST	86
12. CODE OF CONDUCT	87
13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	87
14. COMPANY SECRETARY	87
15. SOCIAL RESPONSIBILITY	88
16. Audit AND RISK COMMITTEE REPORT	88
16.1 Audit and Risk Committee responsibility	88
16.2 The effectiveness of internal control	89
16.3 In-year management and monthly/Quarterly Report	90
16.4 Evaluation of Annual Financial Statements	90
16.5 Auditor's Report	90
17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	91
PART D: HUMAN RESOURCE MANAGEMENT	93
1. HUMAN RESOURCE OVERSIGHT STATISTICS	94
1.1 Personnel-related expenditure	97
1.2 Performance rewards	97
1.3 Training	97
1.4 Employment and Vacancies	98
1.5 Employment Changes	98
1.6 Equity Target and Employment Equity Status	99
PART E: FINANCIAL INFORMATION	101
Annexure to the Auditor's Report	109
Statement of Financial Position as at 31 March 2023	112



SETA HIGHLIGHTS - Year under Review

Recipient of the 2022 Standard Bank Top Women Awards in the Honorary Legends of Empowerment and Transformation Category

90%

Overall SETA performance



3

ICT Hubs developed at King Hintsa TVET College,
Majuba TVET College and Vhembe TVET College



2 733

Learners supported under the
Academic Support Programme.

27 143

Learners supported in the
Lifelong Learning Programme.



Target
overachieved

233



2 643

Target
overachieved



934

Beneficiaries funded under the
Digital Skills Training Programme.

2 455

Beneficiaries funded under the
Internship Programme.



Target
overachieved

434



905

Target
overachieved



SKILL





PART

GENERAL
INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Financial and Accounting Services Sector Education and Training Authority (FASSET)
REGISTRATION NUMBER:	01/FASSET/1/04/11
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PUBLISHER:	FASSET Chief Executive Officer PO Box 6801 Cresta 2118
RP: ISBN:	RP160/2023 978-0-621-51146-8
EDITING AND DISTRIBUTION:	Communications and Stakeholder Engagement
STAKEHOLDER FEEDBACK ON THIS REPORT:	Email: FASSETcallcentre@FASSET.org.za

2. LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AA	Accounting Authority
AET	Adult Education and Training
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIR	Annual Integrated Report
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ATR	Annual Training Reports
ATSA	Accounting Technician South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BCM	Business Continuity Management
BRICS	Brazil, Russia, India, China and South Africa
CPD	Corporation for Public Deposits
CPD	Continuous professional development
CEO	Chief Executive Officer
CET	Community education and training
CFO	Chief Financial Officer
CGC	Colleges Governors' Council
CIMA	Chartered Institute of Management Accountants
CPD	Corporation for Public Deposits
CRMPs	Compliance Risk Management plans
CSR	Corporate Social Responsibility
DHET	Department of Higher Education and Training
DPME	Department of Planning, Monitoring and Evaluation
EDP	Executive Development Programme
ERP	Enterprise Resource Planning
ERRP	Economic Reconstruction and Recovery Plan
ETDP	Education, Training and Development Practices
EXCO	Executive Committee
FAS	Financial and Accounting Services
FASSET	Financial and Accounting Services Sector Education and Training Authority
FINCO	Finance Committee
GSC	Governance and Strategy Committee
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institution
HET	Higher Education and Training
HIRA	Hazard Identification and Risk Assessment
HREMCO	Human Resources and Remuneration Committee
ISA	International Standards on Auditing

ICT	Information Communications Technology
LMS	Learner Management System
LPD	Learner Professional Development
MIS	Management Information System
MTSF	Medium Term Strategic Framework
NARSSA	National Archives and Records Service of South Africa
NDP	National Development Plan
NESITA	National Electronic Mocks Institute of South Africa
NGO	Non-Government Organisation
NLRG	NSFAS Loan Repayment Grants
NQF	National Qualifications Framework
NSDP	National Skills Development Plan
NSFAS	National Student Financial Aid Scheme
OHS	Occupational health and safety
PMFA	Public Finance Management Act, Act 1 of 1999
PIVOTAL	Professional, Vocational, Technical and Academic Learning
POPIA	Protection of Personal Information Act, Act 4 of 2013
PQA	Programmes Quality Assurance
PSET	Post-School Education and Training
RMC	Risk Management Committee
RPL	Recognition of Prior Learning
SARS	South African Revenue Services
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDA	Skills Development Act, Act 97 of 1998
SDLA	Skills Development Levies Act, Act 9 of 1999
SETA	Sector Education and Training Authority
SETMIS	Sector Education and Training Management Information System
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
SOE	State-owned enterprise
SP	Strategic Plan
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
UWC	University of the Western Cape
WBE	Work-based experiences
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

3. LETTER TO THE MINISTER

Honourable Minister, it is our privilege, as the Accounting Authority (AA), to present the Financial and Accounting Services (FAS) Sector Education and Training Authority (FASSET) Annual Integrated Report (AIR) for the period 1 April 2022 to 31 March 2023.

This report provides an account of FASSET's financial and non-financial performance for the year under review. It includes detail on the manner in which we created value for stakeholders and contributed to the facilitation of skills development across the Post-School Education and Training (PSET) pipeline. The FASSET Accounting Authority remains committed to continuing to partner with our stakeholders, and various delivery partners to change the personal and professional lives of thousands of South Africans.

Combined assurance was provided by all assurance providers in terms of the approved combined assurance framework. The Auditor-General of South Africa (AGSA) Audited the Annual Financial Statements (AFS) and the performance information for the 2022/23 Financial Year.

The FASSET AA endorses this AIR and remains committed to building a strong legacy in skills development with the objective of facilitating the attainment of world-class finance and accounting skills for the sector and the broader economy.



Mr Bongani Mathibela
Interim Chairperson



Ms Ayanda Mafuleka CA(SA)
Chief Executive Officer



Dr Blade Nzimande
Minister of Higher Education, Science and Innovation



Mr Buti Manamela
Deputy Minister of Higher Education, Science and Innovation



Mr Bongani Mathibela
Interim Chairperson



Ms Ayanda Mafuleka CA(SA)
Chief Executive Officer

4. FASSET APPROACH TO INTEGRATED REPORTING

Scope

This Annual Integrated Report (AIR) provides a strategic, operational and financial overview of the activities of the FAS Sector Education and Training Authority (FASSET) for the period 1 April 2022 to 31 March 2023.

Reporting framework

The report is compiled in compliance with:

- The Public Finance Management Act, Act 1 of 1999 (PFMA);
- The Companies Act, Act 71 of 2008;
- Standards of Generally Recognised Accounting Practice (GRAP); and
- Skills Development Act, Act 97 of 1998 (Amended).

The content of the report also takes into consideration:

- The National Treasury Annual Report Guide for Schedule 3A and 3C Public Entities 2022; and
- The King IV Report on Corporate Governance for South Africa, 2016 (King IV).

Assurance

The AA is satisfied with the integrity of the report and the level of assurance applied. The sector education and training authority's (SETA's) consolidated Annual Financial Statements (AFS) have been Audited by the independent external Auditor, the AGSA. The AGSA's unqualified report can be found on pages 104 to 108.

The Audited AFS presented in this AIR were prepared in accordance with GRAP issued by the Accounting Standards Board and in accordance with the Skills Development Act (SDA), Act 97 of 1998 and the Skills Development Levy Act (SDLA) 1999, Act 9 of 1999, as amended). The AA is satisfied with the level of assurance on the AIR.

Accounting Authority responsibility: The AA acknowledges its responsibility to ensure the integrity of the AIR and believes that the report addresses all material issues and fairly presents the performance and impact of FASSET.

Approval

The Audit and Risk Committee (ARC) has reviewed this AIR (including the full AFS) and recommended these to the Accounting Authority for approval. The Accounting Authority has applied its oversight role to the AIR and believes that it addresses all material issues, and fairly presents the integrated performance of the SETA. The 2022/23 AIR was approved by the AA.

5. FOREWORD BY THE INTERIM CHAIRPERSON

The supportive external environment and commodity factors that contributed to a faster than expected recovery in 2021 and 2022 from Covid-19 lows are dissipating.

After a positive start to 2022, the impact of the flooding in KwaZulu-Natal and the electricity crisis and persistent constraints in network industries such as transport severely affected economic activity, while high inflation and unemployment have weighed heavily on private consumption. Other factors such as the slower global growth also affected the economic climate of South Africa. South Africa's growth is limited by structural challenges related to the ability to combine capital and labour in a dynamic and integrated manner that would drive sustainably long-run growth.

As a public entity listed in Part A of Schedule 3 of the Public Finance Management Act, 1999 (PFMA), FASSET is established in accordance with Section 9 of the Skills Development Act, 1999 (SDA), having all the powers granted to it in terms of this Act. FASSET's scope of coverage is the Finance and Accounting Services sector as determined by Section 9(2) of the SDA, read in conjunction with *Government Gazette* No. 33756, RG 9417, No. R1055 of 11 November 2010.

The SDA and Skills Development Levies Act, 1999 (SDLA) provide the framework for FASSET to develop and implement national, sectoral and workplace strategies to enhance the skills of the workforce, which improves employability and productivity, and boosts the competitiveness of the country.

FASSET recognises that it needs to build a robust and sustainable skills pipeline; a cohort of finance and accounting practitioners of the highest order, primed to step into positions, take charge and be influencers at all levels of the economy. As result, FASSET is focussed to enter strategic partnerships to support economic growth with special mentioning of black businesses in the small and medium enterprise sector.

FASSET realises the impact of unemployment and focusses on innovative stakeholder engagement and programmes which include learners from especially the rural areas or previously disadvantaged people, students who are in the process of studying or seeking opportunities to complete studies, seeking experience and considering a career in the financial sector.



Mr Bongani Mathibela
Interim Chairperson

The drivers of value in our SETA are performance areas which benefit employers and businesses ultimately contributing to a better economy in the country. The value to learners includes mandatory grants, discretionary grants, research learner professional development (LPD) programmes and lifelong learning interventions.

FASSET has focussed on stakeholder's needs and requirement in the 2022/23 reporting year. Through commitment and keeping our eyes on the ball, many exceptional positive results were reached during the Financial Year. With these achievements to our credit, FASSET is enabled to contribute to lower the unemployment rate in the country and to ultimately relieve poverty as a result, improving the lives of South African citizens.

One of the most topical and concerning issues affecting South Africa and its economic development prospects is the need to address governance shortfalls. To deal with this, we need strong and effective institutions, strong legislation and early warning systems.

FASSET continued to deliver programmes to its mandate during the 2022/2023 Financial Year – All statutory Board meetings and other sub-committees of the Board meetings were held successfully and provided strategic oversight, except the EXCO, due to governance issues that management and the Board are ceased with temporarily.

There were two major Board Resolutions that impacted on the shape of the current Board Structure and its Composition. Board resolution 4 of AA in-committee meeting held on the 23 March 2023 affected the Board composition when the Board appointed myself as the Interim Chairperson to replace Ms Lynette Ntuli as the Board Chairperson, pending final determination by the Minister on the Board Chairperson in terms of the Skills Development Act 97 of 1998 as amended.

The second major Board Resolution 5(2) of AA in-committee meeting held on 30 May 2023 that impacted on the structure of the Board was engineered by contravention of Code of Conduct by members, coupled with desire to enforce Board discipline and decorum.

We have moved past these challenges and focussed on the establishment of good governance. The upcoming period will see a continuing effort to obtain and retain strong skills to steer and open opportunities for our stakeholders leading towards growth and self-sustainability, ultimately contributing to a better future for all South Africans.

Non-governmental organisations (NGOs) play a crucial and decisive part in developing society, promoting citizen participation and improving communities. It remains our sincere wish to guide FASSET towards its rightful place as a skills developer of note as a new era dawns and South Africa rises stronger than ever to the betterment of all its citizens.

I wish to thank the CEO, Ms Ayanda Mafuleka, and her team for their consistent commitment in serving the sector and its stakeholders. The results and most targets met testify to a team who shares a common vision and mission.



Mr Bongani Mathibela
Interim Chairperson

6. CHIEF EXECUTIVE OFFICER'S OVERVIEW

FASSET focused in 2022/23 among other objectives on the importance of external, as well as internal stakeholders.

Stakeholder engagement became a process that FASSET followed in order to listen to or collaborate with, or inform (or a combination of all three) all our stakeholders. This process entailed identifying, mapping and prioritizing stakeholders to determine the best tactics for effective communication, aid in solutions and opting for the most impactful projects while making the best use of available resources.

It is important that stakeholders understand why we exist, where we want to go, and how we are going to get there. Furthermore, it is essential to FASSET that our KEY stakeholders are aligned with and brought into the strategic direction so they can become advocates aiding FASSET in achieving its mission and vision.

FASSET focused on clear communication channels and an open space where stakeholders could voice their opinions and needs. Specifically, those hard-to-reach populations —due to factors like geographic location, gender, race, culture, language, age, or disability just to name a few.

2022/23 was the year where we successfully built bilateral engagements and increased FASSET's footprint and brand awareness with special mentioning in the rural areas while mitigating our risks.

Assisting personnel to be effective in their engagements

The shift to work-from-home and hybrid workplaces has proved that working in an employer-controlled workspace is not essential to ensure productivity or engagement.

During the reporting year FASSET embraced these challenges as staff received outcome-based training in operating and IT systems as well as equipment such as laptops, data and IT support to enable them to be productive and effective while working remotely.

Milestones achieved

FASSET's goal is to give meaningful expression to its mandate of developing and implementing national,



Ms Ayanda Mafuleka
CA(SA)
Chief Executive Officer

sectoral and workplace strategies to enhance the skills of the national workforce, and in so doing, improving employability and productivity that adds to the competitiveness in our country. FASSET is clear of its overarching mandate that is linked to the National Skills Development Plan (NSDP) and National Development Plan (NDP) 2030.

In line with the rest of the world, FASSET widely incorporated artificial intelligence and the use thereof in its operations. An important benefit of using online platforms is increased reach. FASSET ensured that all its communication efforts were aligned with technology and digital platforms where information could easily be accessed. This brought about bigger impact and greater awareness among different stakeholder groups of the benefits and programmes of the SETA.

FASSET focused on the use of digital media with an emphasis on the utilisation of social media. Social media reach increased significantly for example on our Facebook platform, our following grew from 20 403 in the previous financial year to 27 372 in the current reporting year, our twitter closed at

3 573 followers in the reporting year from 2 703 in the previous financial year and our LinkedIn at 3 589 from 1 407 in the previous financial year. FASSET has since launched its TikTok page ensuring it keeps up with the ever-growing offering of social platforms and audience segmentation. This brought greater awareness among different stakeholder groups of the benefits and programmes of the SETA.

Annual engagements such as the Sector Skills Plan and WSP Capacitation sessions became a cross between actual in-person and hybrid virtual meetings. This proved to be more cost-effective regarding monetary and travelling time and increased attendance as more persons who previously could not attend were able to attend these meetings beneficial to their participation in FASSET programmes and the provision of accurate sector needs.

Greatly contributing to this goal in an unparalleled way and bringing FASSET closer than ever to its stakeholders, was the internalisation of the administration of the FASSET bursary scheme. With an overwhelming response of approximately 7000 applications, this approach was ascribed to easier access through adopting digitisation and technology-based interaction.

FASSET also overachieved on its events outreach with 278 events, reaching a total number of 13 862 learners through various interventions that were aimed at particularly rural areas, in its interventions, FASSET reached a total of 157 schools in the rural areas.

Focussed on making an impact where it matters the most

FASSET gains valuable insight through a stakeholder satisfaction survey undertaken to ascertain what stakeholders' understanding of FASSET's role and their challenges were, their impressions of FASSET's operations and processes and which programmes had been of interest and which ones posed challenges. The survey enabled FASSET to strategise and focus on delivering of its mandate through multifaceted interrelations. FASSET will seek innovative solutions to these insights in order to improve its service delivery to beneficiaries and to ensure that it is at the forefront of understanding the needs of stakeholders.

One of my highlights was my embarkment as CEO on building high-level platforms to engage with stakeholders. This included the CEO Roadshow, as well as the talktoCEO mailbox. It was further

extended to building the capability to engage external stakeholders through the CallCentre and, internally, through allowing for team and knowledge-building activities in cooperation with the Human Resource department.

My engagements with stakeholders offered me the opportunity to partner with different stakeholders in impactful programmes and to share FASSET's vision and my appreciation with all.

This strategy was introduced to stakeholders at the CEO Roadshow where they were given the opportunity to comment, ask questions and contribute prior to finalising the strategy.

Partnering with a great range of stakeholders ensured that relationships were solidified and that a bigger awareness was built and forged, as increased partnerships bring about increased exposure to stakeholders and management of our stakeholders.

A particular milestone for FASSET was reached through its partnership with the Technical and Vocational Education Training Colleges Governance Council (TVET CGC), instituted in the previous financial year. The partnership capacitated the TVET governance structures, specifically the audit committees, the chief financial officers, and supply chain management practitioners. In the year under review, FASSET extended on this partnership to further support TVET Colleges through supplying of infrastructure by establishing the ICT hubs. TVET colleges that benefited from this particular programme are situated in the rural areas, a total of 26 state of the art ICT hubs were established in the 2022/23 financial year. The ICT hubs are fully outfitted with 30 laptops (totaling to 780 laptops), furnishing and Internet access. This is an impressive undertaking as FASSET overachieved in this area. In some of the TVET Colleges, FASSET donated additional 500 laptops to learners to enhance their digital skills. Thus bringing to the total amount of **1280 laptops donated**.

We further zoned in on our support for Community Education and Training (CET) institutions by addressing the current gaps in infrastructure for the sector. This entailed donating mobile classrooms (park homes) to three CET institutions viz; KZN, Northern Cape and Limpopo CETs. These mobile classes are to be used as facilities which enabled them to be less reliant on school hours and restrictions. FASSET further donated sewing machines to the Gauteng CET to support the entrepreneurial initiatives run by the learners at the colleges.

Another unique element was realigning our focus in the academic support programme where a need was identified to support all Historically Disadvantaged Institutions (HDIs) within the PSET. This programme offered the learners the same opportunities usually provided to those enrolled at the institutions that are not classified HDIs.

Attention on the development and empowerment of women

Launching the Executive Women Development Programme has proven to be a relevant undertaking for FASSET as the programme takes centre stage as a programme of interest for the sector and its workforce. Initially intended to focus on all genders at executive levels, the reimagined programme responds to a much bigger outcry; the development and promotion of women at management and executive levels.

With the International Women's Forum South Africa, Duke Corporate Education and Wits Business School as our strategic partners, the programme already celebrates the graduation of 109 women with a target of 2000 to be achieved at completion of the programme in 2025. The programme has become one of the FASSET Women's Legacy project.

Through the strategic partnership with the Graca Machel Trust, FASSET has committed to train about 600 women led SMMEs through a programme called Women Creation Wealth Programme. This is another impactful and transformational effort by FASSET to advance women emancipation and economic inclusion.

Seeing our graduates return to re-tell their stories and how the programme has ushered them to a new level of business leadership and decision making, brings me conviction that we are on the right track and are yet to enjoy the positive trajectory of its impact.

Looking inwards for success

FASSET overachieved on its performance targets, and with a target of 84% reached in the previous financial year, there was a target reach of 90% in the 2022/23 financial year. This, coupled with obtaining an unqualified audit opinion with no material findings (Clean Audit) for two consecutive years, makes for a beautiful story of a planted seed that will continue to grow and deliver ethically on its mandate.

Internally, FASSET supports the goals and objectives of the Human Resources Development Strategy for South Africa and the Medium-Term Strategic Framework that indicate economic growth drivers, and the NSDP 2030.

The staff complement has over the years grown and in the reporting year stands at over 71 to address growing operational needs. This number included interns recruited through various TVET and Tertiary initiatives. Staff morale and organizational culture was addressed through the establishment of, among others, men's and women's forums with further plans to leverage national commemorative days such as Youth Days, etc. to forge cohesiveness among staff. FASSET prides itself in upskilling its internal employees through planned training and development courses and in the reporting financial year, the target of 80% on the implementation of the workplace skills plan, was exceeded with an achievement of 92%.

The year has brought about challenges of its own allowing FASSET to learn and re-strategise. One such challenge occurred during the internalisation of ICT functions, as an effort to eradicate the over-dependence on service providers, FASSET faced unexpected ICT systems development challenges. The challenges experienced through the delays in the implementation of the ERP and Odoo MIS systems led to dissatisfied stakeholders however we are immensely grateful for the patience provided to us when alternative processes were used to mitigate this.

Further to this, key vacancies such as the Chief Information Officer remained vacant until end of this period, however measures were put in place to ensure continuity and sustainability. Through the appointment of acting roles, this allowed FASSET to provide development opportunities to already existing staff members.

FASSET commits to continuous improvement in its operations and excellence remains as the desired outcome in this journey.

In conclusion

FASSET has once again proven in 2022/23 that good governance remains key to successful operation and above average achievement.

This can in no small way be ascribed to our bigger FASSET family and our loyal stakeholders across the board who remain instrumental and supportive of FASSET's novel approaches.

I would like to express my sincere appreciation to our Executive Authority, the Minister of Higher Education, Science and Technology, Dr Blade Nzimande, the Deputy Minister, Mr Buti Manamela; and the Director-General, Dr Nkosinathi Sishi, for their invaluable guidance and policy direction. This gratitude is also extended to Deputy Director General in the TVET portfolio Mr Sam Zungu, his presence within our TVET support programmes will not go unnoticed.

I also would like to bring to attention the role of the FASSET Board under the leadership of the Interim Chairperson Mr Bongani Mathibela and the role the Board played in FASSET's successes through giving strategic guidance. This word of gratitude also extends to all Board Committees and the ICT Steering Committee chaired by Dr Charles Motau.

To all our stakeholders and partners – private and public employers, professional bodies, TVETs, CETs, government, non-government and community-based organisations, our labour partners; we cannot deliver on our mandate to optimally develop skills to improve the lives of all South Africans without you. Your participation in reaching out and engaging, set the environment for optimal service delivery and the ability to stretch out to the previously disadvantaged communities. My sincere gratitude to you, and it is with anticipation that I look forward to the future regarding what is on the horizon of accomplishments for FASSET as the foremost and sought-after skills development entity in the financial and accounting sector in South Africa. I look forward to navigating an era of everchanging skills needs while balancing a multifaceted interrelations map within our stakeholder profile.

To my executive team, managers and all FASSET staff I am proud of you for the commitment and endurance shown during all the challenges this year. Thank you for making it your mission to excel and deliver an outstanding performance to ensure achievements of the highest standard.

My sincere condolences go to the family of our late and beloved Legal Services Manager, Advocate Nomhle Ngcobo for her untimely passing. May her soul rest in eternal peace.

It stays my yearning to see FASSET making a difference in the lives of its beneficiaries, especially those that are still marginalised. The lasting legacy we aim to leave must create an impact where it matters the most.

“We place great value in the participation and wellbeing of our stakeholders. Our excellence also predominantly depends on their implementation and support towards FASSET’s mandate.”



Ms Ayanda Mafuleka CA(SA)
Chief Executive Officer
31 July 2023

7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the AIR is consistent with the AFS Audited by the AGSA.
- The AIR is complete and accurate.
- The AIR has been prepared in accordance with the guidelines on annual reports as issued by National Treasury.
- The AFS (Part E) have been prepared in accordance with the GRAP standards applicable to the SETA. The SETA is responsible for the preparation of the AFS and for the judgements made in this information.

The AA is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the AFS.

The AGSA is engaged to express an independent opinion on the AFS.

In our opinion, the AIR fairly reflects the operations, the performance information, the human resources information and the financial affairs of FASSET for the Financial Year ended 31 March 2023



Mr Bongani Mathibela
Interim Chairperson



Ms Ayanda Mafuleka CA(SA)
Chief Executive Officer

8. STRATEGIC OVERVIEW

8.1 About us

FASSET, the SETA for the Finance, Accounting, Management Consulting and other Financial Services sector is a Schedule 3A public entity reporting to the Honourable Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, as its Executive Authority.

We are accountable to Parliament and are subject to the oversight of National Treasury in terms of performance management and financial administration. We engage with a broad range of stakeholders to fulfil our mandate, which requires us to uphold principles of good governance to make a meaningful contribution in skills development for the benefit of the FASSET sector and the country.

We are currently licensed until 31 March 2030 in line with the National Skills Development Plan (NSDP). The NSDP seeks to ensure that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development. The plan derives from the broader plan of government, namely the National Development Plan (NDP), which aims to put in place the framework of building the capabilities of our citizens to make our future work. The NSDP outlines the SETA's scope and crucially highlights its institutional arrangements and MTSF's.

8.2 Our strategy

FASSET's strategy aims to maximise the enduring impact of its work on the lives of individuals and the well-being of society. Its ultimate goal is to enable skills development in the financial and accounting services sector hinging on seven pillars:

- 1) **Transformation of the FAS sector**
 - Develop the historically disadvantaged individuals and transform the asset management services
 - Stakeholder Engagement Strategy development and implementation.
- 2) **Strengthened stakeholder engagement and partnerships**
 - Alignment of partnerships to specific areas and ensure it is outcome-based.
 - Leverage strategic partnerships for enhanced

- implementation of programmes.
 - Technology partners.
- 3) **Capacity and capability building through an efficient FASSET business model**
 - Develop dashboard to monitor development and reduce the paper-based approach and ensure we are quick and efficient.
 - 4) **Extension of representation and interventions to urban and rural communities in all regions**
 - Relevant communication strategy to reach rural areas.
 - Increase access to FASSET products and services for the people in the rural areas.
 - Partner with higher education institutions (HEIs) in rural areas to identify learners for access to programmes.
 - Use District Development Plan to assist rural interventions.
 - 5) **Fit for purpose and responsive research and innovation studies**
 - Relevant interventions linked to research findings will be implemented.
 - 6) **Monitoring and evaluation (including post-investment impact analysis)**
 - Formal way of capturing and tracking the journey of the students.
 - 7) **Supporting the development and sustainability of the small, medium and micro enterprise (SMME) market with critical FAS skills**
 - Enter into strategic partnerships to support Black businesses, and particular focus to small, medium and micro enterprises.

FASSET recognises that it needs to build a robust and sustainable skills pipeline; a cohort of finance and accounting practitioners of the highest order, primed to step into positions, take charge and be influencers at all levels of the economy.

The drivers of value in the SETA are performance areas that benefit employers or learners and include mandatory grants, discretionary grants, research, learner professional development programmes and lifelong learning interventions. Our business enablers include our people, intellectual capital, systems and processes, information technology, and partnerships



8.3 Vision

To facilitate the achievement of world-class finance and accountancy scarce and critical skills.



8.4 Mission

- To inject relevant finance and accounting services skills into the South African economy;
- To position FASSET as a thought leader in skills development and training;
- To demonstrate continued excellence in finance and accounting services;
- To drive transformation and promote inclusivity in the finance and accounting services workforce.



8.5 Values

- **Professionalism and accountability:** We are a high-performance, professional team; we strive for excellence through hard work and by taking responsibility and being accountable within an accepted and agreed Code of Conduct.
- **Ethics:** We work with integrity and honesty, and respect internal and external stakeholders at all times.
- **Making a difference:** We make a difference to the lives of all our stakeholders by identifying their needs and exceeding expectations.
- **Valuing people:** We strive to create a motivating and supportive culture by understanding, respecting, developing and valuing each other.
- **Innovation:** We continuously innovate and improve to add value to all our stakeholders.

with a range of stakeholders.

8.6 Aligning with the National Skills Development Plan

The vision of the NSDP is “An Educated, Skilled and Capable Workforce for South Africa”.

FASSET’s Strategic Plan (SP) 2020—2025 responds to this vision by building on its externally focussed strategic goals and government priorities, strengthening the alignment with FASSET’s mandate and considering the external situational analysis. This gives effect to an impact statement that aspires to facilitate the timeous and relevant upskilling of the sector.

The impact statement links to four of FASSET’s strategic outcomes:

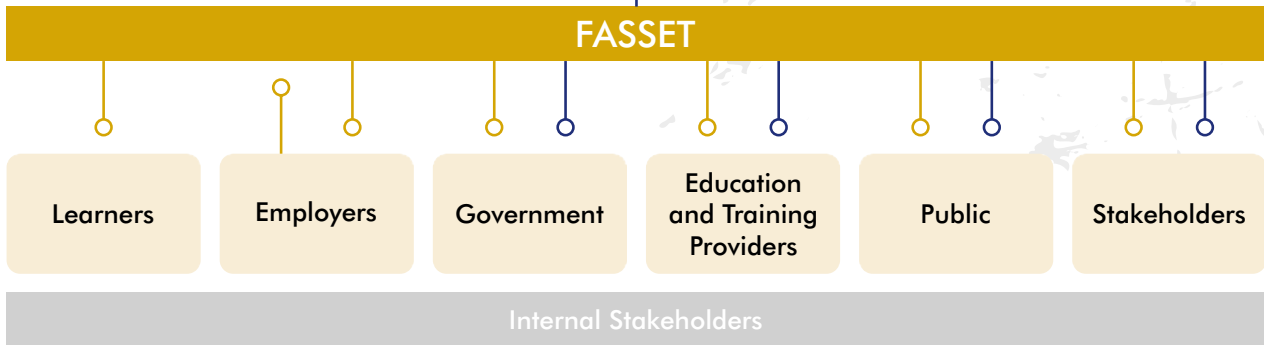
- Efficient and effective organisational support system with an enabling culture.
- Appropriate skills interventions determined as informed by research.
- Reduced critical skills and skills shortages in the sector.
- Improved quality assurance system for sector learning programmes.

The FASSET Sector Skills Plan 2021 presents the following operating environment as it relates to its line department and various stakeholders.

Department of Higher Education and Training (DHET)

FASSET is one of 21 SETAs and is overseen by a Board appointed as the AA.

Information and funding flow: FASSET reports to the DHET. We engage with a variety of stakeholders (see below). The rest of the report details our engagements with these audiences and our funding model.



The new SETA landscape which started on 31 March 2020, draws its aspirations from the National Development Plan Twenty Three (NDP 2030) from which the National Skills Development Plan Twenty Three (NSDP 2030) originated. Chapter 9 of the NDP lays out government’s plans on improving education, training and innovation. Noting the poor coordination and inefficiencies in the SETA landscape, the NDP proposed the following: improve relationships between education institutions and employers. SETAs have a crucial role in building relationships between education institutions and employers.

2 of the NSDP 2030, namely: Linking education and the workplace. FASSET facilitate linkages between the labour market, world of work and education and training institutions. The SETA does this by funding various education and training programmes, as well as on-the-job training internships, technical vocational education and training (TVET) work-based experience (WBE) and learnership programmes.

Each outcome of the NSDP represents an input into the FASSET Sector Skills Plan (SSP) and its SP. The following table provides more detail on the alignment.

The notion of linking education and training providers with the world of work is outlined in outcome number

NSDP Outcomes	Linked FASSET Outcomes	Relevant Programme(s)
1. Identify and increase the production of occupations in high demand 2. Linking education and the workplace	Outcome 2: Appropriate skills intervention determined as informed by research Outcome 3: Reduced critical skills and skills shortages in the sector	Programme 2, Skills Planning Programme 3, Learning Programmes and Projects
3. Improve the level of skills in the South African workforce	Outcome 1: Efficient and effective organisational support system with an enabling culture Outcome 2: Appropriate skills intervention determined as informed by research Outcome 3: Reduced critical skills and skills shortages in the sector Outcome 4: Improved quality assurance system for the sector learning programmes	Programme 1, Administration Programme 2, Skills Planning Programme 3, Learning Programmes and Projects Programme 4, Quality Assurance
4. Increase access to occupationally directed programmes 5. Support the growth of the public college system 6. Skills development support for entrepreneurship and cooperative development	Outcome 3: Reduced critical skills and skills shortages in the sector	Programme 3, Learning Programmes and Projects
7. Encourage and support worker-initiated training	Outcome 2: Appropriate skills intervention determined as informed by research Outcome 3: Reduced critical skills and skills shortages in the sector	Programme 2, Skills Planning Programme 3, Learning Programmes and Projects
8. Support career development services	Outcome 3: Reduced critical skills and skills shortages in the sector	Programme 3, Learning Programmes and Projects
Linked FASSET impact across all outcomes: Facilitating the timeous and relevant upskilling of the FASSET sector		

8.7 FASSET's material issues

We have provided material disclosure on governance and strategic risks and opportunities in relation to our financial and social performance. For the purpose of our reporting we have defined material issues as those issues which can influence our stakeholders' decisions in relation to our mandate as a SETA or which can impact on our ability to deliver against NSDP targets. Refer to Part C: Governance, Section 5, for more information on our risk management.

9. LEGISLATIVE AND OTHER MANDATES

As a public entity listed in Part A of Schedule 3 of the PFMA, FASSET is established in accordance with Section 9 of the SDA, having all the powers granted to it in terms of this Act. FASSET's scope of coverage is the Finance and Accounting Services sector as determined by Section 9(2) of the SDA, read in conjunction with *Government Gazette* No. 33756, RG 9417, No R1055 of 11 November 2010.

The SDA and SDLA provide the framework for FASSET to develop and implement national, sectoral and workplace strategies to enhance the skills of the workforce, which improve employability and productivity, and boost the competitiveness of the country.

The PFMA promotes sound financial management based on efficient and effective use of financial resources. The National Qualifications Framework (NQF) Act 2008, Act 67 of 2008, provides for the regulation of qualifications and professional bodies, and establishes the quality councils with which the SETA interacts. FASSET also takes its cue from the SETA-standard Constitution, as well as important sector-specific transformative documents such as the Financial Sector Charter.

FASSET supports the goals and objectives of the Human Resources Development Strategy for South Africa, and also the Medium-Term Strategic Framework that indicates economic growth drivers, and the NSDP 2030.

Additional legislation key to enhancing and shaping FASSET's activities include the following Acts incorporating the amendments thereafter:

- Basic Conditions of Employment Act 1997, Act 75 of 1997;
- Broad-Based Black Economic Empowerment Act 2003, Act 53 of 2003;
- Division of Revenue Acts 2022, Act 5 of 2022, as amended;
- Employment Equity Act 1998, Act 55 of 1998;
- Income Tax Act, Act 58 of 1962;
- Labour Relations Act 1995, Act 66 of 1995;
- National Qualifications Framework Act 2008, Act 67 of 2008;
- Preferential Procurement Policy Framework Act 2000, Act 5 of 2000;

- Public Audit Act 2004, Act 25 of 2004;
- Public Finance Management Act 1999, Act 1 of 1999; and
- Protection of Personal Information Act 2013, Act 4 of 2013.

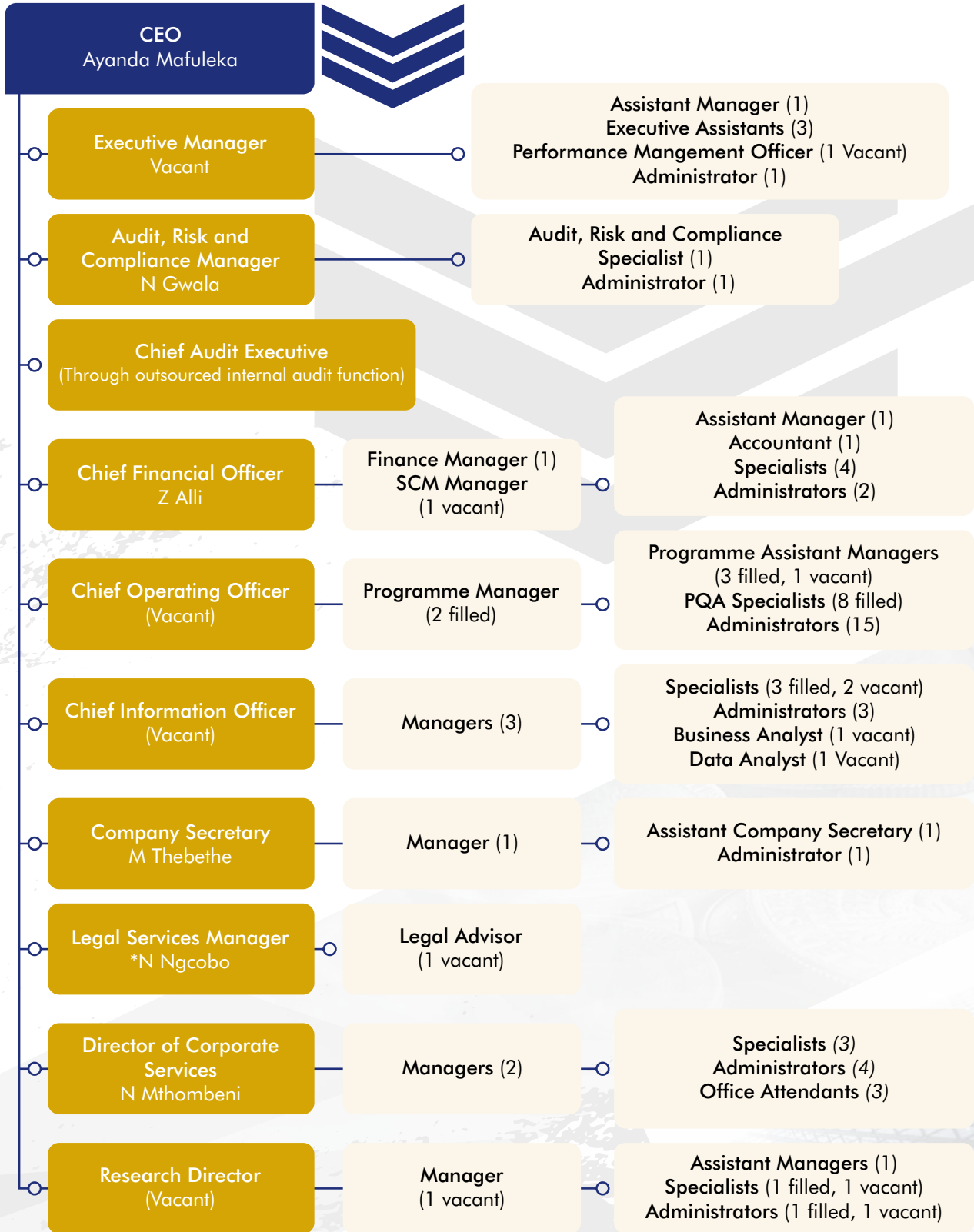
Policy mandates include the:

- White Paper for PSET (2014);
- The National Development Plan Vision 2030; and
- National Skills Development Plan (NSDP) Twenty Three (NSDP 2030).

Other documents include:

- Framework for Managing Performance Information; and
- Framework for SPs and Annual Performance Plans (APPs).
- Guidelines on the Implementation of SETA Grant Regulations.

10. ORGANISATIONAL STRUCTURE



*Adv N Ngcobo passed in April 2023, FASSET will forever be grateful for her contribution in the legal services component.





PART
PERFORMANCE
INFORMATION

B

1. Auditor's Report: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary Audit procedures on the performance information to provide reasonable assurance in the form of an Audit conclusion. The Audit conclusion on the performance against predetermined objectives is included in the

report to management. Refer to page 104 of the AIR for the Auditor's Report, published in Part E: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1 Service Delivery Environment



Abongile Tsotsi
Assistant Strategic Planning
Manager

SITUATIONAL ANALYSIS

FASSET has a proud tradition of trailblazing over a period that spans more than two decades. It's been an odyssey since the organisation came to the fore, with significant strides being attained in the learning sphere in South Africa.

Service Delivery Environment

FASSET serves an empirical role in the FAS sector as it is a driving force for the advancement of the sector and playing a significant role of being an intermediary between institutions of education (basic and higher) and the workplace. Through its tumultuous journey which was also impeded by the past imprints of the country which saw an unequal distribution of opportunities based on particularly race and gender, the organisation has been able to bring about changes to the conventional occupation of workers in the sectors. Through conducting labour market research, development of the SSP, development of SPs, and development of APPs FASSET can tap into vital data which helps them in identifying sector skills and execute programmes which seek to address such.

Great strides have been achieved since the inception of FASSET, however a lot still needs to be done and in recent years the growth experienced in terms of employment in the FAS Sector has been dwindling with a downwards spiral. According to our Sector

Skills Plan report published in the year 2021/2022, the total employment for FAS sector total to 172 387. In the 2023/2024 Sector Skills Plan the total reported employment profile presented a total of 102 662 employees. This is indicative of the under-reporting of the sector employment which is attributed to a very low number of WSP/ATR data submissions.

Skills Planning and Research

Execution of sound and comprehensible projects require rigorous thought process which is coupled with in-depth research and skills planning. FASSET is no exception in this regard as the implementation of its programmes requires rigorous skills planning and research in order to abide by the requirements of the PSET system. FASSET does not operate in silos as it is guided by national frameworks, plans and strategies. The White Paper for Post-School Education and Training and the NSDP 2030 in essence state that: SETAs need to conduct research in order to inform their sector skills plans which assist in addressing skills shortages in their scope of coverage. Research initiatives influence and are incorporated into the SSP that has been developed for the 2020—2025 period. This fits into the NSDP requirement of research being all vital in the planning of SETA activities and interventions.

Through the research that is conducted, SETAs can allocate funds accordingly and address shortage of skills in their respective sectors to avoid addressing issues which are typical drops in the ocean. As per tradition, in the 2022/2023 Financial Year the research team conducted in-depth research studies and assignments, such as transformation in the FAS Sector through professional designation and transformation in professional bodies.

This study was conducted in alignment with government priority of addressing transformation across all sectors, particularly transformation as it relates to gender and race.

The SSP for the Financial Year 2023/2024 provides vital knowledge for the FASSET Board to grab the bull by its horns and make decisions concerning the allocation of funding and interventions needed to meet both sectoral and national priorities. In addition, the Sectoral Priority Occupations and Interventions skills list was generated in order to better cluster industry requirements through the Workplace Skills Plan (WSP) and Annual Training Report (ATR) and endorsed by the FASSET Board. The Sectoral Priority Occupations list includes the following according to 2023/2024 SSP:

1. External Auditor
2. Management Consultant
3. Accountant in practice
4. Finance Manager
5. Financial Accountant
6. Tax Professional
7. Financial Investment Advisor
8. Internal Auditor
9. Software Developer
10. Compliance Officer

Impediments for Skills Planning

The FASSET sub-sectors are not immune to problems affecting skills planning as the exposé to global trade guarantees consistency changes. The COVID 19 pandemic came about during the time when South Africa was still grappling with the challenges brought by the Fourth Industrial Revolution.

South Africa has particularly unique problem that makes coping with 4IR even more complex, this problem relates to poor performance in Mathematics, Science and Arithmetic. The Progress in International Reading Literacy Study (PIRLS) 2021 study showed that 81% of South African Grade 4 pupils, across all 11 official languages, cannot read for meaning. This is the biggest problem as it is an underlying reason for poor comprehension of pupils at basic education level. The consequence of this is the very limited number of candidates who qualify to study Accounting and Finance programmes at tertiary education level.

FASSET is mindful of all these challenges and we have over the past two Financial Years started to implement a Mathematics, Accounting and English programme for high-school pupils. The role of this programme is to address inefficiencies at basic

education level, thereby increasing the pipeline to feed into the FAS sector.

Organisational Environment

FASSET has shown significant performance in the Financial Year under review. This has been realised due to the dedication of FASSET staff and support of the AA Committees. Despite the notable changes in staff that were necessitated by resignations and suspensions, FASSET has not lost stability and focus. In instances where positions vacated were critical, the executive management expedited the recruitment process to ensure that such positions do not stay unfilled for the longest time.

FASSET remains very focussed and it has capable staff that understand their roles in achievement of its overall mission. In the Financial Year under review, various programmes have been implemented to capacitate FASSET staff and to ensure employees they stay motivated. The programmes implemented include amongst others the continuing of staff academic funding, short-term training aligned to individual staff needs and hosting a Wellness Day event.

FASSET is mindful of all these challenges and we have over the past two Financial Years started to implement a Mathematics, Accounting and English programme for high-school pupils. The role of this programme is to address inefficiencies at basic education level, thereby increasing the pipeline to feed into the FAS sector.

Summary of Sector Employment Profile

In the 2021/2022 period, the Black demographic (Black African, Coloured, Indian/Asian) together occupied 71% of the jobs in the sector. Black African people occupied 52% of jobs in the sector, while the White population occupied 27% of the jobs in the sector. African Black people occupied 59% of managerial positions, 46% of professional positions and 57% of technical positions, which could be considered as a note of positivity pertaining to transformation in the sector. The sector comprises of 102 662 employees compared to a previous of 172 387 which is a cause for concern for the SETA. The workforce in the sector is dominated by females with 57% occupying positions in the sector. The youth (35 years and younger) occupied 47% of the workforce which can be a step in the right direction.

This can be considered positive due to the FAS Sector being predominantly a sector with young people, indicating that national development imperatives as

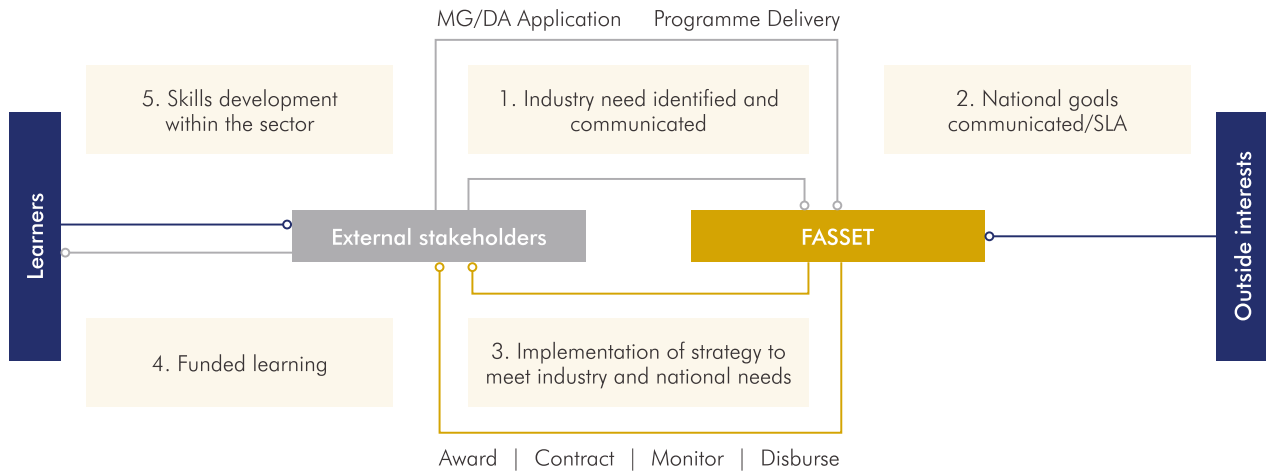
well as FASSET's targets, which aim to increase youth employment by 2030 are being put into action.



Source: Trends in Employment & Training in the FASSET Sector report, revised version February 2023.

Cognisant of Stakeholder Needs

A vital component of FASSET’s organisational environment is its stakeholders. The following figure gives an overview of the SETA’s operating environment.



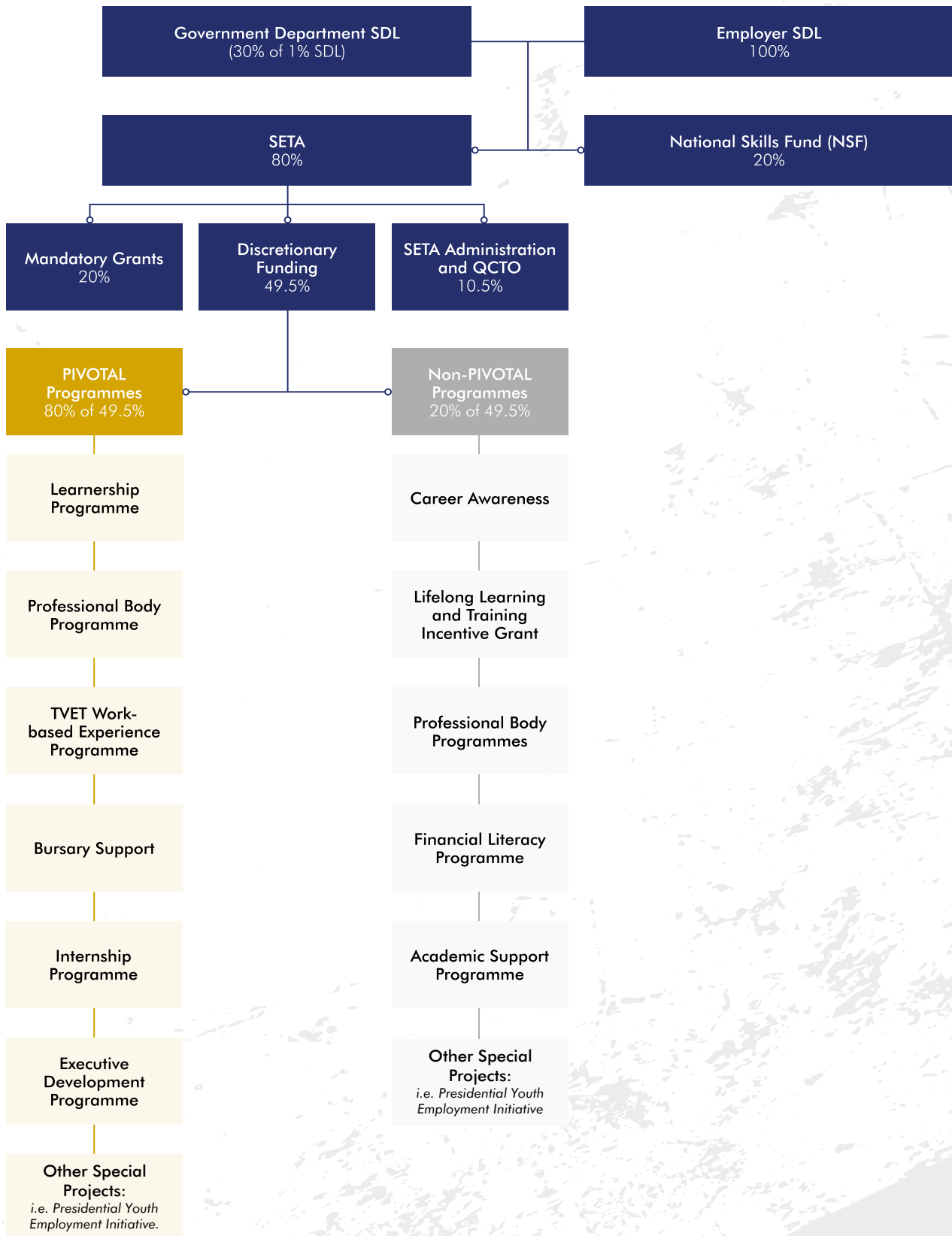
External stakeholders
External stakeholders refer to those who receive support from the SETA:
<ul style="list-style-type: none"> • Employers • Employer/employee associations • Training providers • NPOs/NGOs • Learners • Government • Other

FASSET
FASSET refers to the FASSET operating environment and internal departments

Outside interests
Other stakeholders refer to those stakeholders that influence the decision-making of the organisation:
<ul style="list-style-type: none"> • DHET • Chamber committees with industry participants • Independent committees • Other

FASSET Funding Model

The following figure gives an overview of FASSET's funding structure.



2.3 Key Policy Developments and Legislative Changes

FASSET considered the ERRP, which is the guiding policy framework in response to the impact of the Covid-19 pandemic in the South African economy and skills planning in the context of the SETAs.

2.4 Progress towards Achievement of Institutional Impacts and Outcomes

FASSET is structured into four programmes:

1) Administration, 2) Skills Planning, 3) Learning Programmes and Projects, and 4) Quality Assurance. (Refer to section 3 for more information on each programme and performance targets.)

Outcome 1 of Programme 1 is an 'Efficient and effective organisational support system with an enabling culture that will ensure optimal performance with a key focus on service. (The digitisation of processes to ensure effective implementation of interventions to be prioritised)'. FASSET met three of the five targets and overachieved on the remaining two targets. It overachieved on the number of programmes facilitated annually; and the percentages of internal skills strategy implemented on an annual basis. It met its targets in terms of achieving an unqualified audit outcome, Number of SETA good governance report submitted, and Percentage of stakeholder engagement strategy Implemented annually.

Programme 2, Skills Planning, with outcome 'Appropriate skills intervention determined as informed by research (prioritising tracking the journey of the students)', met three of its six key performance targets and exceeded two targets and did not achieve one target. It overachieved on the number of large firms WSPs/ATRs approved and mandatory grant paid annually and number of medium firms WSPs/ATRs approved and mandatory grant paid annually. It met its target on the Number of Sector Skills Plan developed and submitted, number of research studies conducted annually, and number of government departments WSP/ATR approved annually. One target not met relating to Number of small firms WSP/ATR approved, and Mandatory Grant paid annually.

Programme 3, Learning Programmes and Projects, with outcome 'Reduced critical skills and skills shortages in the sector including a relevant communication strategy to reach rural areas and

increasing access to FASSET products and services for the rural areas', met 4 of its 37 performance targets and overachieved on 29 targets. Four targets were not met due to the following: as we didn't have enough learners that were supported that completed their final year of studies, less learners entered the programme 2 year ago and has negative effect on our completion target, 4 programmes were initiated for the indicators where minimal response was received from the sector, we are looking at collaborating with the working committee to assist with achieving the target in the next year and learners not meeting the minimum requirements to be funded in the next academic year. Of the targets exceeded, the most impressive is the number of unemployed learners entering an internship programme annually and reason for overachievement was more applications were received, utilisation of partnership from NPO/NGO and surplus budget was used for this target and number of unemployed and employed learners who enter LL/LPD programmes annually and reason for overachievement was learner was less than budgeted amount of R500 under TIG and many applications were received resulting in the target being oversubscribed.

Programme 4, Quality Assurance, with outcome 'Improved quality assurance system for the sector learning programmes', met its key performance target relating to the number of qualifications and learnership certification reports produced.

2.5 Programme Highlights

2.5.1 Strategic Programme Partnerships for Greater Impact and reach



Mamarothi Mathibe
CA(SA)
Programmes Manager



Khulekani Khoza
Programmes Manager

The FASSET Projects Department is responsible for the implementation of the organisational strategy. As the core of the organisation, a larger percentage of the strategy is implemented through its activities. This is also where FASSET responds to the national priorities such as unemployment, transformation of the sector, development of women at all levels and support for the TVET and Community education and training Community education and training (CET) sector.

In the current reporting year, FASSET tailored all actions to the betterment of its stakeholders and adopted fresh approaches, resulting in an improvement in performance against the previous Financial Year. FASSET believes that stakeholders should be brought on board to assist in the implementation of programmes to ensure their buy-in.

Bringing in a new way of implementing programmes, the department forged strategic relationships that enhanced access to its programmes, more especially in the rural areas, this was motivated by the SETA's need to create an impact that attaches to its Lasting Legacy mantra. This intention and the results thereof are narrated within this section.

TVET Colleges

A particular milestone for FASSET was reached through its partnership with the TVET Colleges Governance Council (TVET CGC), instituted in the previous Financial Year. The partnership capacitated the TVET governance structures, specifically the Audit

committees, the chief financial officers (CFOs), and supply chain management (SCM) practitioners. In the current reporting year, FASSET extended on this partnership to further support TVET Colleges through supplying of infrastructure by establishing ICT hubs. TVET Colleges that benefitted from this particular programme are situated predominantly in the rural areas, a total of 26 ICT hubs were established in the 2022/23 Financial Year. The ICT hubs are fully kitted with 30 laptops, furnishing and Internet access. In some of the TVET Colleges, FASSET donated 500 laptops to learners enhancing their digital skills and preparing them for the workplace.

An Ongoing Commitment to CET's

Collaborations remain key in the execution of FASSET's projects. The NSDP stipulates the necessity of partnering with the TVETs and the CET institutions typically situated in the heart of communities, making these the ideal vehicles for rural learning and skills development. FASSET accelerated its support to CET Colleges in the current Financial Year through providing infrastructure support to Limpopo, the Northern Cape and KwaZulu-Natal. The first cohort of three beneficiary provinces will be expanded in the next Financial Year to eventually include all CET Colleges in the country.

The support to CET entailed donating park homes to be used as class rooms and facilitation rooms thus addressing the current gaps in infrastructure for the sector. Most CET Colleges utilise the infrastructure of basic education authorities such as primary, secondary and high schools which poses many challenges to the College's schedule. Through this provision, learners are enabled to be less reliant on school hours and restrictions.

Over and above the infrastructure support, FASSET supported the CET Colleges through Skills Programmes that empowered the students with entrepreneurial and finance skills. Further to this, interventions also included Adult Education Training.

A New Journey for the FASSET Bursary

In the past, bursaries to students have been allocated in partnership with universities. It was however realised that this approach does not reach all prospective students. During this reporting year FASSET adopted the approach of implementing and administering the bursary scheme internally through the use of an online learner system, where learners were able to create their profiles and apply from the comfort of their provinces or place of study.

This approach also ensured that the bursaries can also benefit all public institutions with students from universities, universities of technology and TVET college learners targeted. Over 7 000 applications were received.

With this being a new approach, some of the challenges experienced included:

- FASSET's administration of bursaries
 - The number of applications for bursaries received exceeded expectations and caused a delay in selection and screening of applicants.
 - Delays in payments
- In the 2023/24 Financial Year, FASSET has put measures in place to ensure that these challenges are mitigated.

Academic Support

Another shift in approach during the current Financial Year was a bigger focus on allocating funding under the academic support programme to historically disadvantaged institutions. Most of the time learners attending historically disadvantaged institutions are learners from disadvantaged backgrounds that may not, at most times, meet the minimum requirements of superior universities.

FASSET assisted by bringing the academic support programme to those particular institutions, especially for learners that are struggling academically. This is also aimed at assisting learners in any other element that might impact them in progressing from one academic year to the next.

To roll this out, FASSET strategically reached out to previously disadvantaged institutions to form partnerships with specifically rural institutions by making them aware of the assistance that can be offered to benefit their students. Academic support is focussed on the students that are studying qualifications in finance and accounting and in the 2022/23 Financial Year 2 733 learners were supported.

Reaching Rural Areas

A number of initiatives addressed the strategic objective of solidifying a bigger presence in the rural parts of South Africa. A number of roadshows among which the CEO was in attendance, were undertaken where several projects happening within these areas were launched. This pilot initiative kicked

off in KwaZulu-Natal, Eastern Cape and closed off the Financial Year in Limpopo with more planned for the new Financial Year.

This highlighted the importance of partnerships especially within the year under review where programmes such as the internship programme, where beneficiaries were realised, had to be implemented in partnership with non-governmental organisations, and Non-profit organisations (NGOs & NPO's) to be able to reach multitudes in rural areas. This has assisted FASSET to be able to see its visibility outside dominant metros around the country. This benefitted the SETA greatly and over and above meeting its target, taking this route ensured that it was able to gain access to the relevant channels to access the beneficiaries within these communities, beneficiaries that required the assistance the most.

Another unique programme launched during the roadshows was the Mathematics, Accounting and English programme which funded organisations in the different provinces to deliver extra lessons in the aforementioned subjects. The focus was to identify provinces with weaker outcomes in these subjects based on history and reporting by the Department of Education at the end of each academic year.

Lifelong Learning

FASSET's Lifelong Learning programme's objective is to upskill employees within the Finance and Accounting Services sector to keep up-to-date with new developments. Lifelong Learning took a more focussed approach during the reporting year, presenting on information technology (IT) updates that affect the sector and other topics that were more sector-focussed, such as tax updates, reporting standards, and governance. Instead of just providing soft skills, this engagement ensured that the employees within the sector were kept abreast through relevant experts such as professional bodies.

The Lifelong Learning target has not been achieved in the previous three years. This year FASSET exceeded the target, and mainly through partnerships that were created with professional bodies that are operating within the sector. This resulted in an increased number of beneficiaries reached.

Though most of the topics were high level, FASSET catered for learners in their final year of studies in the TVET Colleges through providing training in business, communication, writing skills and business ethics and how to write a CV preparing them for the road ahead.



SUCCESS STORIES



CET SUPPORT

The Skhonzi Edna Gazu Community Learning Centre which is formerly known as 121 Battalion CLC is one of the beneficiaries of the FASSET CET support programme. The centre operates as one of the arms of KZN CET College, delivering the necessary skills development interventions in the community of Hlabisa, KZN. Currently, the centre has enrolled 347 students doing various programmes including skills. These learners voluntarily come to the College because the institution is now becoming an institution of choice. The carpentry class especially, has attracted a large number of students as it equips them with the entrepreneurial skills and technical skills in furniture production.



FASSET first donated laptops to staff, aiding access to information without the need to travel to a library to prepare for their lessons. Additionally, laptops were donated to learners and Mr NV Mhlungu has been at the helm of leading the computer literacy classes where community members have also been invited to participate in this portion of the centres offering. Upon completing the programme, learners get a certificate from National Electronic Mocks Institute of South Africa (NESITA). The laptops also assist learners in creating email addresses which are then used to build their interaction with potential consumers as they embark on starting their own businesses.

The Centre Manager, Ms Ntombizethu Mthethwa expressed: “My thankfulness goes to FASSET which donated the five park homes to our institution. The park homes have made our institution to be more attractive to the community. As a result, people young and old are flocking to learn new skills in the centre. These classrooms have made the centre to look splendid and dignified.”

Comments from beneficiaries at the centre:



Nozipho Myeza

Learning using these computers donated by FASSET has been a great opportunity for us. We are now able to write our assignments, create and use email addresses.

As students of the community learning centre we have benefitted a lot from this donation from FASSET because our computer skill has been improved a lot as we are living in a world control by 4IR.



SUCCESS STORIES



Lungile Myeni

The computer donation from FASSET has helped us a lot to improve our computer skill, we are now able to do our research and business proposal. We have also got an opportunity to be part of NEMISA digital programme using the same computer donated by FASSET in our centre. We learned a lot in digital entrepreneurship; how to set up a digital business and how to create a learner canvas.

As the students of 121 Battallion, we really appreciate everything that FASSET has done in our Community Learning Centre. Now we have our own email addresses and we are now exposed to the 4IR.



INTERNSHIP PROGRAMME – MS ZINTLE MASETI

My name is Zintle Maseti, a 24-year-old, born and bred in Aliwal North, Eastern Cape. I completed my N6 at Motheo TVET College Bloemfontein Campus, where I obtained my qualification as Management Assistant in 2018.

I found it challenging to get in-service training opportunities, to the extent where it affected my self esteem.

The FASSET Graduate Readiness programme was the breakthrough I have been waiting for. It gave me the opportunity to complete my course and to obtain my National Diploma.

I am a person who believes in finishing what I have started, and without my in-service training my N6 certificate felt incomplete.

Before I embarked on the programme, I was trying to get my business off the ground, and had no financial support. I was looking for opportunities on how I could fund my business. I remember browsing through my Facebook feed and stumbled upon a recruitment advert shared by one of my social network friends and originally posted

by the Ubuntu Institute looking for college graduates who seek assistance. . I thought to myself this is finally an opportunity that is going to allow me to complete my qualification and at the same time help me to fund my business. I applied, prayed about it, and one day got a call from Ubuntu to sign my employment contract.

“I applied, prayed about it, and one day got a call from Ubuntu to sign my employment contract.”

I now work as an intern at the Walter Sisulu Local Municipality, as an assistant in the office of the Mayor. Daily, I learn more about my job and have already improved to the extent where I am doing many tasks on my own.

I am grateful to have been granted this opportunity and realise that without FASSET I would still be struggling.



Ms Zintle Maseti



INTERNSHIP PROGRAMME – MS CLEO KHANYILE



Ms Cleo Khanyile

“Hard work and commitment always pay and I am now given the opportunity to move to the United States, on a cultural exchange programme made possible by FASSET.”

My journey began as a hostess, greeting customers and managing the flow of the shop. I showed my commitment to my job through hard work and total dedication and was soon promoted to a sales agent. As a sales agent, I served my customers and ensured I had a keen understanding of my customers’ needs and preferences. This hard work and dedication further led to another promotion for myself and I am now the assistant manager.

I proved myself to be a natural leader, managing and motivating a team of employees while overseeing the daily operations of the shop. Hard work and commitment always pay and I am

now given the opportunity to move to the United States on a cultural exchange programme made possible by FASSET.

I am proud of myself and believe that my success story will be a true inspiration to others, demonstrating that with hard work, determination, and a commitment to excellence, anyone can achieve their goals and realise their dreams.

Thank you Ubuntu Institute and FASSET for opening doors for me.



ICT INFRASTRUCTURE



Ms BR Hlekane
Vhembe TVET College
Principal

Vhembe TVET College is celebrating 60 years of service of continued efforts to build institutional legacies for generations to follow. From the College's inception in 1963 as Finyazwanda to becoming Vhembe TVET College, the transition have birthed one of the largest TVET Colleges in the country with seven campuses and a hospitality centre. Vhembe TVET College operates within the northern hemisphere, where the community remains disadvantaged. As a College, we are dedicated to contributing towards the transformation of the district.

We have campaigned for the 4IR as TVET Colleges and are currently preparing for the 5th Industrial Revolution. As TVET Colleges in the 21st Century we have an opportunity to accelerate digital revolutions. TVET Colleges are at the centre of the digital era through combining academic studies with professional training in the same higher education setting. This is a reality currently happening in practice in higher educational institutions across the globe. By aligning with global best practice certifications in higher education curriculum in running parallel to core undergraduate and postgraduate studies then our students, when starting employment, have already developed an understanding of certain professional capabilities.

Our success as a College can additionally be attributed to the support we have received from external stakeholders through partnerships.

Industry-education partnerships are collaborative efforts that have brought the Vhembe TVET College, businesses and community together to address our mutual interest in higher education. Partnerships have enabled us to advance the educational development within the College and to address skills scarcity needs. This has provided stakeholders an opportunity to contribute towards curriculum building and student development.

The FASSET has recently contributed resources towards our College. Financial management students were granted a donation for an Accounting Laboratory. The laboratory was fitted with computers and tablets for curriculum stimulation. The laboratory was unveiled during our diamond jubilee celebrations and has since been fully functional and expanded the learning experience for students. Furthermore, FASSET has pledged to support 50 students for Work-integrated Learning. Investments of this dimension continue to play a pivotal role in enhancing the skills of students.

The College is gradually becoming self-sufficient by utilising internal resources to the benefit of the College. It is pleasing to experience a joint effort from the students and staff to accelerate the self-sufficiency of the College through initiatives such as the sewing plant, hydroponic farming and hospitality centre, to name a few.

We have not always led the pack, but we remain committed to becoming the top TVET College in South Africa. To that end, we will engage all relevant parties to ensuring that Vhembe TVET College becomes the first College of choice.

“As a College we are humbled by the support we continue to enjoy from our stakeholders. Our success reflects a joint effort from internal and external stakeholders”.



SUCCESS STORIES

My name is Ambeswa Bavuma. I am originally from the Eastern Cape, and was born in a small town called Cofimvaba. I grew up and studied both my primary and secondary education in Cofimvaba. I did my high-school education in St James Senior Secondary School. Currently, I stay in Belhar in one of the residences. I decided to study at UWC because it was recommended to me by my old friend and, as a great institution that is isolated, making it a safe environment and has produced a great quality of professionals.

I am currently enrolled in my Master's studies, Master of Commerce in Information Management (E-Logistics) stream. I believe the skills obtained through completing this course will enhance my opportunities in the future as 4IR will change the working environment and skills required. My toughest challenges so far have been funding, but I now have hope that FASSET has come on-board. A friend of mine holds a PhD in Nanoscience and inspires and motivates me as I listen to his journey.

Being a graduate makes me feel worthy and motivates me in many other ways. Some of my fondest memories are being at UCT during the first year. I remember how we used to fear Mr Arendse in FIA 141. The idea of being new to UWC still fascinates me even today.

My dream is to finish my Master's and my wish is to become a business or data analyst in the next ten years and to established myself – having a family with a good stable income.

I would like to thank FASSET for their support and hope my story can inspire and motivate others.





SUCCESS STORIES



Ntokozo Mthimunye

FASSET prides itself on lending a helping hand to top achievers through its Bursary Programme as we believe that financial obstacles are not reason enough to pause the academic journey of our future leaders. Ntokozo Mthimunye, hailing from Mpumalanga, is one such learner that caught the attention of FASSET CEO, Ms Ayanda Mafuleka, when she reached out seeking for funding assistance after matriculating with seven distinctions. The results she achieved proved that she had worked hard to obtain her Matric certification and is a standout learner that should be elevated to study further. We sat with the learner to get to know her and unravel her journey:

1. Please tell us about yourself. A backstory of who you are and where you are from?

I am Ntokozo Mthimunye from Kwagga Fontein "A" in Mpumalanga, currently a registered first-year student at the University of the Western Cape for a Bachelor's Degree in Law, four-years programme. I come from a poverty-stricken household, partly raised by a single mother of four, who works as an Admin Clerk at the local primary school in Mpumalanga and my father used to work as a Manager at a liquor company but was later retrenched. Due to these financial strains that we were experiencing at home my grandmother opted to take care of me financially with her pension grant even though it was hardly able to cater for all our basic needs and wants.

2. How would you describe your upbringing?

I would describe my upbringing as humbling yet motivating. I would sometimes get to see the depression that my parents went through due to the stress of not being able to cater for all of us (their children) financially. As my family believed that education is the only key to a better life, they would ensure that I have all the academic resources that I need for a particular academic year, pay for all of my extra classes that were offered at school and ensure that I was able to pay for transportation with the little money that they had as it was quite a distance to walk from and to school. All these initiatives that my family would take regardless of their financial difficulties demonstrated aspects of love, care

and support towards me. All these initiatives motivated me to always do more, be better and make wise choices in life and not fall in the hands of peer pressure. I managed to study hard obtained seven distinctions and I was amongst those who received awards in the category top ten performing students for the Matric calendar of 2022 under the Thabisile Hani Municipality.

3. When did you realise what career you wanted to venture into and how did you come to this choice?

I realised that I wanted to become a lawyer, due to the increasing statistics of the rape in my area and the amount of those rape cases that go unreported. Older men use children below the age of 18 for their sexual pleasures in exchange for money and the number of children that are dropping out of schools because of rape trauma is quite alarming. Me being a lawyer would not only be a financial benefit, but it would also benefit some of my community members. I reside in an area where there is high level of illiteracy and I intend on engaging in corporal socio investments in future and educate young adults and children on the legal procedures that they may use if they were to find themselves in situations of being victims of rape.

4. Where did you hear about FASSET?

I came across the FASSET bursary page on Facebook when I was trying to apply for bursaries after getting my Matric results. I then tried my luck applying for the FASSET bursary, hoping that I get funded even though it was

written that the bursary funded specific fields of studies excluding Law. I hoped for the best and applied anyway.

5. What motivated you to write to the FASSET CEO to request financial assistance?

I tried applying to multiple bursaries and wrote an email to my municipality and circuit asking for financial assistance but got no response. I came across the FASSET page on Facebook, saw images of the FASSET bursary doing CSI campaigns in the rural, underdeveloped areas with the CEO in the forefront giving out education-based motivational speeches, I also read a story of a young lady who was indebted and got financially rescued by the FASSET bursary CEO. All these initiatives proved to me that the FASSET CEO is passionate and dedicated towards helping children coming from poor backgrounds with financial assistance if they are academically deserving. Hence, I eventually ended up reaching out.

6. What are your plans in relation to your career?

My plan is to specialise in Law that way I would increase my opportunities of getting employed and one day start my own Law firm and hopefully contribute positively towards decreasing South Africa's high statistics of unemployment. Specialising would also enable me to venture into multiple career fields in the legal sector. I would also like to engage in CSI

programmes in my area to educate older people on the aspects and processes of Law as they are usually likely to fall victim of illegal criminal activities.

Ntokozo concluded the sit-down by sharing the following words of gratitude: "If it were not for the FASSET bursary and the CEO I would have been stranded at home, hopeless and demotivated in terms of pursuing my educational goals. I would like to thank the CEO of FASSET for giving me this great opportunity to uplift myself and be able to achieve my academic goals to change my home situation."

Ntokozo's heartwarming story is only one of many that motivates the work FASSET does, FASSET CEO, Ms Ayanda Mafuleka, believes in opportunities being given to students who have worked hard and went against all odds to achieve their goals and dreams. "As the CEO I take inspiration from learners like Ntokozo who choose to rise above circumstances and stay focussed. It does not matter where you come from however, what matters is where you are going. I wish Ntokozo and the rest of the 2023 class all the best with their studies." Ms Mafuleka added.

FASSET wishes to see Ntokozo and all other learners complete their studies and contribute to the economy.

2.5.2 Communications and Stakeholder Engagement Management



Vusi Mahlangu
Communications and Stakeholder Engagement Manager

The Communications and Stakeholder Engagement Management Department had a focussed approach in this reporting year to bring FASSET to the front with its beneficiaries and to engage with stakeholders and beneficiaries especially in rural and previously disadvantaged areas. Emphasis was to discover, learn, and repair and to develop innovative methods to better understand the needs of stakeholders and to engage to better FASSET's service deliveries.

Stakeholder Satisfaction Survey

FASSET values stakeholder's engagement and the important role they play in meeting FASSET's mandate hence the implementation of a stakeholder satisfaction survey. The aim was to ascertain what stakeholders' understanding of FASSET's role and their challenges were, stakeholders' impressions of FASSET's operations and processes, and which programmes proved useful and which ones posed challenges. The survey enabled FASSET to strategise multifaceted interrelations with its stakeholders and to solidify stakeholder relations. This enabled FASSET to adjust services and offerings to all its beneficiaries to enable better delivery and benefits from programmes.

Online Presence

Social media reach increased significantly with Facebook far outperforming other social media platforms. Statistics showed, for example, 27 372 Facebook Followers and 109 884 Profile Visits on Facebook. This brought greater awareness among different stakeholder groups of the benefits and programmes of the SETA. The LinkedIn platform also recorded quite high traffic with 186 736 Post-impressions and a total of 3 589 Followers. Instagram has equally showed an increase with 3 186 Profile Visits, 8 495 Accounts Reached and a total of 1 281 Followers.

Direct Relations with Stakeholders

Stakeholder relations enjoyed a high priority in 2022/23 and prompted the FASSET CEO to embark on building high-level platforms to engage with stakeholders. This included the CEO Roadshow, as well as the talktoCEO mailbox. It was further extended to building on the capability to engage external stakeholders through the call centre and, internally, through allowing for team and knowledge-building activities in cooperation with Human Resources. CEO engagements with stakeholders offered an opportunity to get to know the CEO and what she wanted to communicate and achieve through partnering with the different stakeholders in the programmes. The CEO attended among other programme launches, events with professional bodies and signing ceremonies.

FASSET also established the service of a fully functional call centre in this reporting year where stakeholders could engage to gain information and address their needs. Following this high-level approach in ensuring that the needs of stakeholders were taken into account enabled FASSET to knowledgeably interact internally to formulate the final strategy for implementation.

Career Guide

Career awareness is one of the primary programmes in the Communications department and it entails the delivery of career guidance to learners nationally and to promote the finance and accounting sector as the sector of choice.

Some actions in this regard include attendance of different exhibitions, attending career days, roadshows, visiting schools in all nine provinces, as well as supporting of DHET initiatives. Career awareness covers a broad base. Beyond creating brand awareness, career guidance is also offered to the different levels of stakeholders that get to participate in the Financial and Accounting Services sector.

Career guidance not only focusses on lower-level stakeholders such as those in high school, CET's and TVET Colleges but also trickles to those in university and others already in the employment pool for further advancement opportunities.

In the reporting period, FASSET overachieved in its target of supporting 260 career guidance interventions, the department supported a total of 278 events which was achieved through additional

participation of provincial executive and management school visits as well as strategic partnerships with the Department of Basic Education, North West Treasury and other career development drivers.

Rural Footprint

A particular successful intervention in the reporting year was the launches of different programmes across provinces. FASSET had 12 other different launches spread across three provinces. Starting with KwaZulu-Natal, Limpopo and the Eastern Cape where four launches each took place, this initiative will be expanded to other provinces in the new Financial Year. The launches solidified new programmes such as the Maths, English and Accounting programme introduced in the previous Financial Year, ICT infrastructure support at TVET Colleges and the CET infrastructure support.

An example of the lengths FASSET went to in ensuring that it was able to extend its stakeholder reach was its interaction with rural communities. Most of the programme launches had a focus on rural areas where strict rules apply in terms of gaining entrance to some of these areas and how programmes within these areas may be implemented.

Different communities among FASSET's stakeholder portfolio included royal families and royal councils

who played a critical role in welcoming programmes into their communities.

FASSET received warm receptions from the community leaders, the royal families, and municipalities who realised the benefits of the programmes to their communities and the economy. Highlights included launching one of its internship programmes at the Linduzulu Royal House in Nongoma with the royal family fully showcasing the support of Queen Thandekile Jane Ndlovu for the programme and what it will achieve for the community.

FASSET also had the opportunity to meet the employers that would be accommodating the interns in the programmes. These included local business, municipalities and treasuries and other organisations that are assisting in the placements of learners.

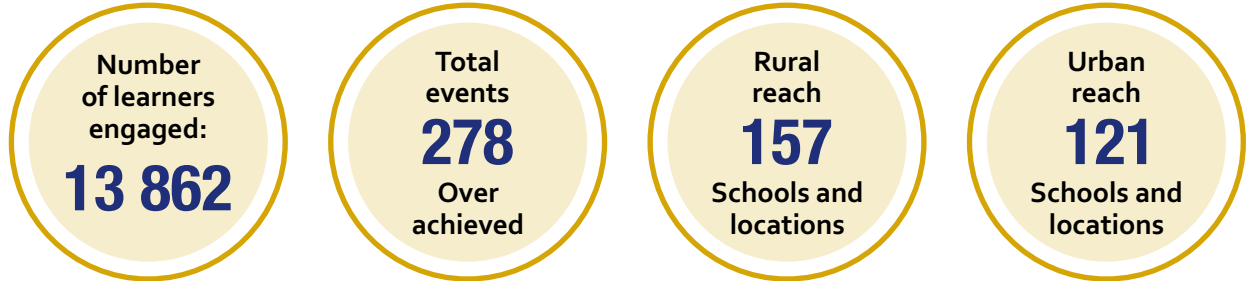
The department reached its yearly targets of which included implementing 100% of its stakeholder relations which furthermore increased the national awareness and service delivery amongst internal and external stakeholders. The successes are a direct result of the effort taken to invest time, resources, and effort into the building blocks of strong stakeholder engagement and reach out to the previously disadvantage people especially in rural areas.

FASSET at the Carletonville Career Expo



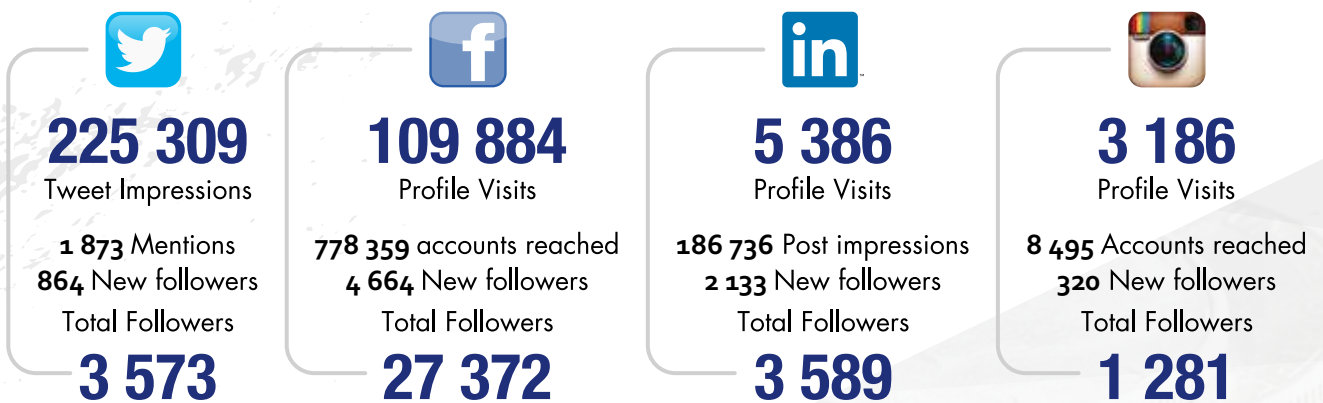
CAREER AWARENESS

The Communications and Stakeholder Engagement department achieved a total of **278** events in the 2022—2023 financial year, the breakdown is as follows.



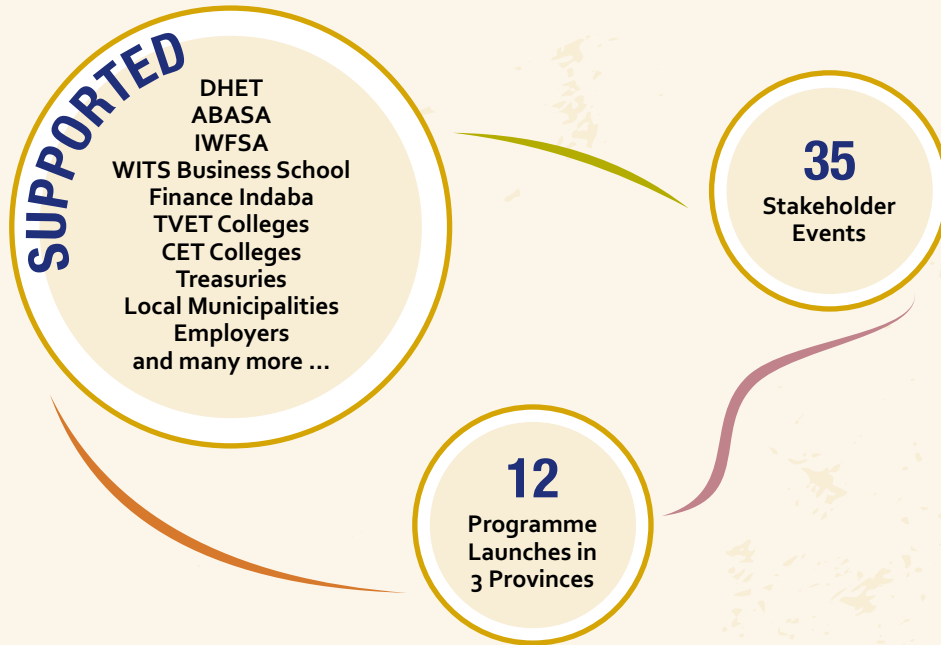
SOCIAL MEDIA STATS

The FASSET social media presence has continued to grow with improved and more engaging content and posting time frames. The performance from April 2022 - March 2023 is as follows.



STAKEHOLDER ENGAGEMENT

For the first time FASSET's target under Stakeholder Engagement was for the achievement of 100% of the implementation plan for 2022/23. The department achieved 100% and the key highlights under this achievement are as follows



MEDIA COVERAGE

Through partnerships, FASSET was able to garner media coverage for its programmes and Executive team. The following media coverage was achieved.

RADIO	PRINT	TV	ONLINE
Metro FM	City Press	eNCA	Sekhukhune FM
Power FM	Public Sector Leader	Newzroom Afrika	
Kaya FM	eLangeni Newspaper		
SA FM			

SUPPORT



Call Centre

882 Inbound calls



Communication Mailers

51 Mailers sent



Database Stats

91.6% Delivery rate

174 Unsubscribers | 171 676 Emails received



FASSET at the Nkungumathe Internship Launch in Nkandla



FASSET CEO, Ms Ayanda Mafuleka, at the launch of the Bursary Programme



FASSET launches its Tools of Trade programme in partnership with KZN CET College



FASSET launches its Maths, English and Accounting programme in Mthatha Eastern Cape



Minister Blade Nzimande at the FASSET 2021/22 Annual General Meeting



FASSET CEO, Ms Ayanda Mafuleka, and member, Ms Mamatshiliso Nhlapo, at the Thandulwazi Trust Awards



FASSET at the launch of its KwaNongoma internship programme at the Linduzulu Royal House



Wits Business School Graduation



FASSET CEO, Ms Ayanda Mafuleka, with IVFSA Womens Legacy Programme graduates.

2.5.1 Information and Communications Technology



Thato Modise
Acting Chief Information Officer

Information and Communication Technology improves FASSET's operational efficiency, optimises costs, drives innovation and accelerates the delivery of services. This unit provides long-term planning and day-to-day support in respect of ICT-enabled delivery using ICT services and systems.

Reflections of the Financial Year 2022/23

ICT internalised its operations minimising the use of external service providers where possible, and rather utilised the expertise of its own personnel in order to reduce cost and over-reliance on external service providers.

Internalised services included:

1. Call Centre
2. Website and Intranet
3. Mass Mailer and SMS Service
4. Risk Management System
5. Board Pack Solution
6. Odoo Management Information System (MIS)
7. Internet Connectivity
8. Microsoft Telephony
9. Invoice Management
10. Enterprise Resources Planning (ERP)
11. Software Licensing

Challenges encountered throughout the internalisation process.

During the process of internalising our ICT operations and optimising our systems, we faced some unexpected challenges that led to system failures and delays in service delivery. We deeply regret any inconvenience caused to our stakeholders, particularly with regards to the payment of invoices. We understand that timely payments are crucial to maintaining smooth business operations for all parties involved.

The slow implementation of the ERP system was a setback that affected our ability to process and manage invoices efficiently. We take full responsibility for the delays and want to assure all FASSET stakeholders that we are taking immediate action to rectify the situation.

To address the issues with the ERP system and ensure a seamless invoicing process going forward, we engaged Microsoft services. This decision reflects our commitment to providing a higher level of service and reliability.

We also acknowledge the performance constraints experienced with the Odoo MIS. The necessary steps are being taken to procure additional resources, ensuring optimal system performance and data handling capabilities. Our team is working diligently to resolve these issues promptly and to minimise any further disruptions to our stakeholders.

As we move forward, we remain dedicated to continuously improving our ICT resources, systems, and processes to better serve you. Our goal is to provide innovative and effective solutions that align with your needs and expectations.

Once again, we extend our sincerest apologies for any inconvenience caused. We value your partnership and trust, and we are committed to learning from these challenges to deliver a more robust and efficient service experience.

Please do not hesitate to reach out to our dedicated support team if you have any concerns or require further assistance. We greatly appreciate your understanding and continued support as we work towards a more resilient and seamless service delivery for the future.

Closing Remarks

Looking ahead, FASSET ICT remains committed to steering planning and resources towards facilitating seamless remote working and maximising operational efficiency. The organisation's long-term ICT SP includes progressively enhancing ICT resources, systems, and solutions to drive innovation and effectiveness in service delivery. By leveraging ICT capabilities, FASSET is poised to continue its growth and better serve its stakeholders in the ever-evolving digital landscape.

2.5.4 Audit, Risk and Compliance Department



Nobuntu Gwala
Audit, Risk and Compliance Manager

The Audit, Risk and Compliance department is responsible for, amongst others, the following:

- Monitoring the implementation of the Enterprise-Wide Risk Management and Compliance Frameworks throughout the organisation.
- Facilitating and coordinating the Audit process.
- Providing support to management and business units in implementing the approved risk management and compliance policies and processes and ensuring these are integrated into the operations of FASSET.

Highlights

During the 2022/23 Financial Year, the Audit, Risk and Compliance department successfully adhered to the organisational operational themes set for the year and achieved the following to engage and improve service delivery to its stakeholders:

- Monitored and reported quarterly on the implementation status of the agreed upon management action plans. As a result, 13 out of 19 (68%) Audit findings were successfully closed.
- Commenced the implementation of the approved Business Continuity Management (BCM) policies and ensured the appointment of the respective committees.
- All risk and compliance management policies were reviewed and a compliance framework for FASSET was developed.
- Achieved 21 out of 22 planned risk management and compliance activities, a 95% achievement, for the Financial Year.
- Monitored and reported quarterly on the implementation of risk action plans, 89% of the strategic risk action plans were completed, with 11% still in progress.

- The department facilitated trainings on risk management including BCM and compliance management.
- Reviewed and updated the approved Compliance Regulatory Universe for FASSET.
- Developed Compliance Risk Management Plans (CRMPs) for five pieces of legislation and monitored compliance thereof.
- Procured the Lexis Risk Management System and facilitated training of users on the new system.

B-BBEE and Other Initiatives

- Facilitated the Broad-Based Black Economic Empowerment (B-BBEE) verification exercise which resulted in FASSET receiving a Level-8 rating. This is a significant improvement compared to the non-compliant rating received in the previous reporting year.
- Facilitated the development of a B-BBEE Strategy for FASSET for 2023/24 and upcoming Financial Years.
- During the 2022/23 Financial Year, FASSET participated in Socio-Economic and Supplier Development initiatives to improve its score. These include amongst others the following:
 - Participated in Mandela Day to uplift the disadvantaged communities in Gauteng and the Limpopo provinces.
 - Supported two suppliers currently in our database, by purchasing equipment that will improve their efficiency in SMME's business operations.
 - Prompt payment to suppliers. Payments were made within 15 days instead of the required 30 days settlement.

The above accomplishments contributed significantly in bettering services whilst enhancing FASSET's profile among its internal as well as external stakeholders.

The Year Ahead

FASSET is focussed to continue to work towards efficient and integrated reporting to stakeholders.

2.5.5 Facilities Department



Bomkazi Mnombeli
Facilities Manager

With a focus to expand FASSET’s footprint, especially in the rural areas, to ultimately establish and increase stakeholder engagement, the organisation acquired three brand new vehicles in this reporting year. These vehicles have been utilised and travelled across South Africa ensuring that FASSET fulfils its mandate. FASSET has put its plans into action, embarking on a process of centralising records management. The FASSET File Plan met the requirements of the National Archives and Records Service of South Africa (NARSSA). Approval of the File Plan was granted by NARSSA in January 2023. With the assistance of two additional resources, the records classification and sorting process is well underway, with digitisation of the records being the ultimate goal to ensure the safekeeping and accessibility in support of all business processes.

Due to a lack of office space, FASSET is in the process of acquiring new premises, befitting its image and aspirations of being a world-class organisation and to instil a high-performance culture among all employees. The procurement process is in the final stages of approval. The department is looking forward to creating a safe, comfortable and conducive workspace for all employees.

2.5.6 Quality and Monitoring



Patience Motloung
Quality and Monitoring
Assistant Manager

The Quality and Monitoring team is responsible for quality assurance as well as reporting on the APP and the Service level Agreement (SLA) to the National Treasury, the Department of Planning, Monitoring and Evaluation (DPME) and the DHET.

The eQPRS system (Electronic quarterly performance system) was used in the reporting method to National Treasury and DPME. A historical performance achievement of 90% against the targets for 2022/2023 as set out in the APP was met.

SETMIS (The Sector Education and Training Management Information System) and Surveyhub system submissions were done in the 2022/2023 Financial Year and the SETA recorded a performance of 64% against the SLA signed with DHET.

As a result of the unit’s consistent reviewing and measuring performance data, annual targets were met for the past three years. With another clean Audit for 2022/2023. We aim to set this standard for the years to come.

The unit experienced challenges in reporting due to the manual reporting system which is currently done via the Microsoft platform. The unit works on a solution soon to be implemented to solve the challenge.

2.6 Performance Information

We sign the APP with DHET every year, committing us to deliver against the NSDP. During 2022/2023, we had 49 targets, 44 of which were achieved. This resulted in 90% overall performance by the SETA.

Programme 1: Administration

Programme 1:	Administration
Purpose:	The purpose of this programme is to enable effective and efficient capabilities for core and supporting functions. These capabilities include governance, leadership, organisational, process and system components. Supporting functions include Finance, Operations, Human Resources, Information Technology, Communications and Supply Chain Management. This programme also aims to establish and maintain enabling, integrated core and supporting systems, as well as ensure a capacitated, capable workforce, empowered by an enabling culture.
Sub-Programmes	<ol style="list-style-type: none"> 1. Corporate Services 2. Finance, SCM and Assets 3. Governance (Audit and Risk) 4. Human Resources 5. Information Technology

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Efficient and effective organisational support system with an enabling culture that will ensure optimal performance with a key focus on service. (The digitisation of processes to ensure effective implementation of interventions to be prioritised)	Implementation of stakeholder strategy	Percentage of stakeholder engagement strategy implemented annually	N/A	61%	100%	100%	-	

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Efficient and effective organisational support system with an enabling culture that will ensure optimal performance with a key focus on service. (The digitisation of processes to ensure effective implementation of interventions to be prioritised)	Joint processes with other SETAs facilitated	Number of programmes facilitated annually	4	2	2	4	+2	Target over-achieved because more programmes were implemented with other SETAs than anticipated
	Internal skills development Strategy developed and implemented	Percentage of internal skills strategy implemented on an annual basis	84%	87%	80%	92%	+12%	Target over-achieved, more trainings were conducted due additional funding made available
	Good governance report submitted	Number of SETA good governance report submitted	N/A	N/A	4	4	-	
	Unqualified Audit outcome obtained	An unqualified Audit outcome obtained annually	1	An unqualified Audit outcome	An unqualified Audit outcome	An unqualified Audit outcome	-	

Programme 2: Skills Planning

Programme 2:	Skills Planning
Purpose:	The purpose of this programme is to establish an effective mechanism for skills planning and research. It is responsible for researching skills needs within the sector and developing the SSP that guides skills development priorities for the finance and accounting sector; as well as informing the SETA's SP and APP.
Sub-Programmes	<ol style="list-style-type: none"> 1. Research (Chairs and State-owned enterprises (SOEs)) 2. Sector Skills Plan 3. WSPs and ATRs

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Appropriate skills intervention determined as informed by research (prioritising tracking the journey of the students)	Detailed SSP which identifies skills requirements and adapts accordingly produced	Number of Sector Skills Plan developed and submitted	1	1	1	1	-	
	Research reports conducted in the FAS sector	Number of research studies conducted annually	1	9	4	4	-	
	Approved WSP and ATR for large firms	Number of large firms WSP/ATR approved, and Mandatory Grant paid annually	78	65	65	73	+8	Target over-achieved, more WSPs were received than anticipated
	Approved WSP and ATR for medium firms	Number of medium firms WSP/ATR approved, and Mandatory Grant paid annually	108	114	100	119	+19	Target over-achieved, more WSPs were received than anticipated

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Appropriate skills intervention determined as informed by re-search (prioritising tracking the journey of the students)	Approved WSP and ATR for small firms	2.5 Number of small firms WSP/ATR approved, and Mandatory Grant paid annually	759	605	600	596	-4	Not achieved, less payments were done to small firms and resulted in the target not being achieved
	Approved WSP and ATR for government departments	2.6 Number of government departments WSP/ATR approved annually	5	7	5	5	-	

Programme 3

Programme 3:	Learning Programmes and Projects
<p>Purpose:</p>	<p>This programme is one in which the SETA invests the bulk of its resources and energy, and is most aligned to the goals, objectives and performance indicators of NSDP as well as the SETA’s vision and mission, as articulated in the SETA’s SP.</p> <p>The learning programmes and projects programme is focussed on enabling and enhancing skills development in and for the finance and accounting sector in partnership with relevant stakeholders. It also aims to promote the finance and accounting sector as a preferred career choice for new entrants into the labour market. Through targeted funding of skills interventions, the SETA expects to transform the finance and accounting profession and sector. This programme needs to ensure that the delivery of skills interventions meets with compliance requirements. Ultimately this programme is expected to deliver the requisite value and impact through the SETA’s funded interventions.</p> <p>In addition to the development of skills and creating vibrant finance and accounting services labour market, this programme also contributes to the achievement of transformation ensuring opportunities are afforded to the previously disadvantaged group. Consequently, the funding is aligned according to a model which emphasises 8% Blacks, 54% women and 4% disabled people.</p>
<p>Sub-Programmes</p>	<ol style="list-style-type: none"> 1. Implementation of programmes as per NSDP Outcomes below: <ol style="list-style-type: none"> 1.1 Outcome 1: Identify and increase production of occupations in high demand 1.2 Outcome 2: Linking education and the workplace 1.3 Outcome 3: Improving the level of skills in the South African workforce 1.4 Outcome 4: Increase access to occupationally directed programmes 1.5 Outcome 5: Support the growth of the public college system 1.6 Outcome 6: Skills development support for entrepreneurship and cooperative development 2. Special Projects 3. Monitoring, Evaluation and Reporting 4. Career and Vocational Guidance

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Reduced critical skills and skills shortages in the sector including a relevant communication strategy to reach rural areas and increasing access to FASSET products and services for the rural areas	High number of learners attending Lifelong Learning (LL)/Learner Professional Development (LPD) programmes provided	Number of unemployed and employed learners who enter LL/LPD programmes annually	11 308	22 422	24 500	27 143	+2643	Target over-achieved because the actual cost per learner was less than budgeted amount of R500 under TIG and many applications were received resulting in the target being over-subscribed
		Number of skills programmes initiatives attended by Trade Unions	0	9	4	4	-	
	High number of learners attended FASSET programmes (FASSET bursary scheme, TVET WBE, Professional Body Designation etc.)	Number of unemployed learners processed for registration on learnerships annually	4 677	3 685	4 574	5 921	+1 347	Target over-achieved because there was lot of marketing from FASSET to the stakeholders and the was buy in for LEG linkage

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of unemployed learners approved for LEG funding annually	181	1105	1276	1535	+259	Target over-achieved because the window was opened early, marketing from learnership and buy in from stakeholders
		Number of unemployed learners entering a bursary programme annually	830	1357	1200	1254	+54	Target over-achieved, more learners were approved because of additional budget allocated to bursaries from the surplus funding
		Number of unemployed learners entering an internship programme annually	190	1177	1550	2455	+905	Target over-achieved, more applications were received, utilisation of partnership from NPO/ NGO and surplus budget was used for this target

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of unemployed learners entering an academic skills programme for progression at university annually	925	2868	2500	2733	+233	Target over-achieved, is as a result of some institution utilising less than the budgeted amount which resulted in more learners having to benefit from the programme
		Number of unemployed learners who enter a professional body programme annually	935	949	500	1373	+873	Target over-achieved because of partnership with a professional body (SAICA) was utilised to get more learners. Most learners came from this partnership
		Number of unemployed learners provided with tools of trade annually	N/A	N/A	2000	2001	+1	Target over-achieved because there was additional learner provided with tools of trade

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of unemployed learners entering a skills programme offered at a Community Education and Training College annually	0	100	100	105	+5	Target over-achieved, because of additional funding allocated to cater for extra learners
		Number of learners from cooperatives and enterprises trained on sector and national priority occupations or trained on entrepreneurship supported to start their business or skills annually	N/A	N/A	2500	3271	+771	Target over-achieved because of partnerships entered with NYDA, SANACA, RUSH Accountant, BDCE and family free MOUs were utilised to over-achieve the target
		Number of unemployed learners processed for completion on learnerships annually	3268	2949	2450	3983	+1533	Target over-achieved because more than anticipated number of learners completed learnership programme

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of unemployed learners who complete qualification via bursary programme annually	92	533	250	228	-22	Not achieved, as we didn't have enough learners that were supported that completed their final year of studies
		Number of unemployed learners who complete a skills programme annually	779	1946	1687	1831	+144	Target over-achieved, more learners completed the programme than anticipated
		Number of employed learners processed for registration on learnerships annually	319	350	310	353	+43	Target over-achieved because there was lot of marketing from FASSET to the stakeholders

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of learners approved for payment on historical debt annually	164	121	400	402	+2	Target over-achieved because of the marketing of the project and National Student Financial Aid Scheme (NSFAS) partnership we were able to over-achieve the target and also there were learners that had debt less than the cap amount which allowed us to fund extra 2 learners
		Number of employed learners processed for completion of learnerships annually	119	249	190	245	+55	Target over-achieved, more than anticipated number of learners completed learnership programme
		Number of TVET students who enter a National Diploma internship annually	18	536	500	669	+169	Target over-achieved because it was a presidential priority and additional funding was made available

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of TVET students who complete a National Diploma internship annually	195	346	300	290	-10	Not achieved, less learners entered the programme 2 year ago and has negative effect on our completion target.
		Number of NGOs and NPOs supported through Discretionary Funding annually	N/A	N/A	20	21	+1	Target over-achieved because an additional learner was funded
		Number of small businesses supported through discretionary funding annually	120	159	700	78	-622	Not achieved, 4 programmes were initiated for the indicators where minimal response was received from the sector, we are looking at collaborating with the working committee to assist with achieving the target in the next year

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of partnership agreements signed between FASSET and a public Higher Education Institution annually	0	9	8	8	-	
		Number of partnership agreements signed between FASSET and a public TVET College annually	0	5	5	9	+4	Target over-achieved because there were a lot of programmes implemented with TVET Colleges such as SETAs TVET office, infrastructure support programmes and TVET WBE programme
		Number of partnership agreements signed between FASSET and an employer annually	15	27	10	54	+44	Target over-achieved because there were a lot of application and surplus budget was utilised to accommodate all applicants

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of career guidance events supported annually	162	353	260	278	+18	Target over-achieved, due to FASSET's focus on rural reach and strengthening stakeholder relations on all levels, strategic events were sourced and supported to contribute towards this impact. Our relationship with DHET and DBE also fostered high attendance at our LO Teacher Training session where over 60 schools attended the sessions ensuring FASSET can create a positive effect through its career awareness initiatives
		Number of CET partnerships established	0	3	1	4	+3	Target over-achieved because of the infrastructure support provided to the CETs

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of TVET Colleges lecturers awarded a bursary	0	30	30	31	+1	Target over-achieved because we funded an additional learner
		Number of unemployed learners upskilled (Grade 8- 12) in Maths, Accounting and English	0	600	600	930	+330	Target over-achieved because of the actual cost per learner being less than budgeted amounts resulting in more allocation and more learners benefiting from the programme
		Number of Black females entering a senior management development programme (EDP)	0	31	50	256	+206	Target over-achieved because of additional funding allocated to the implementing partners due to availability of budget resulting in more learners benefiting from the programme

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		Number of unemployed learners entering a bursary programme (continuing)	0	84	433	290	-143	Not achieved because of learners not meeting the minimum requirements to be funded in the next academic year
		Number of TVET Colleges learners awarded bursaries annually	N/A	100	300	325	+25	Target over-achieved because of more learners approved because of additional budget allocated to bursaries from the surplus funding
		Number of unemployed learners upskilled (Grade 8-12) in Maths Accounting and English (continuing)	N/A	0	420	420	-	
		Number of unemployed learners entering an internship programme via the public sector annually	0	10	100	110	+10	Target over-achieved because five employers were allocated more than the

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
								100 learners and surplus budget was utilised to cater for the additional allocation
		Number of Rural Development Projects initiated annually	N/A	N/A	2	3	+1	Target over-achieved additional programme was identified for rural areas and additional programmes.
		Number of SETA offices established and maintained in TVET Colleges	N/A	N/A	3	4	+1	Target over-achieved because an additional TVET college was able to accommodate FASSET request
		Number of TVET and CET Colleges provided infrastructure development support	N/A	N/A	4	4	-	
		Number of unemployed learners trained on digital skills	N/A	N/A	500	934	+434	Target over-achieved because more applications were received, and surplus budget was utilised to cater for additional learners

Programme 4

Programme 4:	Quality Assurance
Purpose:	This programme is focussed on supporting the professional organisations to align their qualifications to the new dispensation (as introduced through QCTO) while ensuring quality. The support role assumed by the SETA in this regard acknowledges the key role played by professional organisations in the development and implementation of qualifications for the finance and accounting sector.
Sub-Programmes	1. Learning Programmes 2. Certification

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Improved quality assurance system for the sector learning programmes	Quality assured sector aligned learning programmes	Number of qualifications and learnership certification reports produced annually	4	4	4	4	-	

N/A – not applicable

2.7 Reporting on the Institutional Response to the Covid-19 Pandemic

FASSET continued to ensure its employees are able to adhere to the Covid-19 safety regulations by providing the necessary protective equipment.

3. REVENUE COLLECTION

Sources of Revenue	2022/23			2021/22		
	Estimate	Actual Amount Collected	Over/ (Under) Collection	Estimate	Actual Amount Collected	Over/ (Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from exchange transactions						
Other income	-	25	25	-	25	25
Investment income	25 000	58 426	33 426	27 000	30 600	3 600
Total revenue from exchange transactions	25 000	58 451	33 451	27 000	30 625	3 625
Revenue from non-exchange transactions						
Levies	642 910	703 920	61 010	580 919	621 168	40250
Other income	-	-	-	-	75	75
Total revenue from non-exchange transactions	642 910	703 920	61 010	580 919	621 244	40 325
Total	667 910	762 371	94 461	607 919	651 896	43 050

Refer to note 25 of the AFS

4. CAPITAL INVESTMENT

FASSET keeps its assets, the majority of which are in the form of excess cash, in the Corporation for Public Deposits (CPD) account with the Reserve Bank. The SETA also has measures in place to maintain its asset register which mostly comprises furniture and some installations. This is kept up to date on an ongoing basis.





PART
GOVERNANCE

CG

1. INTRODUCTION

The Financial and Accounting Services Sector Education and Training Authority (FASSET) is a public entity established in terms of the Skills Development Act 97 of 1998; and listed as a Schedule 3A entity as per the Public Finance Management Act 29 of 1999 (PFMA).

The AA relies on the support of its established Board Committees which include the Executive Committee (EXCO), Audit and Risk Committee (ARC), Finance Committee (FINCO), Human Resources and Remuneration Committee (HREMCO), and the Governance and Strategy Committee (GSC).

The AA ensures that FASSET maintains effective and transparent systems of risk management and internal controls by having a functional ARC that is supported by an effective Internal Audit and skilled executive management.

The AA is responsible for providing strategic direction to FASSET and ensuring that the organisation achieves its objectives and implements its mandate, SSP and strategy as approved by the Executive Authority. The AA is accountable to the Executive Authority and Parliament.

Parliament, the Executive Authority (the Minister of Higher Education, Science and Innovation) and the Board of FASSET are responsible for corporate governance.

FASSET's commitment to governance controls include a code of conduct, SLAs and declarations of conflict of interest.

Corporate governance embodies the processes and systems by which public entities are directed, controlled and held to account.

Good corporate governance is key to achieving FASSET's vision of facilitating the achievement of world-class finance and accounting skills and it also supports FASSET's values of good ethics, accountability and innovation.

FASSET's AA recognises that ethical and effective leadership is the starting point of corporate governance. The tone at the top creates the foundation for good governance. Simply put, FASSET, from its leadership to its staff on the ground, both individually and collectively, expects compliance with standards of good ethics and effectiveness which

enable delivery of appropriate outputs to those whom its operations impact.

During the Financial Year, Management prepared and submitted relevant policies from various departments for the Board's approval. The Board is supported in its functions and duties by the EXCO, the ARC, FINCO and the HREMCO, all of which have been functional in the reporting period. It is guided by an approved charter in terms of the FASSET constitution.

King IV

Meaningful and SETA-wide application of the King IV corporate governance practices is a key starting point in ensuring desired governance outcomes. By aligning its practices with King IV, the principles of which apply to the reporting period, FASSET's approach and commitment to corporate governance has not changed. The Board and Management continue to fully acknowledge the role of good governance across all aspects of FASSET as a vital component of sustainable value creation.

The shift to King IV was managed as a project, with responsibility for each principle assigned to appropriate functional business areas. The working committees that were put in place comprised senior representatives of the strategy and planning committee (including risk), human resources (including remuneration), finance, governance, ICT, Internal Audit, and the executive Management team with the Chief Executive Officer (CEO) as project champion, and the Company Secretary as the head of governance. This inclusive approach ensures a SETA-wide understanding of the principles and multi-function application of the practices. It also facilitates governance leadership and accountability. The working groups benchmarked existing governance practices against King IV practices to identify areas for improvement.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education, Science and Innovation exercises its oversight role over the department and other entities. There were no engagements between FASSET and the portfolio committee in the current Financial Year.

3. EXECUTIVE AUTHORITY

The Executive Authority of FASSET is the Minister of Higher Education, Science and Innovation.

FASSET reported on its financial and non-financial performance to the Honourable Minister, Dr Blade Nzimande. The SSP, SP, and APP are submitted on an annual basis to the DHET.

FASSET also concluded the SLA with the Executive Authority which encompasses deliverables on the performance and required reports on its activities.

FASSET had an engagement with the Minister to present the APP and align it to the departmental priorities. The engagement was attended by the Board Chairperson and the CEO.

4. THE NATIONAL SKILLS AUTHORITY

The AA also had an engagement with the National Skills Authority to present the organisational performance as well as to give a progress update on the following areas:

- Skills Policy Matters;
 - NSDS outcomes and impact;
 - Governance matters;
 - Progress against the NSDP.
-

5. THE ACCOUNTING AUTHORITY

5.1 Introduction

The FASSET Board is the AA as established in terms of the FASSET constitution, and it fulfils its duties and responsibilities as provided for in the PFMA and Skills Development Act, 97 of 1998, as amended.

The Minister of Higher Education, Science and Innovation appointed a new Board for a five-year period commencing 1 April 2020 to 31 March 2025. The Board performs oversight of the affairs of FASSET as well as retaining full and effective control and management of FASSET in accordance with applicable legislation. The Board is also responsible for the formulation and review of the strategic direction of FASSET. The Board ensures that FASSET delivers on the requirements of the Skills Development Act, 97 of 1998, as amended; and adherence to the PFMA.

5.2 The Role of the Board

The role of the Board includes as follows:

- Holds absolute responsibility for the performance of FASSET;
- Retains full and effective control and management of FASSET;
- Ensures that FASSET carries out its fiduciary duties;
- Formulates, monitors and reviews the strategic direction of FASSET;
- Formulates and/or monitors and reviews annual budgets and plans, risk policy and major plans of action;
- Develops clear definition of levels of materiality;
- Ensures Financial Statements are prepared;
- Manages conflicts of interest;
- Monitors the performance of the CEO;
- Ensures strategic and operational objectives of sustainable performance and meeting the needs of FASSET's stakeholders;
- Assesses organisational performance and risks;
- Ensures that decisions and material issues are addressed; and
- Maintains integrity, responsibility and accountability.

Induction and Board Development

The Interim Board Chairperson has prioritised professional development of members. An ongoing training and education programme enables the Board members to familiarise themselves with FASSET's operations, the business environment, their fiduciary duties and responsibilities, FASSET's expectations of Board members in terms of commitment and behaviour, and regulatory changes and trends.

The Board held all its required meetings as well as those of its sub-committees and fulfilled all its responsibilities.

FASSET's Board members have full and unrestricted access to management, FASSET information and property, and are entitled to seek independent professional advice in support of their duties.

In the year under review, FASSET's Board members attended key PFMA training facilitated by the National Treasury. A detailed Board Development and Training Programme as developed will be rolled out in the 2022/23 Financial Year.

5.3 Board Charter and Code of Conduct

The King IV Code of Corporate Governance states that good governance starts with effective leadership.

The Board Charter regulates the parameters within which the AA will operate and ensures the application of sound corporate governance principles. It sets out the mandate, goals, roles and responsibilities of the AA and addresses the following:

- AA powers and composition;
- Authority of the AA;
- Fiduciary responsibilities;
- Mandate, goals, role and functions;
- Role of the Chairperson;
- Role and responsibilities of the CEO;
- Relationship with staff and other stakeholders;
- AA committees, committee meetings and frequency of meetings;
- AA evaluation of effectiveness;

- Code of Conduct;
- Conflict of interest and handling of disputes; and
- Remuneration of AA members.

AA members completed annual declarations of interest in line with the requirements of the PFMA.

The AA also reviewed and approved its Code of Conduct annually. All AA members signed the Code of Conduct and fully complied with the Board Charter and Code of Conduct during the year under review.

5.4 Composition of the AA (Board)

The Board of FASSET is appointed in line with Section 11(1) and (2) of the Skills Development Act. As the highest governing structure, the Board retains full and effective control over FASSET and monitors the organisation's performance and ensures that decisions on material issues are addressed. The Board comprises 14 members including the independent Interim Chairperson. All Board members and the Interim Chairperson are non-executive directors. The FASSET Board is composed from the following constituencies:

- An independent Chairperson;
- Six members representing organised labour;
- Six members representing organised business;
- One member from a government department; and
- One member from a community organisation.

Board members



Ms Lynette Ntuli
Board Chairperson



Mr Bongani Mathibela
Organised Labour
Interim Chairperson



Mr Xola Lingani
Organised Labour



Ms Thandi Masemola
Organised Labour



Ms Mamatshiliso Nhlapo
Government Department



Mr Mbasa Metuse
Organised Labour



Ms Mopo Mushwana
Organised Employer



Ms Rofhiwa Singo
Community Organisation



Ms Tlakale Phatlane
Organised Labour



Ms Angela Nyathela-Mahanjana
Organised Employer



Mr James Maboa
Organised Labour



Mr Nthato Mapiloko
Organised Labour



Ms Malebo Magasa
Organised Employer



Ms Pumla Ngwenya
Organised Employer



Mr Peterson Khumalo
Organised Employer

Participation rights as Board member are pending before the Ministry for determination

Board Chairperson membership is pending before the Ministry for final determination
The interim Board Chairperson pending the Ministry's final determination on substantive Chair

Table 3: Board and Committees Meeting Attendance

Name	Gender	Constituency	Board meetings (07)	Qualifications
Number of meetings				
Lynette Ntuli Board Chairperson	Female	Constituency - Independent Chairperson	0	<ul style="list-style-type: none"> • CSCM • ACSCCL • PDP
Interim Board Chairperson Mr Bongani Mathibela ¹	Male	Organised Employer	6	<ul style="list-style-type: none"> • PA (SAIPA) • TP (SAIPA) • PIA (IIASA) • BRP (SARIPA) • Nat. Dip Accounting • Nat. Dip: Taxation • BCompt • CFE (ACFE)
Ms Mamatshiliso Nhlapo	Female	Government Department	6	<ul style="list-style-type: none"> • MBL • MSocSci: Psychology and Research Consultation • BA(Hons), • BSocSci • Project Management certificate • Monitoring and Evaluation certificate • Certificate in PFMA for Non-Financial Managers
Ms Rofhiwa Singo	Female	Community Organisation	5	<ul style="list-style-type: none"> • Chartered Global Management Accountant (ACMA, CGMA) • Associate General Accountant (AGA SA), SAICA • BCompt. Honors (CTA) • BCompt • IAC higher certificate in accounting
Mr James Maboja	Male	Organised Labour	6	<ul style="list-style-type: none"> • CA(SA) • BCom • PGD Accounting (CTA)
Mr Xola Lingani	Male	Organised Labour	6	<ul style="list-style-type: none"> • MBA • Certified ISA • Certifies IIA • BTech
Mr Mbaso Metuse	Male	Organised Labour	6	<ul style="list-style-type: none"> • MSocSci (Social Policy and Development Research) • PGDip (Business Administration) • BSocSci • Project Management Certificate
Ms Thandi Masemola ¹	Female	Organised Labour	6	<ul style="list-style-type: none"> • PGDip: Business Administration • BTech • Nat. Dip: Cost & Management Accounting
Mr Nthato Mapiloko	Male	Organised Labour	6	<ul style="list-style-type: none"> • MBL • BCompt (CTA) • PGDip Tax Law • PGDip Labour Law • Board Governance Certificate

Name	Gender	Constituency	Board meetings (07)	Qualifications
Number of meetings				
Ms Tlakale Phatlane	Female	Organised Labour	6	<ul style="list-style-type: none"> Nat. Dip: Secretarial Administration Nat. Dip: IT HDip Labour Law
Ms Malebo Magasa	Female	Organised Employer	6	<ul style="list-style-type: none"> MBL PGD: Education BCom
Ms Mopo Mushwana	Female	Organised Employer	6	<ul style="list-style-type: none"> MBA PGD: Business Administration BCom
Ms Angel Nyathela-Mahanjana	Female	Organised Employer	5	<ul style="list-style-type: none"> LLB BCom
Ms Pumla Ngwenya	Female	Organised Employer	6	<ul style="list-style-type: none"> MBL BBA International Baccalaureate
Mr Peterson Khumalo	Male	Organised Employer	6	<ul style="list-style-type: none"> BCom PGDip Accounting Registered Auditor CA(SA)

¹ Appointed Interim Board Chairperson - 23 March 2023

5.5 Board and Board Committees

The FASSET constitution provides for the establishment of the following Board Committees:

- The Executive Committee;
- The Audit and Risk Committee;
- The Finance Committee;
- The Human Resources and Remuneration Committee; and
- The Governance and Strategy Committee.

The EXCO is made up of five Board members and comprises an independent Chairperson, two organised employer representatives and two representatives from organised labour. Members of the EXCO are appointed by the Minister in terms of the Constitution.

Our EXCO, has been automatically dissolved due to its non-compliance with the Board Constitutional imperatives. However, there is a newly appointed EXCO by the Board and is awaiting the DHET's concurrence in line with clause 9(1) of the Board Constitution before its resumes with its legislative mandate and its responsibilities.

Table 4: Executive Committee

Name	Number of meetings attended	Constituency
Ms Lynette Ntuli	0	Independent Chairperson
Mr James Maboja	0	Organised Labour
Mr Xola Lingani	0	Organised Labour
Mr Bongani Mathibela	0	Organised Employer
Ms Malebo Magasa	0	Organised Employer

The primary responsibilities of the FINCO include monitoring and reporting on financial operations, internal financial policies and budget performance; consolidating and recommending the annual budget for presentation to the Board; providing guidelines for reporting on levy collections and grant disbursements; and considering and recommending financial reports.

Table 5: Finance Committee

Name	Number of meetings attended	Constituency
Ms Mopo Mushwana, Chairperson	04	Organised Employer
Mr James Maboja	03	Organised Labour
Ms Tlakale Phatlane	04	Organised Employer
Ms Angel Nyathela-Mahanjana	04	Organised Employer
Mr Peterson Khumalo	04	Organised Employer
Mr Nthato Mapiloko	04	Organised Labour
Ms Malebo Magasa		Organised Employer

The core role of the GSC includes developing policies, principles, criteria and guidelines for governance and strategy; providing strategic direction to the skills development strategy of the sector; monitoring adherence to the codes of conduct/ethics; governing compliance with applicable laws; and setting the direction for FASSET's approach to corporate citizenship.

The Committee considered, reviewed and noted the following recommendations to the Board:

- CEO's Quarterly Report;
- Project Performance Management Report;
- ICT Project Reports with regard to Special Projects;
- Board development work plan and Board assessments; and
- Recommendations to the Board on Board and Governance policies including organisational Delegations of Authority and Committee Charter and Workplan.

Special recommendations as mandated by the Board included the following:

- Final Strategic Plan;
- Annual Performance Plan;
- Service Level Agreement for 2022/23; and
- Lifelong Learning incentive grant.

Table 6: Governance and Strategy Committee

Name	Number of meetings attended	Constituency
Mr Bongani Mathibela, Chairperson	04	Organised Employer
Ms Mamatshiliso Nhlapo	04	Government Department
Mr Mbaso Metuse	04	Organised Labour
Ms Thandi Masemola	04	Organised Labour
Ms Malebo Magasa	04	Organised Employer
Ms Mopo Mushwana	04	Organised Employer

The HREMCO advised and made recommendations to the Board on establishing human resources and remuneration strategies and processes to ensure alignment with FASSET’s functions and mandate. HREMCO ensures that the human resources organisational structure supports FASSET’s vision, mission and activities; establishes, maintains and implements human resources and remuneration strategies that ensure competitive, fair, equitable and market-related compensation policies (and which are also geared to attract, motivate and retain talented human capital). It also periodically reviews its practice of diversity in the workplace and adherence to employment equity plans.

The Committee considered and recommended the following reports to the Board as mandated to them:

- Draft Strategic Plan, Annual Performance Plan as well as Service Level Agreement and reports on the performance and implementation thereof;
- Research Criteria, research quarterly reports as well as sector trends reports;
- Discretionary Grant Criteria and expenditure reports related to discretionary grants;
- Sector Skills Plan;
- Recommendations on the Board Strategy Session;
- Reports on organisational memoranda of understanding entered into; and
- Working Committee Charter and reports from the Committee.

The HREMCO convened throughout the year to make recommendations to the Board on the following matters:

Organisational HR Policies review which included the following policies:

- Acting Allowance Policy;
- Remuneration Policy;
- Dress Code Policy;
- Employment Equity Policy;
- Employees Code of Conduct Policy;
- Industrial Relations and Terminations Policy;
- Recruitment , Rewards and Benefits Policy;
- Retention Policy;
- Working Hours Policy;
- Education, Training and Development Policy;
- Performance Management Policy;
- Leave Policy; and
- AA and Committees Remuneration Policy.

The following policies were developed by the Committee and recommended to the Board for approval:

- Working From Home Policy; and
- Health and Safety Policy.

The Committee also considered for recommendation to the Board to following matters:

- The Quarterly HR Status Reports;
- Review and approval of the Recognition Agreement;
- NEHAWU demands;
- Noting of performance review of the CEO;
- Noting of the Performance Agreements of the CEO and Company Secretary as recommended by the 360 Review Panel;
- The Committee also received the recommendations of the employee satisfaction and culture survey and recommendations on the organogram following the recommendations from the Skills Audit; and
- The Committee provides oversight on the Labour Relations department through interrogation of the quarterly Labour Relations reports.

Table 7: Human Resources and Remuneration Committee

Name	Number of meetings attended	Constituency
Mr Mbaso Metuse	04	Organised Labour
Ms Thandi Masemola	05	Organised Labour
Mr Nthato Mapiloko	05	Organised Labour
Mr Tlakale Phatlane	05	Organised Labour
Ms Pumla Ngwenya	04	Organised Employer

The ARC is made up of four independent members and two Board representatives. The ARC has oversight responsibilities for financial management; internal controls; management of risks and monitoring of risk management policy and planning; compliance with laws, regulations, and ethics; accounting and financial reporting; and internal and external Audit functions. The collective skills and expertise of the members of this Committee include extensive knowledge of and expertise in public sector accounting, GRAP standards, the PFMA, National Treasury Regulations, ICT governance, and King IV.

The organisation has established an ICT Steering Committee reporting to the ARC. The Committee is chaired by an independent Chairperson, Dr Charles Motaung, and meets once a quarter. The Chairperson is remunerated in terms of the AA and Committees Remuneration Policy. The Committee consists of members of the Executive Management team.



Dr Charles Motaung
Chairperson of the ICT Steering Committee

The Committee’s responsibilities are defined in terms of King IV under Principle 12 on Technology and Information and the ICT Governance Framework that is informed by the other governance and regulatory documents already mentioned. King IV recognises that information and technology overlap. They are also “distinct sources of value creation which pose individual risks and opportunities”. King IV thus refers not to ‘information technology’ but to ‘technology and information’ to make this distinction clear.

King IV emphasises that the governing body (a function delegated to the ARC) should govern technology and information in a way that supports the organisation in defining core purpose and to set and achieve strategic

objectives, organisational structure, relationships, frameworks and processes. Principle 12 of the King IV Code recommends that the governing body should:

- i. Assume responsibility by setting the direction for how the organisation should approach and address ICT;
- ii. Oversee the Management of ICT, including overseeing that ICT risks are integrated into organisation-wide risk management;
- iii. Ensure that management responds to security and social media incidents with a breach coach;
- iv. Ensure that ICT is used ethically and responsibly through an ICT policy and that ICT laws are complied with;
- v. See to it that information management sustains and enhances the intellectual property protection of the organisation;
- vi. Verify that data protection and information security law aspects are in place;
- vii. Ensure that the risks pertaining to the sourcing of ICT and ICT contracts are managed;
- viii. Ensure that the organisation responds to disruptive technologies; and
- ix. Disclose the governance and management of ICT by the organisation, including disclosing an overview, focus areas, actions taken and plans.

Table 8: Audit and Risk Committee

Name	Number of meetings attended	Constituency	Qualifications
Ms Malande Tonjeni	7	Independent Chairperson	<ul style="list-style-type: none"> • CA(SA)
Ms Rofhiwa Singo	7	Community Organisation	<ul style="list-style-type: none"> • Chartered Global Management Accountant (ACMA, CGMA) Associate General Accountant (AGA (SA)) • BCompt. Honors (CTA) BCompt • IAC higher certificate in accounting
Mr Peterson Khumalo	7	Organised Employer	<ul style="list-style-type: none"> • BCom • PGDip Accounting Registered Auditor CA(SA)
Mr Vernon Makaleni	7	Independent Member	<ul style="list-style-type: none"> • BCom (Accounting) • Master's in Public Administration (MPA) • Postgraduate Diploma: Management (Specialising in Corporate Governance) • Management Advancement Programme (MAP) Certified Director
Adv. Matime Manasoe	7	Independent Member	<ul style="list-style-type: none"> • LL.M • Postgraduate diploma in drafting and interpretation of contracts • Advance certificate in construction contracts LLB
Mr John Raphela	7	Independent Member	<ul style="list-style-type: none"> • MBA • Prince2 Certification BSC Computer Science

Audit and Risk Committee



Ms Malande Tonjeni
*Independent
Chairperson*



Ms Rofhiwa Singo
*Accounting Authority
Member*



Mr Peterson Khumalo
*Accounting Authority
Member*



Mr Vernon Makaleni
Independent Member



Matime Manasoe
Independent Member



Mr John Raphela
Independent Member

5.6 Remuneration of Board Members

Board members and independent members of the ARC were remunerated in line with the AA and Committees Remuneration Policy as informed by the National Treasury and DHET guidelines. Board meetings were remunerated at a daily rate aligned to Category S. Board members were also reimbursed for out-of-pocket expenses.

Table 9: Board Remuneration and Disbursements for the Financial Year ended 31 March 2023

Name of Member	Board and Committees Remuneration	Other Disbursements
Ms Lynette Ntuli	132 158,24	663,43
Ms Mamatshililo Nhlapo	171 770,20	1 510,64
Ms Rofhiwa Singo	139 080,00	678
Mr James Maboja	147 628,40	519
Mr Xola Lingani	138 918	0
Mr Metuse Mbaso	217 313,93	3 902,92
Ms Thandi Masemola	336 066,62	1 729,06
Mr Nthato Mapiloko	239 449,10	5 452,99
Ms Tlakale Phatlane	219 902,88	9 689,72
Mr Bongani Mathibela	271 714,46	1 539,78
Ms Malebo Magasa	134 209	328
Ms Mopo Mushwana	298 360,80	5 589,78
Ms Angel Nyathela-Mahanjana	159 798	0
Ms Pumla Ngwenya	104 126,04	0
Mr Peterson Khumalo	169 980	0

6. RISK MANAGEMENT

FASSET has and maintains an approved risk management policy, enterprise-wide risk management framework, risk appetite and tolerance statements which are regularly reviewed. These documents provide a standard guide on how enterprise-wide risk management is rolled out throughout FASSET.

The policy statement clarifies that the Board, along with its Executives and Management, recognises that risk management is a critical management tool for ensuring the achievement of objectives or outcomes and ultimately delivering on its mandate.

Risk assessments are conducted annually and reviewed quarterly, and as part of the review process emerging risks are identified. A Risk Management Committee (RMC), which focusses on risk management and compliance matters, is in place and meets quarterly. The RMC is chaired by an independent non-executive member reporting to the ARC.

The ARC with independent non-executive members is in place. The Committee provides an oversight function on behalf of the Board to assess the effectiveness of the risk management process. Risk management and a compliance implementation plan was developed and approved for the period under review. This plan guided risk and compliance activities. Quarterly risk and compliance progress reports are tabled at the RMC for consideration and recommendation to ARC for review and approval.

7. RISK MANAGEMENT COMMITTEE

The RMC assists the Board in fulfilling its risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles.

The RMC is chaired by an independent and non-executive member of ARC, Mr Vernon Makaleni. The chairperson is remunerated in terms of the National Treasury Board remuneration guidelines. RMC meetings were held quarterly during the reporting period.

The committee is composed of the following members:

- Independent Chairperson;
- Chief Executive Officer;
- Chief Operations Officer;
- Chief Financial Officer;
- Chief Information Officer;
- Director: Research;
- Director: Corporate Services;
- Company Secretary;
- Executive Manager (CEO's office)
- Legal Manager; and
- Audit, Risk and Compliance Manager.

Any other person who may be co-opted to provide specialist skills and advice is invited.

During the period under review, the following activities were undertaken and demonstrated the commitment of the RMC to achieving its mandate:

- Reviewed the RMC Charter and recommended to ARC for consideration and approval;
- Developed and implemented RMC work plan;
- Evaluated the effectiveness of the RMC and developed an action plan to address identified gaps;
- Reviewed the Risk Management (including BCM) and compliance policies and plans and submitted to ARC for review and recommendation to Board for approval;
- Reviewed FASSET's risk identification and assessment methodologies and obtained reasonable assurance of the completeness and accuracy of the risk registers;
- Received and considered regular reports in relation to risk-management and compliance-related activities from the Audit, Risk and Compliance department. These reports reflected on strategic, operational, and fraud-related risks;
- Reviewed the strategic, operational and fraud risk registers and submitted to ARC for review and recommendation to Board for approval; and
- Reviewed Compliance Regulatory Universe, CRMPs, Policy Universe Register, Compliance Monitoring reports, checklists and recommended to ARC for approval.

The main responsibilities of the committee include, among others, the following:

- Developing policies and procedures related to risk management;
- Evaluating the effectiveness of mitigating strategies to address the material risks of FASSET;
- Reviewing processes in place or recommend processes to enable complete, timely, relevant, accurate and acceptable risk disclosure;
- Reporting to the ARC any material changes to the risk profile of FASSET;
- Reviewing the Fraud Prevention Policy for recommendation to the ARC and approval by the Board;
- Evaluating the effectiveness of the implementation of the Fraud Prevention Policy;
- Reviewing policy documents which should incorporate compliance with laws, regulations, ethics, policies and procedures, rules regarding conflict of interest; and
- Reviewing any material findings and recommendations by assurance providers on the system of risk management, and monitor that appropriate action is instituted to address the identified weaknesses.

8. Internal Audit FUNCTION

Internal Audit is an independent function governed by an Internal Audit charter, approved by the ARC. The Internal Audit charter defines the role, organisational status, authority, responsibilities and scope of the Internal Audit activity. Internal Audit assists FASSET to accomplish its objectives by bringing a disciplined, systematic approach to evaluating and improving the effectiveness of risk management, internal controls and governance processes.

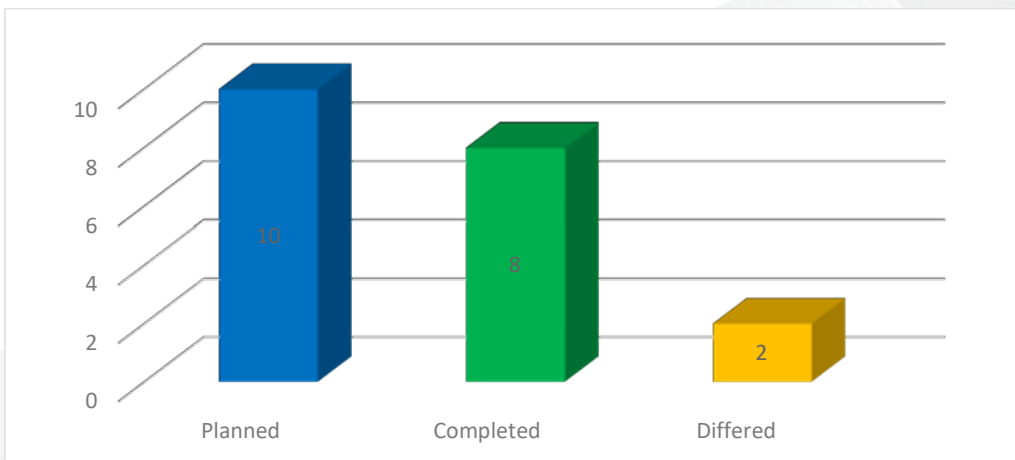
FASSET's Internal Audit function is outsourced to Ntumba and Associates Consulting for the duration of the period under review. The Internal Audit function reports administratively to CEO and functionally to the ARC. The following Audits were undertaken in the 2022/23 Financial Year:

- Audit of Predetermined objectives (AoPo Q2 & 3).
- Projects Quality Assurance Department (Discretionary Grants Process)
- Discretionary Grants Projects Site Visits
- Marketing and Communication
- Human Resources Management Review.
- ICT Data Migration Process
- ICT Application Controls Review
- Corporate Governance Reviews
- Data Migration reviews
- Follow up on prior year Audit findings.

The following planned Audits were deferred to the next Financial Year 2023/24:

- Business Continuity Management
- Finance department

Planned vs Completed Audits



9. COMPLIANCE WITH LAWS AND REGULATIONS

FASSET reviews its regulatory environment on a regular basis and has developed and approved a Compliance Regulatory Universe for all applicable laws and regulations.

CRMPs are completed before actual monitoring and PFMA compliance checklists are completed and presented to ARC quarterly before submission to the relevant stakeholders. During the period under review, FASSET complied with all laws and regulations impacting its operations.

In terms of B-BBEE, to improve the scorecard, FASSET is taking an active role in performing activities that will improve the B-BBEE level.

10. FRAUD AND CORRUPTION

The Fraud Prevention Plan was developed within the context of the Risk Management Framework with the aim of reducing fraud. Various measures have been implemented to prevent fraud. These include:

- Authorisation;
- Custody of assets;
- Detection controls;
- Physical supervision;
- Management information;
- Segregation of duties; and
- Physical security and information security.

The Fraud Prevention Policy includes response mechanisms to report, investigate and resolve incidents of fraud impacting FASSET. An outsourced service provider maintains a fraud reporting hotline, where employees and stakeholders report incidents of corruption, fraud and unethical practices within the workplace. Monthly reports from the hotline service provider are dealt with confidentially in line with the approved internal policy for handling fraud allegations. FASSET also has a Whistle-blowing Policy in place to encourage anonymous reporting of any possible fraudulent or corrupt activities without the fear of victimisation. During the 2022/23 Financial Year, FASSET did not receive any reports of internal or external corruption or fraud.

11. MINIMISING CONFLICT OF INTEREST

FASSET abides by the following principle: A constituent, representative or employee of FASSET who is directly or indirectly interested in any business of FASSET or the committee of which he/she is a member, or who holds any office, or possesses any property that might cause a conflict of interest or duties or such possible perception, must:

- Declare such interest or potential conflict of interest;
- Disclose, in writing, to the Board and CEO (in the case of an employee) any conflict of interest or duties, or possible perception of such, as soon as practicable after he/she becomes aware of the relevant facts and shall not participate in the discussion or of the decision taken; and

- Not take part in any transaction between FASSET and any company, firm or enterprise in which he/she, or any member of his/her family, has an interest, without declaring such interest and having been specifically authorised by the Board to take part in the transaction.

All disclosures made to a meeting of the Board, and related decisions and motivations, are recorded in the minutes of the meeting.

12. CODE OF CONDUCT

FASSET is committed to a policy of fair dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that FASSET's affairs should be conducted honestly, fairly, ethically and legally. FASSET expects all constituencies, representatives and employees to share in its commitment to high moral, ethical, governance and legal standards and be aware of and adhere to FASSET's Code of Conduct. Procedures are in place to deal with any breach of the Code of Conduct.

13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

One of the priorities at FASSET is the health and safety of our employees, having charted through the challenging period of COVID 19 more health and safety programmes were introduced for our internal staff. Workplace safety training was conducted during this fiscal year and an emergency coordinating team was set up; more trees were planted in our premises in the effort to combat climate change.

We are slowly transitioning into the digital world by centralising and digitalisation of records management meaning less printing paper will be used and a cleaner eco-friendly environment. All the occupational health and safety (OHS) requirements such as conducting fire drills, staff training, continuous risk assessment to maintain a safe work environment have been met.

14. COMPANY SECRETARY



Mapula Thebethe
Company Secretary

The Board is cognisant of the duties of the Company Secretary and an environment exists in which the Company Secretary can ensure full adherence to Board procedures and relevant regulations. The main role of the Company Secretary is to provide guidance on Board members' fiduciary responsibilities and duties, as well as corporate governance procedures.

15. SOCIAL RESPONSIBILITY

The PFMA precludes public entities from using public funds to support corporate social responsibility (CSR) initiatives. FASSET's CSR initiatives are, therefore, staff-driven and voluntary in line with its commitment to making a difference, however slight, in the communities in which it operates.

16. Audit AND RISK COMMITTEE REPORT

Report of the Audit and Risk Committee (ARC) in terms of Regulations 27 (1)(10)(b) and (b) of the Public Finance Management Act (PFMA). We are pleased to present our report for the Financial Year ended 31 March 2023.

During the period under review, the following activities were undertaken and demonstrate the commitment of the ARC to achieving its mandate:

- Reviewed the ARC Charter;
- Considered and approved the Risk Management Committee Charter;
- Considered and approved the strategic and operational risk registers as part of the risk management processes;
- Considered and approved the Internal Audit plan and monitored implementation thereof through the quarterly progress reports and made recommendations as appropriate;
- As part of the management of compliance with laws and applicable legislation, the Committee introduced a compliance checklist to assist the organisation to monitor compliance with the organisation's regulatory universe, statutory reporting, and organisational policies;
- Conducted separate informal meetings with Management, internal and external Audit;
- Considered reports from internal and external Audit including Audit plans, reports, and Management's follow-up of matters requiring attention; and
- Provided guidance on the development of the ICT governance framework and policies.

16.1 Audit and Risk Committee Responsibility

The ARC reports that it has complied with its responsibilities arising from Section 51 (1)(a)(iii) and 76 (4)(d) of the Public Finance Management Act and Treasury Regulation 27.1.7 and 27.1.10(b) and (c).

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

The ARC has oversight responsibilities for financial management, internal controls, management and monitoring of the risk management policy and planning, compliance with laws, regulations, and ethics, accounting and financial reporting, internal and external Audit functions, and ICT governance.

The ARC developed an annual work plan that assisted in carrying out its responsibilities and monitoring progress thereto. The ARC is accountable to the AA (Board) and has reported to the Board every quarter on how it discharged responsibilities contained in its charter, which, among others, act as an oversight function for:

- Financial management;
- ICT governance;
- Risk management and Internal Audit;
- Compliance with laws, regulations, and good ethics;
- Reporting practices;
- External Audit; and
- Considered hotline services reports and established whether appropriate action was taken by Management.

Composition

The ARC is made up of four independent members and two Board representatives. The collective skills and expertise of the members of this Committee include extensive knowledge and expertise in public sector accounting, GRAP standards, the PFMA, National Treasury Regulations, ICT governance, King IV, etc.

Table 10: Audit and Risk Committee attendance 2022/23

Name	Number of meetings attended	Date appointed	Constituency
Ms Malande Tonjeni	7	01 September 2020	Independent Chairperson
Ms Rofhiwa Singo	7	01 September 2020	Community Organisation
Mr Peterson Khumalo	7	01 September 2020	Organised Employer
Mr Vernon Makaleni	7	01 September 2020	Independent Member
Adv. Matime Manasoe	7	01 September 2020	Independent Member
Mr John Raphela ¹	7	01 November 2021	Independent Member

¹ Appointed onto the Committee November 2021
Please refer to page 82 for AA remuneration.

Table 11: Audit and Risk Committee Remuneration Rate in 2022/23

Designation	Preparation fee/Meeting attendance
Chairperson	R11 098
Member	R8 634

16.2 The Effectiveness of Internal Control

In line with the PFMA, Internal Audit is expected to provide the ARC and Management with the assurance that the internal controls are appropriate and effective. This is to be achieved through the risk Audit-based process, the identification of corrective actions, and suggested enhancements to controls and processes.

The Internal Audit function provided status progress reports every quarter to the Committee. The progress reports provided status updates on the implementation of the Audit plan, some Audit findings, and status updates on the implementation of recommendations.

Our review of the findings raised by Internal Audit, revealed certain weaknesses, which were then raised with the SETA.

The Internal Audit function provided reasonable assurance on the effectiveness and efficiency of governance, risk management, and control processes. It highlighted that the overall control environment needs improvement

having identified some practices that do not comply to set policies, in some instances the entity policies were not adequate to address key risks. These mainly related to the IT data migration process. Prompt corrective action would be implemented to address the weaknesses to strengthen the control environment.

Activities in the organisation are governed by written policies and procedures that are reviewed and approved by the relevant governance committees. Management and employees monitor these controls throughout the organisation with the necessary delegation of authority and segregation of duties. The areas of concern relate to some practices that do not comply with set policies and, in some instances, policies were not adequate to address key risks.

The Internal Audit work conducted during the year focused on the following:

- Audit of Predetermined objectives;
- Discretionary Grants Projects Site Visits;
- Marketing and Communication;
- Human Resources Management Review;
- ICT Data Migration Review;
- ICT Application Controls Review;
- Corporate Governance Reviews;
- Follow up on prior year Audit findings.

16.3 In-year Management and Monthly/Quarterly Report

FASSET has submitted monthly and quarterly reports to the Executive Authority.

16.4 Evaluation of Annual Financial Statements

The ARC has:

- Reviewed the report of the AGSA (Auditor-General of South Africa) on the Audited Annual Financial Statements to be included in the Annual Integrated Report;
- Reviewed the Auditor-General's Management letter and Management's response thereto;
- Reviewed significant adjustments resulting from the external Audit; and
- Reviewed and adopted the Auditor-General's report.

16.5 Auditor's Report

AGSA considered internal control relevant to the Audit of the Financial Statements, reported performance information and compliance with applicable legislation and did not identify any significant deficiencies in internal control.

In the AGSA's opinion, the Financial Statements present fairly, in all material respects, the financial position of the Finance and Accounting Services Sector Education and Training Authority as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA). The Committee welcomes improvement of the Audit outcome and the AG's clean Audit opinion on the Audited Financial Statements and performance information.

M. Tonjeni

Ms Malande Tonjeni CA(SA)
Chairperson of the Audit and Risk Committee

31 July 2023

17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Table 12: Application of Relevant Code of Good Practice (B-BBEE Certificate Levels 1–8)

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1–8) with regards to the following:		
Criteria	Response Yes/No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	FASSET does not issue licenses, concessions or authorisations.
Developing and implementing a preferential procurement policy?	Yes	The Supply Chain Management policy is in place and covers the preferential procurement requirements.
Determining qualification criteria for the sale of state- owned enterprises?	No	Not applicable.
Developing criteria for entering partnerships with the private sector?	No	FASSET has opened a window inviting employers, government-related entities including local municipalities, NGOs, higher learning institutions, e.g. universities, TVET Colleges to apply to and partner with interventions that are linked to national priorities or the needs from the finance and accounting sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	FASSET has prioritised SMMEs in terms of allocations and employers where the B-BBEE level was sitting at a rating of 1 to 4.



The background is a complex collage. The top left shows several coins, including a US quarter with the text 'QUARTER DOLLAR' and 'LIBERTY BELL'. Below the coins is a view of Earth from space. The bottom right features a low-angle shot of a modern skyscraper with a glass facade. The entire composition is overlaid with a dark blue gradient and a large white chevron shape pointing downwards.

PART

**HUMAN
RESOURCE
MANAGEMENT**

D

1. HUMAN RESOURCE OVERSIGHT STATISTICS



Thulile Khanyile
Human Resources Manager

Human Resources

The FASSET strategy and skills development initiatives are aligned with national imperatives, including the Human Resources Development Strategy for South Africa, and support its goals and objectives, the Medium-Term Strategic Framework, the NSDP and the White Paper for PSET. Taking into account the profile of the Financial and Accounting Services sector, which does not reflect the demographics of the country, FASSET has aligned its strategy and skills development priorities to transformation charters such as the Financial Sector Charter, which seeks to increase the participation of African Black people and people with disabilities into our sector.

Value Proposition

The FASSET Human Resource function continued with its mission to support the FASSET staff with various initiatives, some new and others enhanced for bigger impact. The wellness programme was a highlight

once again, thereby ensuring that individuals were presented with all the support they need to enhance their skills and become part of a high-performance culture. To strengthen staff morale, a Wellness Day was hosted to engage internal stakeholders. Awareness was focussed on topics such as: HIV testing, cholesterol and prostate cancer to name a few.

The FASSET digital platforms are also utilised to disseminate information regarding health matters such as workplace stress which can have a negative effect on the performances of personnel.

The year under review also saw a heightened focus on training for the staff in various soft skills that enhanced their communication capabilities which added value to stakeholder relations, other topics contributed towards their knowledge and expertise in operating within a working environment. This was provided through a third party and contributed greatly to staff embracing skills transfer. FASSET continues to use a hybrid working model as a solution to the shortage of office space therefore staff works on a rotational basis from home with online assistance from ICT, through the provision of laptops, data, a server, etc. With regard to training and developing of staff, internal as well as formal education opportunities, the target for the reporting year was 80% and a success rate of 92% was achieved.



FASSET 2022/23 Intern intake

A new internship policy was also proposed, accepted and implemented. Tying in with its mandate and contributing towards decreasing the high unemployment rate, FASSET successfully offered work base training to a total of 20 of interns in this reporting year. The internship categories included the TVET Work-Based Experience Programme where TVET learners with an N6 in Management were offered the opportunity to complete their 18 months at FASSET. The other category was the higher education and training (HET) internship which offers experiential learning to undergraduates.

Other Interventions and Highlights

- FASSET established the women’s and men’s forums where the committees will engage on socio-economic matters of grievance concern. This will work as an outlet for staff.
- To promote a healthy workforce and creative outlet, it was also decided that FASSET would establish a soccer team, netball team and choir which will commence in the 2023/24 Financial Year.
- FASSET ensured that staff celebrated key calendar days such as Heritage Day where staff dressed in traditional attire and brought a dish from their chosen tribe for all to enjoy.



Mr Njabulo Mabuza

I graduated with an Advanced Diploma in Financial Management in 2020 and joined the FASSET team as an Intern in February 2022 after participating in a TV Show called The Chair. The journey has been spontaneous and challenging, but because of hard work and dedication I was permanently employed as a Learnership Administrator at FASSET as of 1 October 2022. Through the projects and wellness activities provided by FASSET, I strongly believe that I have received the support and motivation to assist the company in adding value and making the future count. *Working as a FASSET Intern was inspiring, motivating and encouraging. I was reporting to my line manager who is also my mentor – Ms Mamarothi Mathibe, FASSET Programme Manager.*

The journey was incredibly challenging, however through mentorship, support and coaching from all departments within FASSET, I overcame all the obstacles, difficulties and made my future count.

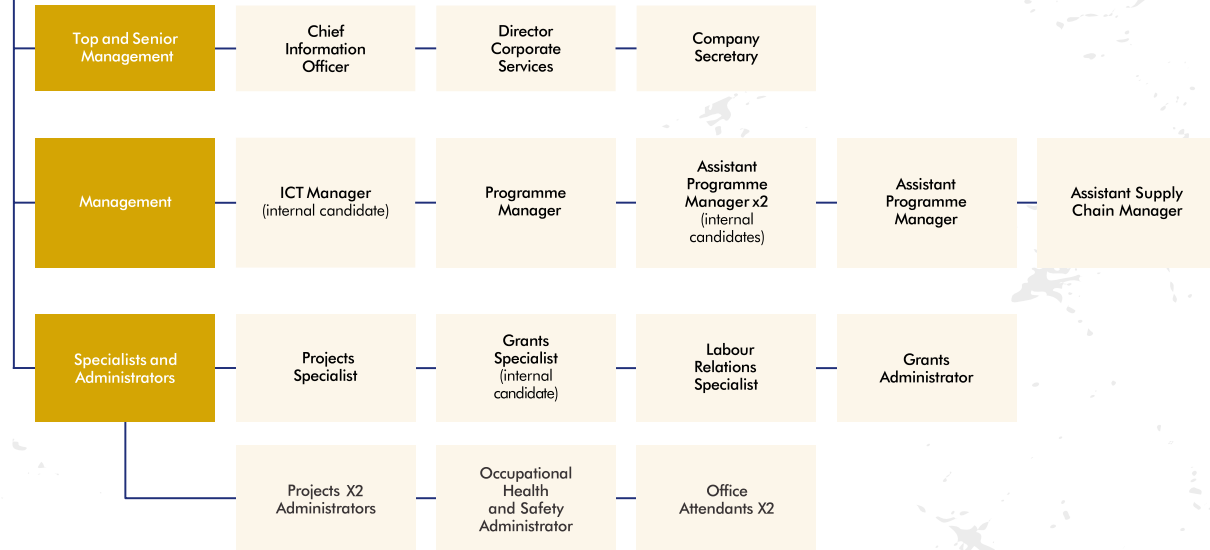


Ms Silindile Zulu

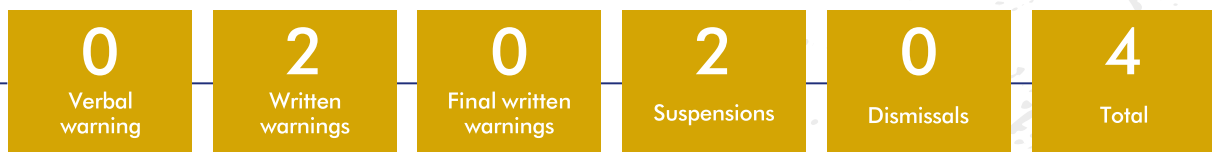
My name is Silindile Zulu and I graduated with a BCom Accounting degree in 2020. I joined FASSET in March, 2022 as a Programmes Quality Assurance (PQA) Administrator Intern and on 1 October I was permanently employed as a Learnerships Administrator. My journey with FASSET has been incredible. I have gained many skills from my colleagues and improved a lot on my negotiating and problem-solving skills, as we deal with that on a day-to-day basis with stakeholders.

Working at FASSET, gave me the experience of working in a good environment as everyone is welcoming and always willing to assist. The mental health awareness campaigns that FASSET hosts help us a lot as we learn how to cope under stressful working conditions. The workshops that are usually organised by the Human Resources department really helps with career development.

RECRUITMENT



LABOUR MATTERS



EDUCATION AND TRAINING DEVELOPMENT



1. HUMAN RESOURCE OVERSIGHT STATISTICS

1.1 Personnel-related Expenditure

Table 13: Personnel cost by programme/activity/objective

Programme/activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee (R'000)
Administration	72 861	29 672	4,7	44	674
Skills Planning	68 965	16 191	0,3	30	539
Learning Programmes	479 629	1 786	2,6	3	595
Quality Assurance	4 250	1 597	0,3	4	399
Total	625 705	49 247	7,9	81	2 208

Table 14: Personnel cost by salary band

Level	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee (R'000)
Top Management	8 707	1,4	4	2 176
Senior Management	3 273	0,5	3	1 091
Managers	15 856	2,5	17	932
Professional qualified	684	0,1	1	684
Skilled	10 741	1,7	23	467
Semi-skilled	9 333	1,5	30	311
Unskilled	651	0,1	3	217
Total	49 247	8	81	5 880

1.2 Performance rewards

The 2022/23 Financial Year bonuses will be finalized in the third quarter of 2023/24 Financial Year pending the Moderation Committee decisions and Board Approval.

1.3 Training

FASSET stepped-up ongoing learning and development, providing training to all employees resulting in an achievement of 92% target.

Table 15: Training costs

Activity	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee (R'000)
Training Implementation Plan	62 553	1 331	2%	118	11

1.4 Employment and Vacancies

Table 16: Employment and vacancies by programme/activity/objective

Programme/activity/objective	2021/22 No. of employees	2022/23 Approved posts	2022/23 No. of employees	2022/23 Vacancies	% of Vacancies
Administration	21	55	42	13	24%
Skills Planning	10	7	3	4	57%
Learning Programmes	29	28	25	5	18%
Quality Assurance	5	4	3	1	25%
Total	65	94	73	23	24%

The totals in Table 16 exclude 10 HET interns recruited in the period.

Table 17: Employment and vacancies by salary band

Level	2021/22 No. of employees	2022/23 Approved posts	2022/23 No. of employees	2022/23 Vacancies	% of Vacancies
Top Management	4	5	2	3	60%
Senior Management	3	3	2	1	33%
Managers	11	19	17	2	11%
Professional qualified	1	2	1	1	50%
Skilled	21	30	22	8	27%
Semi-skilled	22	32	25	6	19%
Unskilled	3	3	3	0	0%
Total	65	94	73	21	22%

The totals in Table 17 exclude ten HET interns recruited in the period.

1.5 Employment Changes

Table 18: Employment changes by salary band

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	0	2	2
Senior Management	3	0	1	2
Managers	11	7	1	17
Professional qualified	1	0	0	1
Skilled	21	9	8	22
Semi-skilled	22	10	6	26
Unskilled	3	0	0	3
Total	65	26	17	73

FASSET had 26 new appointments, eight promotions, and seven new HET interns.

Table 19: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	9	12%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	1	1%
Total	10	13%

Table 20: Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	2
Final written warning	0
Suspensions	2
Dismissal	0
Total	4

1.6 Equity Target and Employment Equity Status

Table 21: Male staff by salary band

Level	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	1	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Managers	9	0	0	0	0	0	1	0
Professional qualified	0	0	0	0	0	0	0	0
Skilled	10	0	0	0	0	0	0	0
Semi-skilled	12	0	0	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
Total	33	0	0	0	1	0	1	0

Table 22: Female staff by salary band

Level	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0
Manager	7	0	0	0	0	0	0	0
Professional qualified	1	0	0	0	0	0	0	0
Skilled	12	0	1	0	0	0	0	0
Semi-skilled	12	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	35	0	1	0	0	0	0	0

Table 23: Disabled staff by salary band

Level	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	1
Skilled	0	0	0	0
Semi-skilled	0	0	1	0
Unskilled	0	0	1	0
Total	0	0	2	1

The background is a complex collage. The top left shows several coins, including a US quarter with 'LIBERTY' and 'IN GOD WE TRUST' visible. The bottom left features a satellite-style view of Earth's surface. The bottom right shows a low-angle view of a modern skyscraper with a glass facade. The entire composition is set against a dark blue background with white geometric shapes, including a large downward-pointing chevron and a large outlined 'E' on the right side.

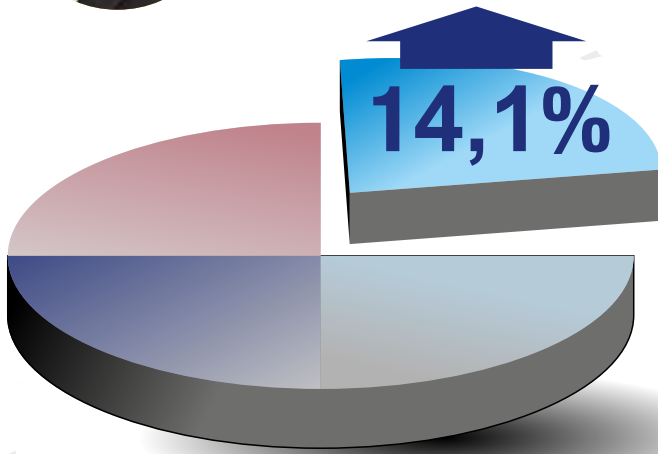
PART

FINANCIAL
INFORMATION

E



Raymond Mulovhedzi
Financial Manager



Revenue has been higher than expected in the fourth quarter with the actual received revenue of

R 762 Million

being 14.1% higher than budget.



The total grant expenditure for the 2022/23 financial period was

R548 Million

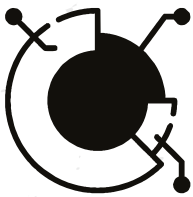
As a result, the net surplus for the period is R 136 Million.



The commitment balance as at the end of the financial period is

R726 Million

which is 90% of the current accumulated surplus.



Asset balances, R 1010 Million of which

R1002 Million

is bank and cash balances.



Unqualified audit with no material adjustments (Clean audit) for 2 consecutive years.



R207 Million

liabilities recognised at the end of the financial period.

Highlights

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Statement of Responsibility

The Accounting Authority is responsible for the preparation of FASSET's Audited Annual Financial Statements and for judgements made in compiling this information.

It is responsible for establishing and implementing a system of internal control to provide reasonable assurance as to the integrity and reliability of the Audited annual financial statements.

In our opinion, the Audited Annual Financial Statements fairly reflect the operations of FASSET for the reporting period ended 31 March 2023.

The Audited Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Audited Annual Financial Statements set out on page 112, which have been prepared on the going concern basis, were approved by the Board on 31 July 2023 and were signed on its behalf by:



Bongani Mathibela
Interim Chairperson



Ayanda Mafuleka CA (SA)
CEO

Report of the Auditor-General to Parliament on the Financial and Accounting Services Sector Education and Training Authority

Report on the Audit of the Financial Statements

Opinion

1. I have Audited the Financial Statements of the Financial and Accounting Services Sector Education and Training Authority (FASSET) set out on pages 112 to 153, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget actual amounts for the year then ended, as well as notes to the Financial Statements, including a summary of significant accounting policies.
2. In my opinion, the Financial Statements present fairly, in all material respects, the financial position of the FASSET as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for Opinion

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

Emphasis of Matter

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

Restatement of Corresponding Figures

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

Other Matter

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

Retention of Surplus

9. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R662 603 000, for the Financial Year 2021 – 22, disclosed in note 26. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the Financial Statements.

Report of the Auditor-General to Parliament on the Financial and Accounting Services Sector Education and Training Authority

Report on the Audit of the Financial Statements

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

10. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022—23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior Financial Years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual Financial Statements. Only the current year and prior year figures are disclosed in note 28 to the Financial Statements of FASSET. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the Annual Financial Statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the Annual Report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the Accounting Authority for the Financial Statements

11. The accounting authority is responsible for the preparation and fair presentation of the Financial Statements in accordance with the standards of GRAP and the requirements of the PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the Financial Statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the Audit of the Financial Statements

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

Report on the Audit of the Annual Performance Report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must Audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the Annual Performance Report. The accounting authority is responsible for the preparation of the Annual Performance Report.

Report of the Auditor-General to Parliament on the Financial and Accounting Services Sector Education and Training Authority

Report on the Audit of the Financial Statements

16. I selected the following programmes presented in the Annual Performance Report for the year ended 31 March 2023 for Auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Skills Planning	51	To establish an effective mechanism for skills planning and research. It is responsible for researching skills needs within the sector and developing the SSP that guides skills development priorities for the finance and accounting sector; as well as informing the SETA's SP and APP
Programme 3: Learning Programme and Projects	53	The learning programmes and projects programme is focused on enabling and enhancing skills development in and for the finance and accounting sector in partnership with relevant stakeholders. It also aims to promote the finance and accounting sector as a preferred career choice for new entrants into the labour market. Through targeted funding of skills interventions, the SETA expects to transform the finance and accounting profession and sector

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

Report of the Auditor-General to Parliament on the Financial and Accounting Services Sector Education and Training Authority

Report on the Audit of the Financial Statements

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

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

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 2: Skills Planning		
<i>Targets achieved: 83% Budget spent: 72%</i>		
2,5 Number of small firms WSP/ATR approved, and Mandatory Grant paid annually	600	596
Programme 3: Learning Programmes and Projects		
<i>Targets achieved: 89% Budget spent: 41%</i>		
3,13 Number of unemployed learners who complete qualification via bursary programme annually	250	228
3,19 Number of TVET students who complete a National Diploma internship annually	300	290
3.21 Number of small businesses supported through discretionary funding annually	700	78
3,30 Number of unemployed learners entering a bursary programme (continuing)	433	290

24. Reasons for the underachievement of targets are included in the Annual Performance Report on page 49 to 66.

Report on compliance with legislation

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

Report of the Auditor-General to Parliament on the Financial and Accounting Services Sector Education and Training Authority

Report on the Audit of the Financial Statements

Other information in the annual report

29. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the Financial Statements, the Auditor's Report and those selected programmes presented in the Annual Performance Report that have been specifically reported in this Auditor's Report.
30. My opinion on the Financial Statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an Audit opinion or any form of assurance conclusion on it.
31. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements and the selected programmes presented in the Annual Performance Report, or my knowledge obtained in the Audit, or otherwise appears to be materially misstated.
32. I did not receive the other information prior to the date of this Auditor's Report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this Auditor's Report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

33. I considered internal control relevant to my Audit of the Financial Statements, Annual Performance Report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
34. I did not identify any significant deficiencies in internal control.

Pretoria

31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Treasury regulations	Treasury reg 16A6.1; Treasury reg 16A3.2 (fairness); Treasury reg 16A3.2(a) and (b); Treasury reg R16A6.3 (a), (b) (c) & (e); Treasury reg 16A6.4; Treasury reg 16A6.5; Treasury reg 16A6.6; Treasury reg. 16A.7.1; Treasury reg. 16A.7.3; Treasury reg. 16A.7.6; Treasury reg. 16A.7.7; Treasury reg 16A8.3; Treasury reg.16A8.4; Treasury reg 16A9.1(b)(ii), (d), (e); Treasury reg 16A9.1(d), (e) & (f); Treasury reg 16A9.2(a)(ii); Treasury reg. 8.2.1; Treasury reg. 8.2.2; Treasury reg. 29.1.1(a) & (c); Treasury reg. 29.3.1; Treasury reg. 30.1.1; Treasury reg. 30.1.3(a), (b) & (d); Treasury reg. 30.1.3(b); Treasury reg. 30.1.3(d); Treasury reg. 30.2.1; Treasury reg. 31.1.2(c); Treasury reg. 31.2.1; Treasury reg. 31.3.3; Treasury reg. 33.1.1; Treasury reg. 33.1.3
PFMA instruction note no.3 of 2021/22	Par.4.1; Par.4.2(b); Par. 4.3; Par. 4.4 and; Par. 4.4(c), (d)
PFMA SCM instruction note 03 of 2021/2	Definition; par 4.1; par. 4.2 (b); par. 4.3 and 4.4; par. 4.4 (c); par. 4.4.(d); par. 7.2
SCM Instruction Note 02 of 2021/22	Par.3.2.1; Par.3.2.4; P ar. 3.3.1; par 4.1
SCM Instruction Note 3 of 2016	Note 3
SCM Instruction 3 of 2016	Note 6
National Treasury Instruction 01 of 2021/2022	Par. 4.1
Treasury Instruction note 11 of 2020/21	Par. 3.1; Par 3.4 (b); Par. 3.9

Legislation	Sections or regulations
National Treasury Instruction No. 5 of 2020/21	Par. 1; Par. 2; Par. 4.8; Par. 4.9; Par. 5.3
National Treasury Instruction 07 of 2017/18	Par. 4.3
National Treasury Instruction 4A of 2016/17	par 6
National Treasury Instruction note 4 of 2015/16	Par. 3.4
Practice Note 7 of 2009/10	Par 4.1.2
Practice Note 5 of 2009/10	Par.3.3
PFMA	PFMA 35(4); PFMA 38(1)(b); PFMA 44; PFMA 45(b); PFMA 51(1)(b)(ii); PFMA 51(1)(e)(iii); PFMA 52(b); PFMA 54(2)(c), (d); PFMA 57(b); PFMA 55(1)(a), (b); PFMA 55(1)(c)(i)
PPPFA	definition ““acceptable tender””; section 2(1)(a) and (b); Par. 2(1)(f)
Preferential Procurement Regulations 2011	Reg. 9(1), 9(5)
Preferential Procurement Regulations 2017	under functionality; Reg. 4(1), 4(2); Reg. 5(1), 5(3), 5(6), 5(7); Reg. 6(8); Reg. 7(8); Reg. 8(2), 8(5); Reg. 9(1); Reg. 10(1); Reg. 11(1);
Preferential Procurement reg 2022	Reg. 4(4)
CIBD Act	Section 18(1)
CIBD regulations	Reg. 17; Reg. 25(7A)
SBD	SBD 6.2 issued in 2015/16
SITA Act	Section 7(3)
Public Service regulation	Reg. 18(1), (2)
PRECCA	Section 34(1)
Grants regulations	GNR.990 2(1); GNR.990 3(3) & (4); GNR.990 4(3), (8); GNR.990 6(9)(iii);

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

Figures in Rand thousand

	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories		196	220
Receivables from exchange transactions	3	1	-
Receivables from non-exchange transactions	4	5 890	2 765
Cash and cash equivalents	5	1 002 357	1 059 668
Total current assets		1 008 444	1 062 653
Non-Current Assets			
Property, plant and equipment	6	4 440	3 356
Intangible assets	7	1 384	4 202
Total non-current assets		5 824	7 558
Total Assets		1 014 268	1 070 211
Liabilities			
Current Liabilities			
Operating lease liability	8	156	536
Payables from exchange transactions	9	3 910	5 324
Payables from non-exchange transactions	10	97 057	106 413
Provisions	11	106 098	287 557
Total current liabilities		207 221	399 830
Total Liabilities		207 221	399 830
Net Assets		807 047	670 381
Reserves			
Administration reserve	12	5 824	7 558
Mandatory reserve	12	680	548
Discretionary reserve	12	800 543	662 275
Net Assets		807 047	670 381

* See Note 31

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Performance

Figures in Rand thousand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Investment income	13	58 426	30 600
Profit on disposal of assets		25	25
Total revenue from exchange transactions		58 451	30 625
Revenue from non-exchange transactions			
Transfer revenue			
Levies	14	703 920	621 169
Other income	15	-	75
Total revenue from non-exchange transactions		703 920	621 244
Total revenue		762 371	651 869
Expenditure			
Employee related costs	16	(40 258)	(40 143)
Internal audit fees		(1 136)	(873)
External audit fees		(3 742)	(4 127)
Depreciation and amortisation		(4 361)	(1 886)
Lease rentals on operating lease		(3 162)	(3 221)
Impairment of receivables		(166)	-
Consulting and professional fees	17	(5 862)	(11 732)
Employer grant and project expenses	18	(548 595)	(530 987)
Other administration expenses	19	(18 423)	(18 015)
Total expenditure		(625 705)	(610 984)
Surplus for the year		136 666	40 885

* See Note 31

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Statement of Change in Net Assets

Figures in Rand thousand	Administration reserve	Mandatory reserve	Discretionary reserve	Total reserves	Total net assets
Balance at 01 April 2021	5 135	561	623 796	629 492	629 492
Changes in net assets					
Surplus for the year	-	-	-	-	40 885
Allocation of surplus for the year note 12	1 589	59 335	(20 039)	40 885	-
Excess reserves transferred to discretionary reserve	834	(59 348)	58 518	4	4
Total Changes	2 423	(13)	38 479	40 889	40 889
Restated* Balance at 01 April 2022	7 558	548	662 275	670 381	670 381
Changes in net assets					
Surplus for the year	-	-	-	-	136 666
Allocation of surplus for the year note 12	15 821	104 583	16 262	136 666	-
Excess reserve transferred to discretionary reserve	(17 555)	(104 451)	122 006	-	-
Net income (losses) recognised directly in net assets	(1 734)	132	138 268	136 666	136 666
Total recognised income and expenses for the year	(1 734)	132	138 268	136 666	136 666
Total changes	(1 734)	132	138 268	136 666	136 666
Balance at 31 March 2023	5 824	680	800 543	807 047	807 047

* See Note 31

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statements

Figures in Rand thousand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Levies, interest and penalties received		699 303	642 296
Interest income		58 426	30 600
		757 729	672 896
Payments			
Grants and project payments		(740 456)	(383 652)
Compensation of employees		(38 281)	(37 097)
Payments to suppliers		(33 700)	(39 603)
		(812 437)	(460 352)
Net cash flows from operating activities	20	(54 708)	212 544
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2 642)	(962)
Proceeds from sale of property, plant and equipment	6	39	50
Purchase of other intangible assets	7	-	(3 396)
Net cash flows from investing activities		(2 603)	(4 308)
Net increase/(decrease) in cash and cash equivalents		(57 311)	208 236
Cash and cash equivalents at the beginning of the year		1 059 668	851 432
Cash and cash equivalents at the end of the year	5	1 002 357	1 059 668

* See Note 31

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Interest received - investment	15 000	10 000	25 000	58 426	33 426 Note 25.1
Revenue from non-exchange transactions					
Transfer revenue					
Levies	601 297	41 613	642 910	703 920	61 010 Note 25.4
Expenditure					
Employee related costs	(41 092)	(3 639)	(44 731)	(40 258)	4 473
External audit fees	(3 215)	-	(3 215)	(3 742)	(527) Note 25.5
Internal audit fees	(820)	-	(820)	(1 136)	(316) Note 25.9
Depreciation and amortisation	-	-	-	(4 361)	(4 361) Note 25.2
Consulting and professional fees	(9 155)	2 505	(6 650)	(5 862)	788 Note 25.8
Lease rentals on operating lease	(3 949)	(1 683)	(5 632)	(3 162)	2 470 Note 25.7
Impairment of receivables	-	-	-	(166)	(166) Note 25.2
Employer grant and project expenses	(536 424)	(737 717)	(1 274 141)	(548 595)	725 546 Note 25.3
Administration expenses	(21 642)	(11 375)	(33 017)	(18 423)	14 594 Note 25.6
Total expenditure	(616 297)	(751 909)	(1 368 206)	(625 705)	742 501
Gain on disposal of assets	-	(700 296)	(700 296)	136 641	836 937
	-	-	-	25	25
Surplus for the year	-	(700 296)	(700 296)	136 666	836 962
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	(700 296)	(700 296)	136 666	836 962

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

Figures in Rand thousand	Note(s)	2023	2022
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1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999). Accounting policies are in accordance with the Skills Development Act, Act No 97 of 1998, as amended and the Skills Development Levies Act, Act No 9 of 1999, as amended.

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These audited annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

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

Receivable from exchange transactions

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

Receivables from non-exchange transactions

FASSET refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected employers being in excess of the amount FASSET would have granted to those employers had all information been available at the time of paying those grants. A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant over payment, net of bad debts and allowance for irrecoverable amounts.

Payables from exchange transactions

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

Payables from non-exchange transactions

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

Provisions

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

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

Item	Depreciation method	Average useful life
Office furniture and fixtures	Straight-line	10
Motor vehicles	Straight-line	5
Office equipment	Straight-line	5
Computer equipment	Straight-line	2
Leasehold improvements	Straight-line	Over the lease term
Infrastructure	Straight-line	

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and any impairment loss.

FASSET assess whether there is any indication that the expected useful life of the asset has changed based on the condition of the asset if it has improved or declined during the reporting period.

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

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

1.5 Intangible assets

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	2
Intangible assets under development	Straight-line	Over term of contract

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

Intangible asset under development will be amortised once completed and in-use.

Intangible assets are derecognised:

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

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.5 Intangible assets (continued)

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

Intangible assets are amortised on the straight line basis over their expected useful lives to their estimated residual value.

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

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.6 Financial instruments

Financial assets

All financial assets of FASSET are categorised at amortised cost. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise balances held at banks and deposits made with the Corporation for Public Deposits and are stated at amortised cost, which, due to their short-term nature, closely approximates their fair value.

Financial assets at amortised cost

Fasset classifies receivables from exchange and non-exchange transactions as financial assets at amortised cost and measures these using the effective interest method. These financial assets are not quoted in an active market and have fixed or determinable payments as defined in the standards of Generally Recognised Accounting Practice.

Interest income is recognised by applying the effective interest rate.

Effective interest method

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

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period.

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

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

Financial liabilities

All financial liabilities of FASSET are measured at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

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

Class	Category
Trade and payables	Financial liability measured at amortised cost

Other financial liabilities

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

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

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

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.7 Tax

Tax expenses

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

1.8 Leases

Operating leases - lessee

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

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Inventories consist of consumables on hand at the reporting date and are measured at cost. An individual inventory item whose cost does not exceed R1 000 is recognised as an expense in their year of acquisition

1.10 Employee benefits

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

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Termination benefits are recognised and expensed only when the company can no longer withdraw the offer of the benefits. 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.

FASSET provides for retirement benefits for all its permanent employees through a defined contribution scheme to the NMG Umbrella Smart fund that is subject to the Pension Funds Act, 1956 (Act No. 24 of 1956) as amended. In terms of the Pension Funds Act, 1956 (Act No. 24 of 1956).

1.11 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Fasset recognises a provision for the repayment of levies contributed by companies exempted from contributing skills development levy but continue to do so.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.11 Provisions and contingencies (continued)

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is (a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or (b) a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability

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; and

Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts are excluded.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.12 Inter-SETA transfers - Receivables/Payables

Inter-SETA transactions arise due to employer(s) requesting a transfer from one SETA to another SETA. The recognition criteria for inter-SETA transfers are aligned to the Standard Operating Procedure issued by the Department of Higher Education and Training.

Inter-SETA receivables

Inter-SETA receivables arise due to employer(s) requesting a transfer from another SETA to FASSET. A receivable is recognised together with an increase in revenue when the following criteria have been met:

- a) SARS has affected the transfer and DHET portal confirms the transfer.
- b) FASSET submitting a claim to the previous SETA (requesting transfer of current year levies).
- c) The previous SETA has not yet made a payment but confirms their obligation to transfer to FASSET; and
- d) The previous SETA has approved a WSP for the past scheme year and sent the confirmation to FASSET. In instances where any one of the criteria above is not met, the amount will be disclosed as a contingent asset as the transaction meets the definition. A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity.

Inter-SETA payables

Inter-SETA payables arise due to employer(s) requesting a transfer from FASSET to another SETA. A payable is recognised against a reduction in revenue when the following criteria have been met:

- a) SARS has affected the transfer and DHET portal confirming the transfer;
- b) Submission of claim to FASSET by the new SETA;
- c) FASSET has not yet made a payment but confirms their obligation to transfer to a new SETA; and
- d) FASSET has approved a WSP in relation to 2022/23 and sent a confirmation to the new SETA.

In the instance when any one of the above criteria is not met, then the amount will be disclosed as a contingent liability as it meets the definition of a contingent liability.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.13 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 Revenue from non-exchange transactions

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

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.14 Employee benefits (continued)

Non-exchange revenue transactions result in resources being received by the entity, usually in accordance with a binding arrangement.

When the entity receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that the entity will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to the entity are subject to the fulfillment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition. Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training (DHET) and contributions received from government departments for which Fasset qualifies as the line function SETA.

Adjustments to revenue already recognised, arise from the completion of a South African Revenue Services (SARS) internal review process, and/or the outcome of an external appeal or objection process undertaken by employer companies. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. Refunds are recovered directly from monthly revenues by SARS, and the SETA recognises revenue on net basis as and when it becomes receivable. The SETA has no access to or control to the appeal or review process carried on by SARS, and hence could not reasonably be expected to have access to reliable information at the initial stage of recognition. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process are therefore accounted for as a change in an accounting estimate, and not as a correction of an error.

Recognition

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

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

Levy income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), Act No 97 of 1998, as amended and in the Skills Development Levies Act (SDLA) Act No 9 of 1999, as amended.

In terms of section 3(1) and 3(4) of the SDLA, 1999 as amended, registered member companies of the entity pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collect the levies on behalf of the DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the SDLA (1999) as amended, effective 1 August 2005.

80% of Skills Development Levies (SDL) are paid over to Fasset (net of the 20% contribution to the National Skills Fund).

Revenue is adjusted for transfers between the Setas 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 most recent Standard Operating Procedure issued by DHET. SDL transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the Seta and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training makes an allocation to the entity, as required by Section 8 of the SDLA, 1999 as amended.

In terms of the DPSA circular, circular HRD 1 of 2013, all departments are required to set aside a minimum of 1% of the total department's annual personnel budget for training and development of its personnel and potential employees. 30% of this amount is appropriated to the Seta with which the department is affiliated. For departments belonging to more than one Seta the 30% levy is apportioned proportionally. FASSET receives contributions in this regard National and Provincial Treasuries.

Interest and penalties

Interest and penalties received on the SDL are recognised on an accrual basis.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.15 Investment income

Interest income from investments including Corporation for Public Deposits and cash held in current accounts, is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity

1.16 Comparative figures

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

1.17 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

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

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

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements.

The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register

1.19 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 or another entity are subject to common control. Only disclosed if not at arm's length

1.20 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.20 Events after reporting date (continued)

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.21 Reserves

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the SETA Grant Regulations as follows:

- Administration reserve
- Mandatory reserve
- Discretionary reserve
- Accumulated surplus

Employer levy payments are set aside in terms of the SDA (1998) and the Seta Grant Regulations for the purpose of:

Administration costs of the Seta	10.5%
Employer grant fund levy	20.0%
Discretionary grants and projects	49.5%
Contributions to the National Skills Fund	20.0%

Government department levy payments are set aside for the purpose of:

Administration costs of the Seta	33.3%
Discretionary grants and projects	66.7%

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

Surplus funds in the administration and unallocated funds in the employer grant reserves are moved to the discretionary fund reserve. Provision is made in the administration reserve equal to the book value of depreciable assets. Provision is made in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date.

1.22 Grants and project expenditure

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

Mandatory grants

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut off period and the application has been approved. The grants are equivalent to 20% of the total levies contributed by employers.

1.23 Grants

Mandatory grant payments

A liability is recognised for mandatory grant payments once the specific criteria set out in the Seta Grant Regulation have been complied with by member companies and it is probable that the entity will approve the grant application for payment. The liability is measured at estimated cash outflow as determined in accordance with the SDA (1998). This measurement involves an estimate, based on the amount of levies received.

Discretionary grant Payments

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Account Policies

1.23 Grants (continued)

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

Discretionary projects

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

Commitments as per the SETA Regulations are defined as contractual obligations that exist at the end of the financial year that oblige the SETA to make payments or agreement (written) with specific terms between a SETA and a third party whereby the third party undertakes to perform something in relation to a discretionary project for which a SETA will be obliged to make a payment against the discretionary grant.

Commitments are disclosed where the entity has, in the normal course of its operations, has issued an offer to contract or entered into a contractual agreement with entities related to project expenses which are yet due for payment. Additional text

Notes to the Audited Annual Financial Statements

Figures in Rand thousand 2023 2022

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> Guideline: Guideline on Accounting for Landfill Sites GRAP 25 (as revised): Employee Benefits iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction GRAP 104 (as revised): Financial Instruments 	<ul style="list-style-type: none"> Effective date not yet gazetted Effective date not yet gazetted Effective date not yet gazetted Effective date not yet gazetted 	<ul style="list-style-type: none"> Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact No impact-FASSET has no transactions that are affected by the suggested changes to this standard.
<ul style="list-style-type: none"> iGRAP 21: The Effect of Past Decisions on Materiality GRAP 1 (amended): Presentation of Financial Statements 	<ul style="list-style-type: none"> Effective date not yet gazetted Effective date not yet gazetted 	<ul style="list-style-type: none"> Unlikely there will be a material impact Unlikely there will be a material impact

3. Receivables from exchange transactions

Staff debtors	1	-
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Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
4. Receivables from non-exchange transactions		
Employer receivables	1 480	3 114
Provision for impairment of statutory receivables	(760)	(594)
Inter-seta Receivables	272	-
Prepayments- Projects	4 898	-
Discretionary Grants Receivables	-	245
	5 890	2 765

R 1 480 000 (2022: R3 114 000) was recognised as a employer receivables relating to the overpayment to the levy paying-employers in prior periods, as a result of levy income reversals done by SARS after the grants had been paid. Fasset refunds amounts to employers in the form of grants, based on information from DHET. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are in excess of the amount FASSET is permitted to have granted to employers. All of the amounts included in the receivable as a result of the overpayment are over 30 days and a provision has been raised per the analysis below

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
4. Receivables from non-exchange transactions (continued)		
Reconciliation of provision for impairment of employer receivables		
Opening balance	(595)	(670)
Provision for impairment	(165)	-
Unused amounts reversed	-	75
	(760)	(595)

The provision is raised for employers with a debit balance who cannot be traced and the amount has not changed over six months.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1	-
Bank balances - FNB current account	173 282	279 030
Reserve Bank (CPD account)	829 074	780 638
	1 002 357	1 059 668

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. FASSET invests surplus funds in line with the Treasury Regulations 31.3.3. During the current year funds were invested with the Corporation for Public Deposits. The average interest rate on funds held at the Corporation for Public Deposits was 6.03% (2022: 3.78%).

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

6. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office furniture and fittings	2 053	(794)	1 259	2 053	(596)	1 457
Motor vehicles	1 791	(121)	1 670	-	-	-
Office equipment	753	(659)	94	917	(761)	156
Computer equipment	4 274	(2 990)	1 284	4 061	(2 848)	1 213
Leasehold improvements	1 711	(1 578)	133	1 711	(1 181)	530
Total	10 582	(6 142)	4 440	8 742	(5 386)	3 356

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and fittings	1 457	-	-	(198)	1 259
Motor vehicles	-	1 791	-	(121)	1 670
Office equipment	156	21	-	(83)	94
Computer equipment	1 213	830	(14)	(745)	1 284
Leasehold improvements	530	-	-	(397)	133
	3 356	2 642	(14)	(1 544)	4 440

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and fittings	1 655	-	-	(198)	1 457
Office equipment	249	-	-	(93)	156
Computer equipment	1 048	962	(50)	(747)	1 213
Leasehold improvements	927	-	-	(397)	530
	3 879	962	(50)	(1 435)	3 356

Depreciation rates

Item	Depreciation method	Average useful life
Office furniture and fixtures	Straight-line	10
Office equipment	Straight-line	5
Computer equipment	Straight-line	3
Computer software	Straight-line	2
Leasehold improvements	Straight-line	Over the lease term
Intangible assets developed	Straight-line	Over the term of contract

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

7. Intangible assets	2023		2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	703	(653)	50	703	(553)	150
Intangible assets internally Generated	4 334	(3 000)	1 334	4 334	(282)	4 052
Total	5 037	(3 653)	1 384	5 037	(835)	4 202
Reconciliation of intangible assets - 2023						
Computer software			Opening balance			Total
Intangible assets internally Generated			150	(100)	50	
			4 052	(2 718)	1 334	
			4 202	(2 818)	1 384	
Reconciliation of intangible assets - 2022						
Computer software			Opening balance			Total
Intangible assets internally Generated			189	(168)	150	
			1 067	(282)	4 052	
			1 256	(450)	4 202	

Intangible assets in the process of being constructed or developed

Fasset was in the process of developing a cloud based system. All expenditure relating to System research phase has been expensed. All the cost incurred relating to development Phase has been capitalised according to GRAP 31. The system has been put into use on 01 November 2021.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand 2023 2022

8. Operating lease accrual

Current liabilities	156	536
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Lease payments under an operating lease were recognised as an expense in the statement of financial performance on a straight-line basis over the lease term in accordance with GRAP 13.

9. Payables from exchange transactions

Trade creditors	1 487	399
Accrued leave pay	1 718	2 110
Administration accruals	705	2 815
	3 910	5 324

10. Payables from non-exchange transactions

Skills development grants payable - mandatory *	13 552	59 795
Intersetia payables	-	149
Project accruals	67 466	40 339
Project creditors	4 626	1 799
Levy Creditors	8 123	4 331
DG accruals	3 290	-
	97 057	106 413

* Mandatory grants balance is lower than the prior financial year due to payments done in the current financial year.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

11. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for Discretionary grants - Employers	151 815	5 077	(140 309)	(11 506)	5 077
Provision for Discretionary grants - projects	116 102	36 411	(72 010)	-	80 503
Exempt employer provision	16 957	-	(1 492)	-	15 465
Bonus Provision	2 683	5 053	(2 683)	-	5 053
	287 557	46 541	(216 494)	(11 506)	106 098

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Provision for discretionary Grants LEG Grants	155 871	136 315	(140 371)	151 815
Provision for discretionary grants - projects	5 555	111 274	(727)	116 102
Exempt employer provision	13 928	3 029	-	16 957
Bonus Provision	-	2 683	-	2 683
	175 354	253 301	(141 098)	287 557

Provision for Discretionary grants - Employers

An amount of R 5 077 000 (2022 151 815 000) relates to leaner Employer Grants. Applications for 2023 were received and evaluated during the current financial year and the final approval was after year end.

Provision for Discretionary grants - Projects

An amount of R 80 503 000 : (2022 R 116 102 000) relates to Discretionary grants for the Bursary projects, which are still subject to verification.

Exempt employer provision

An amount of R15 465 000 (2022: R16 957 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing SDL due to legislation 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 employers remains with SARS.

In terms of Skills Development Circular No. 09/2013, issued by DHET on 25 August 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. These amounts have been transferred to the discretionary funds in line with the aforementioned circular

Bonus provision

An amount of R 5 053 000 (2022: R 2 683 000) relates to performance bonus which is payable to employees that are with FASSET for six months or more at year end and the company has achieved seventy percent or more on the Annual Performance Plan targets.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

12. Allocation to accumulated surplus

Current year - 2023

	Administration reserve	Mandatory reserve	Discretionary reserve	Total
Levies	92 931	173 549	437 440	703 920
Interest received -investments	-	-	58 426	58 426
Other income	-	-	25	25
Administration expenses	(77 110)	-	-	(77 110)
Contribution to insurance reserve	-	(68 966)	(479 629)	(548 595)
	15 821	104 583	16 262	136 666

Prior year -2022

	Administration Reserve	Mandatory reserve	Discretionary reserve	Total
Levies	81 586	152 620	386 963	621 169
Interest received-investments	-	-	30 600	30 600
Other income	-	-	100	100
Administration expenses	(79 997)	-	-	(79 997)
Employer grants and projects expenses	-	(93 285)	(437 702)	(530 987)
	1 589	59 335	(20 039)	40 885

13. Investment income

Interest revenue

Reserve Bank (CPD account)	48 436	28 879
FNB Current account	9 990	1 721
	58 426	30 600

14. Levies

Levy transfer: Employer grants	173 549	152 620
Levy transfer: Discretionary grants	433 196	380 702
Levy transfer: Administration	92 931	81 586
Levy penalties and interest	4 244	6 261
	703 920	621 169

15. Other income

Provision for bad debts adjustments	-	75
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Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
16. Employee related costs		
Basic salaries	28 974	31 619
Performance bonus-current year	5 415	2 086
Medical aid - company contributions	1 423	1 060
UIF	163	112
Workmens compensation	62	55
SDL	296	303
Leave pay accrual	(489)	249
Group life benefits	713	759
Post-employment benefits: Defined Contribution Plans ***	3 242	3 648
Leave paid -out	459	252
	40 258	40 143

***FASSET provides retirement benefits for all its permanent employees through a defined contribution scheme to the NMG Umbrella Smart fund that is subject to the Pension Funds Act, 1956 (Act No. 24 of 1956) as amended.

17. Consulting and professional fees

Consulting fees	45	15
Service provider fees	5 817	11 717
	5 862	11 732

18. Employer grant and project expenses

Mandatory grants	68 966	93 285
Discretionary grants	67 165	117 593
Project expenditure	412 464	320 109
	548 595	530 987

Amount of R 13 981 000 (2022 R 10 525 000) relating to the employee cost has been included under project expenditure as this costs relate to activities directly attributable to project expenditure.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
19. Other administration expenses		
Advertising and stakeholders engagement costs	592	297
Bank charges	71	85
Cleaning	-	1
Catering and refreshments	69	42
Committee costs and related costs	942	665
Committee travel costs*	1	-
Donations-CSI and BBBEE initiatives	332	-
Education and Training Quality Assurance (ETQA)	390	41
Insurance	520	316
IT expenses	1 216	24
Legal fees	2 042	767
Other expenses	1 337	836
Office maintenance	27	407
Postage and courier	21	9
Printing and stationery	120	212
Quality Council for Trades and Occupations (QCTO)	3 861	2 543
Recruitment costs	9	409
Repairs and maintenance	143	14
Research expenditure	532	2 094
Remuneration to members of the Accounting Authority	3 110	3 350
Staff welfare	-	20
Telephone	702	1 227
Training	1 332	1 024
Travel and accommodation	443	350
Water and electricity	591	519
Security services (VIP Protection)	20	2 763
	18 423	18 015
20. Cash (used in) generated from operations		
Surplus	136 666	40 885
Adjustments for:		
Depreciation and amortisation	4 361	1 886
Profit on disposal of assets	(25)	(25)
Impairment of receivables	166	(75)
Movements in operating lease liability	(380)	(131)
Movements in provisions	(181 462)	112 206
Changes in working capital:		
Inventories	24	(90)
Receivables from exchange transactions	(1)	276
Receivables from non-exchange transactions	(3 125)	18 097
Payables from exchange transactions	(1 414)	(1 328)
Payables from non-exchange transactions	(9 518)	40 843
	(54 708)	212 544

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

21. Commitments

Admin commitments

Office Rental	657	4 127
Service provider fees	2 769	7 515
Call Centre Solution	149	-
Car Tracker	18	-
Assesment Tools	71	-
Employee wellness	-	80
Water coolers	12	31
Storage	32	74
Infrastructure and Connectivity	587	1 025
Audit services	339	1 157
Travel agency	291	373
Fraud hotline services	67	118
Certificate printing	68	83
Telephones	-	87
	5 060	14 670

Discretionary projects

Bursary, Academic support 2022/2023 to be implemented in 2023/2024

University of KwaZulu Natal	3 120	-
University of South Africa	1 500	-
University of Free State	4 620	-
University of Johannesburg	3 120	-
University of Western Cape	2 701	-
University of Fort Hare	4 500	-
University of Limpopo	1 000	-
University of Venda	1 000	-
Sol Plaatjie University	1 000	-
Walter Sisulu University	1 000	-
Univesity of Pretoria	1 380	-
	24 941	-

FEMALE LEADERSHIP PROGRAMME

IWFSA	164 763	-
Wits	54 912	-
	219 675	-

PROFESSIONAL BODY PROGRAMME

SAIT	830	-
CIMA	1 250	-
	2 080	-

MATHS, ACCOUNTING AND ENGLISH PROGRAMME

ST Johns	1 296	-
Mamone Science Centre	1 845	-
Thandulwazi	1 701	-
	4 842	-

2022/2023 Discretionary special projects to be implemented in 2023/2024

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
21. Commitments (continued)		
TVET WBE Programme-2023/24	65 503	-
Public Sector Grant 2023/24		
North West Provincial Treasury	5 330	-
Eastern Cape Provincial Treasury	3 900	-
Limpopo Provincial Treasury	2 600	-
CSIR	1 040	-
SITA	37 800	-
	50 670	-
TOOLS OF TRADE		
TVETCGC	1 869	-
CET PROGRAMME		
Gauteng CET College	500	-
KZN CET college	600	-
	1 100	-
Special Projects 2023/24		
TVETCGC	30 384	-
Graca Machel Trust	14 844	-
Parkhomes	3 023	-
SAPCO	20 620	-
Blu Trust Foundation	24 000	-
IISA	2 000	-
IRBA	864	-
Youth Employment Services (YES) HET Work Programme	50 440	-
Youth Employment Services (YES) NSC Work Programme	14 006	-
	160 181	-
DIGITAL SKILLS PROGRAMME _ 2023/24		
Astute Training Incorporated	8 518	-
Bismuth Holdings (Pty) Ltd	1 000	-
KAELO COMPUTER TRAINING	500	-
MMC BUSINESS SOLUTIONS/Royal Knowledge Academy	4 333	-
Royal Knowledge Academy	1 000	-
Zikode Investments	2 511	-
Masithuthuke	2 486	-
	20 348	-
Bursary, Academic support and special projects 2021/2022 to be implemented in 2022/2023		
University of Witwatersrand	-	2 700
University of Cape Town	-	2 700
University of South Africa (UNISA)	-	2 700
University of Johannesburg	-	2 700
North West University	-	2 700
Nelson Mandela University	-	2 588
Pretoria University	-	2 700
University of Western Cape	-	4 500
University of Fort Hare	-	4 500
ISFAP	-	3 510
South African Institute of Chartered Accountants (SAICA)	-	19 800
The South African Actuaries Development Programme (SAADP)	-	16 670
University of Western Cape	-	8 108

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
21. Commitments (continued)		
Imbeleko Dr Seni Myeni Foundation	5 898	5 898
Thandulwazi Trust	3 264	3 502
KZN CET College	-	1 000
The Graduate Institute of South Africa	630	5 000
University of Witwatersrand	-	1 023
International Womens Forum SA	-	2 000
Business Development Centre of Excellence	-	1 600
Tshwane University of Technology	-	1 240
Association of Certified Fraud Examiners South Africa (ACFE SA)	-	2 400
International Business Training College (IBTC)	-	270
Institute for Risk Management South Africa (IRMSA)	-	3 144
Lagab Financial Services	-	1 325
Rossal No 98	-	286
SAIPA	-	3 600
Injeje consulting & training (Pty) Ltd	28 191	43 736
Institute of Management Accounting and Strategy	-	4 200
Spectrum	-	6 300
Muthelo College	-	2 450
North West Provincial Treasury	327	825
National Treasury	4 200	4 200
Office of the Premier Northern Cape	-	2 100
Matoto Technologies CC	-	6 000
Cloudseed (Pty) Ltd	-	24 000
TVET Lecturer Bursary	-	4 000
TVET Learner Bursary	-	1 200
South African Institute of Chartered Accountants (SAICA -MOU)	47 500	47 500
TVET college of Governors	-	6 000
Fumi & Mixo	22 846	-
St John College - Mthatha	2 007	-
TVET College Lecturer Bursary 2023	297	-
TVET College Learner Bursary _2023	3 316	-
University Learner Bursary (Internally managed bursaries with various Intitutions)_Ac Year 2023	16 483	-
	134 959	260 675
2021/2022 Discretionary special projects to be implemented in 2022/2023		
TVET WBE Programme 2022/2023	15 977	18 728
Youth Employment Services (YES) NSC Programme 2022/2023	-	7 072
Youth Employment Services (YES) HET 2022/2023	-	13 720
Non Government organisation	23 964	60 015
	39 941	99 535
2020/2021 Discretionary special projects to be implemented in 2021/2022		
Community Education and Training Support	-	552
Entrepreneurial 1	-	3 638
Entrepreneurial 2	-	429
TVET WBE Programme 2020 2021	-	19 942
Youth Employment Services (YES) NSC Programme	-	9 624
Small Business Learner Placement	-	2 454
Youth Employment Services (YES) HET	-	18 635
	-	55 274
2020/2021 Bursary, Academic support and Special projects to be implemented in 2021/2022		
UJ-ETDP SETA	-	1 917
The Tax Faculty NPC-WITS Tax Professionals	-	30
The Tax Faculty NPC-lthuba III	-	235

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
21. Commitments (continued)		
The Tax Faculty NPC-Kukhula III	-	118
The Tax Faculty NPC-TP Learners with Disability (Isifiso)	-	957
The Chartered Institute of Management Accountants	-	622
Association of Chartered Certified Accountants	-	1 211
International Business Training College-CIMA Management Level (Gauteng)	-	174
International Business Training College-CIMA Operations Level(Gauteng)	-	177
International Business Training College-CIMA Operations Level (National)	-	136
International Business Training College-CIMA Startegic Level (National)	-	491
International Business Training College-ICB Financial Accounting	-	121
International Business Training College	-	133
Association of Certified Fraud Examiners	-	56
Credo Business College (Pty) Ltd	-	1 217
Institute of Management Accounting and Strategy-ACCA	-	1 085
Institute of Management Accounting and Strategy-CIMA	-	756
Spectrum (Pty) Ltd-CIMA	-	583
Spectrum (Pty) Ltd-ICBA	-	7
Anti Fraud Risk Investigation and compliance Academy (pty) Ltd	-	1 153
The Chartered Institute of Management Accountants	-	329
South African Institute of Business Accountants	-	1 396
South African Institute of Business Accountants	-	1 250
South African Institute of Business Accountants	-	1 250
The Tax Faculty NPC-Tax Technician In Academy	-	178
The Tax Faculty NPC	-	507
Gert Sibanda TVET Collage	-	550
Learnex- Gratia (Pty) Ltd	-	200
	-	16 839
2019/2020 Active Projects -Bursary and academic support		
National Treasury - 10 Learners Thabo Mashaba	-	4 961
National Treasury - 65 Learners Xoliswa Dlanga	-	905
	-	5 866
	-	
2016/2017 Projects - Implemented in 2017/18		
ISFAP	-	12 733
	-	
2018/2019 Projects - To be implemented in 2019/2020		
TVET Workplace-based Experience Project-Surplus	-	181
TVET Learner Work Experience Placement Programme	-	3 046
	-	3 227
	726 108	454 149

An amount of R 726 108 000 (2022: R 454 149 000) was committed out of the total R 807 046 000 (2022: R 662 275 000) discretionary reserves. The percentage committed as at 31 March 2023 is 90%. A request for utilisation of the accumulated discretionary surplus will be submitted to DHET.

Year 2022/2023 split between Pivotal and Non-pivotal:

The grant regulations require at least a 80/20 split for discretionary projects between Pivotal and Non-pivotal programmes. We have performed the calculation based on current year project allocations. During the current year FASSET has allocated 84% (2022: 84%) projects to Pivotal programmes and 16% (2022: 16%) to Non-pivotal programme.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

22. Related parties

Relationships

Controlled entities entities under common control

By virtue of the fact that FASSET is a National Public Entity controlled by DHET, It is considered related to other seta's, the QCTO and the NSF, public Universities, CET colleges and TVET colleges. The transactions are consistent with the normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such. This will include and transactions that may occur during the period under review recognised in the statement of financial performance, and balance outstanding at the reporting period recorded in the statement of financial position as well as any committed balance at reporting date. At reporting date committed amounts related to Public Universities, CET collages and TVET colleges included in the notes to the financial statements amount to R 96 335 000, R 1 100 000 and R 13 408 000 respectively. (2022:R 50 793 000, R 1 552 000 and 6 550 000) balances included in the statement of financial position relating the public Universities, TVET and CET collages amount to R 3 577 000, (2022 R 0) R 75 000 (2022: R 0) and R 0, (2022 R 0) at the reporting date.

Members of the Accounting Authority whose Entities are beneficiaries of FASSET grants

Basamandla Consulting (HB Mathibela) amount included in commitment R 374 000 (2022: R 492 000)

LEDA (MP Mushwana) amount Included in commitment R 2 125 000, (2022: R 0)

Members of Accounting Authority

L. Ntuli (chairperson)

R. Singo

H. Mathibela

N. Nyathela-Mahanjana

J. Maboja

X. Lingani

M. Mushwana

M. Metuse

P. Ngwenya

T. Phatlane

P. Khumalo

T. Masemola

M. Magasa

N. Mapiloko.

M. Nhlapo

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
22. Related parties (continued)		
Members of key management		
	A.Mafuleka (CEO)	
	E. Thobejane (COO)	
	Z. Alli (CFO)	
	E. Boomgaard (Research Director)	
	NM. Mthombeni (DCS)	
	T. Maphanga (CIO)	
	M. Thebethe (COSEC)	
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
MICTSETA	271	(123)
CathSETA	-	(26)
Amounts relates to the inter-seta transfer receivables to FASSET.		
Compensation to members and other key management		
QCTO	3 861	2 543

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

2023

2022

23. Remuneration of Executive Management and Members of Accounting Authority

Remuneration of Executive management

2023

	Basic	Allowance	Employee related benefits	Leave payout	Bonus	Settlement Payout	Total
Ayanda Mafuleka - Chief Executive Officer	1 756	469	288	-	424	-	2 937
Elizabeth Thobejane - Chief Operations Officer (terminated Nov 2022)	1 164	27	176	95	-	1 176	2 638
Ebrahim Boomgaard - Research Director (Resigned Jun 2022)	204	3	32	101	-	-	340
Zakariya Alli - Chief Financial Officer	1 449	44	217	-	286	-	1 996
Nokulunga Mthombeni - Director Corporate Services	1 197	44	179	-	195	-	1 615
Thembelani Maphanga - Chief Information Officer (Resigned June 22)	300	6	45	53	-	-	404
Mapula Thebethe - Company Secretary	1 197	44	179	-	131	-	1 551
	7 267	637	1 116	249	1 036	1 176	11 481

2022

	Basic	Allowance	Employee related benefits	Total
Ayanda Mafuleka - Chief Executive Officer	1 768	352	309	2 429
Elizabeth Thobejane - Chief Operating Officer	1 744	-	277	2 021
Ebrahim Boomgaard - Research Director	1 313	54	213	1 580
Zakariya Alli - Chief Financial Officer	1 428	-	237	1 665
Nokulunga Mthombeni - Director Corporate Services (Appointed June 2021)	957	-	161	1 118
Thembelani Maphanga - Chief Information Officer (Appointed May 2021)	1 179	-	199	1 378
Mapula Thebethe - Company Secretary (Appointed July 2021)	875	-	149	1 024
	9 264	406	1 545	11 215

Remuneration - Members of the Accounting Authority (excludes travel)

2023

L. Ntuli (Chairperson)	132	276
R.I Singo	139	173
J. Maboja	147	227
X. Lingani	139	164
N. Mapiloko	240	270
P. Khumalo	170	207
T. Masemola	336	338

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand	2023	2022
23. Remuneration of Executive Management and Members of Accounting Authority (continued)		
M. Magasa	134	268
H.B Mathibela	272	308
M. Metuse	217	303
M.F. Mushwana	298	250
P. Ngwenya	104	122
NE. Nyathela-Mahanjana	160	215
TC. Phatlane	220	235
M.P Nhlapo	172	191
	2 880	3 547

The Accounting Authority consists of members appointed in terms of the FASSET's Constitution. Remuneration is paid to members or to their nominating organisations. FASSET has remunerated members of the Accounting Authority for attending board and sub-committee meetings as disclosed above. The transactions above occurred under terms that were no more favourable than those available in similar arm's length dealings.

24. Financial Instruments

Liquidity risk

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

2023	Carrying amount	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(3 910)	(3 910)	-	-
DG accruals	(3 290)	(3 290)	-	-
Project Creditors	(4 626)	(4 626)	-	-
Project accruals	(67 466)	(67 466)	-	-
	(79 292)	(79 292)	-	-
2022	Carrying amount	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(5 324)	(5 324)	-	-
Project accruals	(40 339)	(40 339)	-	-
Project creditors	(1 799)	(1 799)	-	-
	(47 462)	(47 462)	-	-

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

24. Financial Instruments (continued)

Credit risk

Financial assets which potentially subject FASSET to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, receivables from exchange transactions and receivable from non-exchange as per GRAP 104.

FASSET limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. FASSET's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. FASSET does not have any material exposure to any individual or counter-party. FASSET's concentration of credit risk is limited to the industry (Financial and Accounting Services) in which FASSET operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt. FASSET is exposed to a concentration of credit risk, as significant amounts are owed by SARS and DHET. This concentration of risk is limited as SARS and DHET are government entities with sound reputation.

2023	Carring amount	6 months or less	6-12 months	1-2 years
Receivables from exchange transactions	1	1	-	-
Prepayment - Projects	4 898	4 898	-	-
	4 899	4 899	-	-

	Gross	Impairment	Carring amount
Cash and cash equivalents	1 002 357	-	1 002 357

2022

	Gross	Impairment	Carring amount
Cash and cash equivalents	1 059 668	-	1 059 668

Market risk

FASSET 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 in the market that FASSET is aware of. There are adequate procedures in place to address changes in the market when necessary.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

24. Financial Instruments (continued)

Interest rate risk

FASSET manages its interest rate risk by effectively investing Fasset surplus cash in term deposits with the Corporation for Public Deposits according to FASSET's investment policy.

The exposure to cash flow interest rate risk and the effective interest rates on financial instruments at reporting date are as follows:

2023	Floating rate	Non-interest bearing	Total
Cash	1 002 357	-	1 002 357
Receivables from exchange transactions	-	1	1
Prepayment-Projects	-	4 898	4 898
Payables from exchange transactions	-	(3 910)	(3 910)
Project creditors	-	(4 626)	(4 626)
DG accruals	-	(3 290)	(3 290)
Project accruals	-	(67 466)	(67 466)
	1 002 357	(74 393)	927 964

2022	Floating rate	Non-interest bearing	Total
Cash	1 059 668	-	1 059 668
Payables from exchange transactions	-	(5 324)	(5 324)
Project accruals	-	(40 339)	(40 339)
Project creditors	-	(1 799)	(1 799)
	1 059 668	(47 462)	1 012 206

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

25. Budget differences

Notes to Statement of Comparison of Budget and Actual amounts

Legislation requires that FASSET annually, in September submit a budget to the Minister for approval.

Variances of 10% and above are considered material and are explained below:

Note 25.1 Interest received

Interest received was 134% above budget during the reporting period due to slow spending in discretionary grants and the increase in interest rate.

Note 25.2 Depreciation and loss on disposal of assets

FASSET does not budget for depreciation as it is a non-cash item and disposal of assets are not budgeted for.

Note 25.3 Employer grant and project expenses

Employer grant and project expenses is 57% below the budget due to late implementation of DG grants relating to approved Surplus funds.

Note 25.4 Levies

Levies received was 10% above budget during the reporting period due to more levies received than expected.

Note 25.5. External audit fees

The external audit fees are 16% above the budget due to late starting of 2022 audit.

Note 25.6 Other administration expenses

Other administration expenses are 44% lower than expected due to slow spending, this was a result of expenditure related to the moving of offices which will only take effect in the 2023/24 financial period as well as certain ICT related costs.

Note 25.7 Lease rentals on operating lease

Lease rentals on operating lease were 44% below budget in the year due to additional space not yet procured as planned.

Note 25.8 Consulting and professional fees

Consulting and professional fees are 12% lower than expected due to slow implementation of ICT projects.

Note 25.9 Internal audit fees

Internal audit fees were 39% higher than budget in the year due to additional work which was not initially planned.

Note 25.10 Employee Related costs

Employee related costs were 10% lower than budget due to vacant posts not filled in time.

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand 2023 2022

26. Contingencies

Discretionary projects

First time employer registrations

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a Mandatory Grant.

At the reporting date it is estimated that, as a result, additional Mandatory Grant expenditure of R 680 000 (2022: R548 000) will be payable. The amount is contingent on the number of submissions received and approved.

Legal case 1

In December 2012, the Minister promulgated Regulation 4(4) of the 2012 Grant Regulations which reduced the mandatory grant payable to employers from 50% to 20%. This led to BUSA challenging the reduction of grants (amongst other things) at the Labour Court.

The litigation between the parties begun in 2015 and was finally settled by the Labour Appeal Court (LAC) during October 2019 which held that Regulation 4(4) was "irrational and lacking in any legal justification" and was consequently set aside. Despite the said regulation being set aside, the LAC ruling is silent on the percentage quantum that must be paid back to employers, which creates uncertainty as to what percentage quantum that must be paid back to employers, which creates uncertainty as to what percentage of mandatory grants should be paid or accrued by the SETA during the reported year. DHET is currently negotiating with BUSA on the percentage increase that will be implemented for mandatory grants. The discussions are still underway and not finalised. At this stage, no agreement has been reached by the parties.

The minister has issued draft SETA Grant Regulations for comment, where mandatory grant was maintained at 20%. To date no further communication has been received regarding gazetting of these regulations.

DHET continues to split the mandatory grant levy income portion at 20% in the levy download information. Consequently, the SETA continued to pay and accrue mandatory grants at 20% in the 2022/23 financial year which is aligned to the approved annual performance plan. The mandatory grant expenditure in Note 7 as well as the mandatory grant liability in note 16 were calculated at a rate of 20%.

Considering the outcome of the judgement, there is a possible liability due to additional grant payments over and above those that have been paid in the current year based on a payment rate of 20%, however, due to this uncertainty on when the SETA should start paying additional mandatory grants and the rate not yet determined, the amount of the possible liability cannot be reliably estimated.

Legal case 2

A claim has been submitted in favour of Fasset to the value of R 1 956 656.65 on the deceased estate of the deceased sole director of Trend Setters Consultants (Pty) Ltd and Afro-Ban Thai Massage (Pty) Ltd who had projects with Fasset. The amounts claimed were for monies that had not yet been transferred to universities for leaner study fees at the time of death of the director when operation ceased to continue. The outcome is currently uncertain.

Surplus Funds

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand 2023 2022

26. Contingencies (continued)

Retention of cash

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.12 of 2020/21 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 at the end of the reporting period.

Application to retain accumulated surplus as at year-end

National Treasury had communicated to the DHET that the retention of surplus for the SETAs should be approved in terms of the Skills development Act. Fasset will send its application as instructed by the National Treasury and therefore disclosed as a contingent liability until approval is granted.

As of 31 March 2023 the surplus for the year is as follows:

Cash and cash equivalents at the end of the year	1 002 357	1 059 668
Add: Receivables	5 891	2 765
Less: Current liabilities	(207 221)	(399 830)
Accumulated surplus	801 027	662 603

Notwithstanding the accumulated surplus above, FASSET has at period end commitments in the form of contracts with various service providers as indicated in note 19, the below reflects the accumulated surplus after taking into account the impact of these commitments:

Committed Amount

Amount per surplus calculation above	801 027	662 603
Administration commitments	(5 060)	(14 670)
Projects commitments	(726 108)	(454 149)
Accumulated surplus net off commitments	69 859	193 784

27. Operating lease

The operating lease relate to the rental of office space in which the entity operates. FASSET entered into a lease agreement on 1 August 2018 until 31 July 2023. The monthly rental escalates annually by 7.5% on the anniversary of the start date.

Future minimum lease payments in relation to non-cancelable operating leases are payable as follows:

Within one year	1 031	3 487
Later than one year not later than five years	-	1 193
	1 031	4 680

28. Irregular, Fruitless and wasteful expenditure

Irregular Expenditure	405	999
Fruitless and wasteful expenditure	6	-
Closing balance	411	999

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand 2023 2022

28. Irregular, Fruitless and wasteful expenditure (continued)

Criminal or Disciplinary steps taken as a results of losses, irregular and fruitless and wasteful expenditure

Incident description 2022/23.

Two cases completed and one case in progress.

29. Events after the reporting date

Subsequent to year end , awards amounting to R 82 897 882 were made to various service providers. These awards were finalised after year end and the implementation is to be rolled out during the 2023/24 financial period. This is considered a non-adjusting subsequent event.

30. Going concern

The entity is currently established until 31 March 2030. There are no known instances which cast doubt on the SETA's ability to continue as a going concern for the next 12 months.

The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

31. Prior period error

31.1 External audit fees

External audit fees were incorrectly overstated by R 305 969 in prior period March 2022, This relates to the invoice which was recorded as accrual and also included in the trade paybles.

31.2 Consulting and professional fees

Consulting and professional fees were incorrectly overstated by R 12 095 in prior period March 2022, This relates to the invoice which was recorded as accrual and also included in the trade paybles

31.3 Employer grant and project expenses

Employer Grant and Project expenses were incorrectly understated by R 38 062 404 in prior period March 2022, these grants relate to provisions for discretionary grant-employers of R 35 828 938 which were still in verification process, due to the manual process of these application the expenditure was only identified post the verification process. Provision for discretionary grant-Projects of R 2 193 466 and Projects accruals of R 40 000 not raised in prior period March 2022 were also identified.

31.4 Other administration expenses

Other administration expenses were incorrectly overstated by R 51 036 in prior period March 2022, This relates to the invoice which was recorded as accrual and also included in the trade paybles

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior period error:

Statement of financial position

2022

	As previously reported	Correction of error	Restated
Payables from exchange transactions	5 693	(369)	5 324
Payables from non-exchange transactions	106 373	40	106 413
Provisions	249 535	38 022	287 557
Total current liabilities	362 137	37 693	399 830
Net Assets	708 074	(37 693)	670 381

Finance and Accounting Services Sector Education and Training Authority

Audited Annual Financial Statements for the year ended 31 March 2023

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

2023

2022

31. Prior period error (continued)

Statement of financial performance

2022

	As previously reported	Correction of error	Restated
External audit fees	4 433	(306)	4 127
Consulting and professional fees	11 744	(12)	11 732
Employer grant and project expenses	492 925	38 062	530 987
Other administration expenses	18 066	(51)	18 015
Total expenditure	573 291	37 693	610 984
Surplus for the year	78 578	(37 693)	40 885

Finance and Accounting Services Sector Education and Training Authority

Reconciliation of irregular expenditure Balance

Figures in Rand thousand

2023

2022

Opening Balance	10 843 671,60	10 310 000,00
Add: Irregular expenditure confirmed	405 447,24	999 387,00
Less: Irregular expenditure condoned	8 884 846,60	465 715,40
Less: Irregular expenditure not condoned and removed		
Closing Balance	2 364 272,24	10 843 671,60

Details of Irregular expenditure balance - Current Year

The irregular expenditure balance of R2,364 million is made up of R2.08 million which is as a result of non-compliance to the SDA in the appointment of certain Accounting Authority members by the DHET and R283 thousand which is as a result of over expenditure on a legal services contract.

Reconciling notes to the annual financial statements

Irregular expenditure for the current financial year 405 447,24 999 387,00

Details of the current and previous year irregular expenditure condoned

Reconciling notes to the annual financial statements

Irregular expenditure for the current financial year 8 884 846,60 465 715,40

Irregular expenditure to the value of R 8 884 846,60 had been condoned by the National Treasury in the 2022/23 financial period



higher education & training

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