higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

PSETA
Public Service Sector Education & Training Authority

ANNUAL INTEGRATED REPORT

2022/23

TO BE THE HEART OF DEVELOPING A SKILLED, CAPABLE AND INNOVATIVE PUBLIC SECTOR WORKFORCE

TO BE THE HEART OF DEVELOPING A SKILLED,
CAPABLE AND INNOVATIVE PUBLIC SECTOR WORKFORCE

PSETA
Public Service Sector Education & Training Authority

5th CONSECUTIVE YEAR OF CLEAN AUDIT

We are extremely proud of this outcome and will continue playing our part as PSETA employees in ensuring we maintain this record

developing and growing people

ANNUAL INTEGRATED REPORT

2022/23 Financial Year

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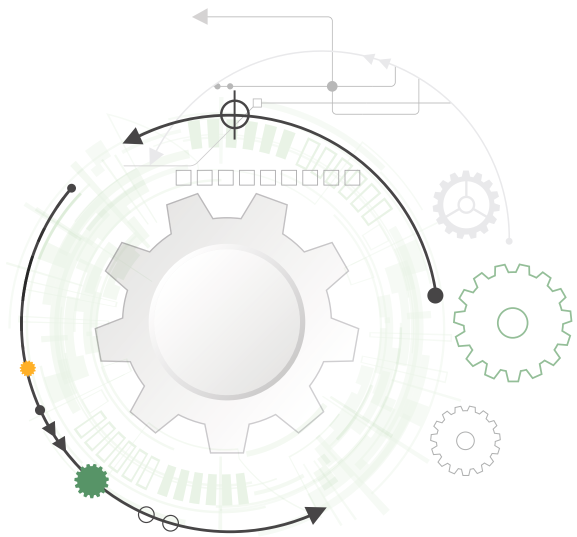

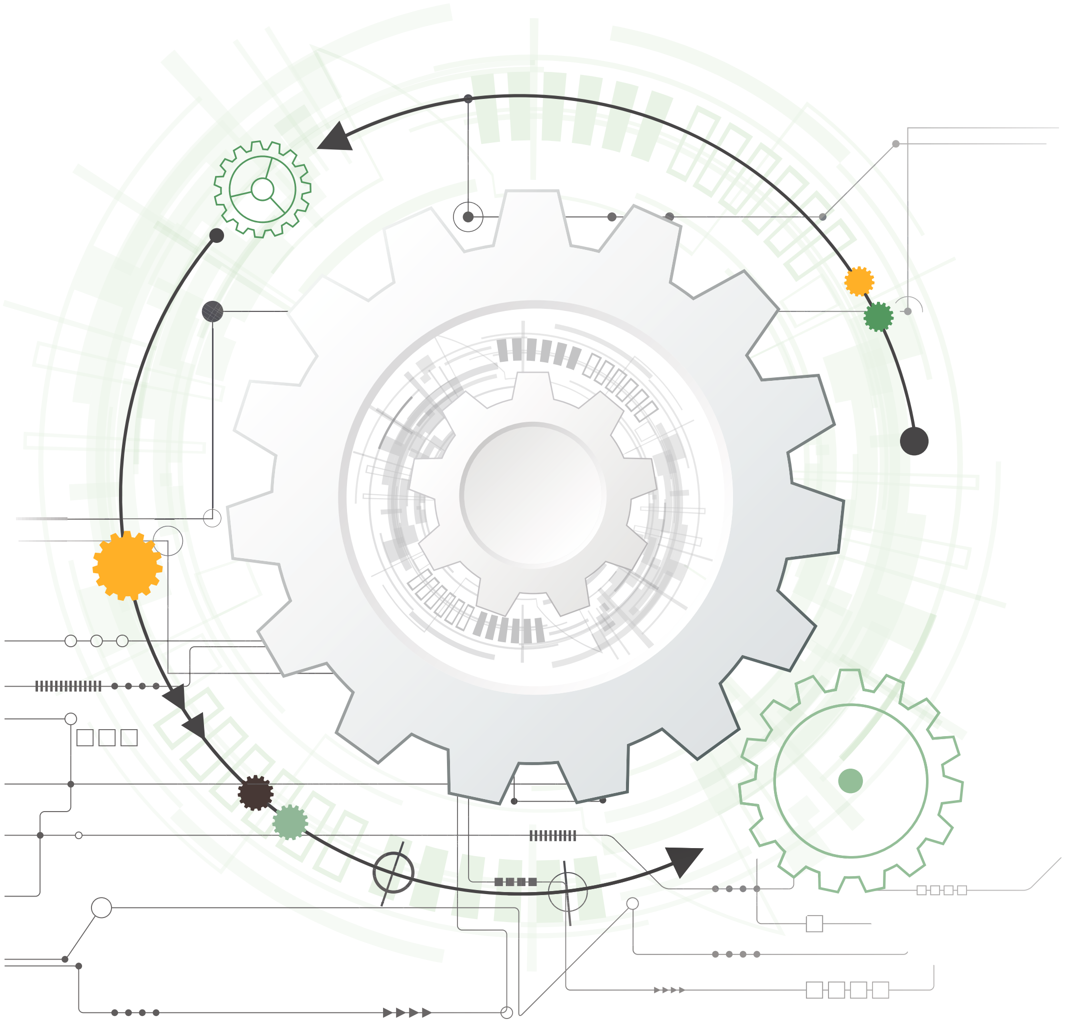

PART A

GENERAL INFORMATION

PSETA Executive Management

Ms Bontle Lerumo - *Chief Executive Officer* | Mr Phumudzo Mbulaheni - *Chief Financial Officer* | Ms Shivanthini Nagalingam-Potter - *Chief Operations Officer*

PSETA GENERAL INFORMATION

PSETA GENERAL INFORMATION

Registered Name of the public entity:	Public Service Sector Education and Training Authority
ISBN number:	ISBN: 978-0-621-51155-0
RP number:	RP169/2023
Registered office address:	Woodpecker Building, 177 Dyer Road, Hillcrest, 0083, Pretoria. Gauteng
Postal Address:	P.O. Box 11303, Hatfield, 0028
Contact telephone numbers:	+27 12 423 5700/5711
Email address:	communications@pseta.org.za
Website address:	www.pseta.org.za

BANKERS' INFORMATION

Bank: Address

ABSA: Absa Bank

Gauteng North Public Sector

1263 Heuwel Street

Centurion 0157

South African Reserve Bank:

370 Helen Joseph Street,

Pretoria, 0002

P O Box 427, Pretoria, 0001

EXTERNAL AUDITORS

Auditor-General South Africa

Physical address:	4 Daventry Street, Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, South Africa
Postal address:	Box 446, Pretoria, 0001
Telephone:	+27 12 426 8000
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ABBREVIATIONS AND ACRONYMS

4IR	Fourth Industrial Revolution
AA	Accounting Authority (the Board)
AC	Audit Committee
AG	Auditor-General
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
CEO	Chief Executive Officer
CET	Community Education and Training Colleges
CFO	Chief Financial Officer
CGICT	Corporate Governance of Information and Communication Technology
COO	Chief Operating Officer
CSE	Corporate Services Executive
DG	Discretionary Grants
DHET	Department of Higher Education and Training
DPSA	Department of Public Service and Administration
EA	Executive Authority
ERP	Enterprise Resource Planning
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
GSC	Governance and Strategy Committee
HR	Human Resources
HRM	Human Resource Management
ICT	Information and Communication Technology
MHESI	Minister of Higher Education, Science and Innovation
MIS	Management Information System
MPSA	Minister of Public Service and Administration
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework

NEHAWU	National Education Health and Allied Workers Union
NQF	National Qualifications Framework
NSG	National School of Government
NSDP	National Skills Development Plan
NT	National Treasury
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
POPCRU	Police and Prisons Civil Rights Union
PS	Public Service
PSA	Public Servants Association of South Africa
PSETA	Public Service Sector Education Training Authority
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act
SETA	Sector Education and Training Authority
SIU	Special Investigating Unit
SD	Skills Development
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SDP	Skills Development Provider
SP	Strategic Plan
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

ACKNOWLEDGEMENTS

The Honourable Minister of Higher Education, Science & Innovation:

Dr Blade Nzimande

The Honourable Deputy Minister of Higher Education, Science & Innovation:

Mr Buti Manamela

REPORT TO THE HONOURABLE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION

IN TERMS OF SECTION 10 (2) OF THE PUBLIC AUDIT ACT, 2004 (ACT NO 25 OF 2004)

Regarding the provision of Section 10 (2) of the Public Audit Act of 2004, it is an honour to submit the annual report for the financial year ending 31 March 2023. This report presents the affairs of the Public Service Sector Education and Training Authority (PSETA), its operations, financial performance and developments across all performance targets set out by the Department of Higher Education and Training.

I am pleased to announce that the PSETA Accounting Authority is satisfied with PSETA's audited financial statements and unmodified audit opinion. We would like to express our appreciation to the Executive Authority, the Minister of Higher Education, Science and Innovation (MHESI), Honourable Dr Blade Nzimande and the Deputy Minister, Honourable Buti Manamela, for the leadership and unwavering support provided to PSETA and collaboration in implementing various skills development programmes.

The PSETA team would like to thank you for your unwavering support during the performance period under review. The achievement of the PSETA's mandate would not be possible without the cooperation of the PSETA's key strategic partners.

We look forward to another dynamic financial year with challenging targets to enhance the skills development and training of the sector we prudently serve.

Yours faithfully,

Thulani Tshefuta

Thulani Tshefuta
Accounting Authority Chairperson
Date: 31 July 2023

Bontle Lerumo

Bontle Lerumo
Chief Executive Officer
Date: 31 July 2023

FOREWORD BY THE BOARD CHAIRPERSON

Thulani Tshefuta

Introduction

On behalf of the Public Service Sector and Training Authority (PSETA), I am pleased to submit the Annual Report and the Annual Financial Statements for the year ended 31 March 2023 in line with the requirements of the Public Finance Management Act (PFMA) section 55(1).

The Accounting Authority (AA) members appreciate the depth of dedication of management and staff working together with the oversight committees and the Accounting Authority (The Board). We also acknowledge the collaboration with our stakeholders and service providers that drives the continued improvement of the PSETA.

The Board has exercised oversight of the implementation of the five-year Strategic Plan 2020/21-2024/25 and the Annual Performance Plan (APP), which have culminated in this report. Part C: Governance of the Annual Report provides details of the members of the PSETA AA and its Committees.

In this foreword, I will focus on the high-level overview of the strategy and performance of the PSETA, as well as strategic relationships, key challenges, and the strategic focus over the medium to long term.

High level overview of the entity's strategy and performance

The PSETA Strategic Plan was developed in accordance with the following Legislative and Policy Prescripts:

a. National Development Plan Vision 2030
b. Medium-Term Strategic Framework 2020-2024
c. Post-School Education and Training White Paper
d. Economic Reconstruction and Recovery Plan
e. National Skills Development Plan 2030
f. PSETA Sector Skills Plan.

The Strategic Plan is a five-year plan that is implemented through the APP on an annual basis. The 2022/23 PSETA APP had 31 output indicators from the four programmes, namely, (i) Administration, (ii) Skills Planning and Research, (iii)(a) Learning Programmes and Projects (b) Special Projects and Partnerships and (iv) Quality Assurance.

In the 2022/23 financial year, an overall audited performance achievement of 87% was recorded, compared to 84% achieved in the 2021/22 financial year. Details of the performance by programme is outlined in Part B: Performance Information of this Annual Report.

Service Level Agreement

On an annual basis, the PSETA signs a Service Level Agreement (SLA) with the Director-General of the Department of Higher Education and Training (DHET) in terms of Section 10 of the Skills Development Act, 1998 (as amended). The SLA quantifies the National Skills Development Plan (NSDP) outcomes to output indicators. For the 2022/23 financial year, the PSETA had 24 SLA targets. Of these, the organisation achieved 23 targets, representing an annual 96% achievement, compared to 88% in the 2021/22 financial year. These targets are also integrated in the Part B of the Annual Report: Performance information.

Strategic relationships

The PSETA has continued to establish strategic relationships with identified stakeholders at national and provincial levels. These are key to championing and coordinating specific competencies within the public sector.

The relationships and partnerships also include the Department of Public Service and Administration (DPSA), the National School of Government (NSG), Public Entities, Higher Education Institutions, Technical Vocational Education and Training (TVET) Colleges, Community Education and Training (CET) Colleges, Quality Assurance Bodies, Bargaining Councils, Labour Federations and Skills Development Providers, who continue to play an important role in contributing towards the implementation of the priority skills development interventions contained in the Sector Skills Plan (SSP).

A research partnership with the Tshwane University of Technology (TUT) Institute for the Future of Work was concluded and the research outputs focussed on two distinct areas: (1) Future skills for the public service sector in South Africa: focus on the future skills for the Public Service employee, and (2) Skills development of ICT support staff: 4IR skills training and upskilling of ICT support staff working in the Public Service sector. PSETA's research partnership with the WITS University's Researching Education and Learning (REAL) Centre continued and three streams of research were concluded in the financial year. PSETA entered various partnership agreements with TVET Colleges, Universities and Universities of Technology, the Bargaining Councils, and employers within the sector. A total of four SETA-Employer partnerships were formalised through memoranda of understanding (MoUs).

Continuous improvement of state capabilities through strategic innovative relationships and partnerships have been central to the realisation of the PSETA's mandate.

Challenges faced by the Accounting Authority (the Board)

The current PSETA funding model has restricted the entity from meeting the skills development needs of stakeholders. The shortcoming of the current funding model is that the organisation is funded through voted funds, which poses a serious constraint in terms of enabling PSETA to effectively carry out its mandate. For the entity to fully realise its mandate, an alternative funding mechanism to increase the PSETA's budget is required. Prescripts such as the Skills Development Act and the Skills Development Levies Act need to be the enablers of the PSETA to discharge its mandate. The PSETA AA resolved to develop a sustainable funding model and this exercise is currently underway with the expected outcome to be that PSETA has a variety of options in terms of establishing sustainable funding for the entity.

There were three withdrawals of members by constituency bodies of the Board and one resignation and replacement of these are being processed. The withdrawal and resignation of members of the board always presents a potential challenge of non-quorating of governance meetings.

Strategic focus over medium to long term

PSETA will be focusing on the five strategic focus priorities which are informed by the NSDP and the DHET's Five Year Strategic Outcomes and Medium-Term Strategic Framework 2019 to 2024, namely:

a. Priority 1: Establish strategic partnerships with key stakeholders
b. Priority 2: Increased research and impact assessment of programmes
c. Priority 3: Strengthen capacity of public institutions and provision of occupational qualifications.
d. Priority 4: Implement workplace-based learning programmes in building the workplace into a training space.

Appreciation/Acknowledgements

On behalf of the PSETA AA, I would like to express my gratitude to the MHESI, Honorable Dr Blade Nzimande and the Deputy Minister, Honorable Buti Manamela, for the leadership and steadfast support they continue to provide and the collaboration in executing the skills development mandate.

I would also like to acknowledge and appreciate the cooperation and support received from the former Acting Minister for Public Service and Administration (MPSA) Hon Thulas Nxesi, the current MPSA, Ms Noxolo Kiviet and the Director General of the DPSA, Ms Yoliswa Makhasi, in executing critical programmes towards building the capacity of the state.

I extend my deepest appreciation to my AA colleagues for their unwavering commitment to guiding the SETA through this financial year and for responding to challenges and emergencies whenever necessary. I further thank the independent members of the PSETA AA Governance Structures for availing to themselves' the entity and the PSETA AA their knowledge, skills, and expertise.

Furthermore, I wish to thank the CEO, Ms Bontle Lerumo, the Executive Management Team, Management, and all the PSETA staff for their hard work and dedication to ensuring that PSETA continues to deliver its mandate.

And finally, to our stakeholders, thank you for your contribution in assisting PSETA to achieve its vision of being the heart of developing a skilled, capable, and innovative Public Sector workforce.

Conclusion

The PSETA will continue to play a critical role in contributing towards building a capable, ethical, and developmental state.

Thulani Tshefuta

Thulani Tshefuta
Accounting Authority Chairperson
Date: 31 July 2023

CHIEF EXECUTIVE OFFICER OVERVIEW

Bontle Lerumo

General Financial Overview

PSETA's total budget allocation for the 2022/23 financial year was R134 million, PSETA received its allocation of R124 million from the National Treasury through the DHET, with the remaining budget made up of levy and investment income. During the year under review, a further R100 million of the approved retention of surplus funds was allocated to the budget as part of the commitments from the previous years.

PSETA's annual revenue increased from the previous financial year by 6%, to R136 million (R128 million in 2021/22 financial year). The increase in revenue is largely attributed to the increase in investment income.

Revenue Items	2022/23 R'000	2021/22 R'000	2020/21 R'000
Voted Funds	123 972	120 082	118 516
Levies	4 502	4 107	2 618
Investment Income	7 381	4 162	4 920
Other Income	553	40	63
Total	**136 408**	**128 391**	**126 117**

Spending trends

The PSETA's operational expenditure increased from the previous financial year by 11%, to R132 million (R119 million in 2021/22 financial year), due to an increase in discretionary expenditure spending. The PSETA will remain solvent for the foreseeable future with a healthy cash balance. The most significant liabilities of the PSETA are trade and discretionary grant payables, which will be settled in the next twelve (12) months.

The PSETA closed the 2022/23 financial year with R67 million in discretionary grant commitments and R23 million in administration commitments, totalling R90 million worth of commitments. Actual payments during the year to discretionary grant funding was R59 million (R46 million in 2021/22 financial year). The consistency in disbursement of discretionary grant funding is attributed to the stability in the Finance Department and efficiencies within the Learning Programmes Department, which resulted in timeous settlement of outstanding invoices.

Expenditure type	2022/23 R'000	2021/22 R'000	2020/21 R'000
Discretionary and Mandatory Grants	60 193	46 254	75 123
Administration	71 553	72 951	63 641
Total	**131 746**	**119 205**	**138 764**

Capacity constraints and challenges

PSETA had several vacancies with the total vacancy rate at 22% on 31 March 2023. The entity will continue to prioritise the filling of vacancies in the new financial year.

Discontinued/to be discontinues activities.

PSETA did not discontinue any activities in the 2022/23 financial year.

Proposed activities

PSETA will continue to focus on strategic partnerships and collaboration with key stakeholders. These include the Department of Public Service and Administration (DPSA), the National School of Government (NSG), Public Entities, Higher Education Institutions, Technical Vocational Education and Training (TVET) Colleges, Community Education and Training (CET) Colleges, Quality Assurance Bodies, Bargaining Councils, Labour Federations and Skills Development Providers.

Request for roll over of funds.

The request for a roll-over of funds for the 2021/22 financial year of R115 million was granted by the DHET in the current financial year, with R100 million allocated in the current year and R15 million in the 2023/24 financial year. The surplus was mainly used to cover the commitments disclosed in the audited annual financial statements.

Supply Chain Management

The Supply Chain Management (SCM) unit is fully functional, and controls are in place and constantly reviewed, to ensure compliance with the various legislative requirements. There were no unsolicited bids during the year.

Audit report matters in the previous financial year and how they would be addressed.

The PSETA tracks the implementation of findings raised by the Auditor General. In tracking the audit matters, management reports quarterly to PSETA AA Governance Structures on the progress made in addressing audit matters to avoid recurrence.

Outlook for plans to address financial challenges.

The PSETA AA has resolved to develop a sustainable funding model and the expected outcome of this project will ensure PSETA has a variety of options in terms of establishing sustainable funding for the entity. To this end, substantial work has begun including appointment of the service provider and engagements with stakeholders.

On a further note, the South African Reserve Bank recently increased its lending rate, which will contribute immensely to the revenue base of the entity in relation to the investment held with the Bank.

Events after the reporting date

The PSETA AA in its meeting held on 26 April 2023, resolved to write off the debt amounting to R7,9 million due to the zero prospects of collecting the outstanding amount.

Economic Viability

The PSETA is in a financially sound position and continues to operate as a going concern.

Appreciation

A word of gratitude is extended to the Chairperson of the AA and the AA members for the leadership and guidance provided, and to the PSETA Team for their continuous dedication towards contributing to the skills development and transformation of the public service into a training space.

I would also like to thank all the PSETA's stakeholders, the Director-General of the DHET and Team PSETA for their continued support and co-operation.

Bontle Lerumo

Bontle Lerumo
Chief Executive Officer
Date: 31 July 2023

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by Auditor General, South Africa.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the applicable GRAP standards issued by the Accounting Standards Board.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully,

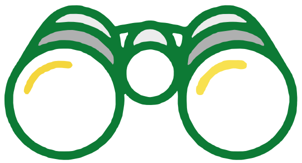
Thulani Tshefuta

Thulani Tshefuta
Accounting Authority Chairperson

Bontle Lerumo

Bontle Lerumo
Chief Executive Officer

STRATEGIC OVERVIEW



VISION

PSETA's vision is:

"To be the heart of developing a skilled, capable and innovative Public Sector workforce".

MISSION

PSETA's mission is to facilitate the delivery of a capable, ethical and developmental Public Service Sector workforce through:

- Researching skills demand and supply in the sector;
- Effective delivery of skills development interventions based on occupationally directed qualifications;
- Monitoring, evaluation and reporting of the implementation of education, training and skills development in the sector; and
- Being a capable institution.

VALUES

The PSETA values are:

- Honesty and integrity
- Accountability
- Service excellence
- Fairness and transparency

OUR MANDATE

The PSETA is classified as a national public entity, under schedule 3A of the Public Finance Management Act 1 of 1999 ("PFMA"). As a national public entity, PSETA is governed by a legal framework, which includes the Constitution of the Republic of South Africa, legislation, and policies. This legal framework sets out PSETA's constitutional, legislative and policy mandate and adherence to the framework is central to the operations of PSETA.

CONSTITUTIONAL MANDATE

PSETA's constitutional mandate is underpinned by section 29(1) (b) of the Constitution of the Republic of South Africa (Act 108 of 1996), which bestows upon all South African citizens the right to further education. This right must be provided by the State (including organs of State such as PSETA) within reasonable measures.

PSETA's constitutional mandate is also derived from the prescripts of section 195(1) of the Constitution, which states as follows:

(1) Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:
  - (a) A high standard of professional ethics must be promoted and maintained.
  - (b) Efficient, economic, and effective use of resources must be promoted.
  - (c) Public administration must be development oriented.
  - (d) Services must be provided impartially, fairly, equitably and without bias.
  - (e) People's needs must be responded to, and the public must be encouraged to participate in policymaking.
  - (f) Public administration must be accountable.
  - (g) Transparency must be fostered by providing the public with timely, accessible, and accurate information.
  - (h) Good human resource management and career development practices, to maximize human potential, must be cultivated.
  - (i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

These Constitutional prescripts and values are the cornerstone of PSETA's mandate.

LEGISLATIVE MANDATE

SKILLS DEVELOPMENT ACT NO 97 OF 1998 AS AMENDED

PSETA is established in terms of section 9(1) and (2) of the Skills Development Act (Act No. 97 of 1998 as amended). The Skills Development Act is our enabling legislation that guides our operations as a sector education and training authority (SETA), as set out in section 10 of the Act.

Section 10 (1) of the Act sets out the functions of sector education and training authorities (SETAs) such as PSETA, as outlined below:

(1) A SETA must, in accordance with any requirements that may be prescribed:
  - (a) develop a sector skills plan within the framework of the national skills development strategy;
  - (b) implement its sector skills plan by:
    - (i) establishing learning programmes;
    - (ii) approving workplace skills plans and annual training reports;
    - (iii) allocating grants in the prescribed manner and in accordance with any prescribed standards and criteria to employers, education and skills development providers and workers; and
    - (iv) monitoring education and skills development provision in the sector.
  - (c) promote learning programmes by:
    - (i) identifying workplaces for practical work experience;
    - (ii) supporting the development of learning materials;
    - (iii) improving the facilitation of learning; and
    - (iv) assisting in the conclusion of agreements for learning programmes, to the extent that it is required.
  - (d) register agreements for learning programmes, to the extent that it is required;
  - (e) perform any functions delegated to it by the QCTO in terms of section 26I;
  - (f) when required to do so as contemplated in section 7(1) of the Skills Development Levies Act, collect the skills development levies, and disburse the levies, allocated to it in terms of sections 8(3) (b) and 9(b), in its sector;
  - (g) liaise with the National Skills Authority on:

(i) the national skills development policy;
(ii) the national skills development strategy; and
(iii) its sector skills plan;
(h) submit to the Director-General (of the DHET):
(i) any budgets, reports and financial statements on its income and expenditure that it is required to prepare in terms of the Public Finance Management Act; and
(ii) strategic plans and reports on the implementation of its service level agreement;
(i) liaise with the provincial offices and labour centres of the Department and any education body established under any law regulating education in the Republic to improve information:
(i) about placement opportunities; and
(ii) between education and skills development providers and the labour market;
(iA) liaise with the skills development forums established in each province in such manner and on such issues as may be prescribed;
(j) Subject to section 14, appoint staff necessary for the performance of its functions;
(jA) promote the national standard established in terms of section 30B;
(jB) liaise with the QCTO regarding occupational qualifications; and
(k) perform any other duties imposed by this Act or the Skills Development Levies Act or consistent with the purposes of this Act.

SKILLS DEVELOPMENT LEVIES ACT, NO. 9 OF 1999, AS AMENDED

The Skills Development Levies Act (Act No. 9 of 1999 as amended) ("SDLA") also impacts on PSETA operations. The main purpose of the SDLA is to regulate a compulsory levy scheme to fund education and training in the various sectors of the economy.

The compulsory levy scheme seeks to fund the skills development initiative in the country. The intention is to encourage a planned and structured approach to learning, and to increase employment prospects for work seekers.

Section 3 of the SDLA compels employers to pay one percent (1%) of their monthly employee remuneration payroll, to the South African Revenue Service (SARS) in the form of a levy. These levies are then collected by the relevant SETA, which then distributes levies in their particular sector.

However, section 4(a) of the SDLA states as follows:

The levy is not payable by -

(a) any public service employer in the national or provincial sphere of government.

This provision impacts on PSETA as its sector encompasses the public services sector and therefore the amount of levies PSETA collects is limited.

THE SECTOR EDUCATION AND TRAINING AUTHORITIES GRANT REGULATIONS OF 3 DECEMBER 2012

The Sector Education and Training Authorities Grant Regulations (2012 Grant Regulations) are also critical to PSETA's operations. The main purpose of the 2012 Grant Regulations is to improve the focus, management, and effectiveness of a SETA's disbursement and allocation of grants to stakeholders for skills development within its sector.

Regulation 3 provides guidance on the way a SETA must manage its finances, particularly funds received as levies in terms of the Skills Development Levies Act. Regulations 3 (1) (2) and (6) state as follows:

(1) Each SETA must, in compliance with the Public Finance Management Act, establish banking accounts.

(2) A SETA must use all monies received in terms of the Skills Development Levies Act to -
(a) administer the activities of the SETA;
(b) pay employers their mandatory grants;
(c) implement the SSP and APP as contemplated in the Treasury Regulations issued in terms of the Public Finance Management Act, through the allocation of the discretionary grants.

(3) A SETA is required to allocate 80% of its available discretionary grants within a financial year to PIVOTAL programmes that address scarce and critical skills in its sectors.
Regulation 4 provides guidance on the way a SETA should allocate mandatory grants. These are grants that are allocated to employers that pay levies to the SETA and have submitted workplace skills programmes and annual training reports to the SETA. Regulation 4(4) states as follows:

(4) 20% of the total levies paid by the employer in terms of section 3(1) as read with section 6 of the Skills Development Levies Act during each financial year will be paid to the employer who submits a WSP and ATR.
Regulation 6 deals with the allocation of discretionary grants by a SETA and prescribes a host of requirements to be met. Regulations 6(4) and (8) in particular, state as follows:

(5) A SETA must, on an annual basis and in accordance with any guidelines issued by DHET, approve a Discretionary Grants Policy, specifying how the SETA discretionary grants will be allocated to meet sector needs as set out in the SSP.

(6) The Discretionary Grants Policy must embrace the principles of transparency, openness, access and fairness.

These provisions are all crucial in providing guidance to PSETA when allocating mandatory and discretionary grants to various stakeholders for skills development programmes, which fall within PSETA's sector.

It must be noted that on 27 January 2023, the MHESI issued draft regulations regarding monies received by a SETA. ("2023 Grant Regulations"). Currently, the 2023 Grant Regulations are undergoing public consultation processes and therefore, have not yet been officially adopted in law. The DHET intends to repeal the 2012 Grant Regulations and replace them with the 2023 Grant Regulations, once they are promulgated and adopted in law.

NATIONAL QUALIFICATIONS FRAMEWORK ACT, NO. 67 OF 2008

The National Qualifications Framework Act (Act No. 67 of 2008 as amended) ("NQF") provides for the National Qualifications Framework. The NQF is a comprehensive system, approved by the MHESI, for the classification, registration and publication of articulated and quality-assured national qualifications and part-qualifications.

The objectives of the National Qualifications Framework, as set out in sections 5(1)(2) of the NQF Act are as follows:

(1) The objectives of the NQF are to-

- (a) create a single integrated national framework for learning achievements;
- (b) facilitate access to, and mobility and progression within, education, training and career paths;
- (c) enhance the quality of education and training;
- (d) accelerate the redress of past unfair discrimination in education, training and employment opportunities.

(2) The objectives of the NQF are designed to contribute to the full personal development of each learner and the social and economic development of the nation at large.

The PSETA employs the provisions of this Act to design training programmes, to carry out quality assurance of various training programmes, assess learner achievement and accredit training providers, as per its delegated function from the Quality Council for Trades and Occupations (QCTO).

PUBLIC FINANCE MANAGEMENT ACT, NO 1 OF 1999

The Public Finance Management Act (Act No. 1 of 1999) ("PFMA") is another critical legislation that impacts on PSETA's operations. PSETA is classified as a national public entity, under schedule 3A of the PFMA and therefore compliance with the prescripts of the PFMA and the Treasury Regulations of 2005, is treated with the utmost importance at PSETA.

The PFMA regulates financial management in all spheres of government and government institutions to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.

PSETA is governed by its Accounting Authority, as per the prescripts of section 49 of the PFMA. The duties and functions of the PSETA Accounting Authority are guided by the prescripts of sections 50 and 51 of the PFMA and include the following:

1. exercising the duty of utmost care to ensure reasonable protection of the assets and records of the public entity.
2. acting with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of PSETA.
3. ensuring that the public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.
4. ensuring that there is a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77; and
5. ensuring that there is an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.

The prescripts of the PFMA, Treasury Regulations and the various practice notes and instructions issued by National Treasury are critical in guiding PSETA in its financial management and corporate governance functions.

RELEVANT COURT RULINGS

Business Unity South Africa v Minister of Higher Education and Training and Others:

On 16 October 2019, the Labour Appeal Court handed down a judgment in the matter of Business Unity South Africa v Minister of Higher Education and Training and Others ((JA111/2018) [2019] ZALAC 68).

In this case, the court ruled those certain provisions in the 2012 Grant Regulations were invalid and should be set aside. These provisions are contained in Regulation 4(4).

Regulation 4(4) stated that an employer who had paid levies, as per the provisions of the Skills Development Levies Act, can claim 20% of the levies it has paid from the applicable SETA, in the form of mandatory grants, provided that the employer has also submitted a workplace skills plan and annual training report.

The Court held that the above-mentioned provisions were irrational and not rationally linked to the purpose of the Skills Development Act. The effect of the judgment is that Regulation 4(4) falls away so that the 2012 Grant Regulations must be interpreted and applied as if there is no Regulation 4 (4).

The effect of the Labour Appeal Court judgment is that the percentage or amount or quantum of a mandatory grant, is subject to the determination by a SETA (by necessary implication as part of its allocation power or duty under Regulation 4(1) of the 2012 Grant Regulations). Therefore, nothing prevented a SETA after 31 August 2018, moving forward from allocating grants equal to 20%.

It must be emphasised that there is currently no regulated percentage for SETAs to pay out the mandatory grants to qualifying employers. Therefore, SETAs continue to pay and accrue mandatory grants at 20% in the 2023/2024 financial year in the absence of a regulated percentage. This means that the SETAs should report it as a contingency liability, pending the final determination of the mandatory grant percentage by the courts because of the BUSA case.

Minister of Finance v Afribusiness NPC [2022] ZACC 4:

On 16 February 2022, the Constitutional Court ("Concourt") handed down judgment in the application for leave to appeal against a judgment and order of the Supreme Court of Appeal ("SCA"). This application was brought by the Minister of Finance (Minister) against Afribusiness NPC, and concerns the validity of the Preferential Procurement Regulations, 2017.

The SCA held that the Minister's promulgation of regulations 3(b); 4 and 9 of the Procurement Regulations was unlawful on the basis that the content of the Regulations exceeded what the Minister could possibly regulate in terms of Section 5 of the Procurement Act and Section 217 of the Constitution.

The judgment of the Concourt of 16 February 2022, dismissed the appeal against the SCA judgment. However, to address the uncertainty caused by the Concourt judgment, the Minister decided to bring an application to the Court, on an urgent basis, to seek confirmation from the Court that the order of invalidity of the 2017 Regulations has been and continues to be suspended.

On 30 May 2022, the Concourt handed down judgment, which confirmed that the suspension of the declaration of the order of invalidity of the 2017 Regulations is still valid for the remainder of the 12-month period, namely until 15 February 2023. Therefore, this means the following:

1. The 2017 Procurement Regulations in their entirety are still valid;

2. As of 30 May 2022, all exemptions granted to deal with the period of uncertainty following the Court's judgment of 16 February 2022, lapse (according to the condition in the letters of exemptions);

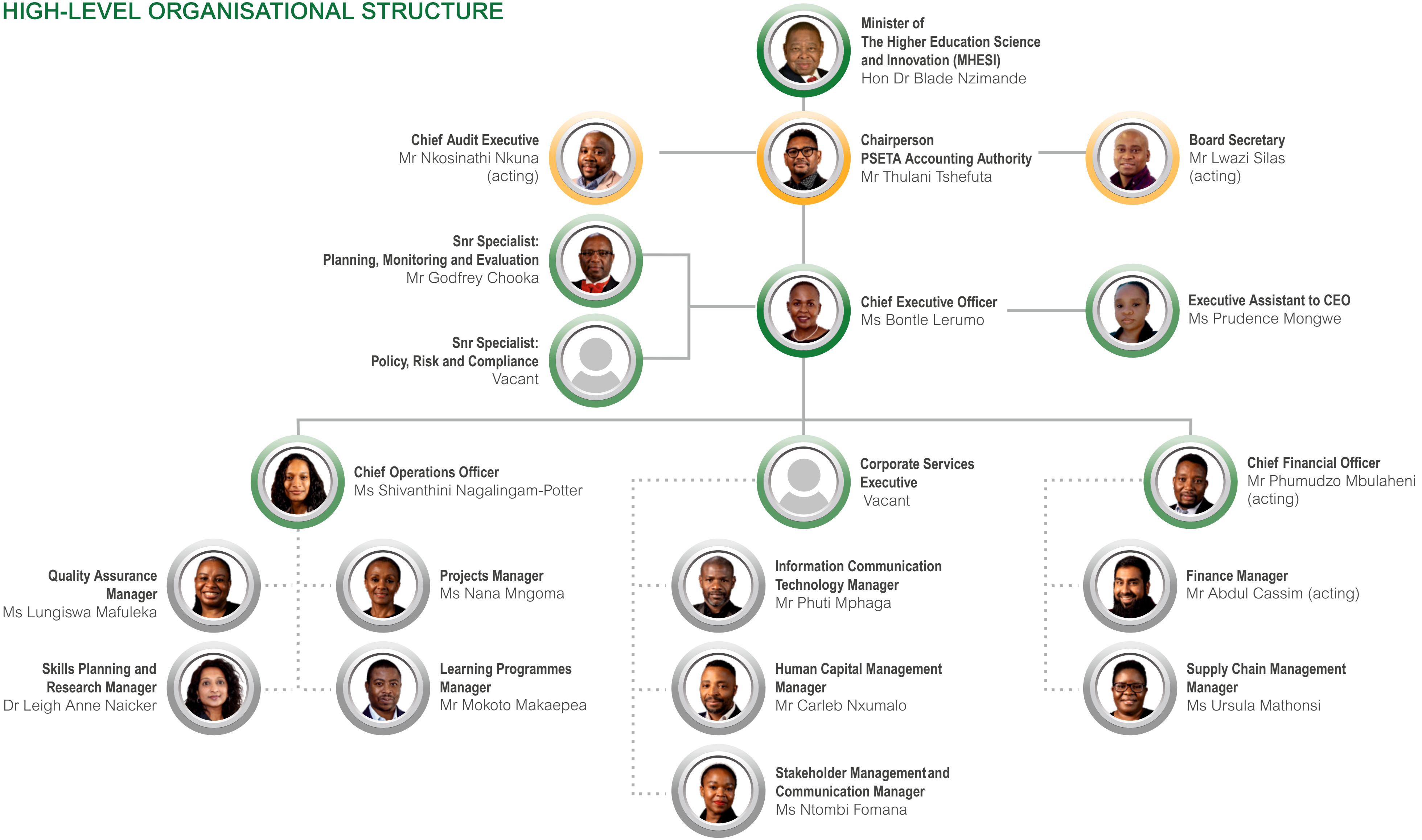
3. As of 30 May 2022, all new quotations must be requested and tenders must be advertised, and dealt with, in accordance with the 2017 Regulations;

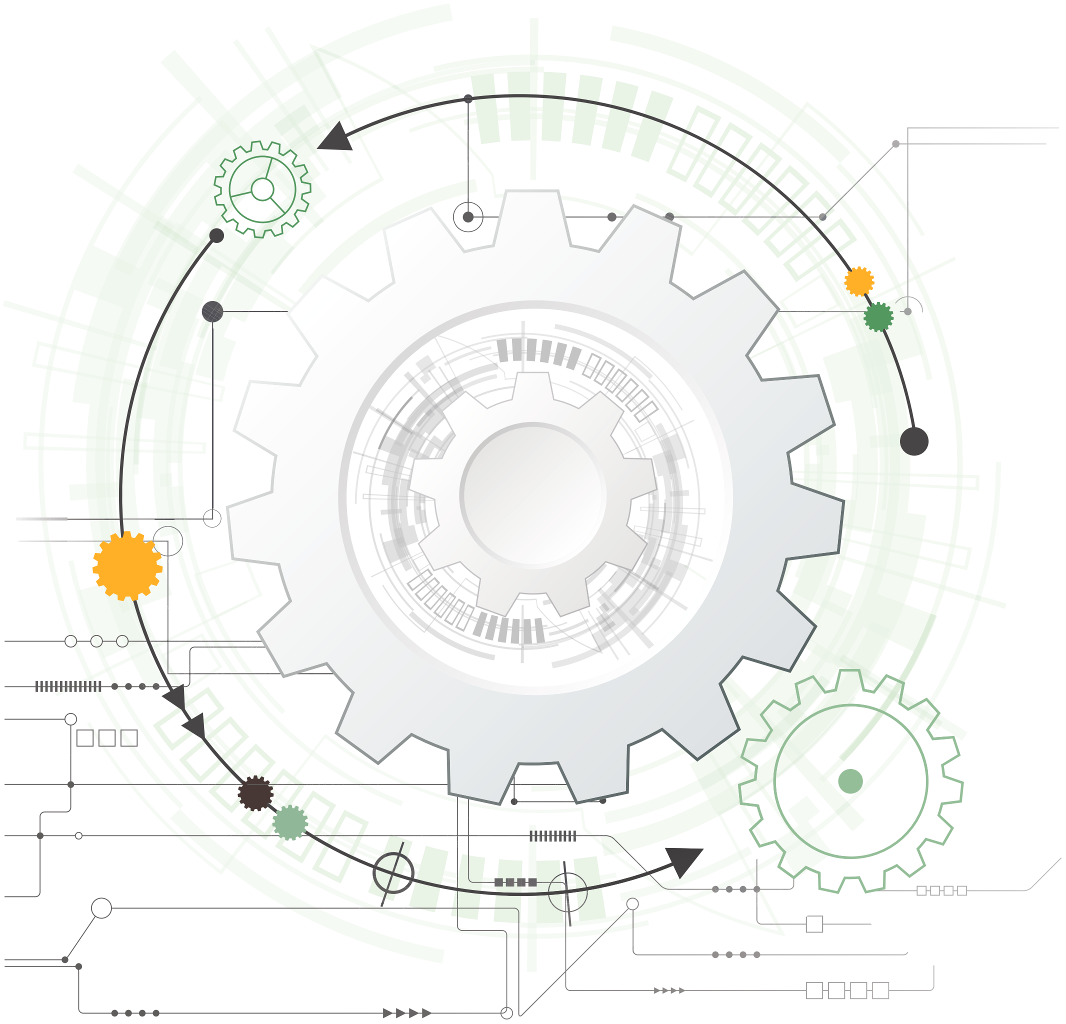
4. A quotation requested or a tenders advertised before 30 May 2022, must be dealt with in terms of the exemption and the internal procurement policy in place for the duration of the exemption. An organ of state may however decide to withdraw such a request for a quotation or an advert for a tender and request a new quotation or advertise a new tender that will be subject to 2017Regulations; and

5. The 2017 Regulations will remain in place until 15 February 2023 unless new regulations are promulgated before that date Therefore, Organs of state, such as PSETA, should by 16 February 2023, ensure that procurement policies in line with the Constitutional Court's judgment of 16 February 2022 are in place or, if new Preferential Procurement Regulations are promulgated, when these Regulations take effect. PSETA has already commenced with preparing a supply chain management policy for 2023/24 financial year.

ORGANISATIONAL STRUCTURE

HIGH-LEVEL ORGANISATIONAL STRUCTURE





PART B

PERFORMANCE INFORMATION

AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to the detail provided in paragraphs 10 -17 in the Auditor General's report, published as part F of this annual report.

OVERVIEW OF PERFORMANCE

SERVICE DELIVERY ENVIRONMENT

The role of the Public Service sector is to provide high-quality services to the citizens of the country. The performance and well-being of the Public Service sector is intrinsically linked to the performance of the country's economy. The country's fiscal position remained weak in the period under review, with the economic outlook for the Public Service sector looking bleak with the risk of higher-than-budgeted public-service wages, demands for additional funding from financially distressed state-owned companies, and calls for permanent increases in spending that exceed available resources. Rating downgrades and currency weakness prior to the Covid-19 pandemic further increased the cost of government borrowing.

The Public Service sector is relatively well regulated with a range of statutory bodies mandated to play a role in skills development for a capable and skilled workforce. The integration of the District Development Model (DDM) into the broader plan of aligning with the NDP's infrastructure goals has been elevated as part of the DDM's all-of-government approach to improve integrated planning and delivery across the three spheres of government with district and metropolitan spaces as focal points of government and private sector investment. The Economic Reconstruction and Recovery Plan (ERRP) which was introduced by government seeks to actively change the economy towards growth. Strengthening the capacity of the State to ensure successful implementation of the ERRP and DDM requires a capable, ethical, professional, and developmental state with the capacity to plan and to implement in a coherent and integrated manner across the three spheres of government. Accordingly, strengthening the capacity of the state has been among the priority areas of focus across PSETA programmes.

The National Development Plan (NDP) calls for the building of a "capable state" – underpinned by "effectively coordinated state institutions" with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritising the nation's developmental objectives. This is further supported by priority one of the Medium-Term Strategic Framework (MTSF) which is a capable, ethical and developmental state. PSETA's overarching strategic goal in alignment to the set national priority is to build the skills required for a developmental, capable and ethical state.

In October 2022, Cabinet approved the National Framework towards Professionalisation of the Public Sector. The framework was an important milestone towards realising the NDP's goals for a capable and developmental state and represents one of the most significant developments in public service reform since the advent of democracy. Applicable across all spheres of the public sector, the framework is an important tool which aid in institutionalising meritocracy in the State's human resource practices by giving effect to the NDP's recommendations on the type of public sector required to drive a developmental state agenda in a democratic system of government.

The introduction of new technologies and the global evolution into the Fourth Industrial Revolution (4IR) was identified as a key change driver impacting skills demand and supply in the sector. The Public Service has been required to expand its personnel complement (especially in terms of technical support roles) and enhance training and education of current staff, with a need for ongoing reskilling and/or up-skilling. ICT advances requires employees to be skilled in technology related skills, big data analytics, related fields and other forms of information relevant to the fourth industrial revolution.

The financial resources available for training and development remain with the sector, as government departments and public entities remain exempt from paying skills development levies. This contributes to budgetary constraints which impacts on the PSETA's ability to meet the demands of the sector. It is important to note that whilst the sector hosts a large number of interns and learners during the course of their experiential learning, a large number of internship and work integrated learning (WIL) learners are not absorbed into employment after completion of their programmes. Further, the sector's training priorities are not centralised and streamlined due to various skills development role players, resulting in lack of coherence in skills development and human resource development efforts.

PSETA is required to build a performance and organisational system that can anticipate, modelling and innovating programmes that are responsive to the needs of the sector, and that is capable of consistently delivering high-quality skills for an effective and capable Public Service. To this end, PSETA adopts a systematic approach of delivering value to its stakeholders wherein demand and supply are integrated through the PSETA's business operating model that is underpinned by strong partnerships and collaborations with all the sector stakeholders.

The Annual Performance Plan (APP) for the 2022/23 financial year was implemented through four (4) programmes listed below:

- *Programme1:* Administration: The purpose of this programme is to develop and implement corporate support strategies and systems that contribute towards the achievement of the organisational mandate.
- *Programme 2:* Skills Planning and Research: The purpose of this programme is to conduct and coordinate research to inform the strategic skills development priorities for the sector. This programme is made up of two organisational business units: Skills Planning; and Research (SPR). The development and annual update of the Sector Skills Plan (SSP), research studies, coordinating research activities and conferences and capacity building of stakeholders in skills planning are core outputs within this programme.
- *Programme 3:* Learning Programmes and Projects: The purpose of this programme is to facilitate and manage the implementation of learning programmes for and within the Public Service sector, as per the NSDP goals. This programme includes special projects (including partnerships) and the monitoring, evaluation and reporting of learning interventions.
- *Programme 4:* Quality Assurance (QA): The purpose of this programme is to build the provider capacity required to deliver the priority skills for the sector, developing standards, accrediting providers and quality assuring learning. The QA department undertakes the review of legacy qualifications and development of new occupational qualifications and capacitation of providers through advocacy workshops.

Performance Highlights

The following key achievements were recorded during the reporting period under review:

- PSETA received a clean audit report for the 5th consecutive year.
- PSETA achieved 27 out of 31 performance targets in the APP, representing an overall 87% achievement, compared to 84% in the previous financial year 2021/22.
- The current financial year marks the third year of implementation of the NSDP. The SLA signed with DHET quantified NSDP outcomes into SLA targets for the 2022/23 financial year. A total of 24 annual SLA targets were applicable and 23 targets were achieved, representing an 96% achievement. This is an improvement compared to the 2021/22 financial period achievement of 88%.
- 100% of suppliers were paid within 30 days after submission of valid invoices.
- Various strategic partnerships were formalised through Memoranda of Understanding signed with the Limpopo, Free State and Northern Cape Offices of the Premier, the Gauteng City Region Academy, Department of International Relations and Cooperation (DIRCO), Government Communication and Information System (GCIS), Parliament of South Africa, Northern Cape Provincial Legislature, Gauteng Partnership Fund, the South African Association of Public Administration and Management (SAAPAM), Workers College of South Africa, National Union of Metalworkers South Africa (NUMSA) and the Police and Prisons Civil Rights Union (POPCRU).
- Four partnership agreements were formalised with TVET Colleges, namely with Western TVET College, False Bay TVET College, Ikhala TVET College and Boland TVET College.
- Partnership agreements with Higher Education Institutions were formalised with University of Johannesburg, Durban University of Technology, Mangosuthu University of Technology and Vaal University of Technology.
- In pursuance of its support of worker-initiated training projects, the PSETA formalised partnerships with the Public Servants Association (PSA) and the National Education, Health and Allied Workers Union (NEHAWU).
- PSETA supported Community Education and Training (CET) Colleges in both the Northern Cape and KwaZulu-Natal provinces with skills development programmes for lecturers.
- PSETA, in partnership with its strategic partners, launched the PSETA-DPSA-NYDA Future of Work Ambassadors Programme. The launch ceremony was graced by the attendance of the former Acting MPSA Honourable Thulas Nxesi, the DPSA Director-General, Ms Yoliswa Makhasi, the PSETA CEO Ms Bontle Lerumo and the Chairperson of the PSETA AA Mr Thulani Tshefuta.
- On the 28th of October 2022, the former acting MPSA, Honourable Thulas Nxesi launched PSETA's research partnership with the Tshwane University of Technology's Institute of the Future of Work. The research partnership is aimed establishing the profile of a model public servant of the future, considering skills, competencies, emerging jobs/occupations and qualifications. Also, given the evolving nature of ICT, the second research output is aimed at assessing the current ICT skills and also identifying future ICT skills that will be required in the sector to build a capable state.
- The Innovations and Development Department of Majuba TVET College invited PSETA to the Partnerships and Linkages awards. PSETA received a special award for funding level 4 Artisan Development.

- In September 2022, PSETA was honoured with an award by the Mangosuthu University of Technology (MUT) recognising the contribution of PSETA towards the Work Integrated Learning programme.
- The PSETA supported the DPSA in the co-hosting of the Public Service Human Resource Conference held in February 2023. The Conference was aimed at sharing research findings, evidence-based approaches and best practice in human capital management in the Public Service.

Challenges encountered during programme implementation included the following:

- PSETA had a vacancy rate of 22% and not all posts could be filled during the year. The process to fill vacancies started in January 2022 after the approval of the structure. The process will continue till all vacancies are filled in the new financial year.
- PSETA continued to experience vacancies of the Chief Finance Officer, the Corporate Services Executive, Chief Audit Executive, Board Secretary, during the period under review.
- The late allocation of the discretionary grants and contracting processes specifically related to the Skills Programmes on Change Management, Finance Management and Service Delivery led to limited time for implementation and resulted in the training not being concluded by the end of the financial year. Furthermore, delays were experienced in the contracting with National Treasury for the implementation of a Skills Programme on Standard Chart of Accounts (SCoA).
- Delays by stakeholders in submitting correct learner documents and delays in closing the gaps identified post validation of learner agreements continued to impact the timeframes for the registration of learners.
- In certain instances, workplaces where learners are hosted for internships and WIL were not equipped with the necessary tools of trade to enable learners to gain the relevant workplace experience. These issues were identified during the monitoring of the projects and learners were either rotated to other host employers or the host employers addressed the matter.
- It is important to note that despite these challenges, the implementation of all the programmes was done with no other notable challenges.
- The PSETA migrated its SETA Management Information System to a new ERP system in the 2021/22 financial year. In the year under review, there were still ongoing teething challenges with the system as the system was being fully utilised. This has caused delays in internal work processes and impacted efficiencies.
- PSETA continued to experience challenges with the submission of the SETMIS and NLRD because of the transition to a new system and the issue of mapping of SETMIS specifications on the new system.
- These system challenges have been mitigated through significant additional efforts from the PSETA staff with the service provider to address system issues.
- The transition from pre-2009 qualifications to the occupational qualifications has required concerted efforts from PSETA. The challenges experienced are the long periods required to accommodate the development and registration of occupational qualifications and the slow uptake of accreditation by SDPs on the occupational qualifications.

ORGANISATIONAL ENVIRONMENT

Three executive management posts of the CFO, CSE and CAE were vacant at year end. The year started with the vacancies of the CFO and CSE posts and, as a result, the Finance Manager, Mr Phumudzo Mbulaheni, was appointed to act in the position of the CFO. The CSE position was vacant from January 2022 and the position remained vacant as of 31 March 2023.

The process of recruitment for the two executive positions is at an advanced stage and will be completed in the new financial year. The process to fill vacant posts has commenced and the vacancy rate will be less 10% by March 2024.

PSETA continues to improve its operational systems, processes, and people to enable it to execute its mandate despite the challenges faced in the Post-School Education and Training (PSET) Service Sector. All the modules of the Enterprise Resource Planning (ERP) system implemented for the organisation to integrate all the systems in PSETA went live in the year under review.

The Ethics and Fraud Hotline was operational. Awareness workshops on fraud and corruption prevention were conducted in the year under review, while ethics and fraud reports were reported to the Audit Committee (AC) and Governance and Strategy Committee (GSC) and these were reported to the AA. Cases received from the Hotline in the current financial year under review were processed and are being monitored by the Audit Committee and the Board.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no policy changes in the current year, however, the Skills Development Circular No 01/2020: Judgement of the Labour Appeal Court of 16/10/2019, which set aside Regulation 4(4) of the 2012 SETA Grant Regulations on the allocation of the mandatory grant of the levy paid by an employer is being monitored.

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The PSETA's Five-Year Strategic Plan 2020/21-2024/25 has four outcomes that seek to address the problem of lack of skills and shortage of technical and professional skills to address service delivery in the public service sector. To contribute to the desired future of sufficient technical and professional skills in the public service sector, in the period under review, the following progress was made towards the achievement of the desired institutional impact and outcomes:

Outcome 1: Enhanced PSETA capabilities to deliver its strategy.

The outcome indicator for this programme is measured by the improved operational performance and an unqualified audit opinion of its annual report, performance information and financial statements.

To enhance PSETA's capabilities to deliver its strategy and achieve a clean audit outcome and impact positively to a public service sector that delivers on its mandate, the following outputs achievements were recorded in the year under review:

- Operational efficiency that has resulted in the performance achievement of 87% of 2022/23 APP targets and 96% SLA targets.
- Combined efforts of line management, Risk and Internal Auditors, and the ICT, Risk and Audit Committee that provided oversight has ensured that the PSETA once again achieved an unqualified audit opinion with no findings (clean audit) for the fifth consecutive year.
- PSETA continues to implement the hybrid working model – it contributes to wellness and retention of staff.
- PSETA successfully hosted its 12th Annual General Meeting on 11th November 2022.
- The development of a Funding Model to come up with a sustainable funding mechanism (long term solution) is in progress.
- Continuous improvement in the PSETA internal control environment by monitoring the constant reviewing of policies and procedures, as well as upskilling of staff.
- PSETA hosted three graduate interns in the Internal Audit, Stakeholder Management and Communications and Projects Management Departments for a period of 24 months. Further, four TVET WIL learners who were placed within the PSETA Learning Programmes, Quality Assurance and Finance departments completed their 18 months experiential learning with PSETA.
- Enforcement of cost containment measures and reducing operational inefficiencies and streamlining of operations to mitigate inadequate budget allocation.
- All modules on PSETA ERP system went live in the year under review achieving a seamless integration of processes. The system is cloud-based and is accessible from any mobile device.
- Cyber Security Risks are being mitigated by providing for improvements in terms of cyber enhancements and quarterly vulnerability and penetration testing.

Outcome 2: Improved credible research for skills planning.

The outcome indicator for this programme is measured by the initiatives implemented to inform skills planning in the sector.

To improve credible research for skills planning and impact positively on a public service sector that delivers on its mandate, the following outputs achievements were recorded:

- The PSETA completed a total of six research reports, which provided valuable information and knowledge in informing the PSETA's interventions and the Sector Skills Plan update.
- A research partnership with the Tshwane University of Technology Institute for the Future of Work was concluded and the research outputs focussed on two distinct areas: (1) Future skills for the public Service sector in South Africa: focus on the future skills for the Public Service employee. (2) Skills development of ICT support staff: 4IR skills training and upskilling of ICT support staff working in the Public Service sector.
- Through the research partnership with the WITS University's Researching Education and Learning (REAL) Centre three research streams were concluded: (1) Public sector policy directions and priorities associated with the United Nation's sustainable development goals: Impact on employment and skills demand in the public service sector; (2) Review of Professional Competency Frameworks in the Public Service sector and (3) A critical review of skills demand and supply in the Public Service sector.
- The PSETA, conducted an impact assessment study on workplace-based learning programmes in the public service sector, focussing on learners that participated in PSETA Learnership programmes.
- The SSP Update 2023/24 was approved by the MHESI and used to inform the Strategic Plan update 2023 and the APP 2023/24.
- PSETA conducted capacity-building workshops and participated in various provincial and national skills development fora to strengthen the sector's role and understanding of skills development and human resource development processes.

Outcome 3: Increased pool of skills into and within the public sector.

The outcome indicator for this programme is measured by the sectoral priority occupations identified in the Sector Skills Plan (SSP) and addressed through implementing relevant programmes.

To increase the entity's pool of skills into and within the public sector and impact positively on a public service sector that delivers on its mandate, the following outputs achievements were realised:

- Discretionary Grants is funding made available for training initiatives that carries forward the goals of the PSETA Sector Skills Plan, objectives of the National Skills Development Plan and the PSETA Service Level Agreement.
- In the 2022/23 financial year, sixteen (16) agreements on various learning programmes to the total value of R42 million were entered into by PSETA and various stakeholders.
- Based on the savings and surplus realised in the financial year, a total of R26 million was allocated through the partnership process to various stakeholders for bursaries, internships, learnerships and Cadet programmes.
- PSETA partnered with the two Bargaining Councils - GPSSBC and PSCBC, on a learnership programme in Public Administration (Procurement) for 150 public service officials.

- In pursuance of its support of worker-initiated training projects, the PSETA formalised partnerships with the POPCRU and the Workers College of South Africa.
- Special projects aimed at ensuring the participation of key stakeholders and designated groups within the Public Service Sector. The purpose of these projects is to provide opportunities to meet the transformational imperatives and priorities of government like rural projects and projects for people with disabilities. PSETA entered into a memorandum of agreement (MoA) with the National Youth Development Agency (NYDA) for the implementation of a rural development project. The MoA is to the value of R3,6 million to train 50 unemployed learners on a learnership programme.
- The PSETA continued with the implementation of Recognition of Prior Learning (RPL) programme for the sector. PSETA made an allocation to the value of R3,1 million for the implementation of an RPL programme on a Public Administration NQF level 5 for 200 public service officials.
- PSETA has partnered with the National Electronic Media Institute of South Africa (NEMISA) to roll out a programme to SMMEs. The Advanced Digital Entrepreneurship programme aims to develop knowledge of digital skills for exploring, starting, running, and growing a digital enterprise among SMMEs.
- PSETA in collaboration with National Treasury delivered a high-quality accredited training programme for 450 public service sector employees across all nine (9) provincial administrations on the Standard Chart of Accounts (SCoA), targeting financial and non-financial practitioners working directly with classification.
- Savings and surplus allocations: Based on the savings and surplus realised in the financial year, a total of R21,9 million was allocated through the partnership process to various stakeholders for bursaries, internships, learnerships and Cadet programmes. Specifically, the Department of Home Affairs and the Department of International Relations and Cooperation were funded for the Cadet Programme to train 90 unemployed learners in total on a Learnership programme. A total of 65 internship opportunities for graduates across various fields of study were awarded to Tshwane University of Technology, SAAPAM, Northern Cape Provincial Legislature and POPCRU. These interns will be placed at various public service institutions for their 24-month internship programme. PSETA further funded a Women's Development bursary programme with POPCRU for 20 officials who will undertake their studies at the University of the Western Cape's School of Government.

Outcome 4: *Quality learning interventions in the Public Service Sector.*

The outcome indicator for this programme is measured by the number of learning interventions available to address the priorities identified in the Sector Skills Plan (SSP) and the number of Skills Development Providers (SDPs) accredited.

To grow the quality of learning interventions available in the Public Service Sector and impact positively on a public service sector that delivers on its mandate, the following output achievements were realised:

- The PSETA continued to support accredited skills development providers through monitoring and verification visits conducted throughout the year.
- SDP capacity building workshops were conducted to ensure that accredited SDP are equipped with necessary information and knowledge to implement PSETA qualifications efficiently.
- PSETA took a decision to grant all PSETA accredited SDPs a further extension of the accreditation period until 30 June 2024.
- A total of 1407 certificates and 1001 Statements of Results were issued in the period under review for qualifications and part-qualifications within the PSETA scope.
- A total of 15 accreditation applications were processed and approved. These included primary, secondary extension of scope and programme approval applications.
- PSETA developed and submitted the following learnership and skills programmes to the QCTO for registration:
    - Public Service Administrator Learnership
    - Service Delivery Skills Programme
    - Monitoring and Evaluation Skills Programme
    - Ethics Skills Programme
- Various stakeholders were engaged including: DIRCO, Department of Home Affairs, Department of Employment and Labour, Government Communications and Information System, SARS, DPSA, State Academies on the review and development of various occupational qualifications for the sector.
- PSETA administered its first External Integrated Summative Assessment (EISA) for the Occupational Qualification: 91994 Public Service Administrator: Office Administrator. A total of one hundred and twenty-five learners wrote the exam.
- In the preceding financial years PSETA had developed and re-aligned the following occupational qualifications which as at 31 March 2023 were still with the QCTO and SAQA for registration:
    - Advanced Occupational Diploma: Senior Government Official, NQF Level 7,
    - Occupational Certificate: Administrative Attaché, NQF Level 5,
    - Higher Occupational Certificate: Immigration Officer, NQF Level 5,
    - Higher Occupational Certificate: Refugee Status Determination Officer, NQF Level 5.
    - Occupational Certificate: Legislation Administrative Assistant NQF Level 5
    - Advanced Occupational Certificate: Legislation Facilitator NQF Level 6

PROGRAMME PERFORMANCE

In the 2022/23 financial year, PSETA tabled its APP once and as a result, PSETA will not consider **Table 1 (2.4.4.1)** which provides for reporting changes made to the original tabled APP as per the issued guidelines for reporting on performance information.

PSETA is using the **Table 2 (2.4.4.2)** report against the originally tabled APP as the entity did not re-table the APP in the 2022/23 financial year.

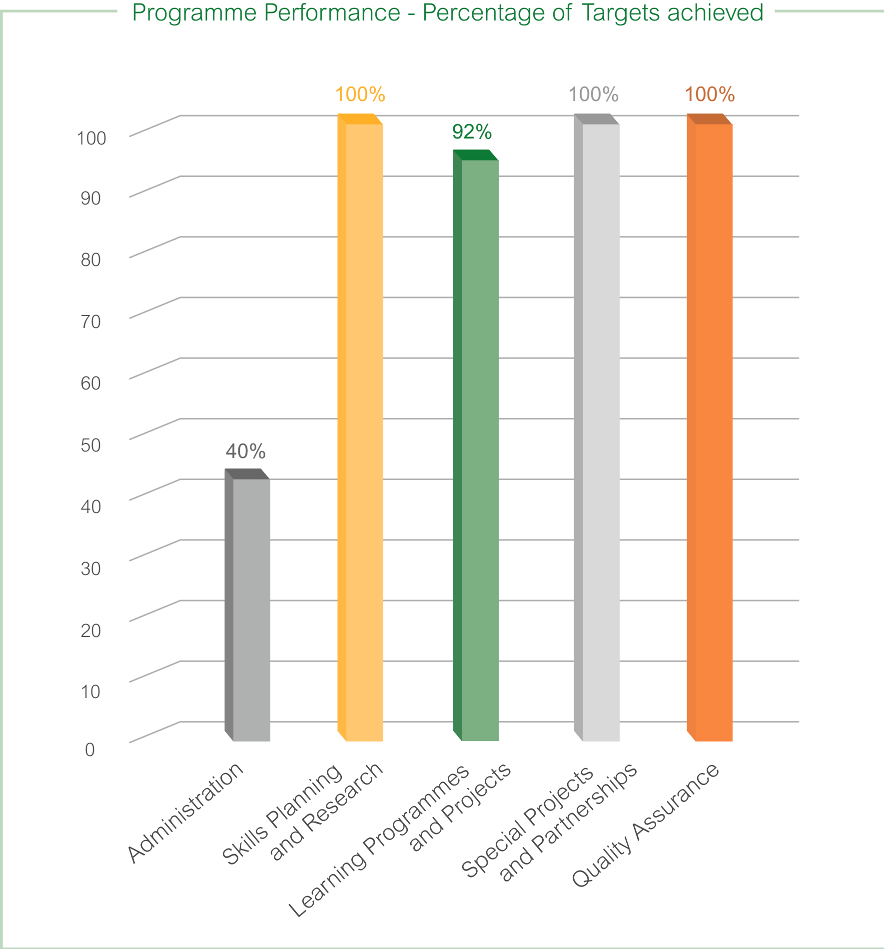
The PSETA APP had 31 performance indicators and targets and performance was as follows:

1. **Administration** – 2 out of 5 performance indicators were achieved: 40% Achievement.
2. **Skills Planning and Research** – 3 out of 3 performance indicators were achieved: 100% Achievement.
3. (i) **Learning Programmes and Projects** – 11 out of 12 performance indicators were achieved: 92% Achievement

   (ii) **Special Projects and Partnerships** – 7 out of 7 performance indicators were achieved: 100% Achievement
4. **Quality Assurance** – 4 out of 4 performance indicators were achieved: 100% Achievement.

This translates to 27 out of 31 achievement of APP targets, which is an overall performance achievement of 87%.

The SLA signed with DHET for the 2022/23 financial year had 24 targets, of which 23 targets were achieved, representing an 96% achievement. These targets are integrated in the performance information tables below:



PROGRAMME 1
ADMINISTRATION

PROGRAMME PURPOSE:

To ensure that the organisation has effective and efficient governance structures that lead, monitor and evaluate organizational performance; ensure prudent financial management, procurement of goods and services and reporting in compliance with relevant acts and regulations; and provide efficient and effective corporate service functions to internal departments within the PSETA and external stakeholders by providing the following services: Human Resources, ICT, improved communication, marketing and stakeholder engagements and auxiliary services.

Outcome: Enhanced PSETA capabilities to deliver its strategy.

Output: To develop and implement corporate support strategies and systems that contribute towards achievement of the organizational mandate.

Progress and Achievement: Two out of five performance indicators were achieved (40% achievement).

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 1: ADMINISTRATION 2022/23								
Enhanced PSETA capabilities to deliver its strategy	Report with 100% implementation of planned training initiatives	Percentage Implementation of approved training plan as per submitted Workplace Skills Plan	0%	100%	100%	43%	-57%	Annual Target Not Achieved. Providers could not allow training because the number of delegates did not meet classroom training threshold to enable training.
	100% implementation of the approved stakeholder management and communication plan as per target	Percentage implementation of approved integrated Communication and Stakeholder Relations Management Plan	91%	100%	100%	90%	-10%	Annual Target Not Achieved. No radio shows were conducted due to challenges with the procurement of radio stations

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 1: ADMINISTRATION 2022/23								
	Report of learners and work seekers exposed to all information pertaining to careers within public service, thus making public service a career of choice	Number of career guidance advocacy sessions	29	28	30	31	+1	Annual Target Exceeded Additional requests for exhibitions were received (With no additional financial implications)
	100% implementation of the approved ICT plan	Percentage implementation of approved ICT plan	16%	67%	100%	84%	-16%	Annual Target Not Achieved. Penetration testing could not be done because it was dependent on resolving the vulnerabilities identified during the assessment.
	Valid invoices paid within 30 days of receipt	Percentage valid invoices paid within 30 days of receipt	100%	99.7%	100%	100%	None	None Annual Target Achieved

Strategies to overcome areas of underperformance.

The annual target of hundred percent implementation of approved training plan as per submitted Workplace Skills Plan could not be achieved and a training plan has been put in place to be implemented in the financial year 2023-24. To achieve 100% implementation of the approved stakeholder management and communication plan as per target, the department has put in place processes that will alleviate the procurement challenges.

The approved ICT Operational Plan for the 2023/24 financial year will be implemented to resolve all the vulnerabilities identified and ensure that the 20% on-premises ICT technology is migrated into cloud by 31 March 2024.

Linking performance with budgets Administration.

The table below depicts expenditure against the budget for the reporting period under review and the previous financial year for the programme and sub-programmes. There was under expenditure on the overall administration budget of R13 million was due to the vacancies.

	2021/22			2022/23		
Programme 1	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**
Total	**54 423**	**56 313**	**(1 890)**	**67 668**	**54 435**	**13 233**

PROGRAMME 2
SKILLS PLANNING AND RESEARCH

PURPOSE OF SKILLS PLANNING AND RESEARCH:

The purpose of this programme is to conduct and coordinate research to inform the strategic skills development priorities for the sector. This programme is made up of two organisational business units: Skills Planning; and Research (SPR). The development and annual update of the Sector Skills Plan, research studies, coordinating research activities and conferences and capacity building of stakeholders in skills planning are core outputs within this programme.

Outcome: Improved credible research for skills planning.

Output: To collaborate and conduct labour market research and develop a Sector Skills Plan and to strengthen workplace capabilities in relation to skills planning in the sector.

Progress and Achievement: All three performance indicators were achieved (100% Achievement)

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 2: SKILLS PLANNING AND RESEARCH								
Improved credible research for skills planning.	To collaborate and conduct labour market research and develop a Sector Skills Plan	Number of labour market-related research studies conducted	6	6	6	6	None	None Annual Target Achieved
	To strengthen workplace capabilities in relation to skills planning in the sector	Number of organisations' Workplace Skills Plans approved by PSETA	Total = 150 Small = 13 Medium =13 Large = 124	Total = 162 Small = 13 Medium =13 Large = 136	Total = 142 Small = 6 Medium =10 Large = 126	Total = 156 Small = 9 Medium =15 Large = 132	Total = +14 Small =+3 Medium = +5 Large = +6	Annual Target Exceeded Departments and public entities with their core functions falling within the scope of other line function SETAs have been increasingly encouraged to submit WSPs to PSETA and were assisted with the dual reporting process

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 2: SKILLS PLANNING AND RESEARCH								
		Number of workplace engagements related to labour market trends and skills planning interventions	35	34	34	34	None	None Annual Target Achieved

Strategies to overcome areas of underperformance.

There were no areas of underperformance.

Linking performance with budgets Skills Planning and Research

The over expenditure realised in this programme during the year under review was due to discretionary grants (DG) payments made in the current year against contracts from the previous financial year.

	2021/22			2022/23		
Programme 2	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**
Total	**7 247**	**4 618**	**2 629**	**8 137**	**9 987**	**(1 850)**

PROGRAMME 3
LEARNING PROGRAMMES AND PROJECTS

SUB-PROGRAMME: LEARNING PROGRAMMES AND PROJECTS

The purpose of this programme is to facilitate and manage the implementation of learning programmes for and within the Public Service sector. This programme includes special projects (including partnerships) and the monitoring, evaluation and reporting of learning interventions.

Outcome: Increased pool of skills into and within the Public Service sector

Output: To implement programmes that address skills identified in the Sector Skills Plan (SSP) and occupationally directed programmes

Progress and Achievement: 11 out of 12 performance indicators achieved (92% Achievement).

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS								
Increased pool of skills into and within the Public Service sector	To implement programmes that address skills identified in the SSP and occupationally directed programmes	Number of public service employees entering learning programmes	SP: 1324	SP: 1340	SP: 1250	1267	+17	Annual Target Exceeded Additional beneficiaries were nominated by employers and were recruited into the programme with no additional financial implications.
			RPL: 121	RPL:324	RPL: 200	206	+6	Annual Target Exceeded. Additional beneficiaries were nominated by employers and were recruited into the programme with no additional financial implications.
		Number of public service employees completing learning programmes.	L/Ship:222	L/Ship: 90	L/Ship: 80	82	+2	Annual Target Exceeded. Increased number of learners recruited by the employers led to increased number of completions.

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS								
			SP: 1062	SP: 471	SP: 1125	675	-450	Annual Target Not Achieved. Implementation delayed due to late awarding of DG grants. Therefore, training completed later than anticipated.
			N/A	RPL: 115	RPL: 225	237	+12	Annual Target Exceeded. Increased number of learners recruited led to increased number of completions.
		Number of unemployed learners entering learning programmes.	TVET WIL: 110	TVET WIL: 100	TVET WIL: 200	200	None	None Annual Target Achieved
			HEI/HET WIL: 110	HEI/HET WIL: 130	HEI/HET WIL: 200	200	None	None Annual Target Achieved
			N/A	Bursary: 50	Bursary: 50	60	+10	Annual Target Exceeded. Annual Target Exceeded due to increased demand for more learners
			N/A	Internship: 75	Internship: 50	88	+38	Annual Target Exceeded. Target Exceeded due to increased demand for more learners
		Number of unemployed learners completing learning programmes	TVET WIL: 246	TVET WIL: 408	TVET WIL: 80	91	+11	Annual Target Exceeded. The WIL programme runs over a period of 18 months and beneficiaries who commenced the programme from the previous financial year's projects completed in the period under review

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS								
			Artisans: 25	Artisans: 9	Artisans: 20	65	+45	Annual Target Exceeded. Learners from previous financial year's projects completing in the period under review
			N/A	N/A	Bur: 35	38	+3	Annual Target Exceeded. Target exceeded due to the high pass rate of learners that entered into the programme

SUB-PROGRAMME: SPECIAL PROJECTS AND PARTNERSHIPS

Progress and Achievement: Seven (7) out of Seven (7) performance indicators achieved (100% Achievement)

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS								
Increased pool of skills into and within the Public Service sector	To implement programmes that address skills identified in the SSP and occupationally directed programmes	Number of worker-initiated training (federations/trade unions) interventions supported through capacity building	1	1	1	1	None	None Annual Target Achieved
		Number of rural development projects initiated	1	1	1	1	None	None Annual Target Achieved
		Number of TVET partnerships established	5	4	4	4	None	None Annual Target Achieved
		Number of HEI partnerships established	4	4	2	2	None	None Annual Target Achieved

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS								
		Number of SETA-employer partnerships established	2	4	4	4	None	None Annual Target Achieved
		Number of CET partnerships established	N/A	N/A	1	1	None	None Annual Target Achieved
		Number of small businesses supported with training interventions	N/A	N/A	50	53	+3	Annual Target Exceeded Additional beneficiaries were nominated by the SDPs and were recruited into the programme with no additional financial implications

Strategies to overcome areas of underperformance.

There was one area of underperformance:

Skills Programme completions

The allocation of the DG for Skills Programmes was significantly delayed and thus the implementation of training commenced late in the period under review. The learners will exit the Skills Programme in the 2023/24 financial year. To mitigate this risk the Skills Programme for the 2023/24 financial year will be allocated through a two-pronged approach, utilizing strategic partnerships and the DG call.

Linking performance with budgets of learning programmes

During the year under review, under-expenditure was realized due to budget reporting requirement of including previous years' commitments into the current year budget.

	2021/22			2022/23		
Programme 3	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**
Total	**56 443**	**53 412**	**3 031**	**155 138**	**63 375**	**91 763**

PROGRAMME 4
QUALITY ASSURANCE

PROGRAMME PURPOSE

The purpose of this programme is to build the provider capacity required to deliver the priority skills for the sector, developing standards, accrediting providers, and quality assuring learning. The Quality Assurance department undertakes the review and realignment of legacy qualifications and development of new occupational qualifications and capacitation of providers through advocacy workshops.

Outcome: Quality learning interventions in the Public Service sector.

Output: To implement a quality assurance system that allows for effective monitoring, analysis, support, and continuous improvement of provisioning within the Public Service sector.

Progress and Achievement: Four (4) performance indicators out of four (4) were achieved, representing 100% achievement.

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 4: QUALITY ASSURANCE								
Quality learning interventions in the Public Service sector	To implement a quality assurance system that allows for effective monitoring, analysis, support, and continuous improvement of provisioning within the Public Service sector	Percentage of accredited skills development providers implementing	100%	100%	100%	100%	None	None Annual Target Achieved
		Number of TVET colleges and state academies supported	6	6	6	7	+1	Annual Target Exceeded An extra college indicated interest to extend their scope after the list of TVETs had been identified. They were then supported to extend their scope

Outcome	Output	Output Indicators	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement	Reasons for Deviation
PROGRAMME 4: QUALITY ASSURANCE								
		Number of qualifications developed and/or re-aligned and submitted to QCTO	2	4	4	4	None	None Annual Target Achieved
		Number of accredited skills development providers monitored	N/A	86	85	88	+3	Annual Target Exceeded Additional SDPs were monitored in lieu of requests for accreditation extension of scope

Strategies to overcome areas of underperformance.

There was no area of underperformance.

Linking performance with budgets.

The under-expenditure realised in this programme during the year under review was due to the slow movement in qualification development budget spending.

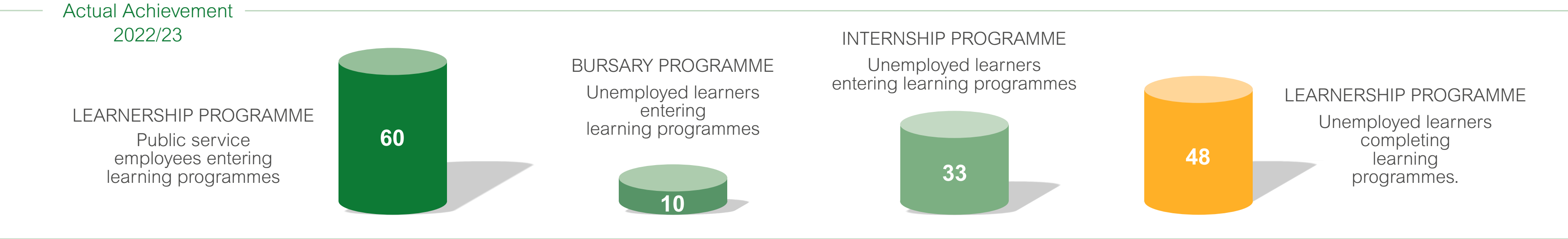
	2021/22			2022/23		
Programme 4	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**
Total	**9 230**	**5 250**	**3 980**	**9 408**	**3 949**	**5 459**

ANNEXURE TO PERFORMANCE REPORTED FOR THE YEAR UNDER REVIEW

ADDITIONAL PERFORMANCE RECORDED DURING THE YEAR

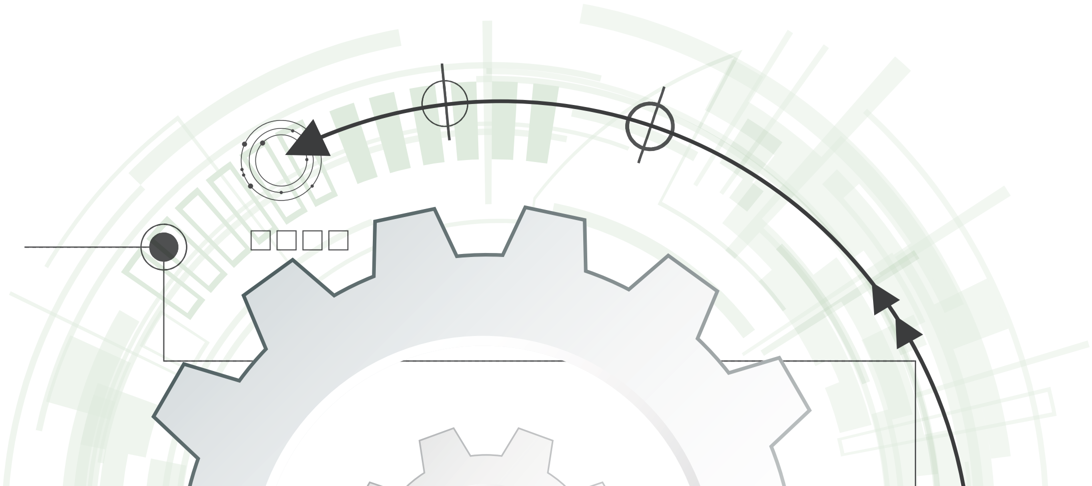
The following achievements shows the learners that were achieved in the current year under review but were budgeted for in the prior year. Due to the late commencement of the projects, these achievements were not reported during 2021/22 financial year. Learners are reported when they enter the programme and registered by the SETA

Outcome	Output	Output Indicators	Actual Achievement 2022/23
Increased pool of skills into and within the Public Service Sector	To implement programmes that address skills identified in the SSP.	Number of public service employees entering learning programmes. (Learnership Programme)	60
		Number of unemployed learners entering learning programmes. (Bursary Programme)	10
		Number of unemployed learners entering learning programmes. (Internship programme)	33
		Number of unemployed learners completing learning programmes. (Learnership Programme)	48



REVENUE COLLECTION

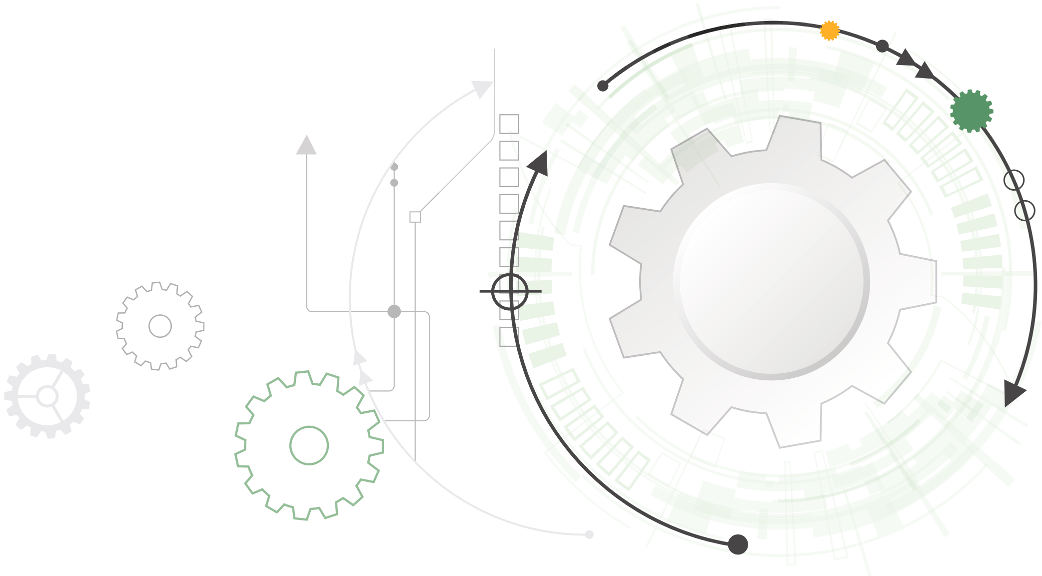
	2021/22			2022/23		
Sources of Revenue	**Estimate R'000**	**Actual Amounts Collected R'000**	**(Over)/Under Collection R'000**	**Estimate R'000**	**Actual Amounts Collected R'000**	**(Over)/Under Collection R'000**
Skills Development Levy: Income including interest and penalties (Public Entities)	1 680	4 107	(2 427)	4 407	4 502	(95)
Prior year surplus	-	-	-	-	-	-
Transfers from other government departments (National Treasury)	120 080	120 082	(2)	123 972	123 972	-
Investment income	4 506	4 162	344	5 616	7 381	(1 765)
Other income	16	40	(24)	17	553	(536)
Total	**126 282**	**128 391**	**2 109**	**134 012**	**136 408**	**(2 396)**

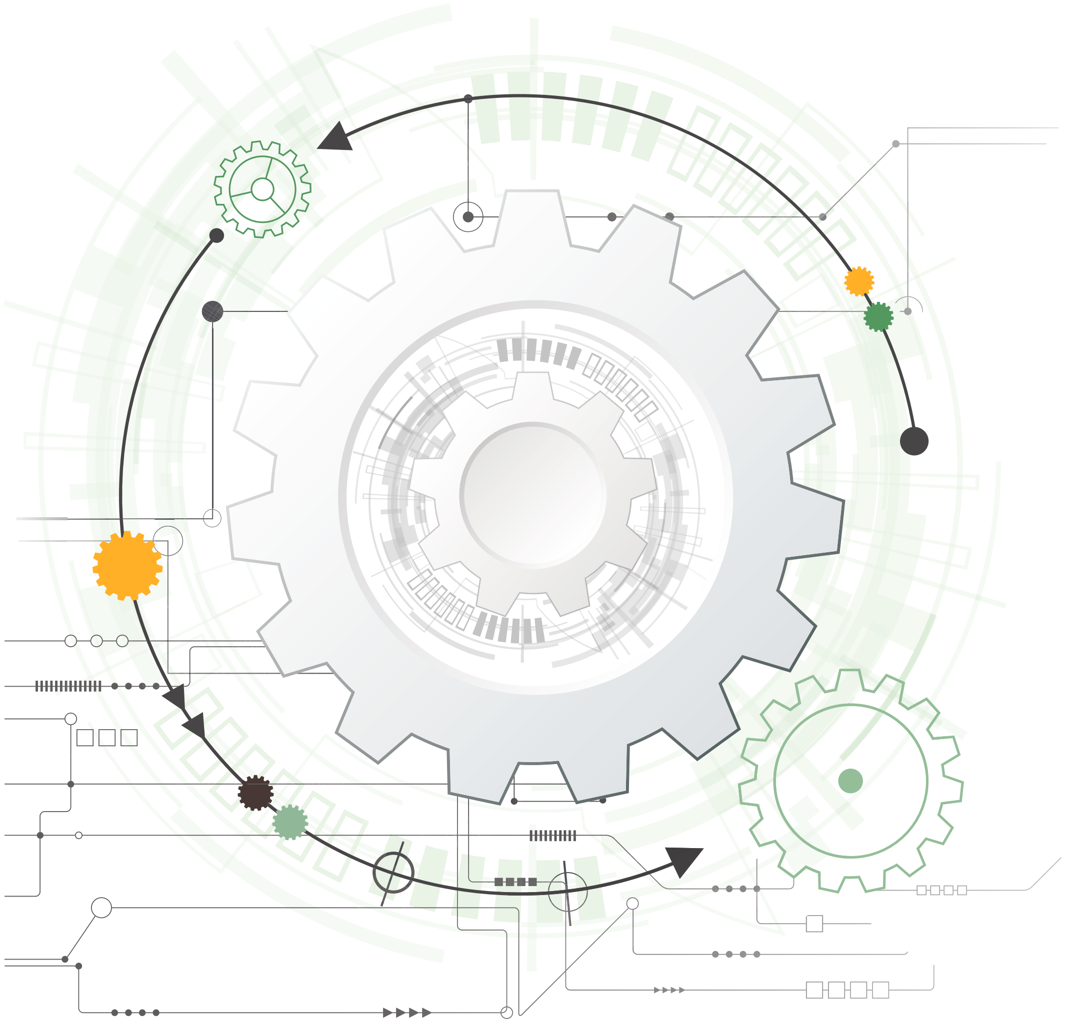


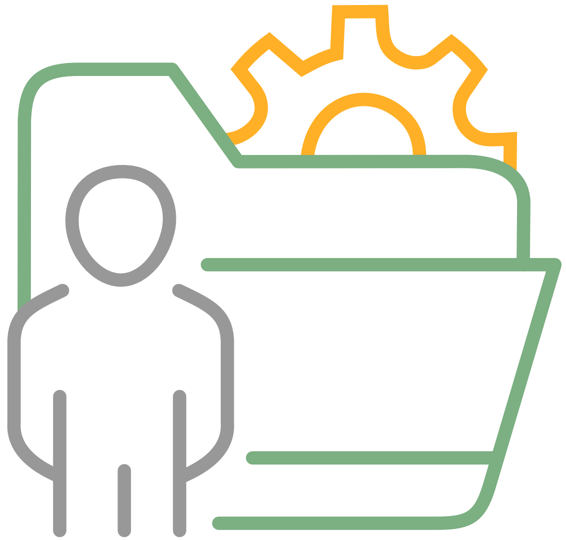
CAPITAL INVESTMENT

Capital investment for the PSETA is confined to procurement and enhancement of property, plant and equipment and intangible assets which are used for production of daily operations. These assets are recorded in the asset register and depreciated on a straight-line basis over their useful lives.

	2021/22			2022/23		
Infrastructure Projects	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure R'000**	**(Over)/Under Expenditure R'000**
Property, plant and equipment	304	3 566	(3 262)	500	260	240
Intangible assets	887	3 091	(2 204)	1 774	4 822	(3 048)
Total	**1 191**	**6 657**	**(5 466)**	**2 274**	**5 082**	**(2 808)**







PART C

GOVERNANCE

COMPOSITION OF THE PSETA ACCOUNTING AUTHORITY

Mr T Tshefuta

Ministerial Appointee – Chairperson

Ms C Brink

Community Organisation

Mr L Nzimande

Community Organisation

Mr NN Maesela

Organised Labour

Mr P Makhafane

Organised Labour

Mr MI Napo

Organised Labour

Ms G Seokolo

Organised Labour

(Withdrawn by her constituency on 29 July 2022)

Mr MA Ramakgale

Organised Labour

Ms N Silinyana

Organised Labour

Ms AN Kelengeshe

Organised Employer

(Resigned 16 March 2023)

Ms L Dludla

Organised Employer

Mr P Moopelwa

Organised Employer

Ms T Molefe – Sefanyetso

Organised Employer

Ms N Nzimande

Organised Employer

Ms V Matshidza

Organised Employer

INTRODUCTION

The PSETA is a public entity established in terms of the SDA and classified as Schedule 3A in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended, hereinafter called PFMA. It reports to the MHESI and is governed by the Standard Constitution, which was determined by the MHESI in terms of Regulation R1399. There are several statutory bodies that play an oversight role over the functioning of the PSETA.

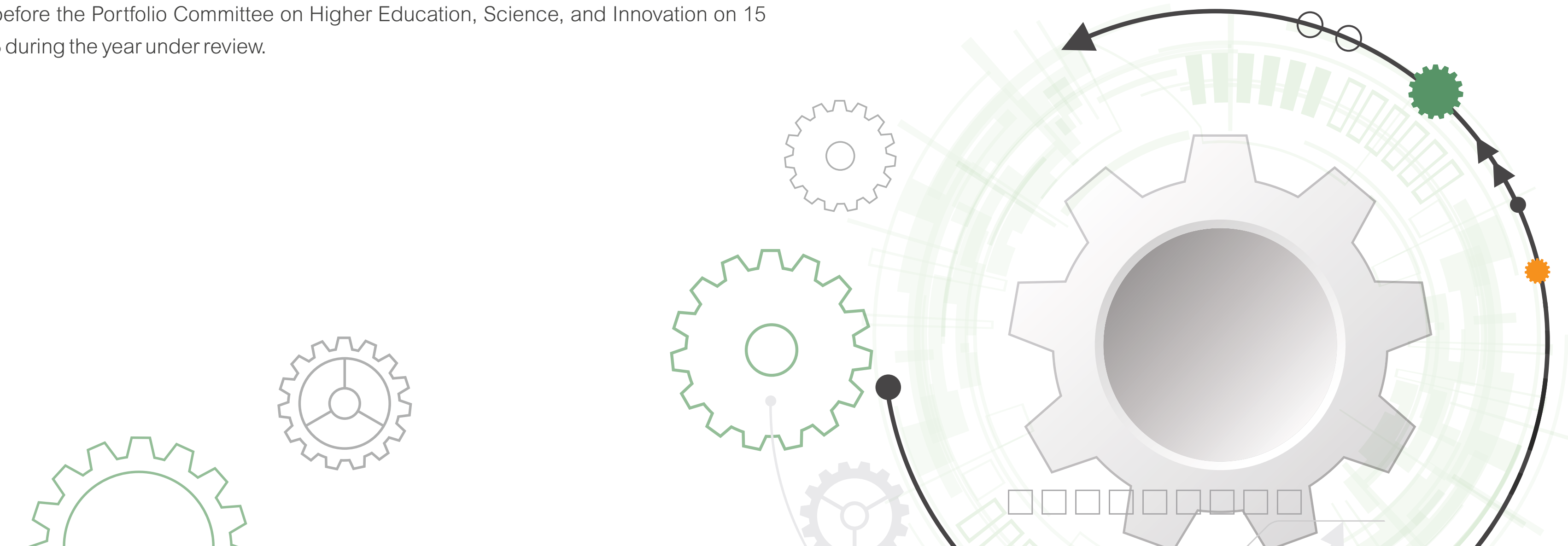
PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education and Training exercises oversight over the SETAs, Higher Educational Institutions (HEI) and DHET, and may invite any SETA to account on its strategic plan and annual performance plans and annual report from time to time. The PSETA appeared before the Portfolio Committee on Higher Education, Science, and Innovation on 15 March 2023 during the year under review.

EXECUTIVE AUTHORITY

The Executive Authority (EA) of the PSETA is the MHESI, who is responsible for appointing members of the AA and determines their remuneration in accordance with the tariffs set by the Minister of Finance. PSETA is required by the DHET to submit, on an annual basis, a SSP and Strategic and Annual Performance Plan. PSETA is also required in terms of the SDA to enter into an SLA with the DHET and agree on expected deliverables that contribute towards fulfilment of the Ministerial outcomes. Four (4) quarterly reports detailing the performance against set targets were submitted to the DHET as required in terms of the Treasury Instruction Note 33, which amended part 5 and 30 of the Treasury Regulations, 2005.

The EA convenes meetings with SETA Chairpersons and CEOs from time to time to discuss strategic policy imperatives affecting the sector and the country. These engagements also present an opportunity for the leadership of the SETA to share and discuss the challenges encountered by the organisation.



THE ACCOUNTING AUTHORITY

INTRODUCTION

The PSETA's Constitution is the basis on which its AA is established. It provides oversight and governance over the entity. The AA comprises 15 members drawn from organised labour, organised employers, community organisation and one Ministerial appointee, who is the Chairperson. The AA provides strategic leadership and guidance.

ROLE OF THE ACCOUNTING AUTHORITY

Powers and functions

The functions and powers of the AA are outlined in the PSETA's Constitution as follows:

a. Govern and manage PSETA in accordance with the Public Finance Management Act (PFMA), the Skills Development Act and any other applicable legislation.
b. Ensure that PSETA achieves the objectives contemplated in Item 5 and performs the functions contemplated in Item 6 of the Standard Constitution Regulations, according to Government Gazette No. 35336, 11 May 2012.
c. Provide effective leadership and ensure that PSETA implements the goals of the NSDS and the Performance Agreement with the Minister as the Executive Authority.
d. Provide strategic direction for PSETA.
e. Liaise with stakeholders.
f. Manage institutional risk, ICT governance and monitor compliance to laws and regulations.
g. Monitor the performance of the PSETA.
h. Ensure that members of the Accounting Authority and Committees comply with the Code of Conduct set out in Annexure 2 of the Constitution.
i. Conduct performance assessment of the Audit Committee and the Accounting Authority.
j. Maintain integrity, responsibility and accountability at all times.

Accounting Authority Charter and progress made on complying with the charter.

The Accounting Authority and sub-committee charters were reviewed and approved. In the year under review, the AA has provided strategic direction and leadership by reviewing and approving various policies, quarterly performance reports and recommending for approval to the MHESI the budgets, strategic and annual performance plans, as well as monitoring the implementation thereof.

The AA reports on the SETA's annual performance and confirms that the going concern-basis of reporting for the organisation is indicated and confirms that the PSETA will continue to be a going concern in the foreseeable future.

The AA determines the implementation and monitoring of policies, procedures, practices and systems to ensure the integrity of risk management, internal controls and compliance to laws and regulations to protect the organisation's assets and reputation.

Composition of the PSETA Accounting Authority

The PSETA AA consists of 13 members nominated as follows:

Constituency	Organisation
Ministerial Appointee	Accounting Authority Chairperson (1 member)
	NEHAWU (2 members) POPCRU (1 member), 1 Member was withdrawn by its constituency and the process of replacement is in progress. PSA (2 members)
Organised Employers	National Departments (3 members),1 member resigned, and the process of replacement is in progress. Legislature (1 member) Public Entities (1 member)
Community	Community Organisations (2 members)

Membership, qualification, and expertise of the Accounting Authority members

Name	Designation	Qualifications	Area of Expertise	Directorships	Sub Committees
Mr T Tshefuta	Ministerial Appointee – Chairperson	B.A (Public Administration), Leadership Programme, Entrepreneur-ship Programme, Effective Stakeholder Management, International Executive Development Programme, Post Graduate Diploma in Management	Strategic Management and Leadership, Strategic and Organisational Planning, Government Planning Process, Project Development, Management, Monitoring and Evaluation and Governance.	None	Executive Committee
Ms C Brink	Community Organisation	Primary Teaching Certificate, B-Tech Ed. Management	Report Writing, Corporate Governance and Facilitation in Local Government Sphere.	None	Governance and Strategy Committee and Finance Committee
Mr L Nzimande	Community Organisation	Bachelor of Education, Certificate in Leadership and Communication	Law Making Processes, Policy Development, Development of Sills, Strategic Management, Research and Report Writing and Strategic Leadership.	None	Governance and Strategy Committee and Finance Committee
Mr NN Maesela	Organised Labour	Certificate Correction Science Leadership, BA Communication Science and Advanced Diploma in Management	Union Leadership, Labour Relations and Labour Law.	None	Governance and Strategy Committee and Remuneration Committee
Mr P Makhafane	Organised Labour	Certificate in Labour Relations Management	Union Leadership, Labour Relations and Labour Law.	None	Remuneration Committee Chairperson and Executive Committee
Mr MI Napo	Organised Labour	Teaching Diploma Secretariate Diploma Bachelor of Human and Social Studies Bachelor of Arts Honours in Developmental Studies	Union Leadership, Research, Governance and Sustainable Development	None	Remuneration Committee
Ms G Seokolo (Withdrawn by her constituency on 29 July 2022)	Organised Labour	University Diploma in Education, Further Diploma in Education, Managing Employment Process, Higher Certificate in Economic Development	Union Leadership, Labour Relations and Labour Law, Negotiations.	None	Executive Committee and Governance and Strategy Committee

Name	Designation	Qualifications	Area of Expertise	Directorships	Sub Committees
Mr MA Ramakgale	Organised Labour	Bachelor's Degree in Administration, Honours in Public Administration, Masters in Town and Regional Planning, Housing Policy Development and Management Programme, Results – Based Monitoring and Evaluation and Executive Development Programme.	Results Based Monitoring & Evaluation (RBM&E); Strategic and conceptualization planning capabilities; Research, Programme and Project Management; Financial Management, Policy formulation & Implementation; Leadership, Good Governance, and Communication.	None	Remuneration Committee
Ms N Silinyana	Organised Labour	Matric Certificate, National Diploma in Marketing Management, Diploma in Project Management, Bachelor of Commerce Degree in Transport Economics and Diploma in Terminal Management	Strategic Leadership and Management, Labour Relations, Union Leadership, Stakeholder Management and Communication, Transport Economics.	None	Finance Committee
Ms AN Kelengeshe (Resigned 16 March 2023)	Organised Employer	Bachelor of Social Science, Public Affairs and Administration; Postgraduate Diploma in Law, Employment Law and Social Security; Certificate, Programme in Human Resource Management, Postgraduate Certificate, Management Advancement Programme; Certificate, Programme in Applied Organisational Development; Master of Business Leadership (MBL); Certificate, Legislative Drafting	Human Resource Development, Organisational Development, Labour Relations, Union Leadership.	None	Remuneration Committee
Ms L Dludla	Organised Employer	Honours: Social Science	Report Writing, Project Organisation, Report Generation and Analysis, Budget, Coordinating Training, Planning, Strategic Management, Training Development and Facilitating, Compliance and Governance.	None	Governance and Strategy Committee and Executive Committee
Mr P Moopelwa	Organised Employer	National Diploma: Public Management and Administration, B-Tech: Public Management and Honours	Financial Management, Strategic management, Operational management, Project management, Human Capital Management, Research, Problem solving, Provisioning of Parliamentary procedural advice and management, Negotiations, Presentations, Leadership and Team Building, Marketing, Legal drafting and Corporate Governance.	None	Finance Committee and Executive Committee

Name	Designation	Qualifications	Area of Expertise	Directorships	Sub Committees
Ms T Molefe – Sefanyetso	Organised Employer	Bachelor of Public Administration	Financial Management, Strategic management, Operational management, Project management, Human Capital Management, Research, Decision making, Analytical and Developmental (Self and Others).	None	Governance and Strategy Committee
Ms N Nzimande	Organised Employer	Matric Certificate, B. Com: Economics and Accounting, B. Com: Honours and Master of Business Leadership	Leadership, Customer and service orientation, significant process improvement experience, understanding of organisational workflows, Data Analysis, Reports and Metrics, Problem Solving, and Project management.	None	Finance Committee and Audit Committee AA Representative
Ms V Matshidza	Organised Employer	B. Com Degree Advanced Management Development Programme, Postgraduate Certificate in Leadership	Financial Management, Financial Accounting, Management Accounting, Planning, Leadership, Project and Programme Management	None	Finance Committee

MEETING ATTENDANCE

Meeting Attendance

Seven (7) PSETA AA meetings were held during the financial year.

Members of the Accounting Authority

Name	Designation	Date of Appointment	Date Resigned	Meetings Attended
Mr T Tshefuta	Ministerial Appointee – Chairperson	01 April 2020	N/A	6
Ms C Brink	Ordinary Member - Community Organisation	01 April 2020	N/A	7
Mr L Nzimande	Ordinary Member - Community Organisation	01 April 2020	N/A	6
Ms G Seokolo	Ordinary Member – Organised Labour	01 April 2020	(Withdrawn by her constituency on 29 July 2022)	1
Mr P Makhafane	Ordinary Member – Organised Labour	01 April 2020	N/A	6

Members of the Accounting Authority (Continued)

Name	Designation	Date of Appointment	Date Resigned	Meetings Attended
Mr MI Napo	Ordinary Member – Organised Labour	31 March 2023	N/A	1
Mr NN Maesela	Ordinary Member – Organised Labour	01 April 2020	N/A	7
Mr MA Ramakgale	Ordinary Member – Organised Labour	22 June 2021	N/A	5
Ms N Silinyana	Ordinary Member – Organised Labour	22 June 2021	N/A	7
Ms AN Kelengeshe	Ordinary Member – Organised Employer	01 April 2020	N/A	2
Ms T Molefe – Sefanyetso	Ordinary Member – Organised Employer	01 April 2020	N/A	5
Mr P Moopelwa	Ordinary Member – Organised Employer	01 April 2020	N/A	3
Ms V Matshidza	Ordinary Member – Organised Employer	01 April 2020	N/A	3
Ms N Nzimande	Ordinary Member – Organised Employer	22 June 2022	N/A	2
Ms L Dludla	Ordinary Member – Organised Employer	01 April 2020	N/A	5

Alternate members of the Accounting Authority

The process of nominating alternate members has commenced. This process was delayed due to the finalisation of appointing the outstanding principal members to the PSETA AA

ACCOUNTING AUTHORITY COMMITTEES

The Accounting Authority utilises the following governance structures that are established in terms of the PSETA Constitution to assist in carrying out its roles and responsibilities:

a. Executive Committee
b. Governance and Strategy Committee
c. Finance Committee
d. Remuneration Committee
e. Audit Committee
f. Risk Management Committee (Sub-Committee of the Audit Committee)
g. Information Communication Technology Steering Committee (Sub-Committee of the Audit Committee)

The Executive Committee

Name of member	Meetings held	Meetings attended
Mr T Tshefuta	4	4
Ms G Seokolo (Withdrawn by her constituency on 29 July 2022)	4	1
Mr P Moopelwa	4	1
Mr P Makhafane	4	4
Ms Dludla	4	2
Mr M Ramakgale (Appointed 31 October 2022)	4	1

The Audit Committee

Members were appointed on 1 April 2020 for a period of five years. The PSETA AA resolved on the 29 July 2022 to include the Chairpersons of both Information Communication Technology Steering Committee (ICTSC) and Risk Management Committee (RMC) to be the members of the

Name of Member / Alternate	Meetings held	Meetings attended
Dr P. Dala (Chairperson)	9	9
Ms N. Nyakaza (Resigned 18 May 2022)	9	0
Mr Z. Myeza	9	9
Ms N Nzimande AA Representative	9	4
Mr L Nzimande - AA Representative	9	8
Ms L Francois (Appointed 29 July 2022)	9	6
Mr S Ndaba (Appointed 29 July 2022)	9	5

The Executive Committee

Name of member	Meetings held	Meetings attended
Mr T Tshefuta	4	4
Ms G Seokolo (Withdrawn by her constituency on 29 July 2022)	4	1
Mr P Moopelwa	4	1
Mr P Makhafane	4	4
Ms Dludla	4	2
Mr M Ramakgale (Appointed 31 October 2022)	4	1

Governance and Strategy Committee

Name of Member / Alternate	Meetings held	Meetings attended
Ms L Dludla (Chairperson)	5	4
Ms C Brink	5	5
Mr NN Maesela	5	5
Ms T Molefe-Sefanyetso	5	3
Ms G Seokolo (Withdrawn by her constituency on 29 July 2022)	5	2
Ms N Silinyana (Appointed 31 October 2022)	5	2

Finance Committee

Name of Member	Meetings held	Meetings attended
Mr P Moopelwa (Chairperson)	5	5
Ms V Matshidza	5	4
Ms C Brink	5	5
Ms N Silinyana	5	4
Ms N Nzimande	5	1

Remuneration Committee

Name of member	Meetings held	Meetings attended
Mr P Makhafane	7	6
Ms A Kelengeshe (Resigned 16 March 2023)	7	4
Ms Tampane Molefe Sefanyetso (Appointed 28 March 2023)	7	0
Mr L Nzimande	7	6
Mr NN Maesela	7	6
Mr MA Ramakgale	7	3

Remuneration Committee

Name of Member	Meetings held	Meetings attended
Ms L Francois	6	6

Information Communication Technology Steering Committee

Name of Member	Meetings held	Meetings attended
Mr S Ndaba	5	5

REMUNERATION OF MEMBERS OF THE ACCOUNTING AUTHORITY

The remuneration of the members of the AA and Committees is in line with the circulars on the adjustment of the remuneration levels, service benefit packages for office bearers of certain statutory and other institutions issued by National Treasury on an annual basis. After a directive from the MHESI, the AA reached the decisions listed below:

a. Members of the AA are remunerated at the Category S rate for all meetings attended as determined by the MHESI based on the National Treasury rates; and
b. Members of the AA are reimbursed for all out-of-pocket-expenses including travel (According to SARS travel and subsistence guidelines)

NB: Meeting fees (preparatory and attendance) are paid as per the AA Remuneration Policy which is in line with the rates published by the National Treasury each year.

Accounting Authority Member Remuneration				
Name	**Meeting fees R'000**	**Travel expenses R'000**	**Other expenses R'000**	**Total R'000**
Mr T Tshefuta	141	7	-	**148**
Ms C Brink	181	-	-	**181**
Mr L Nzimande	202	-	-	**202**
Ms G Seokolo	85	-	-	**85**
Mr P Makhafane	172	3	-	**175**
Mr NN Maesela	181	1	-	**182**
Mr N Silinyana	67	-	-	**67**
Ms AN Kelengeshe	-	2	-	**2**
Mr P Moopelwa	-	-	-	**4**
Mr MA Ramakgale	78	-	-	**76**
Total	**1 107**	**13**		**1 120**

REMUNERATION OF MEMBERS OF THE AUDIT COMMITTEE

The remuneration of the members of the Audit Committee (AC) is in line with a circular issued (24 June 2014) and approved by National Treasury on the adjustment of the remuneration levels, service benefit packages for office bearers of certain statutory and other institution. After a directive from the MHESI, the AA reached the decisions listed below which were authorised by the Executive Authority:

a. Members of the AC are remunerated at the Category S rate for all meetings attended.
b. Members of the AC are reimbursed for all out-of-pocket-expenses including travel (According to SARS annual kilometre rates) and accommodation costs.

NB: Meeting fees (preparatory and attendance) are paid as per the AA Remuneration Policy which is in line with the rates published by the National Treasury each year.

Accounting Committee Remuneration				
Name	Meeting fees R'000	Travel expenses R'000	Other expenses R'000	Total R'000
Dr P Dala (Chairperson)	219	-	-	**219**
Mr Z. Myeza	85	-	-	**85**
Ms N Nyakaza	7	-	-	**7**
Mr SL Ndaba	167	-	-	**167**
Ms ZL Francois	214	-	-	**214**
Total	**692**	-	-	**692**

RISK MANAGEMENT

The PSETA has a standard and structured approach to risk management. This approach ensures that risks are identified, assessed, monitored, and managed within acceptable appetite levels. To this end, the PSETA has a policy and strategy that directs for regular risk assessment to be conducted. The PSETA Audit Committee independently monitors the effectiveness of the entity's system of risk management. The committee has oversight of risk management as per the quarterly and annual reports tabled to the committee on improvements on risk mitigations. The entity has a Risk Management Committee (RMC) chaired by an independent chairperson.

During the year under review, the PSETA reviewed enabling documents including:

- The Risk Management Methodology,
- Risk Appetite Statement,
- Business Continuity Management Policy,
- Compliance Management Policy and
- The Fraud and Corruption Prevention and Control Policy.

The PSETA continued with the management of strategic and operational risks through risk registers. The strategic risk register focussed on the achievement of the strategic outcome and risks that could negatively affect the organisation in achieving its set APP indicators and targets. The operational risk register focused on the day-to-day processes and risk exposures of the organisation. The implemented risk mitigation plans are additional controls to enhance the control environment of the organisation.

This approach ensured that all entity-wide risks that could affect people, business systems, processes, reputation, finance and performance were identified, assessed, and appropriately mitigated to an acceptable level, to address any unfavourable impacts to benefit both current and future opportunities.

The implementation of risk mitigation plans has assisted the organisation to improve the internal control environment. The improvement in internal control has enabled the entity to better manage its operational and financial resources, which has translated into the improved achievement of planned performance indicators and targets.

TOP RISKS

The PSETA identified the following risks:

Risk Description	Mitigations
1. Failure to achieve Service Level Agreement targets (as agreed to with DHET) on skill development in the public sector leading to the non-delivery of the PSETA mandate	1. Engagement with the strategic partners to formalise partnerships 2. Monitor the Memorandums of understanding / agreement with established partnerships 3. Procurement of the Skills Development Providers 4. Engagement with the stakeholders for completion of learning programmes
2. Lack of streamlined research and coordinated skills planning mechanism for the sector leading to misalignment in sector needs and planned interventions	1. Conduct impact assessment studies on PSETA and sector funded programmes. 2. Participation in provincial forums and quarterly workshops to ensure coordination of efforts 3. Hosting of the PSETA research colloquium to disseminate research findings
3. Inadequate budgetary resources to implement learning interventions leading to non-delivery of the PSETA mandate	1. Continuous engagement with the National Treasury and DHET on a sustainable funding model
4. Inability to remain a continuous business in the event of a disaster leading to a halting of the provision of skills development provision	1. Implementation of the approved Business Continuity Policy 2. Continued implementation of cloud based computing strategy, including cloud business application and backups
5. Cyber Security Attack leading to a loss of critical business data and/or functionality	1. Maintenance and support of the existing platforms to ensure that the latest version of firewalls, intrusion prevention system, anti-virus, email scanner and content filtering programs are implemented in the PSETA 2. Expand and improve on current cyber and information security awareness programme including multiple authentication and end-user awareness 3. Conduct vulnerability assessment and penetration testing

Risk	Mitigations
6. Negative PSETA reputation / publicity due to poor	1. Implementation of the Integrated Marketing & Communication and Stakeholder Relations Management Plan 2. Develop Stakeholder Engagement Strategy
7. Inadequate measures implemented to ensure	1. Implementation of provisions of the OHS Act, including evacuation drills and adequate signage through the OHS committee and the appointment of OHS officers
8. High vacancy rate leading to a failure to achieve strategic objectives	1. Implementation of the Recruitment Policy
9. Inadequate number of occupational qualifications and learnerships available to address sector skills needs objectives	1. Re-alignment of Historically Registered Qualification and development of occupational qualifications 2. Appointment of Quality Development Facilitators 3. Application for the qualifications to be submitted to QCTO 4. Appointment of Community of Expert Practitioners 5. Monitor the sector needs and update the policies and procedures
10. Slow implementation of QCTO requirement for External Integrated Summative Assessments (EISA) leading to learners not being certified	1. Develop business case for EISA 2. Procure service provider to conduct summative assessments 3. Conduct summative assessments and issue certificates

Business Continuity

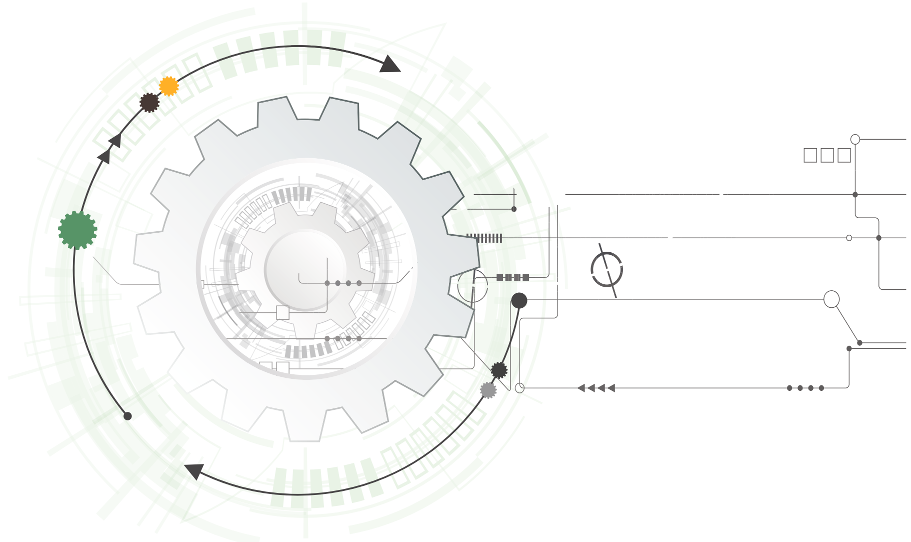
The PSETA reviewed its business continuity plans during the period under review. The emergence of COVID-19 has shown that it is vital for organisations to respond to situations speedily to mitigate the impact and risks and to innovate to continue with service delivery.

The organisation also maintains an up-to-date ICT Service Continuity plan where all its critical ICT infrastructure and applications are hosted in the cloud. This improves business continuity and disaster recovery and fosters better collaborations as the data is saved in the cloud and can be accessed anywhere. Replication, testing, restoration and encryption of data is also part of the processes practiced ensuring that service delivery will continue in the event of a disruption.

Combined Assurance

Combined Assurance refers to the integration, coordination, and alignment of risk management and assurance processes within the organisation designed to optimise and maximise the level of risk governance and control oversight over risk landscape.

The PSETA has embarked on embedding combined assurance during the current year by formalising the interaction of assurance providers through a charter. At year end, a workshop for management had taken place where roles and responsibilities relating to the first line of defence were explained. The PSETA will continue with the concept of combined assurance to ensure collaboration and co-operation between assurance providers to enable a co-ordinated approach which will enhance the quality, cost effectiveness and value-add of the assurance provided.



INTERNAL CONTROLS

Internal control is the responsibility of the management of the entity, and it is a fundamental requirement in all areas of the operations. Each manager is responsible for identifying areas of weakness and putting into effect mechanisms such as policies and standard operating procedures to strengthen controls. Management ensures that controls are at all given times adhered to. Oversight is maintained through audit activities, the Risk Management Committee, the Audit Committee and various other governance structures that monitor the effectiveness of internal controls.

Management monitors controls through the Risk Management and Compliance function where they identify risks, put in place controls and develop mitigating action plans with target dates for monitoring of improvement of controls in the risk registers.

INTERNAL AUDIT AND AUDIT COMMITTEE

INTERNAL AUDIT

The PSETA has an Internal Audit Unit reporting functionally to the Audit Committee and administratively to the CEO. Internal Auditing is an independent, objective assurance and consulting activity that is designed to add value and improve an organisation's operations. It helps the entity to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

During the period under review, the Internal Audit Unit performed work that emerged from risks that were identified during planning and as requested by governance structures. Out of the twelve (12) planned audits, one (1) was not completed.

The following audit projects were executed and completed in line with the approved Internal Audit operational plan for the year:

a. Audit of annual performance information. Ref 2022/23- 01
b. Quarterly performance audit. Ref 2022/23-02
c. Audit of GRAP compliance and follow-up on AGSA findings. Ref 2022/23- 04
d. Audit of management accounts. Ref 2022/23-04
e. Audit of Discretionary Grants (DG) process. Ref 2022/23-05
f. Audit of learner monitoring. Ref 2022/23-13
g. The review of the alignment of the SMART principle in Draft 2023 APP targets, indicators, and technical indicator descriptors. Ref 2022/23-20
h. Follow up audit on Governance. Ref 2022/23-14
i. Follow-up audit on HR Matrix. Ref 2022/23- 16
j. Follow up audit on Learning Programmes. Ref 2022/23-17
k. Follow up audit on SCM. Ref 2022/23-18
l. Audit of the application of the Irregular Expenditure Framework. Ref 2022/23-AC001

AUDIT COMMITTEE

The independent Audit Committee (AC) reports to the Accounting Authority. The AC is responsible for, amongst others:

a. The effectiveness of internal audit and internal controls;
b. Risk management;
c. The adequacy, reliability, accuracy and regularity of financial information provided to the AA;
d. Any accounting and audit concerns;
e. Legal and regulatory compliance; and
f. ICT governance.

Information relating to the meeting attendance by members of the AC is contained in section 4.6.2

COMPLIANCE WITH LAWS AND REGULATIONS

The PSETA is a public entity tasked with a skills development mandate for the public service sector and control of public funds. It is, therefore, obliged to act in compliance with public laws and regulations and the entity has developed its compliance universe which has been utilised to develop a quarterly compliance management and monitoring plan to ensure consistent focus on compliance. This monitoring plan is submitted to the Risk and Audit Committees.

Compliance management is the responsibility of management and has been embedded in the organisations' day-to-day activities, including policies, procedures and performance agreements. Improvements in the compliance management system are evidenced by the reduction of audit findings.

During the 2022/23 financial year, there were no significant changes to existing legislation nor regulations applicable to the SETA.

FRAUD AND CORRUPTION

Fraud and Corruption represents a significant potential risk to the PSETA's assets, service delivery, efficiency, and reputation. The PSETA will not tolerate fraudulent or corrupt activities, whether internal or external to the PSETA, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

The PSETA has put in place mechanisms to manage the entity's vulnerability to fraud and corruption through prevention and detection of such activities. The entity has also developed and implemented investigative procedures to ensure uniformity in the reporting and investigation of incidents of fraud and corruption.

During the 2022/23 financial year, the review of the Fraud and Corruption Prevention and Control Policy and strategy was conducted. The objective of this review was to ensure that efforts to combat fraud and corruption are up to date and responsive to the environment.

The PSETA has an independent service provider that administers the Ethics and Fraud Hotline toll number 0800 202 586, which is widely promoted and included on the PSETA website. Cases reported through the hotline are communicated to the PSETA AA and its delegated committees, the AC and the RMC.

Prior Year Cases	Progress
Skills Development Provider investigation into potential fraudulent conduct as identified by stakeholders	Panel of service providers has been appointed to conclude the investigation
Three cases were received on the whistleblowing hotline	One case has been referred to the Minister. The other two cases have been referred to the panel of service providers for investigation
Skills Development Provider investigation into potential fraudulent conduct as identified by management	Case has been referred to the National Treasury for Investigation
Three complaints were received on the whistleblowing hotline during the year	Panel of service providers has been appointed to conclude the investigation

Fraud and Corruption reporting is a standard agenda item at the RMC and AC committees. Complex fraud matters are referred to external service providers with the requisite skills and expertise.

The entity conducts fraud awareness workshops regularly to ensure that employees are educated about its fraud policies and procedures on how to identify and report cases. These awareness sessions are conducted by an independent service provider managing the ethics and fraud hotline.

MINIMISING CONFLICT OF INTEREST

Formal declarations of interests by AA members are noted, and records kept by the Board Secretary. Further, on an annual basis, PSETA AA members submit annual declarations.
The Governance Structure Committee Policy prohibits awards of bids to any persons in the service of the PSETA or an entity which has direct or indirect interest in its business activities.

Disclosure of interest is done annually by PSETA employees, for the 2022/23 financial year, all PSETA employees submitted their annual declaration forms. The forms were scrutinised to identify potential conflict of interests.

Management reports on a quarterly basis to the Governance and Strategy Committee on conflicts of interests reported during the quarter.

CODE OF CONDUCT

The PSETA's Code of Conduct, set out in the PSETA's Constitution, is applicable to its AA and committee members. There is also a code of conduct for staff members.

The primary purpose of the entity's codes of conduct is to promote a culture of ethics, honesty, and professionalism within the organisation and among its employees and stakeholders.

New employees are inducted and provided with a copy of the policy to ensure compliance. Any violation of any part of the code of conduct may be cause for appropriate disciplinary action in terms of the organisation's Disciplinary Policy and Procedures.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

PSETA developed the Occupational Health and Safety Policy which was approved by the PSETA AA in November 2022. The policy will assist with the governance and compliance of health and safety matters which might impact PSETA employees.

The entity complied with the Occupational Health and Safety Act by establishing the Occupational Health and Safety Committee that is responsible for occupational health and safety matters of PSETA. Occupational Health and Safety Committee was appointed to oversee the health-related matters of the entity and holds regular meetings to discuss the health or hazardous matters of the entity. A Compliance Officer was appointed to assist the organisation with compliance relating to health matters as required by the Act.

BOARD SECRETARY

The Board Secretariat function is performed internally. The roles and responsibilities of the Board Secretary are outlined in entity's Constitution. The Board Secretary functional report is to the PSETA AA and operationally to the CEO. The post of the Board Secretary has been vacant since 2021/22 financial year. During the period under review, the post of the Board Secretary remained vacant, and Mr Lwazi Silas, the Board Administrator was appointed as the Acting Board Secretary. The filling of the vacant post is currently in progress and expected to be finalised in the 2023/24 financial year.

SOCIAL RESPONSIBILITY

For the 2022/23 financial year CSI, the PSETA Employees donated blankets and canned food to Child Welfare Tshwane (CWT). The Child Welfare Tshwane is a non-profit Child Protection Organisation that works in the greater Tshwane-area.

AUDIT COMMITTEE REPORT
CHAIRPERSON PSETA AUDIT COMMITTEE

Dr. P Dala

The Audit Committee is pleased to present its report for the financial year ended 31 July 2023.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Sections 51(1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act (PFMA) as well as Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Internal Audit continues to provide assurance in terms of control, governance, and risk management as per the approved risk-based audit plan. At the end of the financial year, the following audit engagements were reported as complete as per the approved risk-based audit plan:

- Audit of the 2021/22 annual financial statements;
- Audit of the 2021/22 annual performance information;
- Audit of the 2023/24 annual performance plan;
- Follow up audit of governance process;
- Follow up audit of learning programme process;
- Audit of the application of irregular expenditure framework;
- Follow up audit of HR matrix;
- Audit of the learner monitoring;
- Audit of the management accounts;
- Follow up audit of supply chain management; and
- Audit of quarter 3 performance information report.

The Audit Committee's review of the findings identified by the internal and external auditors reveals that the control environment is generally adequate and effective, with room for improvement. Similarly risk management and governance processes are generally adequate and effective, with room for improvement.

The Audit Committee in executing its oversight responsibilities in relation to control, governance, and risk management at PSETA has identified the following key areas of concern that should be addressed:

- Compliance monitoring;
- Delays in filling critical positions as well as the capacitation of governance functions (Internal Audit and Risk Management);
- Delays in conducting forensic investigations;
- Human resource management; and
- Lack of implementation of consequence management.

In-Year Management and Monthly/Quarterly Reports

PSETA has reported quarterly to the National Treasury and the Executive Authority as is required by the PFMA. The Audit Committee as well as assurance providers provided management with recommendations to improve the quality of financial and non-financial (performance information, information communication technology, risk management, human resource management, legal and compliance) information and reporting during the year under review. The Audit Committee was satisfied with the content and quality of the financial and non-financial quarterly reports formulated during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed the unaudited financial statements with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions;
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues;
- Reviewed the unaudited information on predetermined objectives with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Reviewed the Auditor-General South Africa (AGSA) audit and management reports, with due consideration of the responses provided by Management; and
- Reviewed the audited financial statements as well as the information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit and reported to the Accounting Authority.

Auditor General's Report

The Audit Committee concurs with the conclusions of the Auditor General South Africa (AGSA) on the annual financial statements and is of the opinion that the audited annual financial statements may be read together with the audit report of the AGSA.

We would like to express our appreciation to the Accounting Authority for their leadership and support as well as all other assurance providers and most importantly Management for achieving a fifth consecutive "clean" audit outcome (unqualified with no material findings).

P.Dala

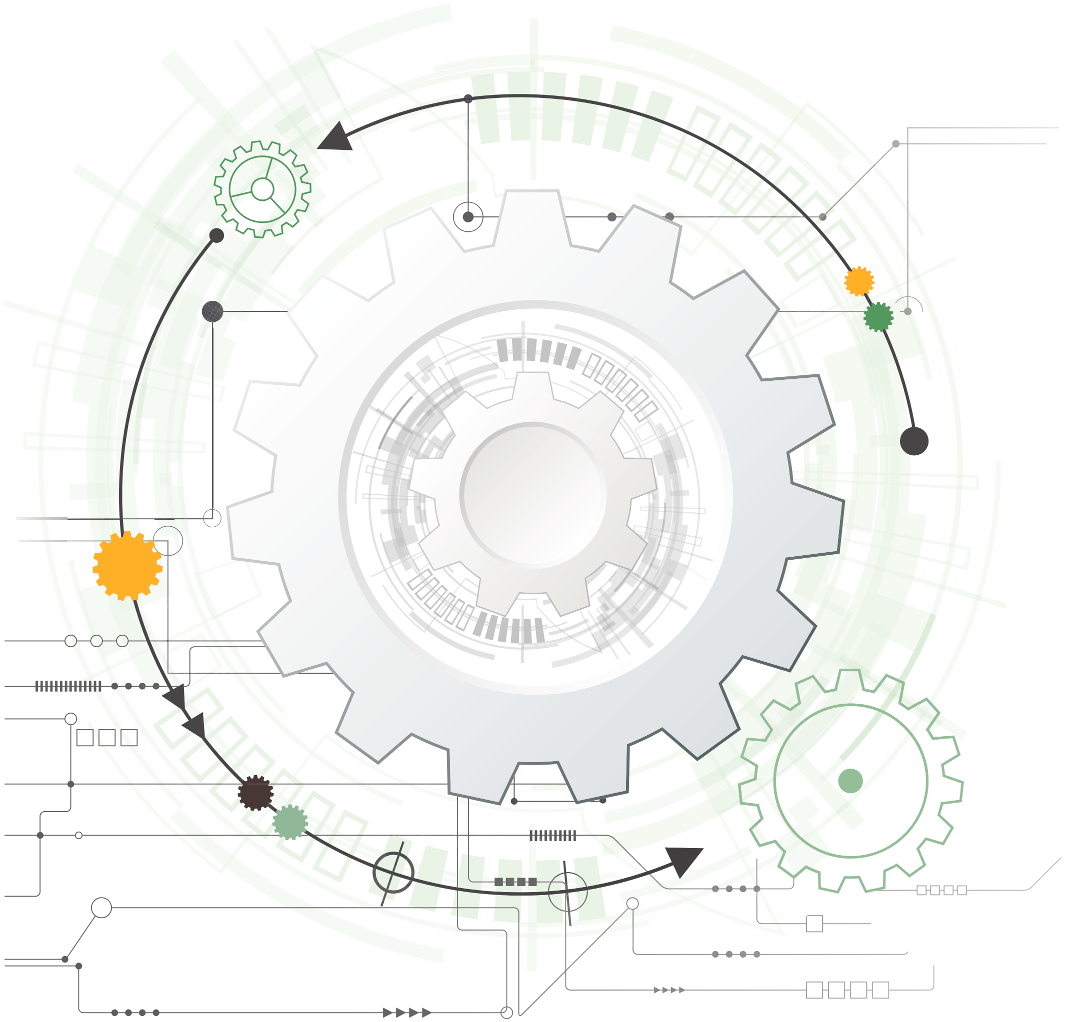
Dr. P Dala
Chairperson PSETA Audit Committee
Date: 4 August 2023

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

The following table depicts the compliance status of the entity to B-BBEE:

Criteria	Response Yes / N	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	Yes	PSETA offered learnership qualification certificates to learners who qualified after completing a learnership programme in accordance with the Skills Development Act.
Developing and implementing a preferential procurement policy?	Yes	PSETA has a preferential procurement plan which is in line with Preferential Procurement Policy Framework Act.
Determining qualification criteria for the sale of state-owned enterprises?	No	N/A
Developing criteria for entering partnerships with the private sector?	Yes	PSETA has categorised its stakeholders, mapped their different responsibilities and documented their respective tailor-made engagement strategies. Additionally, skills development partnerships are guided by various policies, including the learning programmes policy, that outline terms of engagement with providers of occupational learning, both public and private and any other training academy or state academy
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	PSETA offers discretionary grants for qualifying learner to learn through accredited training providers.



PART D
HUMAN RESOURCE MANAGEMENT

INTRODUCTION

The PSETA re-organised its organisational structure to ensure that its aligned to the strategy. The Organisational Structure was approved by the PSETA AA in October 2022 and will assist the organisation to be responsive to the future world of work. Further to that, PSETA developed a functional structure which indicates grouping of specific skills and knowledge. It contains specialised units that reports to a single authority which is called top management. The organisational functional structure identifies the talent available and the scope of such talents. The Functional Structure was approved by the PSETA AA in February 2023.

The PSETA reviewed and developed three (3) HCM policies and a Turnaround Strategy to strengthen the governance and processes of Human Capital Management. The documents were approved by the PSETA AA during the period under review.

PSETA has put in place plans and processes to review the HCM policies, procedures and processes and ensure that are aligned with the best practices to strengthen and govern the employer-employee relationship.

HUMAN RESOURCE STRATEGY

Human Resource Planning

During the financial year under review, the PSETA reviewed three (3) HCM policies and approved by the PSETA AA.

A Turnaround Strategy has been developed approved by the PSETA AA to strengthen the governance and approved processes of the Human Capital Management. In the next financial year, the PSETA will finalise the Human Resource Management strategy for the organisation and conclude the process of reviewing current human resource policies, identifying gaps within the human capital management value chain and develop policies that will address the purpose of the entity.

Employee Relations

The Collective Bargaining Committee (CBC) has been established in terms of the Recognition Agreement as the forum that deals with issues of mutual interest. The CBC comprises the independent chairperson, employer and labour representatives. NEHAWU is the only registered labour union in PSETA.

During the 2022/23 financial year, the PSETA Management signed a one-year Collective Agreement for Bargaining Unit employees for the annual cost of living salary adjustments.

Training and Development

The PSETA regards training and development as any activity directed at providing the knowledge, skills, moral values and understanding required in the normal course of life. The concepts of training and development, however, guide an individual and prepares them to perform specific activities as directed by the job they occupy or aspire to.

In response to the training needs required to capacitate the employees, PSETA conducted the training needs analysis and developed the Training Plan which was approved in April 2022. The Training Plan was not fully implemented due to the number of delegates not meeting the required threshold by the service provider. The training plan will be carried over to the next financial year.

Performance Management and Development

PSETA has an approved Performance Management and Development Policy. The performance moderation for 2021/22 and 2022/23 will be finalised in 2023.

Employee Wellness Programme (EWP)

PSETA appointed ICAS to manage the organisation's Employee Wellness Programme to assist employees to strike work-life balance.

HCM unit distributes information regarding employee awareness articles that has been received from the service provider to encourage employees to lead a healthy lifestyle.

HUMAN CAPITAL MANAGEMENT STATISTICS

Personnel Cost by Programme/Activity/Objective

Programme	Total Expenditure R'000	Personnel Expenditure R'000	Personnel Expenditure as % of Total Expenditure	Number of Employees	Average Personnel Cost per Employee R'000
	2022/23	2022/23	2022/23	2022/23	2022/23
Administration	54 435	22 687	42%	29	782
Skills Planning and Research	9 987	3 623	36%	5	725
Learning Programmes	60 142	6 015	10%	9	668
Projects Management	3 233	3 120	97%	4	780
Quality Assurance	3 949	3 664	93%	6	611
Total	**131 746**	**39 109**	**30%**	**53**	**738**

Personnel Cost by Salary Band

Level	Personnel Expenditure R'000	% of Personnel Expenditure to Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee R'000
	2022/23	2022/23	2022/23	2022/23
Top Management	4 792	12%	3	1 597
Senior Management	12 117	31%	10	1 212
Professional Qualified	8 491	22%	11	772
Skilled	6 999	18%	12	583
Semi-skilled	6 001	15%	14	429
Unskilled	709	2%	3	236
Total	**39 109**	**100%**	**53**	**738**

Performance rewards

Level	Performance Rewards R'000	Personnel Expenditure R'000	% of Performance Rewards to Total Personnel Cost
Top Management	-	4 792	-
Senior Management	-	12 117	-
Professional Qualified	-	8 491	-
Skilled	-	6 999	-
Semi-skilled	-	6 001	-
Unskilled	-	709	-
Total	**-**	**39 109**	**-**

Training costs

Staff training costs were centralised to Corporate Services Division.

Objective	Personnel Expenditure R'000	Training Expenditure R'000	Training expenditure as a % of personnel costs	Number of Employees	Average Personnel Cost per Employee R'000
Corporate Services	39 109	1 545	4%	53	29
Total	**39 109**	**1 545**	**4%**	**53**	**29**

Employment and Vacancies as at 31 March 2023

The indicated vacancy rates as indicated are for all approved posts.

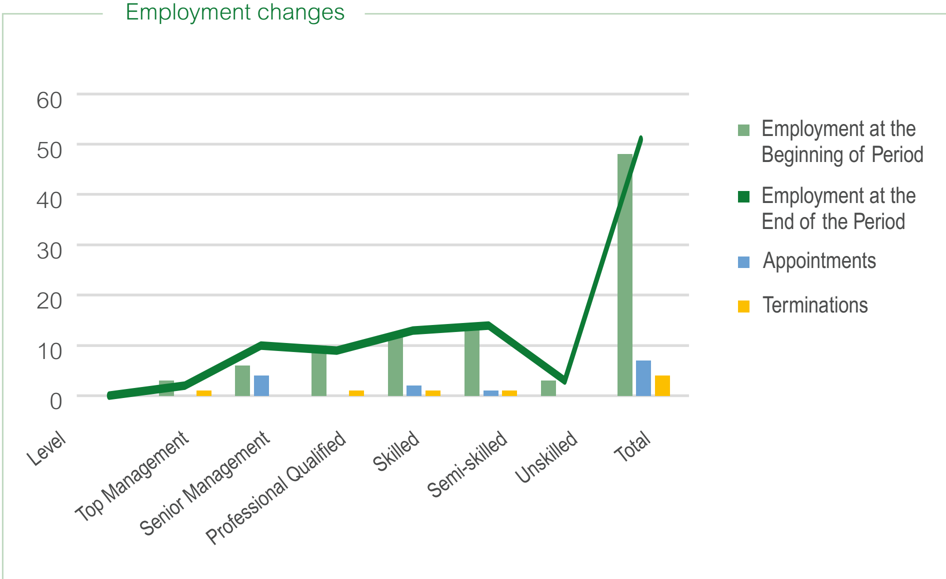
Programme	2021/22 No. of employees	2022/23 Approved posts	2022/23 No. of employees	2022/23 Vacancies	% of vacancies
Administration	26	37	28	9	24%
Skill Planning and Research	4	6	5	1	17%

Programme	2021/22 No. of employees	2022/23 Approved posts	2022/23 No. of employees	2022/23 Vacancies	% of vacancies
Learning Programmes	9	9	9	0	0%
Project Management	4	4	4	0	0%
Quality Assurance	5	9	5	4	44%
Total	**48**	**65**	**51**	**14**	**22%**

Level	2021/22 No. of employees	2022/23 Approved posts	2022/23 No. of employees	2022/23 Vacancies	% of vacancies
Top Management	3	5	2	3	60%
Senior Management	6	11	10	1	9%
Professional Qualified	10	15	10	5	33%
Skilled	12	16	12	4	25%
Semi-skilled	14	15	14	1	7%
Unskilled	3	3	3	0	0%
Total	**48**	**65**	**51**	**14**	**22%**

Employment changes

Salary Bands	Employment at the Beginning of Period	Appointments	Terminations	Employment at the End of the Period
Top Management	3	0	1	2
Senior Management	6	4	0	10
Professional Qualified	10	0	1	9
Skilled	12	2	1	13
Semi-skilled	14	1	1	14
Unskilled	3	0	0	3
Total	**48**	**7**	**4**	**51**



PSETA had several vacancies in the year ending 31 March 2023, with the total vacancy rate at 22%. The filling of posts is in progress to close the gap in vacancies which are not filled.

Reasons for staff leaving.

The list includes all staff movement as per establishment, excluding interns.

Reason	Number	% Total No. of Employees Leaving
Death	0	N/A
Resignation	4	8%
Dismissal	0	N/A
Retirement	0	N/A
Ill Health	0	N/A
Expiry of Contract	0	N/A
Other	0	N/A
Total	**4**	

PART D | HUMAN RESOURCE MANAGEMENT

Staff members left the PSETA for better career prospects, the process to fill vacancies commenced in March 2023.

Labour relations: Misconduct and disciplinary action

Description	Number
Verbal Warning	N/A
Written Warning	N/A
Final Written Warning	N/A
Dismissal	N/A
Total	**N/A**

Equity targets and employment equity status as at 31 March 2023

The list includes all employees to the establishment.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	5	0	0	0	0	0	0	0
Professional Qualified	4	0	0	0	1	0	0	0
Skilled	3	0	0	0	0	0	0	0
Semi-skilled	4	0	0	0	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
Total	**17**	**0**	**0**	**0**	**1**	**0**	**0**	**0**

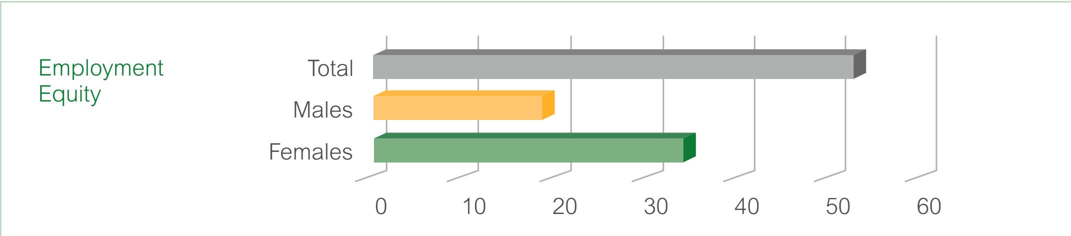
Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	1	0	0	0
Senior Management	4	0	0	0	1	0	0	0
Professional Qualified	5	0	0	0	0	0	0	0
Skilled	9	0	0	0	0	0	0	0
Semi-skilled	10	0	0	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
Total	**31**	**0**	**0**	**0**	**2**	**0**	**0**	**0**

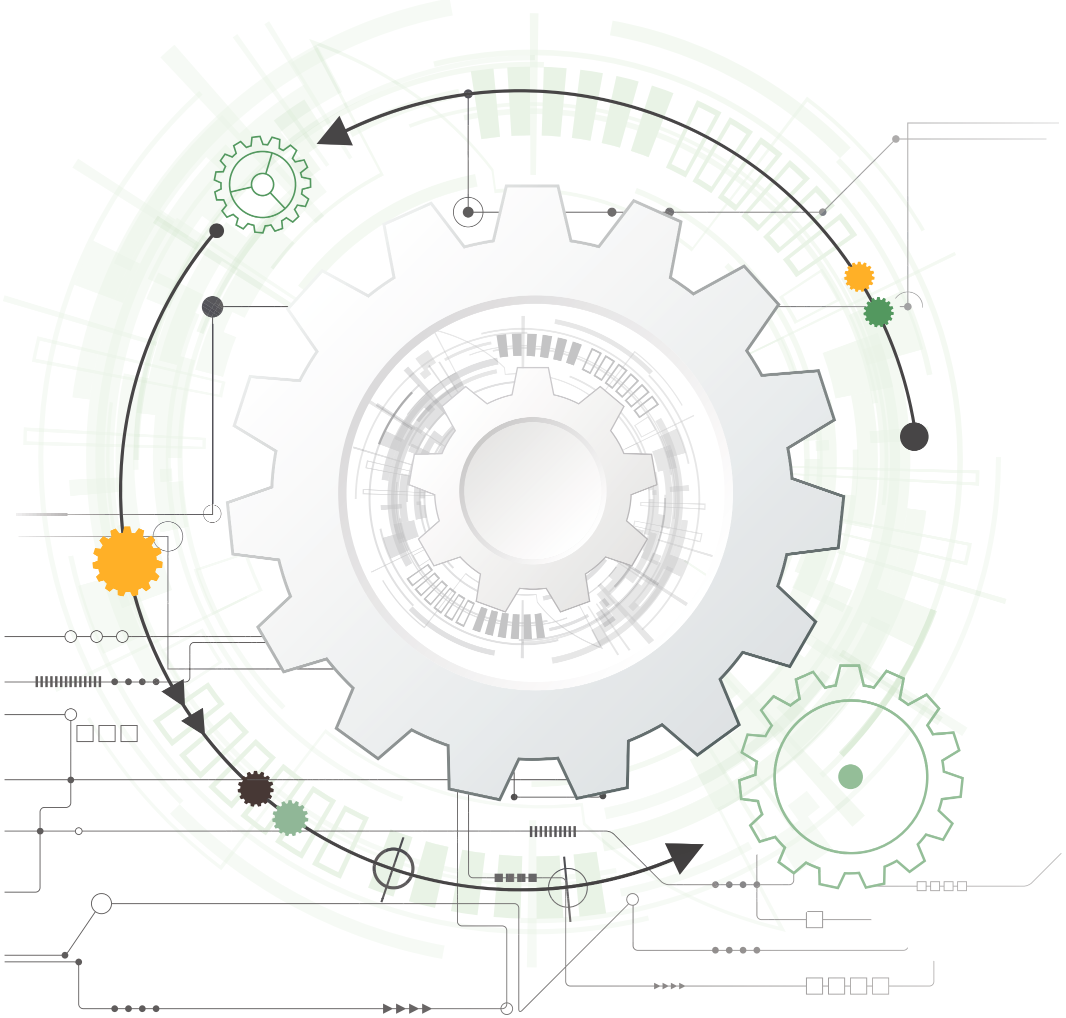
Levels	DISABLED STAFF			
	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Unskilled	0	0	0	0
Semi-skilled	0	0	0	0
Total	**0**	**0**	**0**	**0**

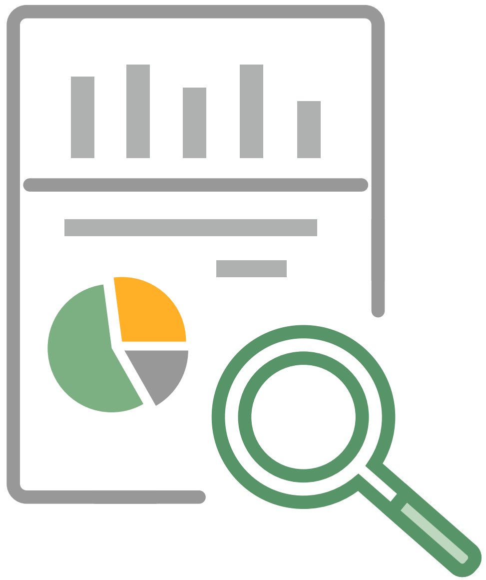
None of the staff members have declared any disabilities.
No new recruits have been identified with disabilities.

Employment Equity

The current workforce profile is 33 females and 18 males.







PART E

PFMA COMPLIANCE REPORT

INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Irregular expenditure

a) Reconciliation of irregular expenditure

	2022/23	2021/22
Description	**R'000**	**Restated R'000**
Opening balance	43 558	43 119
Add: Irregular expenditure confirmed	229	520
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(1 457)	(81)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing Balance	**42 330**	**43 558**

The opening balance of R77 million was restated to R43 million by the prior period error of R34 million.

Reconciling notes

	2022/23	2021/22
Description	**R'000**	**R'000**
Irregular expenditure that was under assessment in 2021/22	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	229	520
Closing Balance	**229**	**520**

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

	2022/23	2021/22
Description	**R'000**	**R'000**
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	-	-

c) Details of current and previous year irregular expenditure condoned

	2022	2021
Description	**R'0**	**R'0**
Irregular expenditure condoned	-	-
Total	-	-

d) Details of current and previous year irregular expenditure removed - (not condoned)

	2022	2021
Description	**R'0**	**R'0**
Irregular expenditure NOT condoned and removed	1 457	81
Total	**1 457**	**81**

National Treasury did not condone the irregular expenditure in 2021/22 and 2022/23 financial years. The AA subsequently resolved to remove the expenditure from the registers.

e) Details of current and previous year irregular expenditure written off (irrecoverable)

	2022/23	2021/22
Description	**R'000**	**R'000**
Irregular expenditure written off	-	-
Total	-	-

f) Details of current and previous year irregular expenditure recovered

	2022/23	2021/22
Description	**R'000**	**R'000**
Irregular expenditure recovered	-	-
Total	-	-

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

	2022/23	2021/22
Description	**R'000**	**R'000**
N/A		
Total		

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

	2022/23	2021/22
Description	**R'000**	**R'000**
N/A		
Total		

I) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

	2022/23	2021/22
Disciplinary steps taken	**R'000**	**R'000**
N/A		
Total		

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

	2022/23	2021/22
Description	**R'000**	**R'000**
N/A		
Total		

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

	2022/23	2021/22
Description	**R'000**	**R'000**
Opening balance	-	15
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	(15)
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing Balance	-	-

Irrecoverable fruitless and wasteful expenditure was written off in the 2021/22 financial year.

Reconciling notes

	2022/23	2021/22
Description	**R'000**	**R'000**
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	**-**	**-**

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

	2022/23	2021/22
Description	**R'000**	**R'000**
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	**-**	**-**

c) Details of current and previous year irregular expenditure condoned

	2022/23	2021/22
Description	**R'000**	**R'000**
Fruitless and wasteful expenditure recovered	-	-
Total	**-**	**-**

d) Details of current and previous year irregular expenditure removed - (not condoned)

	2022/23	2021/22
Description	**R'000**	**R'000**
Fruitless and wasteful expenditure NOT condoned and removed	-	-
Total	**-**	**-**

e) Details of current and previous year irregular expenditure written off (irrecoverable)

	2022/23	2021/22
Description	**R'000**	**R'000**
Fruitless and wasteful expenditure written off	-	-
Total	**-**	**-**

f) Details of current and previous year disciplinary or criminal steps taken as a result of Fruitless and wasteful expenditure

	2022/23	2021/22
Disciplinary steps taken	**R'000**	**R'000**
N/A		
Total		

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

a) Details of current and previous year material losses through criminal conduct

	2022/23	2021/22
Material losses through criminal conduct	**R'000**	**R'000**
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	**-**	**-**

b) Details of other material losses

	2022/23	2021/22
Nature of other material losses	**R'000**	**R'000**
N/A		
Total		

c) Other material losses recovered

	2022/23	2021/22
Nature of losses	**R'000**	**R'000**
N/A		
Total		

d) Other material losses written off

	2022/23	2021/22
Nature of losses	**R'000**	**R'000**
N/A		
Total		

INFORMATION ON LATE AND / OR NON-PAYMENT OF SUPPLIERS

Nature of losses	Number of invoices R'000	Consolidated Value R'000
Valid invoices received	800	90 453
Invoices paid within 30 days or agreed period	800	90 453
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-
Total	**800**	**90 453**

All valid invoices were paid on time.

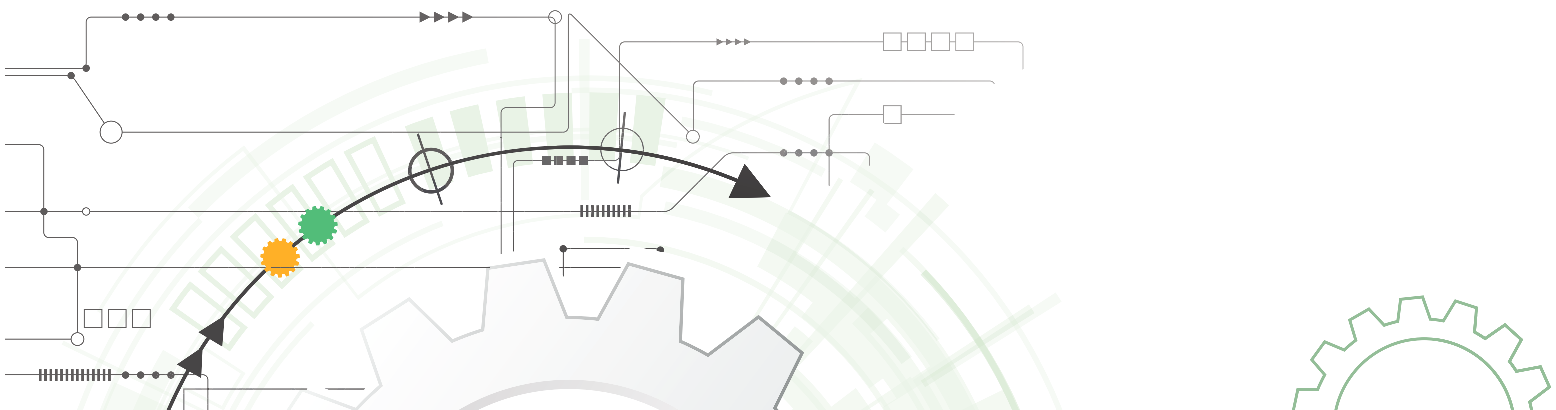
INFORMATION ON SUPPLY CHAIN MANAGEMENT

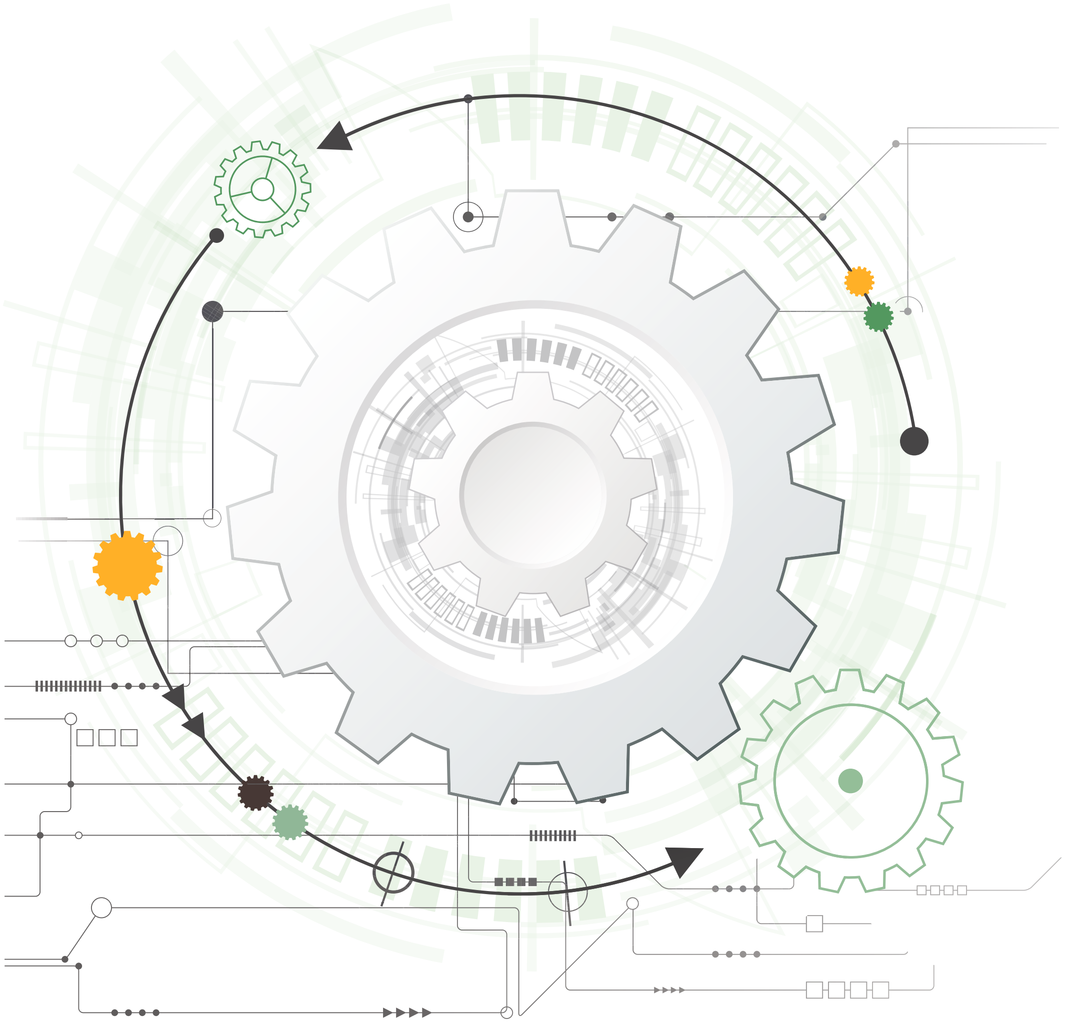
Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of Contract R'000
Caseware software	Adapt IT	Sole supplier	PUB001	82 720
Total				**82 720**

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
N/A						
Total						





PART F
FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE PUBLIC SERVICE SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Public Service Sector Education and Training Authority set out on pages 80 to 116, 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 and 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 Public Service Sector Education and Training 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 of South Africa Act 97 of 1998.

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.

Prior period errors

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended 31 March 2023.

Other matters

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

National Treasury Instruction Note 4 of 2022-23: PFMA compliance and reporting framework

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 21 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Public Service SETA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Retention of surplus funds

10. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R114 866 000, for the financial year 2021-22, disclosed in note 24. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

Responsibilities of the accounting authority for the financial statements

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

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

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

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

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

16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page Number	Purpose
Programme 2: skills planning and research	28	The purpose of this programme is to conduct and coordinate research to inform the strategic skills development priorities for the sector. This programme is made up of two organisational business units: Skills Planning; and Research (SPR). The development and annual update of the Sector Skills Plan, research studies, coordinating research activities and conferences and capacity building of stakeholders in skills planning are core outputs within this programme.
Programme 3: learning programmes and projects	30	The purpose of this programme is to facilitate and manage the implementation of learning programmes for and within the Public Service sector. This programme includes special projects (including partnerships) and the monitoring, evaluation and reporting of learning interventions.
Programme 4: quality assurance	34	The purpose of this programme is to build the provider capacity required to deliver the priority skills for the sector, developing standards, accrediting providers, and quality assuring learning. The Quality Assurance department undertakes the review and realignment of legacy qualifications and development of new occupational qualifications and capacitation of providers through advocacy workshops.

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.

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 underachievement.

23. The public entity plays a key role in services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Programme	Planned target	Reported achievement
Programme 3: Learning programmes and projects Targets achieved: 92% Budget spent: 48%	-	
3.2 Number of public service employees completing learning programmes – Skills programmes	1 125	675

Reasons for the underachievement of targets are included in the annual performance report on pages 19 to 38.

Report on compliance with legislation

24. 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.

25. 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.

26. 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 for 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.

27. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

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

29. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. 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

32. 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.

33. I did not identify any significant deficiencies in internal control.

Auditor - General

Pretoria.

31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 regulattions
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) - Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury regulations 8.2.1; 8.2.2 Treasury regulations 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury regulations 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury regulation 31.1.2(c') Treasury regulations 31.2.1; 31.2.5; 31.2.7(a) Treasury regulation 31.3.3 Treasury regulations 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury regulations 33.1.1; 33.1.3
Public Service Regulations	Public service regulation 13(c);18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulations 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(I); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraphs 4.1; 4.2 Paragraphs 5.1; 5.3; 5.6; 5.7 Paragraphs 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraphs 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraphs 8.2; 8.5

Legislation	Sections or regulattions
PPR 2017	Paragraphs 9.1; 9.2 Paragraphs 10.1; 10.2 Paragraphs 11.1; 11.2 Paragraphs 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraphs 4.1; 4.2; 4.3; 4.4 Paragraphs 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction Note. 09 of 2022-23	Paragraphs 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
NT Instruction Note 1 of 2015-16	Paragraphs 3.1; 4.1; 4.2
NT SCM Instruction Note 03 of 2021-22	Paragraphs 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) - (d); 4.6 Paragraph 5.4 Paragraphs 7.2; 7.6
NT SCM Instruction Note 4A of 2016-17	Paragraph 6
NT SCM Instruction Note 03 of 2019-20	Paragraphs 5.5.1(vi); 5.5.1(x);
NT SCM Instruction Note 11 of 2020-21	Paragraphs 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction Note 2 of 2021-22	Paragraphs 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction Note 04 of 2022-23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009-10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT Instruction Note 4 of 2015-16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020-21	Paragraph 1
Erratum NTI 5 of 2020-21	Paragraph 2
Practice Note 7 of 2009-10	Paragraph 4.1.2
NT Instruction Note 1 of 2021-22	Paragraph 4.1

INDEX

The reports and statements set out below comprise the:

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

ACCOUNTING AUTHORITY RESPONSIBILITIES AND APPROVAL

The Accounting Authority (AA) is required by the , to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the AA to ensure that the annual financial statements fairly present the state of affairs of the as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The AA acknowledge that they are ultimately responsible for the system of internal financial control established by the and place considerable importance on maintaining a strong control environment. To enable the AA to meet these responsibilities, the AA sets standards for internal control aimed at reducing the risk of error in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the and all employees are required to maintain the highest ethical standards in ensuring the 's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the is on identifying, assessing, managing and monitoring all known forms of risk across the . While operating risk cannot be fully eliminated, the endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The AA is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

Although the AA are primarily responsible for the financial affairs of the , they are supported by the 's management.

The external auditors are responsible for independently reviewing and reporting on the 's annual financial statements. The annual financial statements have been examined by the 's external auditors.

The annual financial statements set out on pages 80 to 116, which have been prepared on the going concern basis by management and recommended by the CEO, were approved by the AA on 31 July 2023 and were signed on its behalf by:

Thulani Tshefuta

Thulani Tshefuta
Accounting Authority Chairperson

Bontle Lerumo

Bontle Lerumo
Chief Executive Officer

STATEMENT OF FINANCIAL POSITION at 31 March 2023

Figures in Rand	Note(s)	2023 R'000	2022 R'000
CURRENT ASSETS			
Current Assets			
Receivables from exchange transactions	3	1 753	1 623
Inventories		-	25
Cash and cash equivalents	4	129 173	124 856
		130 926	**126 504**
Non-Current Assets			
Property, plant and equipment	5	3 016	4 171
Intangible assets	6	5 560	5 069
		8 576	**9 240**
Total Assets		**139 502**	**135 744**
CURRENT LIABILITIES			
Exchange transactions			
Payables from exchange transactions	7	3 297	3 100
Provisions	10	1 432	1 191
Operating lease liability	12	1 352	1 104
Non-exchange transactions			
Payables from non-exchange transactions	8	3 397	5 012
Employer Grants Payables	9	1 032	1 022
Provisions	11	198	183
		10 708	**11 612**
Total Liabilities		**10 708**	**11 612**
		128 794	**124 132**
Reserves			
Administration reserve		8 576	9 240
Discretionary Grant Reserve		120 218	114 892
Total Net Assets		**128 794**	**124 132**

STATEMENT OF FINANCIAL PERFORMANCE for the period ended 31 March 2023

Figures in Rand	Note(s)	2023 R'000	2022 R'000
Revenue			
Revenue from non-exchange transactions			
Transfer revenue			
Skills Development Levy: Income	13	4 395	4 043
Skills Development Levy :Penalties and Interest	13	107	64
Voted funds received from National Treasury	13	123 972	120 082
Total revenue from non-exchange transactions		**128 474**	**124 189**
Revenue from exchange transactions			
Other income	14	553	40
Investment Income	14	7 381	4 162
Total revenue from exchange transactions		**7 934**	**4 202**
Total revenue		**136 408**	**128 391**
Expenditure			
Administration expenses	16	(23 311)	(22 024)
Audit Fees	16	(2 212)	(2 514)
Cost of employment	16	(39 109)	(40 631)
Depreciation and amortisation	5&6	(5 283)	(5 901)
Employer Grant and Project Expenses	15	(60 193)	(46 254)
QCTO Expenditure		(27)	(37)
Repairs and maintenance	16	(1 611)	(1 829)
Staff Debt Write-off		-	(15)
Total expenditure		**(131 746)**	**(119 205)**
Surplus (Deficit) for the year		**4 662**	**9 186**

STATEMENT OF CHANGES IN NET ASSETS for the period ended 31 March 2023

Figures in Rand	Administrative Reserve R'000	Employer Grants Reserve R'000	Discretionary Reserve R'000	Total Reserves R'000	Accumulated Surplus / (Deficit) R'000	Total Net Assets R'000
Balance at 01 April 2021	**8 490**	**-**	**106 456**	**114 946**	**-**	**114 946**
Changes in net assets surplus for the year	-	-	-	-	9 186	9 186
Allocation of unappropriated surplus for the year	-	593	8 593	9 188	(9 186)	-
Employer grant reserves transferred to discretionary reserves	-	(593)	593	-	-	-
Excess reserves transferred	750	-	(750)	-	-	-
Total changes	750	-	8 436	9 186	-	9 186
Balance at 01 April 2022	**9240**	**-**	**114 892**	**124 132**	**-**	**124 132**
Changes in net assets (Deficit) Surplus for the year	-	**-**	-	-	4 662	4 662
Allocation of unappropriated surplus for the year	-	**176**	4 486	4 662	(4 662)	-
Employer grant reserves transferred to discretionary reserves	-	**(177)**	176	-	-	-
Excess reserves transferred	(664)	**-**	664	-	-	-
Total changes	(664)	**-**	5 326	4 662	-	4 662
Balance at 31 March 2023	**8 576**	**-**	**120 218**	**128 794**	**-**	**128 794**

CASH FLOW STATEMENT for the period ended 31 March 2023

Figures in Rand	Note(s)	2023 R'000	2022 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Levies, Interest and penalties received		4 518	4 099
Voted Funds received from National Treasury	13	123 972	120 082
Interest income		7 288	4 120
Other cash receipts from stakeholders		553	40
		136 331	128 341
Payments			
Compensation of employees		(38 789)	(40 405)
Payments to suppliers and others		(26 343)	(26 284)
Grants and project payments		(61 800)	(60 138)
		(126 932)	(126 827)
Net cash flows from operating activities	19	**9 399**	**1 514**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(260)	(3 566)
Purchase of other intangible assets	6	(4 822)	(3 091)
Net cash flows from investing activities		**(5 082)**	**(6 657)**
Net increase/(decrease) in cash and cash equivalents		**4 317**	**(5 143)**
Cash and cash equivalents at the beginning of the year		124 856	129 999
Cash and cash equivalents at the end of the year	4	**129 173**	**124 856**

STATEMENT OF COMPARISON for Budget and Actual Amounts

BUDGET ON CASH BASIS

Figures in Rand	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference R'000
Statement of Financial Performance						
REVENUE						
Skills Development Levy: income, interest and penalties	1 797	2 610	**4 407**	4 502	**95**	
Voted Funds received from National Treasury	123 972	-	**123 972**	123 972	**-**	
Other income	17	-	**17**	553	**536**	
Interest received - investment	5 616	-	**5 616**	7 381	**1 765**	28.1
Total revenue	**131 402**	**2 610**	**134 012**	**136 408**	**2 396**	
GRANTS AND PROJECT EXPENDITURE		-				
Mandatory Grants	(242)	-	**(242)**	(922)	**(680)**	28.2
Discretionary Grants	(53 289)	(90 469)	**(143 758)**	(59 271)	**84 487**	28.3
Total grants and project expenditure	**(53 531)**	**(90 469)**	**(144 000)**	**(60 193)**	**83 807**	
EXPENDITURE						
Cost of Employment	(46 260)	(1 000)	**(49 069)**	(39 109)	**9 960**	28.4
Advertising, marketing and promotions, communications	(816)	-	**(1 816)**	(1 180)	**636**	28.5
AGM and Annual Report and related costs	(410)	200	**(410)**	(145)	**265**	
Audit fees	(2 426)		**(2 226)**	(2 212)	**14**	
Bank charges	(42)	-	**(42)**	(29)	**13**	
Catering and refreshments	(59)	-	**(59)**	(208)	**(149)**	
Consumables	(41)	-	**(41)**	-	**41**	
Consulting and professional fees	(4 814)	-	**(4 814)**	(5 506)	**(692)**	28.6
Depreciation	-	-	**-**	(5 283)	**(5 283)**	28.7
Governance Fees	(3 392)	400	**(2 992)**	(1 940)	**1 052**	28.8
Insurance	(81)	-	**(81)**	(137)	**(56)**	
Legal fees	(670)	-	**(670)**	(883)	**(213)**	
Operating lease rentals	(8 225)	(1 780)	**(10 005)**	(6 674)	**3 331**	28.9

BUDGET ON CASH BASIS						
Figures in Rand	**Approved budget R'000**	**Adjustments R'000**	**Final Budget R'000**	**Actual amounts on comparable basis R'000**	**Difference between final budget and actual R'000**	**Reference R'000**
Loss on disposal of assets	-	-	**-**	(462)	**(462)**	
Printing and stationery	(850)	-	**(850)**	(159)	**691**	28.10
Rates and Taxes, water and electricity and security	(1 009)	(500)	**(1 509)**	(1 693)	**(184)**	
Staff recruitment	(191)	-	**(191)**	(142)	**49**	
Staff Welfare	(784)	-	**(784)**	(114)	**670**	28.11
Storage Costs	(84)	-	**(84)**	(27)	**57**	
Sundry items	(14)	(500)	**(514)**	(28)	**486**	
Telephones	(510)	-	**(510)**	(429)	**81**	
Training and Staff Development	(977)	(1 000)	**(1 977)**	(1 544)	**433**	
Travel and subsistence	(2 810)	-	**(2 810)**	(903)	**1 907**	28.12
Repairs and maintenance	(1 296)	-	**(1 296)**	(1 611)	**(315)**	
QCTO Expenditure	(50)	-	**(50)**	(27)	**23**	
Workshops	(8)	-	**(8)**	-	**8**	
Licences and subscriptions	(455)	(4 011)	**(4 466)**	(884)	**3 582**	28.13
Equipment rentals	(270)	-	**(270)**	(224)	**46**	
Cleaning	(53)	-	**(53)**	-	**53**	
Total operations expenditure	**(76 597)**	**(11 000)**	**(87 597)**	**(71 553)**	**16 044**	
Net Surplus/(Deficit)	**1 274**	**(98 859)**	**(97 585)**	**4 662**	**102 247**	
Capex	(1 274)	(1 000)	**(2 274)**	(5 082)	**(2 808)**	28.14
Net Surplus/(Deficit) after Capex	**-**	**(99 859)**	**(99 859)**	**(420)**	**99 439**	
Approved surplus	-	99 859	**99 859**	-	**(99 859)**	28.15
NET Surplus / (Deficit) after Approved surplus	**-**	**-**	**-**	**(420)**	**(420)**	

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

1.1 Basis of preparation and Going concern assumption

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

These 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.

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Public Finance Management Act (PFMA), 1999 (Act No. 1 OF 1999).

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

1.2 Presentation Currency and level of rounding

These financial statements are presented in South African Rand since it is the currency in which the majority of the entity transactions are denominated. Furthermore, all figures presented are rounded to the nearest thousand.

1.3 Revenue recognition

1.3.1 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by PSETA, usually in accordance with a binding arrangement. When PSETA 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 PSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

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.

Where the resources transferred to PSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. The assets and the corresponding liability are measured at fair value on initial recognition.

Subsequently, any interest that accrues from resources transferred to PSETA before the fulfilment of conditions are capitalised to the 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 fair value of the asset on initial recognition. Nonexchange revenue transactions include the receipt of levy income from Department of Higher Education Training, income from National Skills Funds and contributions received from public entities who contributes voluntarily to PSETA.

1.3.1.1 Levy income

The PSETA recognises levy income on receipt. The accounting policy for the recognition and measurement of skill development levy income is based on the Skills Development Act (SDA), Act 97 of 1998, as amended, and the Skills Development levies Act (SDLA), Act 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 SETA pay a Skills Development Levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collect levies on behalf of the Department. 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 are paid over to the SETA (net of the 20% contribution to the NSF). 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 DHET makes an allocation to the PSETA as required by section 8 of the SDLA (1999) as amended.

1.3.1.2 Interest and Penalties

Interest and penalties received on the SDL are recognised on receipt since the nature of contribution is voluntary and not enforced through legislation

1.3.1.3 Transfer from other government entities

The PSETA recognises revenue and a corresponding asset in respect of transfers received from transfers through the National Treasury when the transferred resources meet the definition of revenue and an asset and satisfy the criteria for recognition as revenue and an asset.

1.3.1.4 Funds allocated by the NSF for special projects

Funds transferred by the NSF are accounted for in the financial statements of the SETA as a liability until the related conditions are met. The liability is reduced by any project expenditure incurred and recognised as revenue. Property, plant and equipment acquired for National Skills Fund special projects are capitalised in the financial statements of the SETA, as the SETA has full control of such asset. The depreciation/amortisation expenses related to such assets are expensed against the liability over the lifespan of the asset.

1.3.2 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. Revenue is measured at the fair value of the considerations received or receivable. The only exchange revenue received by PSETA is the interest earned on the investment. Unconditional grants received are recognised when the amount have been received.

1.3.2.1 Investment income

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

1.4 Grants and project expenditure

In terms of the Grant Regulations, registered employers may recover 20% of levy payments (excluding interest and penalties) in the form of mandatory grants provided they timeously submit the documents prescribed in terms of grants regulations specified in the section dealing with monies received and related matters.

In addition registered employers that participate in training initiatives prescribed in the National Skills Development Plan (NSDP) effective 1 April 2020, as extended by the Department of Higher Education and Training can apply for and be granted discretionary grants to supplement their training costs.

Mandatory grants

Mandatory grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed format within the legislated cut-off period and the application has been approved as the payment then becomes probable. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning and annual training report grants.

Retrospective amendments by SARS

The PSETA calculates and pays mandatory grants to employers based on the information from the Department of Higher Education and Training as obtained from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the PSETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayments, net of bad debts and provisions for irrecoverable amounts.

The receivable is measured at the net present value of the expected future cash inflow as determined in accordance with the PSETA policy on debtors' management and is based on the actual overpayments.

Discretionary grants and project expenditure

The PSETA may in terms of the Grant Regulations, out of funds set aside for discretionary and projects, investment income and any surplus monies from administration allocation and unclaimed mandatory grants, determine and allocate discretionary grants to employers, education and training providers and workers of the employers. The allocations of discretionary grants and projects are dependent on employers submitting the prescribed application, in the prescribed format and within the prescribed cut-off period. The discretionary grant and project expenditure payable and the related expenditure are recognised when the application has been approved and the conditions for grant payment, as set out in the PSETA grants policy have been met.

The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act and the grant regulations and is based on the amount of levies received, investment income and surplus monies from administration allocations and unclaimed mandatory grants.

Project expenditure comprises:

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

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

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. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred.

1.5 Prepayments

The PSETA may, in certain instances in contracting with SMMEs and when required by the terms of the contract of a services provider, make advance payments.

1.6 Irregular expenditure

Irregular expenditure comprises expenditure, other than unauthorized expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including:

- the PFMA,
- the State tender Board Act, 1968; or any provincial legislation providing for the procurement procedures in that provincialgovernment
- The Skills Development Act,

- The Skills Development Levies Act
- Irregular Expenditure Framework
- PSETA's SCM Policy (only upon contravention of legislative prescripts is Irregular expenditure recognised against therespective class of expense in the period in which it was incurred. These are then recorded in the irregular expenditure register.)

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.

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 authority may condone and disclose as 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 AA may remove the expenditure from the irregular expenditure register.

1.7 Fruitless and wasteful expenditure

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

All fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period it was incurred. The expenditure is disclosed in the notes to the financial statements of the reporting period that it has been identified.

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and adjusted for any impairment Property, plant and equipment acquired at no cost are stated at fair value as at the date of acquisition less any subsequent accumulated depreciation.

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

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;

Property, plant and equipment (owned and leased in terms of finance leases) are initially measured at cost.

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

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

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

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

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

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

1.9 Key accounting judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. The financial effects of the reviews to accounting estimates are recognised in the period in which the estimates are reviewed if the revision affects only that period or in the period of the review and future periods if the review affects both current and future periods.

The PSETA reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period, refer to note number 5.

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

Computer Equipment	3 years
Leasehold improvements (Fixtures and Fittings)	Over the lease period
Furniture and Equipment	6 years
Motor Vehicles	5 years

1.10 Intangible Assets

An asset is identified as an asset when it:
- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individuallyor together with related contract, asset or liability or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entityor 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 theentity and
- the cost or fair value of the asset can be measured reliably
  Intangible assets are initially recognised at cost. An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.
  Expenditure on research (or on the research of an internal project) is recognised as an expense when it is incurred.
  An intangible asset arising from the development (or the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale
- there is an intension to complete and use or sell it
- there is an ability to use or sell the asset
- it will generate probable future economic benefits or service potential
- there are available technical, financial and other resources to complete the development and to use or sell it
- the expenditure attributable to the asset during its development can be measured reliably

Internally Generated Software programmes are initially recognised at cost. Intangible assets with indefinite useful lives, if any, are not amortised but tested for impairment annually and impaired if necessary.

Purchased software: software licenses are carried at cost less accumulated amortisation and impairment. Software is amortised over its useful life on a straight line basis.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash-flows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over its useful life.

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

Reassessing the useful life of an intangible asset with finite useful life after it was classified as indefinite is an indicator that the asset may be impaired as is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. Amortisation is provided to write down an intangible assets on a straight line basis to their residual values.

Intangible assets are derecognised when:
- on disposal or
- when no future economic benefits or service potential are expected from its use or disposal

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

An average useful life of 2 years (or the lifespan of the intangible asset) is used when calculating the amortisation of intangible assets.

1.11 Leasing

1.11.1 Operating leases

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset, title may not eventually be transferred.

Lease payments under operating lease are recognised as an expense in the statement of financial performance on a straightline basis over the lease term unless another systematic basis is more representative of the time pattern of the PSETA's benefit.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.12 Provisions and contingencies

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

1.12.1 Other provisions

Provisions included in the Statement of Financial Position are provisions for performance awards and provision for exempt companies. Provisions for performance awards are based on estimated performance levels and salary rates prevalent at the reporting date.

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

1.12.2 Contingent Liabilities

Contingent Liabilities arise when the PSETA has 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 PSETA.

Disclosed amounts in respect of contingent liabilities are measured on the basis of the best estimate, using experience of similar transactions or reports from independent experts.

1.12.3 Contingent Assets

Contingent Assets arise when the PSETA has 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 PSETA.

Disclosed amounts in respect of contingent assets are measured on the basis of the best estimate, using experience of similar transactions or reports from independent experts

1.13. Employee benefits

The cost of other employee benefits (not recognised as retirement benefits) is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is raised for the estimated liability as a result of services rendered by employees up to the reporting date.

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.

PSETA provides for retirement benefits for some of its permanent employees through a defined contribution scheme to SANLAM.

1.14 Financial instruments

Recognition

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

1.14.1 Financial assets

1.14.1.1 Investments and loans

The following categories of investments are measured at subsequent reporting dates at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:

- Loans and receivables
- Held-to-maturity investments;
- An investment that does not have a quoted market price in an active market and whose fair value cannot be measuredreliably.

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

Investments other than those listed above are classified as available-for-sale investments or investments held-for-trading and are measured at subsequent reporting dates at fair value, without any deduction for transaction costs that may be incurred on sale or other disposal.

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

All financial assets of the PSETA are categorised as loans and receivables.

1.14.1.2 Loans and receivables

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

1.14.1.3 Effective interest rate method

The effective interest method is a method of calculating the amortized 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.

1.14.1.4 Impairment and un-collectability of financial assets

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

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 trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

1.14.2 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

1.14.2.1 Financial liabilities at FVTPL

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

1.14.2.2 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments, other than available-for-sale financial assets, are included in net profit or loss in the period in which it arises. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

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

1.14.2.3 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. 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.

De-recognition:

PSETA derecognises financial assets using trade date accounting.

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived

1.15 Reserves

Reserves are sub-classified in the statement of changes in net assets between the following:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Accumulated surplus/deficit

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%

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source in terms of the above classifications, that is where income is associated with administration activities it is utilised for administration purposes, whereas where it is associated with project activities it is utilised for discretionary grants and projects purposes.

The items of revenue and expenditure are recognised on the accrual basis of accounting in the financial statements. Consequently, the reserves disclosed in the Statement of Changes in Net Assets and movements disclosed in note 2 do not represent cash reserves or fund monies as implied in Grants Regulations issued by the Department of Higher Education and Training in terms of the Skills Development Act, Act No. 97 of 1998 as amended.

Administration reserve represents the net book value of property, plant and equipment and other commitments of an administration nature arising from signed contracts as specifically approved by the PSETA board from time to time.

Employer grant reserve represents possible mandatory grants claims from newly registered employers that are eligible to submit their mandatory grants claims at year end in terms of the grants regulations.

Discretionary reserve represents the excess of discretionary grants revenue over discretionary and projects expenditure and includes transfers from administration and mandatory grant reserve where appropriate.

1.16 Administrative expenditure

Administrative expenditure including inter alia Audit fees have been presented in accordance with the standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. PSETA's administrative expenditure has been paid using voted funds received from National Treasury.

1.17 Events after reporting period

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

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

The 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.

1.18 Related party transactions

Transactions are disclosed as other related party transactions where the SETA has in the normal course of its operations, entered into certain transactions with entities either related to the Department of Higher Education and Training or which had a nominated representative serving on the SETA accounting authority.

Transactions are disclosed as other related party transactions where Inter-seta transactions arise due to the movement of employers from one SETA to another.

1.19 Capital Commitments

Capital commitments are disclosed in respect of contracted amounts for which delivery by the contractor is outstanding at year end, and for amounts which the Board's approval has been obtained but not yet contracted for.

1.20 Comparatives

Where necessary, comparative figures have been restated, adjusted or reclassified to achieve fair presentation and to conform to changes in presentation that arise due to changes in accounting policies, errors, reporting standards and legislation.

1.21 Inventory

Inventory consists of consumables on hand at the end of the reporting period and is recognised as assets on the date of acquisition. Inventory is stated at cost and it is determined on a first-in first-out basis. It is subsequently recognised in surplus or deficit as it is consumed.

1.22 Taxation

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

2. CURRENT STANDARDS AND INTERPRETATIONS

Standards and interpretations effective in the current year

The effective date of these standards are 1 April 2019. These include the following Standards and Interpretations that are applicable to the SETA and have been assessed to have no material impact on the financial statements:

GRAP 20: Related Party disclosures

This standard prescribes the disclosure of information relevant to draw attention to the possibility that an entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and surplus or deficit may have been impacted by the existence of connected parties and by transactions and outstanding balances with such parties.

GRAP 32: Service Concession Arrangements: Grantor

The purpose is to prescribe the accounting for service concession arrangements by the Grantor. It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. It furthermore covers: Definitions, recognition, de-recognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date. It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

GRAP 109: Accounting by Principals and Agents

GRAP 109 outlines principles to assess whether an entity is party to a principal-agent arrangement. It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

IGRAP 17: Service concession arrangements: where a Grantor controls a significant residual interest in an asset

The purpose is to prescribe the accounting for service concession arrangements by the Grantor. It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

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 2020 or later periods:

GRAP 104 (amended): Financial Instruments

It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Figures in Rand	2023 R'000	2022 R'000
Staff advances	-	1
Operating lease rental deposits	1 042	1 042
Prepayment - Operating lease	554	517
Accrued Income	157	63
	1 753	**1 623**

4. CASH AND CASH EQUIVALENTS

Figures in Rand	2023 R'000	2022 R'000
Cash and cash equivalents consist of:	-	
Bank balances	31 830	33 200
Investment with CPD	97 343	91 656
	129 173	**124 856**

5. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
Figures in Rand	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying Value R'000	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying Value R'000
Furniture and fixtures	1 543	(961)	582	1 691	(963)	728
Motor vehicles	482	(409)	73	482	(372)	110
Office equipment	156	(124)	32	262	(189)	73
Computer equipment	6 037	(3 708)	2 329	7 040	(3 780)	3 260
Total	**8 218**	**(5 202)**	**3 016**	**9 475**	**(5 304)**	**4 171**

Reconciliation of property, plant and equipment - 2023	Opening Balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	728	-	(29)	(117)	582
Motor vehicles	110	-	-	(37)	73
Office equipment	73	-	(22)	(19)	32
Computer Equipment	3 260	260	(106)	(1 085)	2 329
	4 171	**260**	**(157)**	**(1 258)**	**3 016**

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation of property, plant and equipment - 2021/22	Opening Balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fixtures	422	439	(133)	728
Motor vehicles	164	-	(55)	110
Office equipment	90	-	(17)	73
Computer Equipment	1 415	3 127	(1 282)	3 260
	2 091	**3 566**	**(1 487)**	**4 171**

Repairs and maintenance disclosed in relation to property, plant and equipment has been disclosed in Administrative Expenses note 16.4 in line with the requirements of GRAP 17.

The PSETA has reviewed the residual values at year end and did not need to re-estimate it.

Change in Accounting Estimate

The useful lives of some items of property, plant and equipment were reviewed and restated to reflect the actual pattern of service potential derived from the assets. They were revised as follows :

Computer Equipment: revised to 36 months

Motor Vehicles: revised to 36 months Office

Equipment: revised to 36 months.

Furniture and Fittings: revised to 72 months.

The change in useful life has resulted in the following:

Item of Property, plant and equipment

Figures in Rand	2023	2022
	Decrease (Increase) in depreciation current year R'000	Increase (Decrease) in depreciation future years R'000
Computer Equipment	1 062 434	1 062 434
Motor vehicles	18 237	18 237
Office equipment	(5 755)	(5 755)
Computer Equipment	23 468	23 468
	1 098 384	**1 098 384**

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6. INTANGIBLE ASSETS

	2023			2022		
Figures in Rand	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying Value R'000	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying Value R'000
Computer Software and licences	17 567	(12 007)	5 560	15 209	(10 140)	5 069

Reconciliation of intangible assets - 2023

	Opening Balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Computer Software and licences	5 069	4 822	(305)	(4 026)	5 560

Reconciliation of intangible assets - 2021/22

	Opening Balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Computer Software and licences	6 399	3 091	(8)	(4 413)	5 069

The PSETA has reviewed the residual values and useful lives of all the items of intangible assets.

Change in Accounting Estimate

The useful lifes of some intangible assets have been revised to reflect the actual pattern of service potential derived from the assets. They were revised to 12 months and 24 months.

The change in useful life has resulted in a decrease in depreciation of R2 041 860 for the current period and an increase in depreciation of R2 041 860 in future periods

Figures in Rand	2023 R'000	2022 R'000
7. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	224	197
Provident fund payable	91	-
Trade Accruals - administration	934	842
Leave pay accrual	2 048	2 061
	3 297	**3 100**

The provident fund payable arose as a result of the debit order going off after the cut-off period, which is 31 March 2023.

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Figures in Rand	2023 R'000	2022 R'000

8. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Discretionary grant accruals	2 336	4 466
Discretionary grant payables	1 061	546
	3 397	**5 012**

9. EMPLOYER GRANTS PAYABLE

Skills development grants payable - mandatory grants

Inter-seta payables	404	395
Administration	1	1
Mandatory	2	2
Discretionary	3	3
	6	6
DHET Levy creditor	622	622
	1 032	**1 023**

10. PROVISIONS

Reconciliation of provisions - 2023	Opening Balance R'000	Additions R'000	Total R'000
Workman's Compensation	-	85	85
Performance Bonus	1 191	156	1 347
	1 191	**241**	**1 432**

Reconciliation of provisions - 2021/22	Opening Balance	Additions R'000	Utilised during the year R'000	Total R'000
Performance Bonus	725	1 191	(725)	1 191

The performance bonus provision relates to staff performance and a reasonable estimate of this is made.
The finalisation of the performance bonus process for the 2021/22 financial year was delayed as management was busy with quality assurance processes.
The performance bonus process for the 2022/23 financial year is underway.

Figures in Rand	2023 R'000	2022 R'000

11. PROVISIONS - NON-EXCHANGE TRANSACTIONS

Reconciliation of provisions - 2023

	Opening Balance R'000	Additions R'000	Total R'000
Exempt employer provision	183	15	198

Reconciliation of provisions - 2021/22

	Opening Balance R'000	Additions R'000	Total R'000
Exempt employer provision	190	(7)	183

Non-exchange provisions

The provision for SARS reversals is based on employers contributing levies even though they are exempt in terms of the Skills Development Act. The Act requires employers with an annual payroll of at least R500 000, 00 to contribute 1% of the payroll to SARS in the form of skills development levies. The employer contributions are only retained in the provision for a period of 5 years thereafter recognized as levy income.

12. OPERATING LEASE LIABILITY

	2023 R'000	2022 R'000
Operating lease Liability	1 352	1 104

13. REVENUE FROM NON-EXCHANGE TRANSACTIONS

13.1 Skills Development Levy Income

	2023 R'000	2022 R'000
Administration		
Levies received from SARS	582	530
R500k Provision	(2)	1
	580	**531**
Employer grants		
Levies received from SARS	1 102	1 008
R500k Provision	(4)	2
	1 098	**1 010**

Figures in Rand	2023 R'000	2022 R'000
13.1 Skills Development Levy Income (Continued)		
Discretionary grants		
Levies received from SARS	2 726	2 498
R500k Provision	(9)	4
	2 717	**2 502**
Total	**4 395**	**4 043**
13.2 Skills development Levy income: Interest and penalties		
Skills Development Levy Income:		
Penalties	64	52
Interest	43	12
	107	**64**
13.3 Voted funds received from National Treasury		
(2021/22/2023: DPSA)		
First tranche	30 993	30 020
Second tranche	30 993	30 020
Third tranche	30 993	30 021
Fourth tranche	30 993	30 021
	123 972	**120 082**
14. REVENUE FROM EXCHANGE TRANSACTIONS		
14.1 Investment income		
Interest received in the bank accounts	7 381	4 162
14.2 Other income		
Grant received for training	200	40
Refunds received	343	-
Sale of scrap assets	10	-
	553	**40**

Figures in Rand	2023 R'000	2022 R'000
15. EMPLOYER GRANT AND PROJECT EXPENSES		
Mandatory grants	922	417
Discretionary grants	59 271	45 837
	60 193	46 254
16. ADMINISTRATION EXPENSES		
16.1 General Administration Expenses		
Loss on disposal of property, plant and equipment	462	8
Operating lease rentals	6 674	6 674
Advertising, Marketing and Promotions	1 180	685
Bank charges	29	38
Catering and refreshments	208	54
Consulting and professional fees*	5 506	5 547
Legal Fees	883	1 506
Travel & Subsistence	903	311
Training	1 544	1 595
Governance Fees	1 940	1 654
Printing and Stationery	159	592
Insurance	137	118
Rates and taxes, water & lights and security	1 693	1 270
Staff Recruitment	142	92
Storage Cost	27	29
Sundry items	716	801
Licences and subscriptions	884	603
Cleaning	-	280
Equipment rentals	224	167
	23 311	**22 024**

* Consultancy and Professional fees consist of payments made to the service provider in relation to support and maintenance for the ERP and Payroll system.

	2023 R'000	2022 R'000
16.2 Audit Fees		
Audit Fees (External)	2 212	2 514

Figures in Rand	2023 R'000	2022 R'000
16.3 Cost of Employment		
Basic salary	25 932	25 940
PAYE	10 150	10 615
Incentive (Bonus)	156	1 191
Leave accrual	(14)	(239)
Union Fees	46	39
Workmens Compensation	85	(93)
Provident fund (defined contribution plan)*	1 105	1 065
Medical	572	770
Housing	494	722
Salaries and wages	38 526	40 010
UIF	210	222
SDL	373	399
	39 109	**40 631**

*PSETA provides for retirement benefits for all its permanent employees through a defined contribution scheme to the Sanlam fund.

Figures in Rand	2023 R'000	2022 R'000
16.4 Repairs and Maintenance		
Motor vehicle Repairs	101	30
Computer Equipment Maintenance	919	1 207
Building Maintenance	591	592
	1 611	**1 829**

17. ALLOCATION OF NET SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES

31 March 2023	Total per Statement of Financial Performance R	Administration R	Mandatory R	Discretionary R	Special Projects R
Total Revenue					
Skills development levy: Income					
Admin levy income (10.5%)	580	580	-	-	-
Grant levy income (20%) Mandatory	1 098	-	1 098	-	-
Grant levy income (49.5%) Discretionary	2 717	-	-	2 717	-
Skills developement levy: penalties and interest	107	-	-	107	-
Voted Funds received from National Treasury	123 972	63 039	-	60 933	-
Investment Income	7 381	7 381	-	-	-
Other Income	553	553	-	-	-
	136 408	**71 553**	**1 098**	**63 757**	**-**
Total Expenses					
Administration expenses	(71 526)	(71 526)	-	-	-
QCTO Expenditure	(27)	(27)	-	-	-
Employer grants and project expenses	(60 193)	-	(922)	(59 271)	-
	(131 746)	**(71 553)**	**(922)**	**(59 271)**	**-**
Net surplus/(deficit) per Statement of financial performance allocated	**4 662**	**-**	**176**	**4 486**	**-**

17. ALLOCATION OF NET SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES (Continued)

31 March 2022	Total per Statement of Financial Performance R	Administration R	Mandatory R	Discretionary R	Special Projects R
Total Revenue					
Skills development levy: Income					
Admin levy income (10.5%)	531	531	-	-	-
Grant levy income (20%) Mandatory	1 010	-	1 010	-	-
Grant levy income (49.5%) Discretionary	2 502	-	-	2 502	-
Skills developement levy: penalties and interest	64	-	-	64	-
Voted Funds received from National Treasury	120 082	68 218	-	51 864	-
Investment Income	4 162	4 162	-	-	-
Other Income	40	40	-	-	-
	128 391	**72 951**	**1 010**	**54 430**	**-**
Total Expenses					
Administration expenses	(72 914)	(72 914)	-	-	-
QCTO Expenditure	(37)	(37)	-	-	-
Employer grants and project expenses	(46 254)	-	(417)	(45 837)	-
	(119 205)	**(72 951)**	**(417)**	**(45 837)**	**-**
Net surplus/(deficit) per Statement of financial performance allocated	**9 186**	**-**	**593**	**8 593**	**-**

18. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations issued But Not Yet Effective

At the date of authorization of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the PSETA and may have an impact on future financial statements.

GRAP 104 Financial Instruments - 1 April 2025

iGRAP 21: The effect of Past Decisions on Materiality - 1 April 2023

18. NEW STANDARDS AND INTERPRETATIONS (Continued)

GRAP 2020: Improvements to the standards of GRAP (Developed 2020) - 1 April 2023

GRAP 1 (amended): Presentation of Financial Statements - 1 April 2023

Guideline on the application of Materiality to Financial Statements - No effective date set

Guideline on Accounting for Landfill Sites - No effective date set GRAP 25 (as revised): Employee Benefits - No effective date as yet

iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction. - No effetcive date as yet.

Figures in Rand	2023 R'000	2022 R'000
19. CASH GENERATED FROM OPERATIONS		
Surplus	4 662	9 186
Adjustments for:		
Depreciation and amortisation	5 283	5 901
Movements in provisions	257	459
Movement in Consumables	25	(25)
Movement Trade and other receivables from exchange transactions	(130)	(61)
Movement in operating lease liability	248	668
Movement in Trade and other Payables - exchange and non-exchange transactions	(1 418)	(14 822)
Movement in Employer Grant Payables	10	200
Loss on Disposal of PPE	462	8
	9 399	**1 514**

20. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

To the best of our knowledge, no material losses through criminal conduct, or irregular, fruitless and wasteful expenditure were incurred during the year except as indicated under the relevant heading below

21. IRREGULAR EXPENDITURE AND FRUITLESS & WASTEFUL EXPENDITURE

Irregular Expenditure	229	520
Fruitless and wasteful expenditure	-	-
Closing Balance	**229**	**520**

The opening balance of Irregular Expenditure for the 2021/22 Financial year has been restated to R43.1 million since it was discovered that irregular expenditure amounting to R34.031 million was incorrectly raised in prior years resulting in an overstated irregular expenditure balance, this has been restated in the prior period error note 29.

Figures in Rand	2023 R'000	2022 R'000

22. RELATED PARTIES

Relationships

1. Controlling entity

The SETA's controlling entity is DHET

2. Entities under common control

By virtue of the fact that PSETA is a National Public Entity controlled by DHET, it is considered related to other setas, the QCTO, TVET Colleges, Universities and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below:

3. ransactions with employer companies represented at the PSETA board

Employer representatives of the PSETA Board do not receive allowances for attending Board Meetings except for Ministerial appointees and labour representatives who receive board attendance fees as determined by the Minister of Higher Education and Training. Members may claim travel expenses incurred as a result of attendance of PSETA meetings.

4. Accounting Authority Members

2022/23

Name	Meeting Fee R'000	Travel Expense R'000	Total R'000
T Tshefuta - Chairperson of AA	141	7	148
C Brink	181	-	181
L Nzimande	202	-	202
GA Seokolo	85	-	85
NN Maesela	181	1	182
PB Makhafane	172	3	175
MA Ramakgale	78	-	78
S Nomabanda	67	-	67
NA Kelengeshe	-	2	2
	1 107	**13**	**1 120**

4. Accounting Authority Members (Continued)

2021/22

Name	Meeting Fee R'000	Travel Expense R'000	Total R'000
T Tshefuta - Chairperson of AA	174	-	174
C Brink	145	-	145
L Nzimande	167	-	167
GA Seokolo	154	7	161
N Maesela	164	4	168
PB Makhafane	148	-	148
P Moopelwa	-	4	4
MA Ramakgale	28	-	28
S Nomabanda	54	-	54
	1 034	**15**	**1 049**

5. Independent Committee Members

2022/23

Name	Meeting Fee R'000	Travel Expense R'000	Total R'000
P. Dala - Audit Committee Chairperson	219	-	219
N Nyakaza	7	-	7
Z Myeza	85	-	85
S Ndaba (ICT Chairperson)	167	-	167
Z Francois (RMC Chairperson)	214	-	214
	693	**-**	**676**

2021/22

Name	Meeting Fee R'000	Travel Expense R'000	Total R'000
P. Dala - Audit Committee Chairperson	183	-	183
N Nyakaza	38	-	38
Z Myeza	59	-	59
S Ndaba (ICT Chairperson)	114	-	114
Z Francois (RMC Chairperson)	101	-	101
	495	**-**	**495**

6. Key management personnel

2022/23

Name	Position		Salary R'000	Other Allowance R'000	Total R'000
Ms. B. Lerumo	CEO		2 098	22	2 120
Mr P Mbulaheni	CFO@		1 213	341	1 554
Ms S Nagalingam-Potter	COO		1 541	18	1 559
Ms E Rampola	CAE+		981	132	1 113
			5 833	**513**	**6 346**

* Other allowances include travel, cellphone and acting allowances.

@Mr P Mbulaheni, the current Finance Manager, acted as CFO from the 22 February 2021 to date.

+Ms E Rampola was CAE during the year but had resigned as at the 23 December 2022.

2021/22

Name	Position		Salary R'000	Performance Bonus R'000	Other Allowance R'000	Total R'000
Ms. B. Lerumo	CEO		1 978	-	15	1 993
Mr P Mbulaheni	CFO@		1 248	27	284	1 559
Ms S Nagalingam-Potter	COO		1 525	27	13	1 565
Mr S Ngomane	CSE+		1 305	-	11	1 316
Mr F Shamsoodeen	CFO^		106	34	-	140
Ms M Nkabinde	CSE*		18	-	-	18
Ms E Rampola	CAE#		1 274	-	6	1 280
			7 454	**88**	**329**	**7 871**

* Other allowances include travel, cellphone and acting allowances.

@Mr P Mbulaheni, the current Finance Manager, acted as CFO from the 22 February 2021 to date

^Mr F Shamsoodeen was the previous CFO (outstanding benefits accrued to previous CFO for the 2019/20 and 2020/21 financial years).

*Ms M Nkabinde was the previous CSE (outstanding benefits accrued to previous CSE for the 2019/20 financial year).

+Mr S Ngomane was the CSE during the year but has since resigned in January 2022.

#The outcome of the job evaluation approved by the board in October 2021 changed the position from a manager level to an executive level.

7. Transactions with TVET Colleges and Universities

2022/23

Name	Intervantion	Salary R'000	Other Allowance R'000	Total R'000
College of Cape Town	Artisan	3 116	-	3 116
College of Cape Town	Artisan	2 662	-	2 662
Majuba TVET College	Artisan	2 932	-	2 932
WIts Commercial Enterprise	Research	2 587	-	2 587
Tshwane South TVET College	Artisan	720	-	720
Tshwane South TVET College	Artisan	727	-	727
Boland TVET College	Workplace Integrated Learning	17	-	17
Ikhala TVET College	Workplace Integrated Learning	138	-	138
False Bay TVET	Workplace Integrated Learning	135	-	135
Gert Sibande TVET College	Artisan	509	-	509
Tshwane University of Technology	Research	1 400	-	1 400
Cape Peninsula University of Technology	Bursary	4 000	-	4 000
Sekhukhune TVET College	Workplace Integrated Learning	1 273	-	1 273
Tshwane North TVET College	Workplace Integrated Learning	1 762	-	1 762
Western TVET College	Workplace Integrated Learning	1 673	-	1 673
Tshwane University of Technology	Workplace Integrated Learning	2 964	-	2 964
South West Gauteng Tvet College	Workplace Integrated Learning	958	-	958
South West Gauteng Tvet College	Workplace Integrated Learning	2 221	-	2 221
		29 794	**-**	**29 794**

2021/22

Name	Intervantion	Salary R'000	Other Allowance R'000	Total R'000
College of Cape Town	Artisan	3 116	-	3 116
College of Cape Town	Artisan	2 662	-	2 662
Majuba TVET College	Artisan	4 043	-	4 043
WIts Commercial Enterprise	Research	6 548	-	6 548
Tshwane South TVET College	Artisan	1 660	-	1 660
Tshwane South TVET College	Artisan	1 658	-	1 658
Cape Peninsula University of Technology	Workplace Integrated Learning	2 591	-	2 591
Boland TVET College	Workplace Integrated Learning	639	-	639
Ikhala TVET College	Workplace Integrated Learning	1 078	-	1 078
University of Johannesburg	Bursary	4 000	-	4 000
Western TVET College	Workplace Integrated Learning	622	-	622
Falsebay TVET College	Workplace Integrated Learning	767	-	767
Gert Sibande TVET College	Artisan	509	-	509
Tshwane University of Technology	-	1 500	-	1 500
		31 391	**-**	**31 391**

8. Transactions with other SETAs

2022/23

Name	Amounts Received R'000	Total R'000
W&R SETA	(6)	(6)
	(6)	**(6)**

2021/22

Name	Amounts Received R'000	Total R'000
W&R SETA	(6)	(6)
	(6)	**(6)**

Interseta transactions and balances arise due to the movement of employers from one SETA to another and mandatory grants due from the SETA to which the PSETA contributes its levies and submits its WSP & ATR. No other transactions occurred during the year with other SETAs.

9. Transactions with other national public entities and state institutions

2022/23

Name	Amounts Received R'000	Total R'000
National Treasury	123 972	123 972

2021/22

Name	Amounts Received R'000	Total R'000
National Treasury	120 082	120 082

Figures in Rand	2023 R'000	2022 R'000

23. COMMITMENTS

Operating lease commitments

Minimum lease payments due		
- within one year	7 045	6 651
- in second to fifth year inclusive	11 161	18 043
	18 206	**24 694**

The operating lease relates to the rental of building and parking of Ground and 1st floor of Woodpecker Office Block, 179 Lunnon Road, Hillcrest, Pretoria used for office accommodation and Rental of office printers.

The office lease agreement entered into effective 1 October 2020 for a period of 5 years, expiring on the 30 September 2025. The printers lease is for a period of 36 months starting 4 September 2020.

DG Commitments

Figures in Rand	Adjusted Opening Balance 01 April 2022 R'000	Expenditure Incurred R'000	WhiteBacks R'000	New contracts R'000	Addendums R'000	Closing Balance 01 March 2022 R'000
Type of Programme						
Artisans	14 577	(3 674)	(238)	-	-	10 665
Bursary	7 360	(4 735)	(998)	5 600	-	7 227
Internship	15 051	(12 804)	(330)	17 042	-	18 959
Qualifications Development	999	(48)	-	870	-	1 821
Learnership	3 330	(2 642)	(261)	10 698	-	11 125
Recognition of prior learning	4 843	(4 529)	(1 259)	3 150	-	2 205
Research	10 665	(6 854)	-	439	-	4 250
Skills Programme	1 358	(4 107)	(837)	5 890	-	2 304
Workplace Intergrated Learning	5 696	(19 878)	(135)	22 495	-	8 178
Total Discretionary Commitments	**63 879**	**(59 271)**	**(4 058)**	**66 184**	**-**	**66 734**

The opening commitments balance was overstated due to a prior period error, see note 29.

Figures in Rand	2023 R'000	2022 R'000

24. CONTINGENCIES

Retention of Cash surplus

In terms of section 53 (3) of the PFMA, public entities listed in schedule 3A and 3 C to the PFMA may not retain cash surplus that were realized in the previous financial year without obtaining the prior written approval of DHET. During September 2021, National treasury Issued Instruction No. 12 of 2020/21 which gave more detail to the surplus definition. According to this instruction, a surplus is based on the formula used below:

As of the 31 March 2023 the cash surplus was calculated as follows:

	2023 R'000	2022 R'000
Cash and cash equivalents	129 173	124 856
Add: Receivables	1 753	1 623
Less: Current Liabilities	(10 708)	(11 613)
	120 218	**114 866**

Notwithstanding the surplus calculated above, PSETA has commitments at year end through contracts with several service providers, some of which have been disclosed in note 23 above. Reflected below is the accumulated surplus after taking into account the impact of PSETA's year end commitments.

Committed amounts at 31 March 2023

Surplus calculated above	120 218
Commitments	(89 258)
Uncommitted Surplus	**30 960**

The submission regarding the request to retain the cash surplus will be made to the National Treasury for the 2022/23 financial year upon completion of the audit by the Auditor General.

Other contingent liabilities

Salary deduction claim

During August 2019, PSETA received court papers issued out of the Labour Court by a union regarding the salary deductions that PSETA implemented during January and February 2019, following the strike action that took place between 30 October and 07 November 2018. The total amount of the salary deductions was R337 732.47.

Acting Allowance claim

A Specialist acted as a Manager from 09 March 2018 to 03 March 2019 without being compensated an acting allowance because the position was not vacant as per PSETA policies. The Specialist is claiming an amount of R202 080.39 acting allowance for the period 08 February 2018 up to 03 March 2019. The matter has been set down for trial for 14 February 2024

24. CONTINGENCIES (Continued)

Mandatory Grants

In October 2019, an association of private entities won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased from 50% to 20% in terms of section 4(4) of the Seta grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards.The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory grant percentage. DHET continued to show the mandatory levies portion as 20% in 2019/20 year in the levy download information.The SETA continued to pay and accrue mandatory grants at 20% in the 2019/20 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure as well as the mandatory grant liability were calculated using mandatory grant percentage of 20%. The SETA therefore discloses a contingent liability in regard to the amount of the mandatory grants payable to qualifying levy payers from the date of the court decision to the year end. This is disclosed as a liability as the intention of the litigants was to increase the mandatory grant percentage from 20%.The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. PSETA has assessed the potential impact of a significant change to the percentage of Mandatory levies and considered this impact to not be material.Currently the department is in discussions with the entity in regard to the mandatory grant percentage.

High Court matter

PSETA has received court papers for a notice of motion out of the Pretoria High Court. The court papers were issued by a skills development provider who has applied for extension of scope for certain unit standards with the ETQA Department of PSETA. The application for extension of scope was rejected, as the unit standards that the skills development provider had sought accreditation for, are classified and the National Department of International Relations and Cooperation ("DIRCO") is the only institution that is accredited to offer these unit standards. The skills development provider then appealed to the Quality Council for Trades and Occupations ("QCTO") after the application for extension of scope was rejected by PSETA. After not receiving any feedback on the appeal, The skills development provider has now applied for judicial review of the decision to not extend its application for scope, at the Pretoria High Court. PSETA has held a meeting with the other respondents in this matter, namely the QCTO and the SAQA ("South African Qualifications Authority"). The parties have agreed to oppose the case at the Pretoria High Court. Potential legal costs and disbursements are approximately R400 000.00 (four hundred thousand Rand)

The total known potential contingent liabilities amount to R 539 813.36

Other contingent assets

Service provider dispute

During the 2017/18 financial year, PSETA awarded a discretionary grant to a service provider. The Apprenticeship Programme was meant to endure up to 31 May 2022.The total amount of the grant that was to be awarded for the successful implementation of the Apprenticeship Programme was R6 000 000.00 (six million Rand). To date, PSETA has made 3 tranche payments to the skills development provider, amounting to approximately R4, 200, 000.00 (four million, two hundred thousand Rand)During the implementation of the Apprenticeship Programme, the skills development provider, committed several breaches of contract. PSETA sent written notice to the skills development provider, in order to enable it to remedy its breach.The skills development provider has not remedied the breach. PSETA believes that it has now exhausted all contractual remedies in its effort to give Protech Training an opportunity to remedy its breach of contract. We are now proceeding with issuing legal processes in this matter.

Total known potential contingent assets amount to R4 200 000.

25. FINANCIAL INSTRUMENTS DISCLOSURE

In the course of its operations, the PSETA is exposed to interest rate, credit, liquidity and business risk. The PSETA has developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below

	Amount R	Effective Interest Rate %	Amount R	Weighted average effective interest rate %	Weighted average period for which the rate is fixed in Years	Amount R	Weighted average period for which the rate is fixed in Years	Total R
31 March 2023								
Assets								
Cash	129 173	5.7%	-		-	-		129 173
Accounts receivable	-		-		-	1 753	1 year	1 753
Total Financial Assets	**129 173**		**-**		**-**	**1 753**		**130 926**
Liabilities								
Accounts Payable	-		-		-	10 708	1 year	10 708
Total Financial Liabilities	**-**		**-**		**-**	**10 708**		**10 708**
31 March 2022								
Assets								
Cash	124 856	3.28%	-		-	-		124 856
Accounts receivable	-		-		-	1 623	1 year	1 623
Total Financial Assets	**124 856**		**-**		**-**	**1 623**		**126 476**
Liabilities								
Accounts Payable	-		-		-	11 612	1 year	11 612
Total Financial Liabilities	**-**		**-**		**-**	**11 612**		**11 612**

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25. FINANCIAL INSTRUMENTS DISCLOSURE (Continued)

Cash and cash equivalents

	31 March 2023		31 March 2022	
	Gross R	Impairment R	Gross R	Impairment R
Not past due	129 173	-	124 856	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 1 year	-	-	-	-

Cash and cash equivalents comprise cash held by the PSETA and short term bank deposits with an original maturity of less than 1 month. The carrying amount of these assets approximates their fair value.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively shortterm maturity of these financial assets.

Accounts payable

The carrying amount of accounts payable approximates fair value due to the relatively short-term maturity of these financial liabilities.

Fair values

The PSETA's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, and accounts and other payables. No financial instruments were carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

Investments

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

Borrowings

The fair value of interest-bearing borrowings is based on either :

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

The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts.

26. RISK MANAGEMENT

The PSETA manages liquidity risk through proper management of working capital, capital expenditure, long term cash projections and monitoring of actual vs forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

	Carrying Amount R	Contractual Cash Flows R	6 months or less R	6-12 months R	1-2 years R	More than 2 years R
31 March 2022						
Trade and other payables from exchange transactions	3 298	3 298	3 298	-	-	-
Trade and other payables from nonexchange transactions	3 396	3 396	3 396	-	-	-
31 March 2022						
Trade and other payables from exchange transactions	3 100	3 100	3 100	-	-	-
Trade and other payables from nonexchange transactions	5 012	5 012	5 012	-	-	-

Credit risk

Financial assets, which potentially subject the SETA 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, investments and accounts receivable.

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

26. RISK MANAGEMENT (Continued)

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The PSETA's concentration of credit risk is limited to the industry (public service industry) in which it operates. No events occurred in the Public Service industry that may have an impact on the accounts receivable that has not been adequately provided for, as the levy income received from some public entities is minimal.

Market risk

The PSETA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the PSETA is aware of except for the impact of the country's electricity crisis that may result in the shrinking of employment and a reduction is skills development levy income in the future.

27. GOING CONCERN

All SETAs operate on a license term, linked to the life-cycle of the National Skills Development Plan (NSDP). 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 financial position of PSETA is adequate for a conclusion to be reached that the operations will continue and the going concerns assumption is confirmed. The COVID 19 pandemic has not had a material affect on the operations of PSETA for the year.

28. EXPLANATION OF MATERIAL VARIANCES BETWEEN ACTUAL RESULTS AND FINAL BUDGET

The explanation of variances between actual results and the final budget was done on the basis of the entity's materiality framework whereby all variances in excess of the R633 007 materiality have been explained below.

28.1 Interest received - investment

Additional interest income received owing to higher SARB interest rates.
Grants and Projects Expenditure

28.2 Mandatory Grants

Mandatory Grants were above budget based on amounts received not within PSETA's control.

28.3 Discretionary Grants

Discretionary grants expenditure incurred for the current financial year is below budget. Due to a large portion of Surplus being allocated to Discretionary Grants towards the latter part of the financial year .

Administration Expenditure

28.4 Cost of employment

This is due to savings from vacancies and resignations in the year.

28.5 Marketing Materials and publications

Less amount spent after budget revision than expected.

28.6 Consultancy and Professional fees

Additional spending due to more consultancy work required under Human Capital, Finance and Internal Audit Departments.

28.7 Depreciation

Depreciation is a non-cash expense and as such it is not budgeted for.

28.8 Governance Fees

Underspending due AA meetings taking place via virtual platforms.

28.9 Operating lease rentals

A saving was realised due to consumption items being allocated to a different line item.

28.10 Printing and Stationery

A saving was realised due to less stationery purchased when compared to budget.

28.11 Staff Welfare

Underspending due to significantly less staff welfare projects in current year when compared to budget.

28.12 Travel and Subsistence

Underspending due to less travel in the current yeart.

28.13 Licences and Subscriptions

Underspending due certain items being capitalised to intangible assets..

28.14 CAPEX

Additional capital expenditure was realised due to the ERP system that was implemented at PSETA.

28.15 Approved Surplus

This is a balancing figure as a result of a new requirement of including commitments from previous years to the current financial year's budget.

29. PRIOR PERIOD ERRORS

To comply with GRAP 3, adjustments to correct th prior period errors were effected onto the comparative figures.

The above necessitated the adjustments below:

29.1) After determining amounts of irregular expenditure to condone, it was discovered that irregular expenditure amounting to R34.031 million was incorrectly raised in prior years resulting in an overstated irregular expenditure balance. This has an effect on the opening balance of Irregular expenditure in prior year as shown in table below.

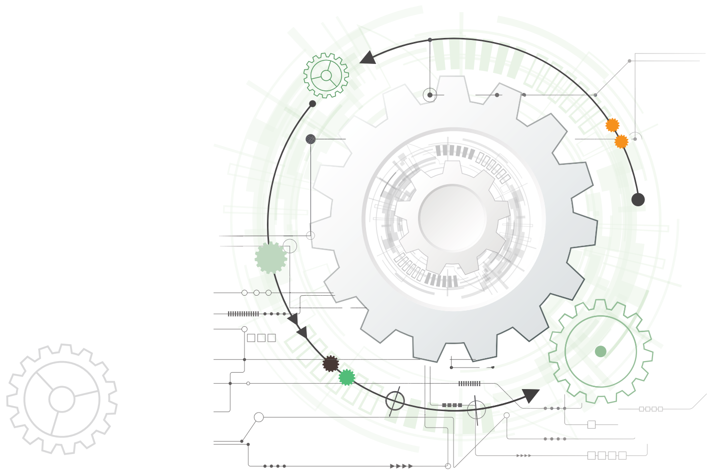
29.2) A discretionary Grant contract worth R600 000 was incorrectly raised twice, resulting in an overstated Commitments balance. This has an effect on the opening balance of commitments in the current year as shown in table below.

29.3) Property, plant and equipment with a cost price of R2 million was incorrectly classified as Intangible assets instead of computer equipment, this resulted in depreciation of R288 000 being incorrectly calculated on these assets as they should have been depreciated over 36 months instead of 24. The effect of this adjustment on the Statement of Financial Position and Statement of Financial Performance is shown below:

Irregular Expenditure Note	Note(s)	2023 R'000	2022 R'000
Irregular Expenditure Note			
Opening Balance Adjustment	29.1	-	34 031
Commitments Note			
Opening Balance adjustment	29.2	-	600
Statement of Financial Position			
Increase in Property, Plant and Equipment	29.3	-	1 450
Decrease in Intangible Assets	29.3	-	(1 162)
Increase in Administrative Reserve	29.3	-	288
Statement of Financial Performance			
Decrease in depreciation	29.3	-	(288)

30. EVENTS AFTER THE REPORTING DATE

The PSETA AA has resolved in its meeting held on 26 April 2023 to write off amounts owed to it by a service provider of R7 909 300.



TO BE THE HEART OF DEVELOPING A SKILLED, CAPABLE AND INNOVATIVE PUBLIC SECTOR WORKFORCE

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