



UMALUSI



Quality Council for General and Further  
Education and Training

# ANNUAL REPORT

## 2022/23

The 2022/23 Annual Report of Umalusi is presented to the Minister of Basic Education, in accordance with section 55(1) (d) of the Public Finance Management Act (Act No. 1 of 1999) and Chapter 28 of the Treasury Regulations. The report reflects the performance information outputs, the human resources management outputs as well as the financial performance of Umalusi.

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UMALUSI



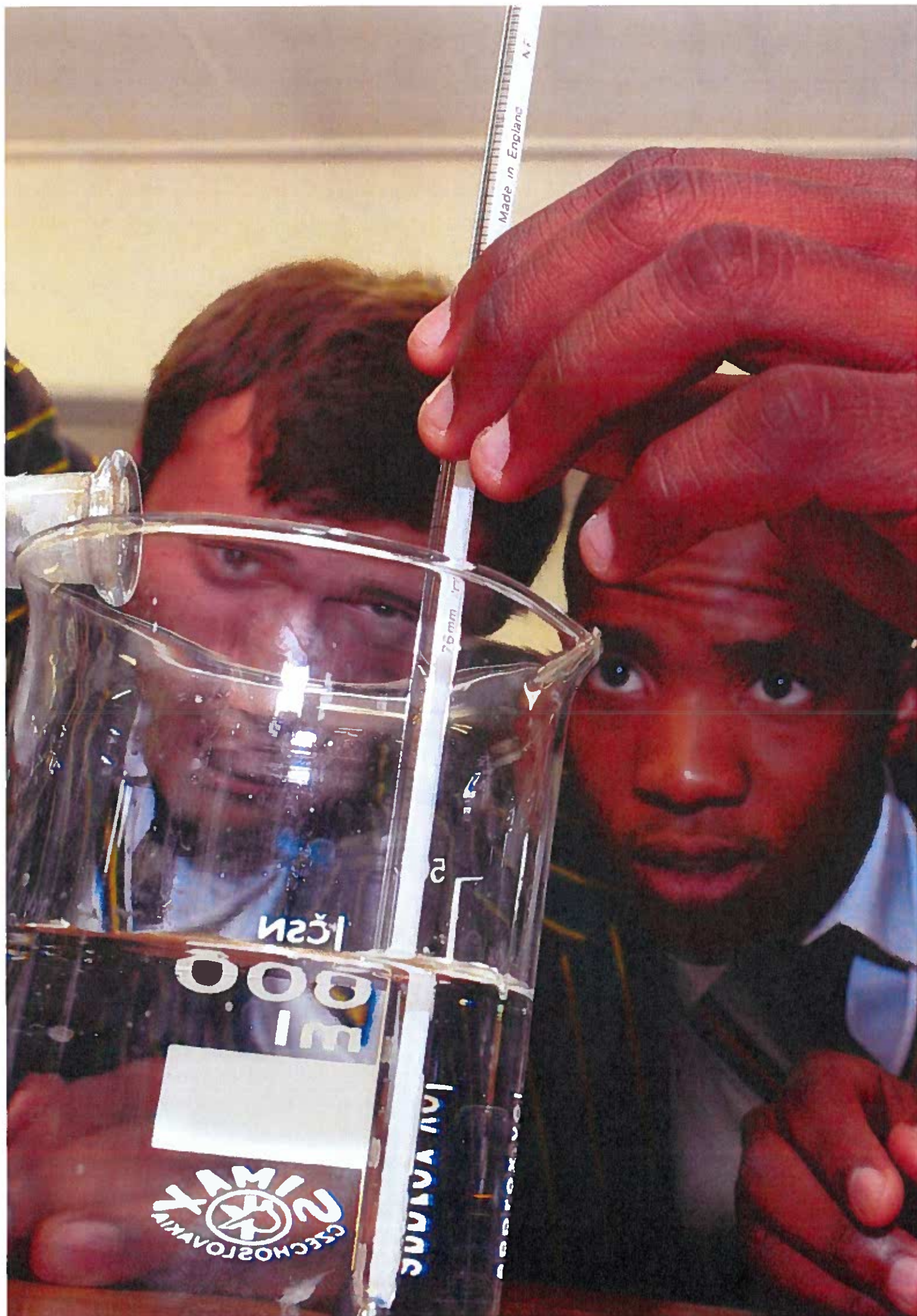




# Part

General  
Information

# A



## 1 GENERAL INFORMATION

<b>REGISTERED NAME:</b>	Umalusi – Quality Council for General and Further Education and Training
<b>PHYSICAL ADDRESS:</b>	37 General van Ryneveld Street Persequor Technopark Pretoria 0121
<b>POSTAL ADDRESS:</b>	P.O. Box 151 Persequor Technopark Pretoria 0020
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<b>FAX NUMBER:</b>	+27 (12) 349 1511
<b>EMAIL ADDRESS:</b>	info@umalusi.org.za
<b>WEBSITE ADDRESS:</b>	www.umalusi.org.za
<b>EXTERNAL AUDITORS:</b>	RAiN Chartered Accountants Incorporated
<b>BANKERS:</b>	Absa Bank Limited



## 2 LIST OF ABBREVIATIONS/ACRONYMS

<b>AAC</b>	Associated Assessment Criteria
<b>ABET</b>	Adult Basic Education and Training
<b>ACC</b>	Accreditation Committee of Council
<b>AET</b>	Adult Education and Training
<b>APP</b>	Annual Performance Plan
<b>ASC</b>	Assessment Standards Committee
<b>CAPS</b>	Curriculum and Assessment Policy Statements
<b>CAT</b>	Credit Accumulation and Transfer
<b>CEO</b>	Chief Executive Officer
<b>CET</b>	Continuing Education and Training
<b>CITE</b>	Centre for International Teacher Education
<b>CPD</b>	Corporation for Public Deposits
<b>DBE</b>	Department of Basic Education
<b>DHET</b>	Department of Higher Education and Training
<b>DMARC</b>	Domain-based Message Authentication, Reporting and Conformance
<b>E&amp;A</b>	Evaluation and Accreditation
<b>EoR</b>	Examinations on Request
<b>EXCO</b>	Executive Committee of Council
<b>FET</b>	Further Education and Training
<b>F&amp;SCM</b>	Finance and Supply Chain Management
<b>GEC</b>	General Education Certificate
<b>GENFETQA</b>	General and Further Education and Training Quality Assurance
<b>GETC</b>	General Education and Training Certificate
<b>GETC: ABET</b>	General Education and Training Certificate: Adult Basic Education and Training
<b>GETCA</b>	General Education and Training Certificate for Adults
<b>GFETQSF</b>	General and Further Education and Training Qualifications Sub-framework
<b>HCM</b>	Human Capital Management
<b>HELTASA</b>	Higher Education Learning and Teaching South Africa
<b>ICASS</b>	Internal Continuous Assessment
<b>ICT</b>	Information and Communication Technology
<b>IEB</b>	Independent Examinations Board
<b>ISAT</b>	Integrated Summative Assessment Task(s)
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NASCA</b>	National Senior Certificate for Adults
<b>NATED</b>	National Education Report 190/191
<b>NC(V)</b>	National Certificate (Vocational)



<b>NDP</b>	National Development Plan
<b>NEPA</b>	National Education Policy Act
<b>NLRD</b>	National Learners' Records Database
<b>NSC</b>	National Senior Certificate
<b>NTCE</b>	National Tourism Careers Expo
<b>NQF</b>	National Qualifications Framework
<b>OCEO</b>	Office of the Chief Executive Officer
<b>PAT</b>	Practical Assessment Task(s)
<b>PEA</b>	Post-Examination Analysis
<b>PED</b>	Provincial Education Department(s)
<b>PFMA</b>	Public Finance Management Act
<b>PIVC</b>	Performance Information Verification Committee
<b>PMDS</b>	Performance Management and Development System
<b>PR &amp; COMMS</b>	Public Relations and Communications
<b>PSET</b>	Post-School Education and Training
<b>QAA</b>	Quality Assurance of Assessment
<b>QAA: SQ</b>	Quality Assurance of Assessment: School Qualifications
<b>QAA: PSQ</b>	Quality Assurance of Assessment: Post-School Qualifications
<b>QCC</b>	Qualifications, Curriculum and Certification
<b>RFQ</b>	Request for Quotation
<b>RPL</b>	Recognition of Prior Learning
<b>S&amp;G</b>	Strategy and Governance
<b>SACAI</b>	South African Comprehensive Assessment Institute
<b>SADTU</b>	South African Democratic Teachers Union
<b>SAG</b>	Subject Assessment Guideline
<b>SALAL</b>	Southern African Linguistics and Applied Languages
<b>SAQA</b>	South African Qualifications Authority
<b>SAQAN</b>	Southern African Quality Assurance Network
<b>SASA</b>	South African Schools Act
<b>SBA</b>	School-Based Assessment
<b>SC(a)</b>	Senior Certificate (amended)
<b>SCM</b>	Supply Chain Management
<b>SIR</b>	Statistical Information and Research
<b>SITA</b>	State Information Technology Agency
<b>SOR</b>	State of Readiness
<b>TVET</b>	Technical and Vocational Education and Training
<b>UAT</b>	User-Acceptance Testing



**Anniversary**

Two Decades of Education  
Guardianship 2002 - 2022

### 3 FOREWORD BY THE CHAIRPERSON



It is my pleasure to present to you this Annual Report on the work of Umalusi for the 2022/23 financial year. The financial year marks the first year of the 6th Umalusi Council in office, having started work on 8 June 2022. Regrettably, during the year under review we lost the services of Professor Tinyiko Maluleke, a highly qualified and experienced member of Council. Council understands the pressures of his position as Vice-Chancellor and wishes him well in his endeavours.

The 2022/23 financial year was the third year of implementing Umalusi's five-year Strategic Plan. The year under review marks Umalusi's 20th anniversary and the beginning of a third decade of education guardianship in South Africa. The role of Council is to discharge its fiduciary duties and monitor Umalusi's organisational performance, its governance and its financial management. This Annual Report, therefore, provides the ideal opportunity for the Council to appraise the work of Umalusi in the year under review, in the context of the anniversary.

I am delighted to report that the organisation fulfilled its legislative mandate of managing the sub-framework of qualifications. The National Qualifications Framework (NQF) Act No. 67 of 2008, as amended, transformed Umalusi into a standard-setting quality council responsible for the development and management of a sub-framework of qualifications at levels 1–4 of the NQF. In line with this objective, Umalusi management

Umalusi's achievements are the result of dedication and capable leadership by its management; and the diligent and meticulous work of the committees of Council.

convened a strategic planning retreat to determine whether Umalusi performs its functions in alignment with the provisions of the NQF Act and the General and Further Education and Training Quality Assurance Act, 2001 (GENFETQA Act).

The 20th anniversary special birthday milestone at Umalusi was marked by making research a strategic area of focus during the year. Among the work worth noting was the conclusion of a study that benchmarked the National Senior Certificate (NSC) against five international qualifications. This provided the organisation with insight into the relevance and competitiveness of the NSC. Another noteworthy scholarly contribution was the successful publication of a special issue, guest edited by Umalusi officials, of the accredited journal, *Southern African Linguistics and Applied Language Studies*, 41(1). These studies contributed to knowledge and understanding of the development and management of the sub-framework.

As part of the development and management of the sub-framework, several policies were gazetted, reviewed and developed during the year under review. The Policy for the Quality Assurance of Assessment of Qualifications registered on the General and Further Education and Training Qualifications Sub-framework (GFETQSF) of the NQF was gazetted. The Policy for Credit Accumulation and Transfer and the Policy for Recognition of Prior Learning were reviewed to ensure their alignment with the relevant national policies to promote portability of credits, articulation and lifelong learning. Amendments were introduced to the Policy for the Certification of Candidate Records on the GFETQSF. The review was done to ensure that the policies remain current. A Policy and Criteria for Assessment of Qualifications on the GFETQSF was developed.

Evaluation and accreditation of independent and private education institutions ensure that institutions that offer Umalusi qualifications have the capacity and systems in place to provide proper teaching and learning. During the year under review, 100 institutions were granted full



accreditation; 46 were awarded provisional accreditation pending improvements and assurance of some aspects of their work.

As with global trends, the COVID-19 pandemic saw the South African education sector experience an increase in online education provision. Umalusi has been providing input to the finalisation of the framework for the regulation of online schools. Until this is finalised, Umalusi is not able to consider accreditation of such institutions. Nevertheless, the Council is concerned that some learners may have written their examinations at unaccredited private education institutions, with the possible consequence of non-certification.

The launch of the online certification replacement system was an important milestone in digitising Umalusi's services. The system has improved the efficiency of replacing certificates by allowing candidates to apply online, directly with Umalusi. One of the difficulties for Umalusi is the unlawful sale of Umalusi certificates by fraudsters. Such fraudulent certificates do not have currency since they are not authentic and do not appear on the National Learner Records Database (NLRD), hosted by the South African Qualifications Authority (SAQA). The continuation of these fraudulent activities is a threat to the credibility of qualifications on our sub-framework and I am happy that management has put in place robust systems to preserve the credibility of the qualifications. The verification of qualifications on the GFETQSF is one of Umalusi's critical functions as a quality council. In the last two-and-a-half years, the organisation has verified more than 200 000 qualifications for different stakeholders. Stopping the distribution and use of fake certificates requires that society (parents, learners, institutions of higher learning, employers, etc.) becomes more vigilant about authenticating qualifications, which demands reliable verification of the certificates that are presented.

Council is satisfied that Umalusi properly conducted all quality assurance of assessment processes throughout the year, to ensure that teaching, learning and assessment were done in accordance with the standards set for each qualification. The Executive Committee of Council (EXCO) approved the release of results for all examinations conducted by public and private assessment bodies and found no systemic irregularities that would have compromised the overall integrity of the examinations. Council directed that management work with assessment bodies with a view to dealing with subject-specific errors in question papers that cause unnecessary applications for marking concessions.

The Post-School Education and Training System (PSET) is an essential component of the Umalusi

sub-framework of qualifications. In 2021 the Minister of Higher Education, Science and Innovation approved the phasing out of the remaining National Accredited Technical Education Diploma (NATED) programmes. The phasing out, which was meant to begin in 2022, has not progressed well and a task team has been established to oversee the process.

Council has, on numerous occasions, met with the Portfolio Committee on Basic Education and the Portfolio Committee on Higher Education, Science and Technology, to report on its work as the accounting authority. Other strategic engagements included meetings with the directors-general of the Department of Basic Education (DBE) and of Higher Education and Training (DHET).

Despite the foregoing achievements, there were challenges that beset the organisation. Chief among these was the very tight fiscal environment in which the organisation operates, mainly occasioned by the parallel developments of an expanded mandate together with funding budget cuts. This has resulted in Umalusi having to reprioritise its areas of strategic focus. To alleviate workload pressures, Council approved the creation of 12 new positions, for implementation in the 2023/24 financial year.

In the year under review important feedback was provided to the DBE, both on the General Education Certificate (GEC) qualification to ensure that educational standards are maintained and enhanced to support the National Development Plan (NDP); and on the findings of the NSC benchmarking study to further strengthen the NSC qualification.

While Umalusi is not directly responsible for the achievement of targets set in the NDP, I am delighted to report that Umalusi, as a quality council, played an important role towards achieving Priority 3 (Education, Skills and Health) of the Medium-Term Strategic Framework (MTSF), specifically Outcome 2, which states, "10-year-old learners enrolled in publicly funded schools read for meaning" as well as Outcome 3, "Youths better prepared for further studies and the world of work beyond Grade 9". The evaluation of various curricula, e.g. the GEC, and benchmarking the NSC curriculum against international curricula, supports the gradual attainment of both Outcomes 2 and 3. The evaluations ensured that the intended curriculum meets the needs of the 21st century learner in the context of South Africa as a developing country. Through its quality assurance of assessment and evaluation and accreditation mandates, Umalusi has also contributed towards the progressive achievement of Outcome 5, "Expanded access to PSET opportunities".

Importantly, Umalusi Council has once again obtained an unqualified audit report for the year under review. I thank the executive and senior management team of Umalusi under its CEO, Dr Mafu Rakometsi, as well as the staff of Umalusi for the sterling work that they continue to do. Their efforts in giving effect to the strategic intentions of the organisation are appreciated.

Umalusi's achievements are the result of dedication and capable leadership by its management; and the diligent and meticulous work of the committees of Council, which play an oversight role on the work of the operational units of Umalusi. I have no doubt that the organisation fulfilled its mandate within the relevant legal framework. Similarly, the work of this Council was inspired by our collective desire to see Umalusi succeed in fulfilling its vision, which is, in essence, the vision of Council.

I want to conclude by expressing my sincere thanks and appreciation to:

- All members of the previous and current Umalusi Council who have given so freely and so generously of their time, energy and wisdom to ensure that Umalusi remains a trusted authority in fostering high education standards in general and further education and training.

- The Minister of Basic Education: Mrs Angie Motshekga; the Minister of Higher Education, Science and Innovation: Dr Blade Nzimande; and the Portfolio Committees on Basic Education and of Higher Education, Science and Innovation, for entrusting us with the responsibility to serve the country and for their unwavering support and guidance to Umalusi Council.
- The Director-General of Basic Education: Mr Mathanzima Mwel and the Director-General of Higher Education and Training: Dr Nkosinathi Sishi, whose support for the work of Umalusi is a source of inspiration and strength.
- All members of the various committees of Council for their excellent contribution to the work of Umalusi.



**Professor Yunus Ballim**  
Umalusi Council Chairperson  
Date: 31 July 2023

## 4 CHIEF EXECUTIVE OFFICER'S OVERVIEW



### Introduction:

I am pleased to present this 20th anniversary Annual Report of Umalusi. Umalusi celebrated this on 6 September 2022 and the moment was used to applaud the many notable achievements notched up by Umalusi over two decades. Being the 20th anniversary Annual Report, this is an opportunity for us to reflect on the work done during the 20th reporting period: March 2022 to April 2023. The work undertaken during the year was anchored in the 2022/23 Annual Performance Plan.

Having met 14 of its 15 targets, Umalusi attained an achievement rate of 93.3%. The year under review has been busier than usual for Umalusi. The organisation bade farewell to the 5th Council, witnessed the inauguration of the 6th Council, celebrated the 20th anniversary, launched the *International Benchmarking of the National Senior Certificate (NSC)* report and launched the online application system for replacement certificates. These were not insignificant achievements.

Much has changed since Umalusi celebrated its 10th anniversary in November 2011. Staff are the lifeblood of any institution and should be leveraged to greater benefit. I have been fortunate to witness the steady growth of the organisation during its second decade of existence. By the end of the current year, the staff establishment of Umalusi had grown to 150, due to Council's approval of new positions in the organogram.

As a learning organisation, Umalusi commissioned a study that benchmarked the NSC, one of the qualifications on the sub-framework, against five

It is management's firm belief that without the commitment of staff, no organisation can successfully deliver on its mandate.

international qualifications. The overall finding was that the NSC provides its holders with an internationally comparable level of education. Umalusi had extensive engagement with various stakeholders on the findings of the study. Among the stakeholders engaged on the findings were the Portfolio Committee on Basic Education (PCBE), Council of Education Ministers (CEM), Heads of Education Departments (HoD), teacher unions, professional bodies, public and private higher education institutions and the public at large.

### General financial review of the public entity:

As the Accounting Officer I am fully aware of the responsibility bestowed on me to ensure that public resources are used judiciously to benefit the people of our country. On that score, I owe it to Umalusi Council and the people of South Africa to exercise prudence in managing the resources given to Umalusi to discharge its legislative mandate. While the use of online platforms proved to be a cost-saving measure, not all the quality assurance processes of Umalusi lend themselves to being conducted virtually. Thus, unlike in previous financial years, the operations of the organisation were returned to normalcy in the current year.

During the period the organisation received a baseline grant of R162,031,000 compared with R157,404,000 in 2021/22. While the revenue generated from accreditation and verification functions, R7 320 568 and R15 488 390 respectively, was better than in the previous year, it has not grown to a level where Umalusi can stand on its own. The organisation experienced declines in certification revenue, due to fewer certificates being printed than in the previous financial year, and in rental income.

### Spending trends of the public entity:

Umalusi has concluded the refurbishment of Thuto-Mfundo, one of two of its buildings. The building is located at 41 General van Ryneveld Street in Pretoria. The refurbishment of the building started during the third quarter of the 2021/22 financial year after the site was handed over to the contractor on 6 December 2021. The project now stands at 100% completion and the organisation spent 100% of the total project cost of approximately R45 million. The completion of the project is a big plus for the organisation from a space utilisation point of view, in that the new space accommodates the growth in staff numbers.



### Capacity constraints and challenges facing the public entity:

It is undeniable that additional responsibilities require additional resources. One of the factors that compounds Umalusi's budgetary constraints is its ever-expanding mandate. To cite two examples, the planned introduction of the General Education Certificate (GEC) and National Senior Certificate for Adults (NASCA), and the General Education and Training Certificate for Adults (GETCA), will necessitate that Umalusi conducts quality assurance thereon. The implication is that more pairs of hands and eyes (moderators, monitors, verifiers, etc.) need to be contracted in. Undoubtedly, this will add pressure to the already strained financial and human resources of the organisation. Additionally, more capacity will be needed to conduct the evaluation and accreditation of independent institutions that intend to offer Grade R as part of the Early Childhood Development (ECD) programme, since ECD has become part of the mainstream school system. Similarly, should a framework or legislation for the regulation of online schools be finalised, Umalusi would need to develop a model for use in accrediting such institutions. While the revenue generated from accreditation and verification functions was better this year than in the previous year, it has not grown to a level where it can sustain the expansion of the mandate.

### Supply chain management (SCM):

Umalusi procures goods and services in a manner that ensures fairness, integrity, cost-effectiveness and efficiency in the delivery of such services. Three internal structures, Bid Specification Committees (BSC), Bid Evaluation Committees (BEC) and the Bid Adjudication Committee (BAC), have been set up to deal with matters relating to the sourcing of goods and services. The membership of these structures comprises senior managers who serve on a rotational basis. The advantage of this approach for me as the Accounting Officer is that management remains accountable to the Accounting Authority, Council, in how the organisation dispenses its financial resources. Another safeguard in the organisation's SCM processes is that the Accounting Officer does not form part of any procurement processes. This is to avoid conflict of interest situations.

### Audit report matters:

Umalusi continued to disburse its finances prudently, in accordance with the provisions of the Public Finance Management Act (PFMA). In this reporting period Umalusi did not achieve a clean audit. That is attributable to the fact that the audit process raised some new issues that had been overlooked by the previous two external audits. That notwithstanding, I am happy to report that the organisation has once again achieved an unqualified audit opinion from the external auditors, RAI. This is what allows Umalusi to be counted among the public entities that

continually comply with the requirements of an effectively managed organisation. This has been made possible by the commitment and hard-working staff of Umalusi.

### Economic viability:

The ability of the entity to continue as a going concern is dependent on a statutory grant allocation from the Department of Basic Education (DBE). At the time of the approval of the Annual Financial Statements in this report, the DBE had committed, in the Medium-Term Expenditure Framework (MTEF) published by the National Treasury (NT), to funding the entity for the period 2021/22 to 2023/24. This has helped to keep the organisation afloat in the short to medium term.

### Continental collaboration:

Umalusi hosted two delegations on different occasions during study visits to South Africa: a delegation led by the Permanent Secretary for Primary and Secondary Education of Zimbabwe and a delegation from the Angolan Ministry of Education. The visits provided the opportunity for both Umalusi and the visiting countries to benchmark each other's quality assurance processes.

### Words of appreciation:

As always, I am hugely indebted to the Honourable Minister of Basic Education, Mrs Angie Motshekga; the Director-General of the DBE, Mr Mathanzima Mwel; the Minister of Higher Education, Science and Technology, Dr Blade Nzimande; as well as the Director-General of Department of Higher Education and Training (DHET), Dr Nkosinathi Sishi, for their constant support. I also wish to express my heartfelt appreciation to the new Umalusi Council, under the chairpersonship of Professor Yunus Ballim, and members of the different committees of Council for their continued support of the work of Umalusi.

It is management's firm belief that without the commitment of staff, no organisation can successfully deliver on its mandate. I would like to thank the staff and all stakeholders of Umalusi. Your maintenance of a high standard of professional ethics and your dedication and service to the organisation leaves us in your debt. Having worked together to guard the standards of schools, colleges and adult education these last 20 years, Umalusi is able to look back with pride on what it has been able to achieve. I wish you much continued success in the future as we work together to build a stronger South African education system, for everyone.



**Dr Mafu S. Rakometsi**  
Umalusi Chief Executive Officer  
Date: 31 July 2023

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

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

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.



**Professor Yunus Ballim**  
Umalusi Council Chairperson  
31 July 2023



**Dr Mafu S. Rakometsi**  
Chief Executive Officer  
31 July 2023

## 6 STRATEGIC OVERVIEW

### 6.1 VISION

A trusted authority in fostering high education standards in general and further education and training.

### 6.2 MISSION

We are the quality council that assures education standards in the General and Further Education and Training Qualifications Sub-framework.

### 6.3 ORGANISATIONAL VALUES

<b>Transparency</b>	Our processes are available for public scrutiny
<b>Professionalism</b>	Umalusi employees provide services and interact with stakeholders with great rapport
<b>Integrity</b>	Umalusi conducts its operations honestly and ethically
<b>Reliability</b>	Umalusi uses consistent procedures in its quality assurance
<b>Impartiality</b>	We maintain equal treatment of standards for all stakeholders

Table 1: Organisational values



## 7 LEGISLATIVE AND OTHER MANDATES

### 7.1 Constitutional Mandate

Umalusi is the quality council for general and further education and training. It is obliged to embrace the provisions of Chapter 2 of the Constitution of the Republic of South Africa, 1996. In terms of section 29(1), everyone has a right to a basic education, including adult basic and further education and training. In relation to this section, Umalusi is obligated to ensure the quality assurance of the provision of education within the General and Further Education and Training Qualifications Sub-framework (GFETQSF) to citizens. This obligation is fulfilled to ensure the realisation of the requirements stipulated in section 29(3), which promotes the establishment of private education institutions that:

- a) do not discriminate on the basis of race;
- b) are registered with the state; and
- c) maintain standards that are not inferior to standards at comparable public education institutions.

### 7.2 Legislative Mandate

#### National Qualifications Framework (NQF) Act (Act No. 67 of 2008)

The NQF Act, 2008 provides for the establishment of Umalusi as a quality council that is responsible for the development and management of a sub-framework of qualifications at levels 1–4 of the NQF and related quality assurance processes. In terms of paragraph 27 of the NQF Act, Umalusi must do the following in respect to quality assurance:

- a) develop and implement policy for quality assurance;
- b) ensure the integrity and credibility of quality assurance; and
- c) ensure that quality assurance as is necessary for the sub-framework is undertaken.

#### The General and Further Education and Training Quality Assurance (GENFETQA) Act (Act No. 58 of 2001), as amended in 2008

The GENFETQA Act, as amended, assigns Umalusi responsibility for quality assurance of general and further education and training. Umalusi was established with the purpose of maintaining norms and standards in general and further education and training. Its mandate is confirmed as follows:

- a) developing and maintaining a sub-framework of qualifications for general and further education and training;
- b) quality assurance of all exit-point assessments of such qualifications certification of learner achievements;

- c) quality assurance of private education institutions; and
- d) accreditation of private assessment bodies.

With respect to private provision, Umalusi is required to undertake the following accreditation responsibilities:

- a) develop policy, which must be regulated by the Minister, for the accreditation of private assessment bodies other than departments of education and accredit assessment bodies accordingly;
- b) develop policy and criteria for the quality assurance of private education institutions;
- c) affirm, or withdraw, accreditation status of the private education institution concerned.

### 7.3 Other Legislation

- National Education Policy Act (NEPA) (Act No. 27 of 1996);
- The South African Schools Act (SASA) (Act No. 84 of 1996), as amended; and
- Continuing Education and Training (CET) Act (Act No. 16 of 2006), as amended.

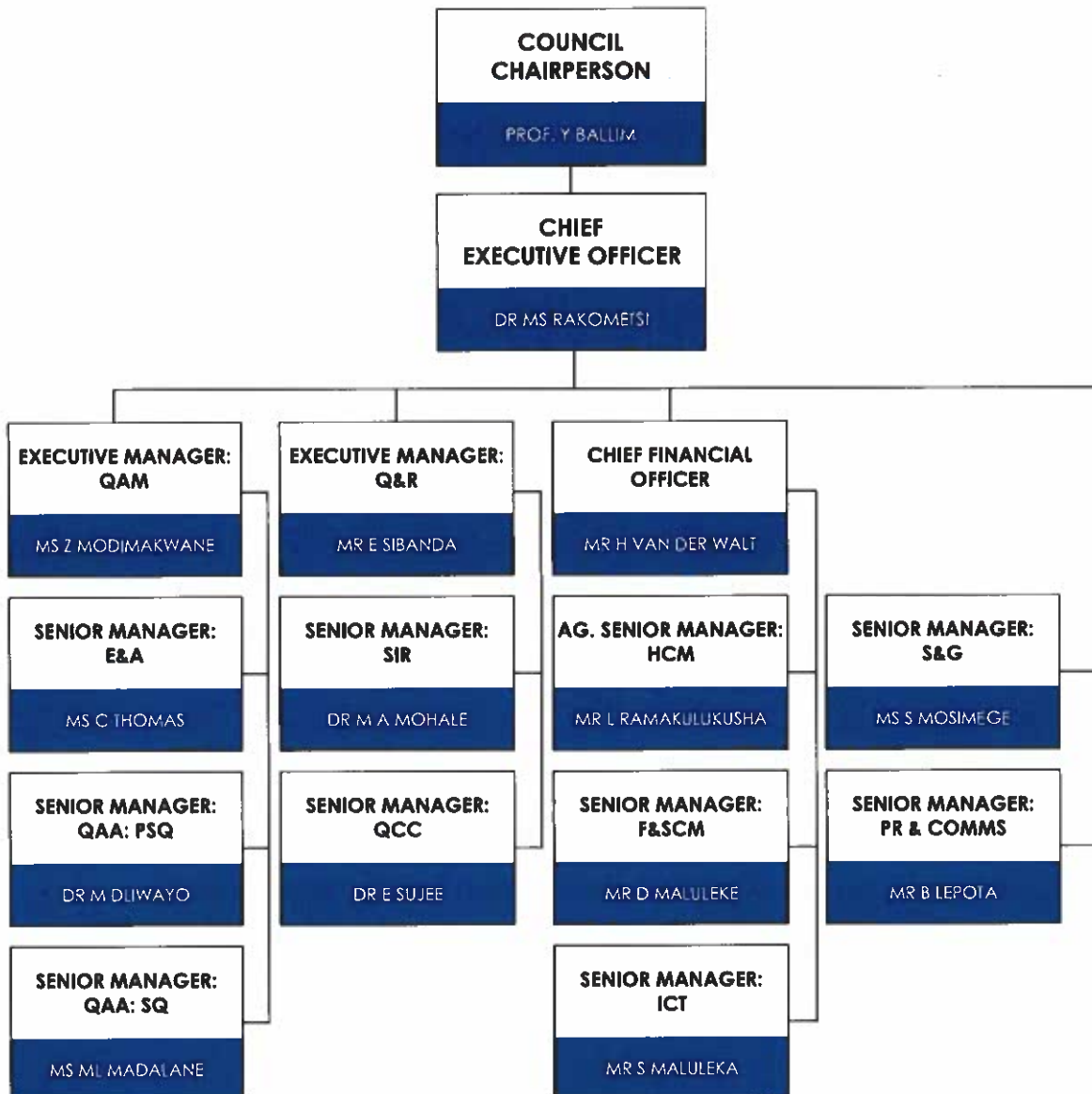
### 7.4 Institutional Policies and Strategies

Umalusi's qualifications sub-framework must be read in conjunction with the following policy documents:

- the Policy for the General and Further Education and Training Qualifications Sub-framework;
- the Guidelines on Strategy and Priorities for the NQF 2011/2012: Minister of Higher Education and Training;
- national policies governing existing qualifications (including their assessment) that are currently certificated by Umalusi;
- Standards and Quality Assurance of the General and Further Education and Training Qualifications Sub-framework: Umalusi 2014;
- policy documents and guidelines pertaining to the National Senior Certificate (NSC), Senior Certificate (amended) (SC(a)), General Education and Training Certificate (GETC), National Certificate (Vocational) (NC(V)), National Education Report 190/191 (NATED) (N1–N3) and the National Curriculum Statement (NCS); and any other qualifications on the General and Further Education and Training Qualifications Sub-framework (GFETQSF), as applicable;
- council policies and directives on the conduct, administration and management of the assessments for qualifications on the GFETQSF;

- the regulations pertaining to qualifications on the GFETQSF developed by the Department of Basic Education (DBE) and gazetted by the Minister on assessment and certification, including those promulgated by provincial legislatures and the policy framework that applies to all technical and vocational education and training (TVET) colleges declared or established by the Minister under the Continuing Education and Training Act, Act No. 16 of 2006;
- the Policy and Criteria for the development, registration and publication of qualifications for the GFETQSF;
- the Policy for the Re-issue of National Certificates;
- the Recognition of Prior Learning (RPL) Policy;
- National Treasury Regulations; and
- any other related legislation as appropriate to the various education and training sectors Umalusi is mandated to work with.

## 8 ORGANISATIONAL STRUCTURE







# Part

Performance  
Information



# B

## 1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 83-85 of the Auditor's Report, published as Part E: Financial Information.

## 2 OVERVIEW OF PERFORMANCE

### 2.1 SERVICE DELIVERY ENVIRONMENT

#### a. Umalusi's overall performance

The 2022/23 financial year was the third year of implementing Umalusi's five-year Strategic Plan. During this financial year Umalusi strove to strengthen its processes to deliver on its mandate effectively and efficiently.

The organisation focused on the following strategic issues:

- reviewing the quality assurance approach to accommodate new qualifications and improve the status quo;
- reviewing, evaluating and appraising qualifications submitted for registration on the GFETQSF;
- providing input to the founding Acts to accommodate new qualifications and desired extensions to the mandate for quality assurance;
- intensifying research on educational developments linked to the sub-framework to innovate; and to advise the relevant Ministers of Education; and
- intensifying the advocacy to communicate accurate and relevant messages to all stakeholders on issues relating to qualifications on our sub-framework.

#### i. Qualifications, Certification and Verification

##### Qualifications

At the core of Umalusi's mandate lies the management of qualifications on the GFET sub-framework. This work involves the appraisal of new and existing qualifications and providing the necessary advice to the relevant assessment bodies on the existing or new curricula, standards and policy criteria for implementing these qualifications. Of significance was the amendment of the Policy for Credit Accumulation and Transfer (CAT) and the policy for RPL, to ensure that the policies are aligned with the South African

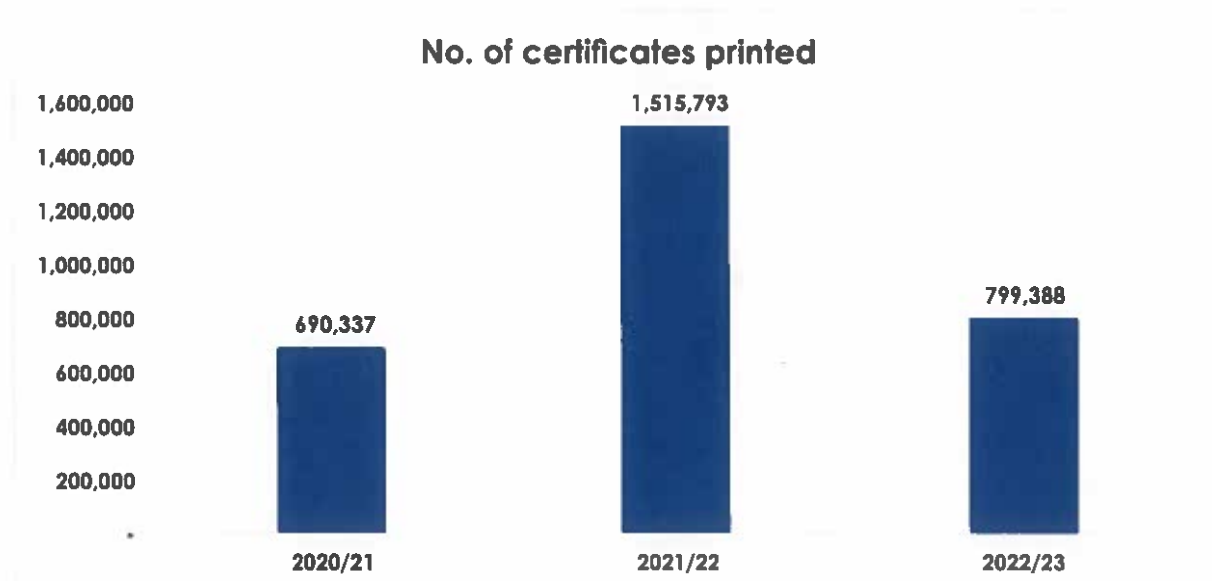
Qualifications Authority (SAQA) and the national Department of Higher Education and Training (DHET) policies to promote portability of credits, articulation and lifelong learning. In addition, the Policy for the Certification of Candidate Records on the GFETQSF was amended. Both policies were approved for implementation. SAQA has approved and registered the updated NSC qualification policy.

The appraisal of the examination guidelines identified some shortcomings in the directives for the quality assurance of curricula. To mitigate these shortcomings, the organisation issued a circular (QCC Circular 1 of 2022) to all assessment bodies.

##### Certification

Certification is the formal recognition of a qualification, or part qualification, awarded to a successful candidate. Umalusi fulfilled its mandate and issued certificates to all candidates who qualified and complied with the requirements for a qualification. The organisation had experienced a drop in certification over the years, especially in 2020/21, owing to the impact of COVID-19. However, the 2021/22 outputs increased significantly, from 690 337 to 1 515 793, because most provinces' certification was done in the last quarter of 2021/22, as reflected in Figure 1. In the last financial year, Umalusi printed 799 388 certificates, 716 405 fewer than in the previous financial year.

A combined effort by the DBE, DHET, Umalusi and the State Information Technology Agency (SITA) to issue outstanding certificates continued from the previous year. These were cases where there were differences between the quality-assured results released to candidates and the certification data. These differences occurred mainly during the period 2017 to 2021. The project was expanded to resolve all errors that resulted in outstanding certificates.

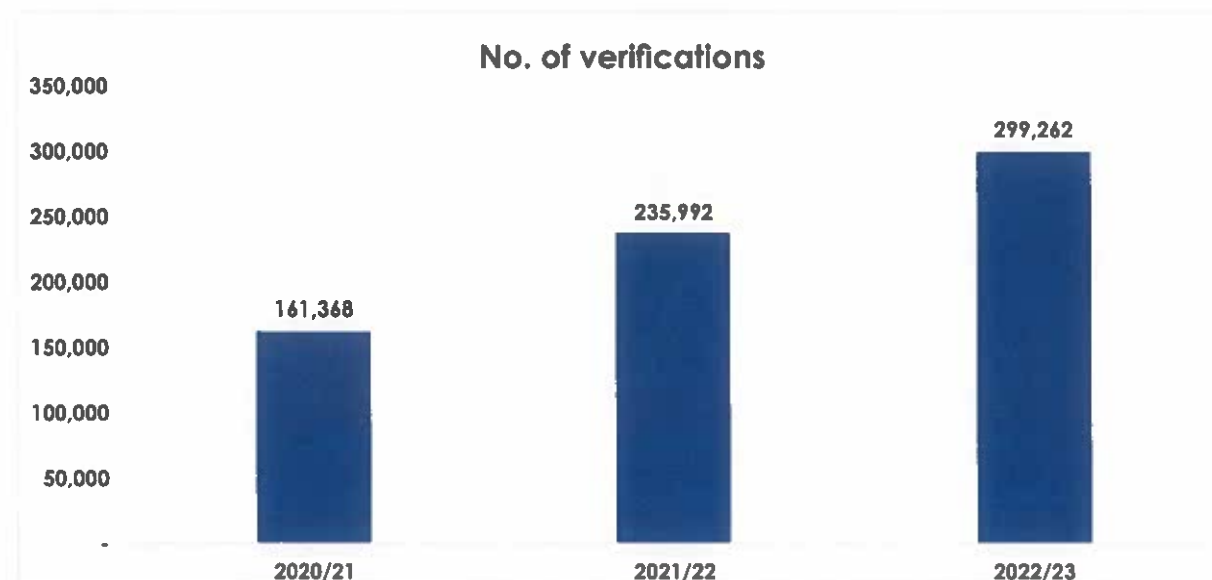


**Figure 1: Certification statistics for 2020/21–2022/23**

#### Verification

Verification is the process followed by Umalusi to establish the authenticity of qualifications and/or certificates. Verification includes authenticating the qualification documents and verifying that the qualification was awarded to the individual in question; and that the content corresponds with

the details on the Umalusi certification database. The number of verifications made in 2022/23 totalled 299 262; this included 5 114 manual confirmations, 275 142 e-verifications and 19 006 full verifications. Umalusi completed 63 274 more verifications than in 2021/22. Figure 2 shows the trend over the last three years.



**Figure 2: Verification statistics for 2020/21–2022/23**

#### Quality assurance of assessment

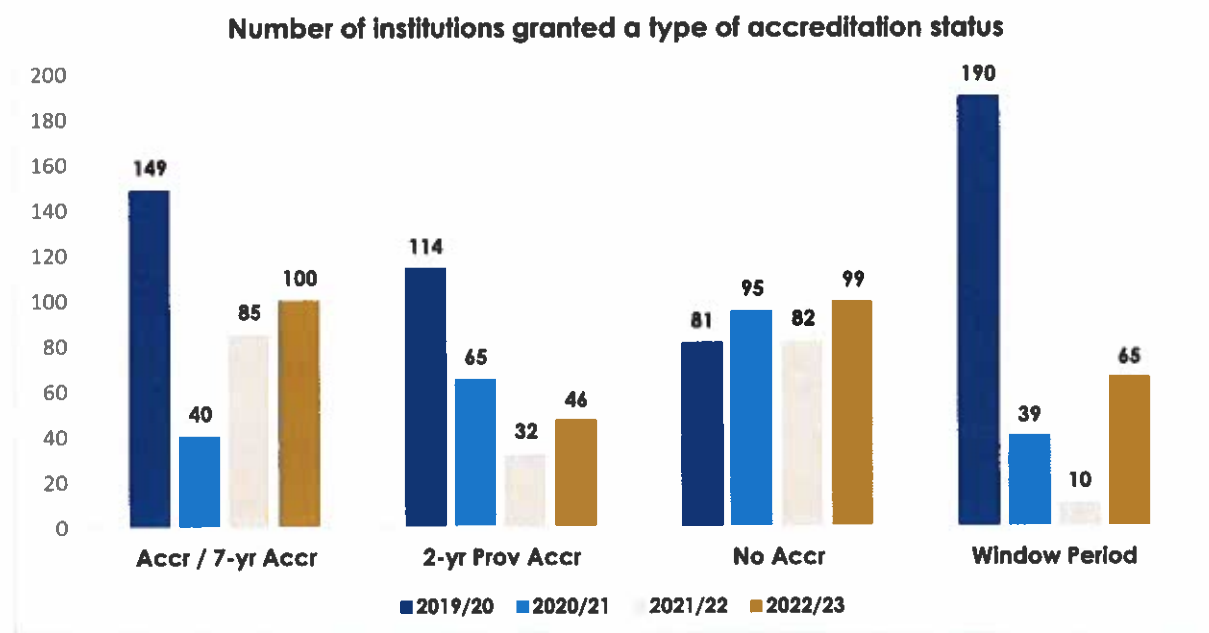
In an effort to ensure that qualification standards are maintained, quality assurance of assessment processes are undertaken throughout the year. In 2022/23 specifically, Umalusi moderated question

papers, monitored institution-based assessment, monitored the writing of examinations at various centres, quality assured the standardisation of marking guidelines, monitored marking, verified marking and audited the state of readiness of

assessment bodies to conduct the 2022 end-of-year examinations as well as other related quality assurance activities. These activities were done for all qualifications on the Umalusi sub-framework of qualifications for all assessment bodies, i.e., the DBE, DHET, Independent Examinations Board (IEB) and the South African Comprehensive Assessment Institute (SACAI).

### Accreditation of private education institutions

During the year under review, 100 private education institutions were granted full accreditation while 46 were awarded provisional accreditation, and 99 received 'no accreditation' status. Sixty-five were given a window period to improve, as reflected in Figure 3. In addition, 142 identified private education institutions were monitored after being granted accreditation.



**Figure 3: Number of institutions granted a type of accreditation outcome 2019/20–2022/23**

In the four years represented in Figure 3, 2022/23 shows the highest number of institutions with 'no accreditation' status. This is a worrying factor because it indicates that most institutions that apply are not ready to implement Umalusi qualifications. A good number of these fell under the window period, which allows them to rectify minor gaps to qualify for accreditation or provisional accreditation. In the last two years of the current five-year term, after the impact of COVID-19 in 2020/21, the highest numbers of institutions were awarded full accreditation. The worrying factor is that the number of institutions that were awarded 'no accreditation' status was just as high for the same years.

### Research

Umalusi is a research-driven organisation. During 2022/23, the organisation continued to conduct research projects based on its research agenda, as informed by the needs of the sector. The organisation conducted a post-examination analysis (PEA) to evaluate the extent to which the 2022 NSC examinations, in each of the subjects selected per assessment body, i.e., the IEB, DBE and SACAI, compared with examinations written in

the previous two comparator years (2021 and 2020). Two frameworks were developed: an evaluation framework for the National Senior Certificate for Adults (NASCA) African Languages; and an assessment framework for evaluating the vocational assessment underpinning the General Education Certificate (GEC). Other research included working towards developing an accreditation instrument for online schools, a comparative analysis of the isiNdebele Home Language examination papers administered by the DBE from 2017 to 2021, and another on question paper analysis.

### b. Challenges

#### Qualifications offered outside the borders of South Africa

For a number of years, Umalusi has been grappling with the issue of neighbouring countries offering Umalusi qualifications, among these being the NSC. The challenge for Umalusi is that it has been unable to perform any quality assurance process in these countries. To regularise this challenge, the Minister of Basic Education received legal advice from the Department of Justice and Constitutional



Development. This indicated that the Minister is not authorised in law to offer the NSC outside the borders of the Republic of South Africa because the South African Schools Act is applicable only to South Africa. Secondly, Umalusi is empowered to issue certificates only inside South Africa's borders. It does not have the authority to issue certificates to learners outside the country's borders. As a result, 2022 was the last year in which the NSC was offered outside South Africa.

### **Non-accredited private institutions**

Every year, especially during the standardisation of examination results, Umalusi discovers that some learners have written their examinations at unaccredited private education institutions. Umalusi must process applications for concessions by assessment bodies to register these as examination centres. The challenge for Umalusi is that these examination centres harbour learners who are offered tuition at unaccredited private institutions. The unfortunate consequence of learners writing at unaccredited private education institutions is the possible non-certification of these learners' qualifications. Umalusi's real concern is that, even if learners do not write their examinations at unaccredited independent schools but at registered centres, it does not erase the fact that unaccredited institutions continue to enrol learners for tuition in these qualifications. This challenge threatens the credibility of Umalusi's qualifications.

### **Misrepresented qualifications**

One of the uncontrollable challenges for Umalusi is the unlawful sale of NSC certificates by fraudsters. This is a threat to the credibility of qualifications on our sub-framework. The verification of qualifications on the GFETQSF is one of Umalusi's critical functions as a quality council. In the last two-and-a-half years, the organisation has verified more than 200 000 qualifications for different clients. Every quarter, an average of 17% of copies of certificates submitted for verification could not be authenticated. One of the possible explanations for this could be the issue of fraudulent certificates explained above. Umalusi has no control over this matter, except to continue educating the public on verifying the credibility of private institutions before enrolling for qualifications at these institutions.

### **c. Significant developments during the year**

The organisation has completed the renovation project of the Thuto-Mfundo building, which had been stalled by a court case since 2018. Occupancy of the building by the Corporate Services Branch in February 2023 opened up more space for utilisation by other currently crowded units. The extra modernised boardrooms have enabled the organisation to hold hybrid meetings and workshops in-house and save costs on hiring meeting venues.

## **2.2 ORGANISATIONAL ENVIRONMENT**

Umalusi is a Schedule 3A entity with 150 funded positions. The organogram was augmented in November 2022, from 138 to 150 positions, when the Council approved an additional 12 positions. However, the filling of these positions will be done in the 2023/24 financial year. The organisation has three branches reporting to the Chief Executive Officer (CEO). The Corporate Services branch, which is responsible for administrative functions, reports to the Chief Financial Officer (CFO). The second branch, responsible for qualifications, curriculum, certification and research, reports to the Executive Manager for Qualifications and Research. The third branch, Quality Assurance and Monitoring, is responsible for quality assurance of assessment for school and post-school qualifications; and evaluation and accreditation of private education institutions that offer qualifications on the sub-framework. The internal contextual factors under which the organisation operates are expressed below.

### **Financial capacity of the organisation**

Umalusi continues to operate within a tight budget to deliver its mandate. However, the organisation succeeded in obtaining a third consecutive unqualified audit opinion with no material findings (a clean audit) for the 2021/22 financial year. During the 2022/23 financial year, an unqualified audit outcome with material adjustments to the annual financial statements was achieved. This is evidence that the organisation's systems for managing finances have matured over the past years, leading to the implementation and maintenance of the controls already in place. Collective responsibility by all staff members, the internal policy landscape and strict control measures have proved successful in maintaining the gains realised in the previous years.

Umalusi's budget depends largely on the grant received from the DBE, thus the organisation is not a self-sustaining public entity. Financial constraints remained one of the key challenges during the period under review. Because the organisation has not yet established an alternative revenue stream to augment its budget, some quality assurance activities are currently being done on a small scale so as to remain within the budget. Being unable to perform quality assurance processes on a large scale compromises the credibility of qualifications of the GFETQSF, some of which are a gateway to further and higher education for the acquisition of skills required in the labour market to grow the South African economy.

Even though the organisation had an extra R20 million allocated by the DBE to its baseline to address critical needs such as ICT infrastructure and the creation of critical positions, the budget was still inadequate to cover all functions. Hence, management is pursuing an alternative funding

model to meet its obligations; among others, the staff establishment commensurate to the organisation's mandatory functions.

#### Staffing matters

2022/23 was a highly challenging period on issues of human capital capacity. The organisation experienced the highest attrition rate since 2016/17, by losing staff through resignations. These comprised a mix of semi-skilled, professional and senior management personnel. The main reason for the resignations was the high workload and non-competitive financial benefits. Management has been working around the clock to fill these positions quickly to avoid personnel gaps that would further perpetuate the high workload challenge. The Human Capital Management personnel have borne the brunt of the additional workload caused by the recruitment process schedules.

#### Information Communication Technology (ICT) environment

The development of the online certification replacement system by the organisation was an important milestone in digitising Umalusi's services. The online system has improved the efficiency of replacing certificates by allowing candidates to apply directly online with Umalusi. The implementation of the cloud migration project was finally completed in March 2023, when most servers were replicated and migrated to Microsoft Azure. This was launched on 1 April 2023. The cloud solution addresses Umalusi's ageing ICT infrastructure and positively impacts ICT service continuity. Umalusi upgraded the bandwidth and access links, from 40 megabits per second (mbps) to 100 mbps. This upgrade enables faster application performance and realises the full Microsoft Azure cloud benefit.

### 2.3 KEY POLICY DEVELOPMENTS

The following policy developments were achieved during the 2022/23 financial year:

#### Acts

None of Umalusi's founding Acts were revised or amended.

#### Policies

The following policies were developed and gazetted:

- Policy for the Quality Assurance of Assessment of Qualifications registered on the General and Further Education and Training Qualifications Sub-framework of the National Qualifications Framework;
- Policy for the Certification of Candidate Records on the General and Further Education and Training Qualifications Sub-framework; and
- Policy for Credit Accumulation and Transfer.

The following policy was developed:

- Policy and Criteria for Assessment of Qualifications on the General and Further Education and Training Qualifications Sub-framework.

#### Guidelines

The following guidelines were developed and gazetted:

- Guidelines for Implementation of the Policy and Criteria for the Quality Assurance, Accreditation and Monitoring of Independent Schools in the General and Further Education and Training Qualifications Sub-framework;
- Guidelines for Implementation of the Policy for the Quality Assurance of Private Colleges for Continuing Education and Training Offering Qualifications on the General and Further Education and Training Qualifications Sub-framework; and
- Guideline for Implementation of the Policy and Criteria for the Quality Assurance, Accreditation and Monitoring of Private Assessment Bodies.

The following frameworks were reviewed during this financial year:

- Policy Framework for Research in General and Further Education and Training; and
- Framework for the Standardisation and Approval of Results.

### 2.4 PROGRESS TOWARDS ACHIEVEMENT OF THE NATIONAL DEVELOPMENT PLAN (NDP) AND MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF) TARGETS

#### The National Development Plan (NDP)

Chapter 9 of the NDP requires the entire education sector to achieve certain targets, and Umalusi, as a quality council, has a role to play in supporting the DBE and the DHET by insisting on and driving towards a steady improvement in the quality of education with respect to the following directives:

- a. A target of 450 000 learners being eligible for a Bachelors' programme with Mathematics and Science; and
- b. Improving South Africa's position in international education rankings.

Umalusi is not directly responsible for achieving these targets; however, it works collaboratively with the relevant stakeholders to work towards attaining them. For Umalusi, the focus is ensuring that quality is not compromised with respect to all qualifications in the GFETQSF. In this regard, the organisation has done the following:

- a. Improved the quality of the NCS through research and feedback to the DBE;

- b. Evaluated various curricula, e.g. the GEC, and benchmarked these against international curricula, e.g. the NSC;
- c. Worked with all assessment bodies to enforce, maintain and improve standards, e.g. school-based assessments;
- d. Compared the quality and standards of the current set of examinations with the previous ones to maintain consistency of standards (standardisation);
- e. Protected the quality of qualifications in the sub-framework by developing policies, guidelines, frameworks and directives on its diverse quality assurance processes; and
- f. Trained all officials involved in the examinations, including moderators and evaluators.

#### MTSF contribution

The MTSF 2019-2024 has prioritised education and skills and Umalusi is at the centre of quality education in this regard. The organisation continued to manage the qualifications on the GFETQSF to ensure that learners and students gain lifelong skills. Umalusi has contributed to the 2019–2024 MTSF, as reflected in Table 2.

MTSF priority	Target	Indicator	Umalusi's contribution
<b>Priority 3:</b> Education, skills and health	<b>Target 3:</b> Improved quality of learning outcomes in the intermediate and senior phases, with inequalities reduced by 2024 (youths better prepared for further studies and the world of work beyond Grade 9)	Coding and Robotics curriculum implemented	Umalusi is part of the task team assisting the DBE with infusing Umalusi's directives and public comments for the strengthening and finalisation of the curriculum and assessment policy statements (CAPS) for the Grade R–9 Coding and Robotics curriculum
		The number of youths obtaining Bachelor-level passes in the NSC	Umalusi has standardised and processed the NSC certification data in the past year, and issued certificates to candidates who have completed the NSC
		The number of youths obtaining 60% and above in Mathematics	<ul style="list-style-type: none"> <li>Umalusi has conducted the quality assurance of assessment activities in schools and processed certification data</li> <li>Umalusi externally moderated question papers for these subjects to make sure they are set at the right cognitive levels</li> <li>A post-examination analysis for 2022 was done to assist in the standardisation of examination results</li> </ul>
		The number of youths obtaining 60% and above in Physical Science	
	<b>Target 4:</b> More learners obtain an NSC with excellent marks in critically important subjects by 2024 (contribute towards a prosperous and equitable South Africa)	100% of schools of skill implementing the technical-occupational curriculum	Umalusi appraised the occupational-oriented subjects' curricula and provided feedback to the DBE for implementation
		1 007 ordinary schools implementing the technical-occupational curriculum	

**Table 2: Umalusi's contribution to the 2019–2024 MTSF**

## 2.5 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

### Impact statement

Umalusi's impact statement in the five-year Strategic Plan is as reflected in Table 3.

Impact statement	Relevant and credible qualifications
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**Table 3: Impact statement**

The post-examination analysis of various subjects contributes to the standardisation of examination results. It is also another way of assessing the alignment of the implemented curriculum and the examination.

Benchmarking of the NSC against selected international qualifications provided the organisation with insight into the relevance and competitiveness of the qualification. The organisation has confirmed that there is comparability between the NSC and these qualifications. This assures learners that the NSC is not an inferior qualification when compared with other popular international qualifications and confirms the credibility of the NSC qualification.

The management of qualifications in the sub-framework covers, among others, the evaluation of newly developed qualifications. Evaluation of the GEC qualification, done in 2022/23, ensured that the new qualification and its corresponding curricula adhered to the relevant standards. Feedback on the GEC qualification has been provided to the affected assessment body to ensure that educational standards are maintained and enhanced to support the NDP.

All quality assurance of assessment processes conducted throughout the year ensure that teaching, learning and assessment are done in accordance with the standards set for each qualification. Non-compliance in the system is addressed by the continual development of policies and directives for compliance. This assists Umalusi to track whether all assessment bodies are on course with their implementation of qualifications on the sub-framework.

Continued evaluation and accreditation of private education institutions, as reflected in Figure 3, is a contribution towards ensuring that institutions offering Umalusi qualifications have all the systems in place to ensure proper teaching and learning.

### Progress on outcome statements

The Umalusi five-year Strategic Plan reflects the following outcome statements and five-year targets:

Programme	Outcomes
Programme 1	Efficient and effective administrative systems
Programmes 2 and 3	Enhanced educational standards

**Table 4: Outcomes, indicators, targets and progress made**

### Progress made on outcomes

#### Efficient and effective administrative systems

Umalusi started reporting on quarterly milestones for annually reported indicators to eliminate the risk of inaccurate reporting at the end of the year. The organisation continued to use the Performance Information Verification Committee sessions to deliberate and correct the quarterly reports. Umalusi staff and internal auditors validated all quarterly reports to ensure the reported information was accurate and complete. As a result, the organisation obtained a clean audit on predetermined objectives for the 2021/22 financial year.

ICT, as an enabler of business, continued to provide technological support and effective systems that enabled the organisation to execute its mandate. Systems such as M365, Microsoft Azure, the Online Certificate Replacement System, Domain-based Message Authentication, Reporting and Conformance (DMARC) tool and Secure Electronic Signature System were implemented in the period under review for the strategic outcome to be realised.

In addition, ICT infrastructure and user support services have continued to be maintained throughout the year, with the network health score and availability (servers and applications) above a



95% target. ICT systems enabled the automated services of the organisation to function without anomalies, promoting the efficiency and effectiveness of management activities.

Financial and supply chain management policies were reviewed and updated to align with developments in the public financial sector, which is regulated mainly by the Public Finance Management Act (PFMA). In keeping with the PFMA on paying service providers within 30 days, financial management systems and processes were improved to a point where all service providers were paid within 30 days, with an average of seven days, attesting to a high level of efficiency.

The organisation recorded another unqualified audit report without material findings (a clean audit) for the 2021/22 financial year. This was the third consecutive clean audit. During the 2022/23 financial year, an unqualified audit report was received with adjustments to the annual financial statements. This confirms that the internal financial controls in place are functional and effective.

Owing to the rigorous processes involved in developing and reviewing Human Capital Management policies, some were reviewed, approved and implemented. Implementation of the online recruitment system improved the turnaround time for filling vacant positions. A digitised system to manage personnel files was implemented to create a paperless system, which has improved efficiency.

#### **Enhanced educational standards**

This indicator measures the extent to which accredited private assessment bodies have effective systems in place to prevent systemic irregularities in the conduct of examinations.

Since the beginning of this reporting period, the Executive Committee of Council (EXCO) has approved the release of results for all examinations conducted by private assessment bodies, as there were no systemic irregularities that would compromise the integrity of the examinations.

In addition, the organisation received, in the 2022/23 financial year, the November 2022 registration data and subject structure from all assessment bodies timeously and as per the directives. The data was uploaded and checked and feedback was sent to the assessment bodies. Problematic areas were recorded in assessment bodies' improvement plans for tracking.

Umalusi achieved 100% on the moderation of question papers for the NSC, TVET and adult education and training (AET) qualifications. The question papers were developed with sufficient rigour to ensure that they met the standards set by Umalusi, as well as those of the assessment body. This is an achievement of the enhanced educational standards outcome.

Regarding standardisation data, all assessment bodies complied with the set threshold of a 95% capture rate for standardisation to take place. All five qualifications were successfully standardised. Umalusi successfully standardised the examination results of each 2022 examination cycle for NSC, SC(a), GETC, (NC(V)) L2–4, Report 190/191 N2–N3 Engineering Studies, and IEB examinations on request (EOR) March 2022. It is important to note that, for the first time since the 2020 COVID-19 lockdown, Umalusi hosted the year-end standardisation meetings in a face-to-face setting.

### 3 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION



#### 3.1 PROGRAMME 1: ADMINISTRATION

##### Purpose of the programme

The purpose of the Administration Programme is to provide strategic leadership, management and administrative support services to the organisation.

##### Sub-programmes

As Table 5 shows, the Administration Programme comprises the following five sub-programmes:

Sub-programme		Purpose	Outcome
Sub-Programme 1.1	Strategy and Governance	The purpose of S&G is to provide good corporate governance, to support Council, manage the Office of the Chief Executive Officer (OCEO), coordinate risk management, manage performance information and facilitate and develop the organisational strategy.	Efficient and effective administrative systems
Sub-Programme 1.2	Public Relations and Communications	The purpose of the PR & Comms sub-programme is to communicate the organisational mandate, strategy and services to stakeholders.	
Sub-Programme 1.3	Information and Communication Technology	The purpose of the ICT sub-programme is to manage, support and maintain Umalusi's ICT resources and provide support to business units.	
Sub-Programme 1.4	Human Capital Management	The purpose of this sub-programme is to implement HCM governance, attract top talent, cultivate a culture of continuous learning, ensure a transparent performance management system, offer attractive rewards and benefits and ensure intellectual property is retained in the organisation.	
Sub-Programme 1.5	Finance and Supply Chain Management	The purpose of the F&SCM sub-programme is to ensure transparent, accountable and sound financial management, as well as to maintain a procurement system that is fair, equitable, transparent, competitive and cost-effective.	

Table 5: Programme 1 sub-programmes



Senior Manager: S&G  
Ms S Mosimege

### **SUB-PROGRAMME 1.1: STRATEGY AND GOVERNANCE (S&G)**

#### **Purpose**

The purpose of the S&G sub-programme is to provide good corporate governance, to support Council, manage the OCEO, manage performance information and facilitate the development of the organisational strategy.

#### **Overview of the work done**

#### **Summary of key achievements**

The management of performance information was achieved through several initiatives. The Performance Information Verification Committee (PIVC) quality assured all quarterly reports to ensure

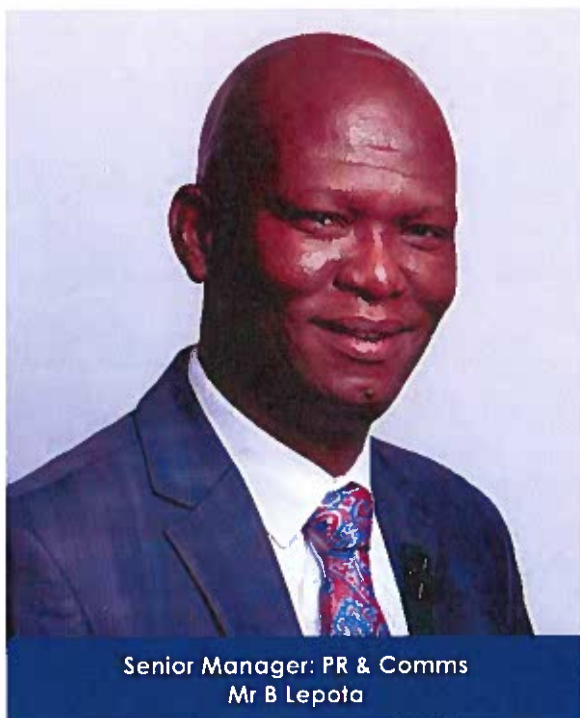
accuracy and reliability of information. In addition, some indicators that are data-intensive were verified monthly, to enable timely correction in case of errors.

Statutory reports of the organisation were served at Council and the relevant committees of Council for approval, before submission to the Minister of Basic Education. All reports were subjected to an internal audit process to validate the portfolios of evidence for the reported outputs. In this regard, the findings made were of a housekeeping nature; however, they were all presented to the Audit and Risk Committee. These business processes assisted in ensuring that the information shared with Umalusi's various stakeholders was useful and reliable.

During the year, the Minister bade farewell to the fifth Council of Umalusi in June 2022 and welcomed the sixth Council in September 2022 during the 20th year celebrations. Management shared with the new Council the structure and operations of Umalusi to highlight the links between the functions of the different committees and the functions of different business units. This induction was done at the first workshop of the sixth Council. In addition, a handover report reflecting the achievements and outstanding matters of the outgoing Council was presented and accepted by the new Council.

#### **Challenges**

During the second quarter of the financial year the organisation experienced delays in the submission of moderated question papers by assessment bodies. On realising that this dependency cannot be avoided, the technical indicator description for this indicator has been revised: in the 2023/24 Annual Performance Plan this will report on the indicator based on the date of submission of question papers by assessment bodies. In addition, management continues to monitor the accuracy of report risks in the organisational risk register.



Senior Manager: PR & Comms  
Mr B Lepota

## SUB-PROGRAMME 1.2: PUBLIC RELATIONS AND COMMUNICATIONS (PR & COMMS)

### Purpose

The purpose of the PR & Comms sub-programme is to communicate the organisational mandate, strategy and services to stakeholders.

### Overview of the work done

#### Summary of key achievements

Umalusi facilitated the hosting of eight webinars, an average of two per quarter, to engage with various stakeholders on the various aspects of the legislated areas of Umalusi's work. In addition, two media briefings were organised. These provided the stakeholders with a new perspective on the work of Umalusi.

In addition, the following activities took place in the 2022/23 financial year:

#### Media briefings and statements

Umalusi organised two media briefings in the year under review. The first one took place on 14 October 2022 to pronounce on the state of readiness for the management and conduct of the 2022 national examinations. The second was held on 16 January 2023, on the approval of the release of the 2022 national examination results.

Twelve media statements, an average of one per month, were issued to the public through media houses to report on the various milestones achieved.

### Roadshows

The CEO and his management team visited all nine provincial education departments (PED) between April and August 2022, during which he met with the heads of the PED and other relevant officials. The purpose of the visits was to discuss aspects of Umalusi's legislative mandate, with specific reference to standardisation of examination results, with senior officials in the provinces.

### Exhibitions

To showcase the work of Umalusi, three exhibitions were held: (1) National Tourism Careers Expo (NTCE), from 30 September–2 October 2022; (2) South African Democratic Teachers Union (SADTU), from 4–6 October 2022; and (3) the final one, held at the University of Limpopo from 13–17 March 2023. At these exhibitions officials from different education stakeholder organisations, including schools, interacted with Umalusi.

### Publications

Four issues of Makoya and one special issue were published, against a target of four. The newsletter serves as a vehicle to inform stakeholders about developments at Umalusi. Twelve issues of What's Up@Umalusi were compiled and issued to Umalusi staff to provide updates on various activities of the organisation.

Umalusi's article, "Defending the integrity of the National Senior Certificate (matric): Umalusi's role in standardisation of results" was published in the Financial Mail of 2–8 February 2023.

### Study visits

Umalusi hosted two countries on different occasions during their study visits. The first was on 15 December 2022 when Umalusi hosted Zimbabwe's Permanent Secretary for Primary and Secondary Education. The second was on 15 March 2023 when a delegation from the Angolan Ministry of Education visited. The visits helped the countries concerned to understand the role that Umalusi plays in the quality assurance of South Africa's general and further education and training system.

### Challenges

The organisation was unable to hold one of two webinars targeted for Quarter 2 due to competing external pressures. However, a total of three webinars were held in Quarter 4.

The sub-unit also had to operate with limited capacity, due to the resignation of both the Assistant Manager and Senior Manager in Quarter 2 as well as the temporary transfer of the Senior Administrator to the Office of the CEO in Quarter 4. Umalusi appointed a Senior Manager in an acting capacity and a new Assistant Manager in September 2022.



### Report against the tabled Annual Performance Plan

Programme/Sub-programme: PR & Comms								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Efficient and effective administrative systems	1.1 Advocacy initiatives	1.1.1 Number of advocacy webinars conducted	4	5	8	8	None	N/A

**Table 6: Sub-programme PR & Comms outputs**

### Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.



Senior Manager: ICT  
Mr S Maluleka

### SUB-PROGRAMME 1.3: INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

#### Purpose

The purpose of the ICT sub-programme is to manage, support and maintain Umalusi's ICT resources and provide support to business units.

#### Overview of the work done

#### Summary of key achievements

The ICT sub-programme continued to work tirelessly during the year to support and enable business to efficiently execute the mandate through technology.

The development and deployment of the online certification replacement system was concluded in the year, a post-implementation review was conducted and more than 500 replacement applications were received, processed and couriered by 31 March 2023. This system improves the efficiency of replacing certificates by allowing candidates to apply directly, online, with Umalusi.

Umalusi realised the need to have all activities related to the Umalusi domain visible and to better protect outgoing emails and the brand, following a recent increase in domain-spoofing attacks. To strengthen ICT security within the entity, a process was initiated in the year to implement a DMARC analyser tool. This tool will be used to prevent unauthorised use of outgoing emails from Umalusi and protect against domain-spoofing attacks.

To strengthen governance relating to policies, processes and procedures, a Corporate Governance of ICT Policy was developed in the year. This policy directs the strategic leadership of Umalusi to take responsibility for the corporate governance of ICT and provide leadership for the use of ICT to support the achievement of the strategic objectives and goals of the entity. The Information Security Strategy was also reviewed and approved in the year. This gives direction by highlighting the enabling strategic initiatives that Umalusi should implement in moving the organisation to a secure ICT environment.

Umalusi is currently developing an online accreditation system, the user-acceptance testing (UAT) was conducted in the last quarter of the 2022/23 financial year. The pilot phase, in the first quarter of 2023/24, seeks to improve the efficiency of the accreditation process. There were further enhancements made to the online certification replacement system for better performance and security.

With regard to upgrading ICT infrastructure, the server room in the new Thuto-Mfundo building was operationalised. This operationalisation is the enhancement of ICT communications and more storage that will be used in the future. The server room will be used as a testing environment, which will address audit findings.

Furthermore, Umalusi upgraded the bandwidth and access links in the quarter, from 40 megabits per second (mbps) to 100 mbps. This upgrade assists with faster application performance, the acceleration of data migration and full benefit of the envisaged cloud implementation.

The sub-programme provided support in the successful hybrid Accreditation Forum held in the last quarter of the financial year. The hybrid format improved access to accreditation services.

#### Challenges

The organisation experienced high staff turnover in ICT in the year, which had an impact on the system development projects. Some of the planned projects were temporarily halted. The vacant positions were filled in quarter four of the financial year and the organisation will be resuming with the halted projects.

There has also been a challenge in appointing a provider for the implementation of an Enterprise Resource Planning (ERP) solution. In response to the advertised tender, none of the received proposals met the requirements stipulated in the terms of reference. An approval was sought from the Bid Adjudication Committee to review the terms of reference and readvertise the tender.

### Report against the tabled Annual Performance Plan

Programme/Sub-programme: ICT								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Efficient and effective administrative systems	1.2 Achieved ICT network health score	1.2.1 ICT network health score maintained at ≥95%	98%	97%	≥95%	97% {98+97+97+97}/4	None	N/A

**Table 7: Sub-programme ICT outputs**

### Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.



AG, Senior Manager: HCM  
Mr L Ramakulukusha

#### **SUB-PROGRAMME 1.4: HUMAN CAPITAL MANAGEMENT (HCM)**

##### **Purpose**

The purpose of this sub-programme is to implement HCM governance, attract top talent, cultivate a culture of continuous learning, ensure a transparent performance management system, offer attractive rewards and benefits and ensure intellectual property is retained in the organisation. The sub-programme is responsible for attracting and retaining human capital by developing, reviewing and implementing policies and standards and ensuring adherence thereof in strengthening governance within the organisation.

##### **Overview of the work done**

##### **Summary of key achievements**

Umalusi's organogram was reviewed by the Executive Management and 12 new positions were created to address the staffing shortages in

some business units. The Council approved these posts in November 2022 for implementation in the 2023/24 financial year.

During the period under review the organisation implemented 93% of its approved training plan for the financial year 2022/ 2023. It issued 18 financial assistance applications to qualifying employees to study at various levels, from undergraduate to post-graduate programmes.

Three policies, namely the Recruitment Policy; Leave Policy; and Performance Management Development System Policy were reviewed and approved by Council in February 2023. In line with the Communication Strategy developed three years ago, these policies have been shared with staff to inform them of the amendments.

Three surveys were conducted: the exit interviews survey; Performance Management and Development System (PMDS) feedback and Wellness Day satisfaction survey; and the ageing workforce survey. The recommendations elicited were considered by management so as to address issues raised by staff and to create a conducive work environment for all employees.

##### **Challenges**

Umalusi has a lean organisational structure that is difficult to expand according to its mandate, due to insufficient funding. This creates workload pressure that results in, among other things, high staff turnover. Management is considering several staff retention options to curb the loss of staff, which also leads to loss of institutional memory. An analysis of the age profile of the senior management services cadre has revealed an ageing workforce. Management is investigating ways of implementing succession planning by being deliberate in the development of staff. In the last quarter of the financial year, Umalusi experienced challenges with the ageing Sage infrastructure, which affected the payroll and leave systems. A new service provider has been appointed to resolve payroll challenges.



### Report against the tabled Annual Performance Plan

Programme/Sub-programme: HCM								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Efficient and effective administrative systems	1.3 Minimised vacancy rate	1.3.1 Average vacancy rate maintained at ≤10%	5% {4+5+6+6}/4	6% {6+6+6+5}/4	≤10%	8% {7+8+9+8}/4	None	N/A

**Table 8: Sub-programme HCM outputs**

### Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.



Senior Manager: F&SCM  
Mr D Maluleke

### SUB-PROGRAMME 1.5: FINANCE AND SUPPLY CHAIN MANAGEMENT (F&SCM)

#### Purpose

The purpose of the F&SCM sub-programme is to ensure transparent, accountable and sound financial management, as well as to maintain a procurement system that is fair, equitable, transparent, competitive and cost-effective.

#### Report against the tabled Annual Performance Plan

Programme/Sub-programme: F&SCM								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Efficient and effective administrative systems	1.4 Paid invoices	1.4.1 Average number of days for payment of creditors and suppliers	-	-	30	7 days (10+8+4+6)/4	+23 days	Effective implementation of internal controls on payment of invoices and monthly validation of evidence

Table 9: Sub-programme F&SCM outputs

#### Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.

#### Overview of the work done

##### Summary of key achievements

During the current financial year the organisation managed to pay 4 808 valid invoices within the legislated prescribed period of 30 days, thus achieving 100% of the set target for the year.

The refurbishment of the Thuto-Mfundo building has been completed until practical completion and it has been in use by Umalusi's employees since 12 February 2023. The certificate for completion has been handed over to Umalusi by the service provider.

Umalusi has obtained approval from National Treasury to open an investment account with the Corporation for Public Deposits (CPD) to build a contingent asset for post-retirement medical aid liability.

##### Challenges

The redesign of Umalusi House to address the Occupational Health and Safety findings has been delayed. This is because the organisation has not received formal approval from the City of Tshwane Metropolitan Municipality for the submitted plans. This is negatively affecting the implementation of the project.

The development of the alternative funding model to address budget challenges is still in progress. The delay was caused by capacity constraints, due to high staff turnover.

## PROGRAMME 1 RESPONSE TO PRIORITISING WOMEN, YOUTH AND PERSONS WITH DISABILITIES

### HCM

Umalusi services and/or information provided to the public was made available in a manner in which it can be accessed by anyone, irrespective of their gender or physical state.

According to the employment equity targets of the organisation there is a lack of African males and persons living with disabilities. Management has prioritised giving African males and persons living with disabilities preference when appointments are considered for approval.

### SCM

The Preferential Procurement Regulations can promote inclusivity in the economy and ensure that the designated groups are afforded more opportunities in procurement. Umalusi continued to prioritise women, youth and persons living with disabilities when sourcing quotations for procurement of goods and services throughout the financial year.

### Challenges encountered by the public entity when prioritising delivery for these designated groups

#### HCM

Applications from suitably qualified and experienced designated groups, such as persons living with disabilities, are scarce in the labour market and among the economically active population.

### SCM

Although Umalusi prioritises the designated groups when the requests for quotations (RFQs) are called for and tenders are advertised, there is a low turnout of the companies owned by the persons living with disabilities.

### Strategy to address these challenges

#### HCM

In agreement with the line managers from the other business units, the HCM sub-programme must insert a direct discrimination clause in the advertisements for the vacant posts so as to attract only the targeted employees.

The new building has made provision for persons with disabilities, with ramps, a lift, designated parking and toilets allowing for wheelchair users. Plans are in place to improve access to Umalusi House, which currently does not accommodate persons living with disabilities.

#### SCM

The implementation, effective from 16 January 2023, of the new Preferential Procurement Regulations (2022 Regulations) allow for designated groups to be considered for providing goods and services. Umalusi will continue to enforce the new Regulations and implement the SCM policy to ensure that women, youth and persons living with disabilities are empowered and participate meaningfully in the main stream economy.

### Linking performance with budgets

Sub-programme name Programme/activity/objective	2021/2022			2022/2023		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Administration	86,488	70,455	16,033	76,132	69,177	6,955
<b>Total</b>	<b>86,488</b>	<b>70,455</b>	<b>16,033</b>	<b>76,132</b>	<b>69,177</b>	<b>6,955</b>

The Administration Programme was allocated R76 million to provide support to core functions of Umalusi. However, the actual total expenditure amounted to R69.177 million, which was 9% below budget. This resulted from, amongst others, the allocation of R8 million for the ERP system which was not procured due to the cancellation of the tender. There have also been savings from other units within Programme 1, like PR & Comms, which had a 53% surplus. This was as a result of an amount of R2.1 million budgeted for venue and facilities

relating to a media briefing for the release of the NSC results. The briefing was later held at the Umalusi premises, resulting in cost savings.

An allocation of approximately R37.5 million was made for salaries, which is 6% lower than the previous financial year. An amount of R11.9 million was allocated for provisioning ICT support and network-related services.



### 3.2 PROGRAMME 2: QUALIFICATIONS AND RESEARCH

#### Purpose of the programme

The purpose of the programme is to develop and manage an efficient and effective GFETQSF within the NQF and to undertake strategic research in support of that goal.

#### Sub-programmes

The Qualifications and Research programme comprises the following two sub-programmes:

Sub-programme		Purpose	Outcome
<b>Sub-Programme 2.1</b>	Qualifications, Curriculum and Certification (QCC)	The purpose of the QCC sub-programme is to manage the GFETQSF qualifications.	Enhanced educational standards
<b>Sub-Programme 2.2</b>	Statistical Information and Research (SIR)	The purpose of the SIR sub-programme is to provide a platform for research, statistical support and maintenance of learner databases to inform the Council's professional work and organisational strategy.	

Table 10: Programme 2 sub-programmes



Senior Manager: QCC  
Dr E Sujee

### **SUB-PROGRAMME 2.1: QUALIFICATIONS, CURRICULUM AND CERTIFICATION (QCC)**

#### **Purpose**

The purpose of the QCC sub-programme is to manage the GFETQSF qualifications.

#### **Overview of the work done**

#### **Summary of key achievements**

##### **Qualifications**

The SAQA had directed that all qualifications offered by quality councils on their respective sub-frameworks of the NQF must align with the SAQA policy and criteria for registration of qualifications on the NQF to ensure that they retain their status and currency on the NQF. This SAQA directive had implications for qualifications on the GFETQSF.

Umalusi conducted a gap analysis of all qualifications on its sub-framework to determine their compliance with the SAQA requirements and the GFETQSF policy. The gap analysis revealed that only the General Education and Training Certificate for Adults (GETCA) and the NASCA required the associated assessment criteria (AAC) on their policies to align with the SAQA requirements. The process to align the GETCA and NASCA qualifications with the SAQA policy and criteria for the registration of qualifications on the NQF and the GFETQSF requirements was completed and the two qualifications have been, accordingly, updated on the NQF. Umalusi has written a letter to the DHET informing them of the

successful alignment of the qualifications and subsequent updating of the qualifications on the NQF.

##### **Curriculum**

The Policy for Credit Accumulation and Transfer (CAT) has been gazetted for public comment and various organisations and individuals have provided such. The policy for the implementation of RPL has been revised to align with the Minister's coordination policy and the SAQA policy. The amended draft policy was presented to Umalusi Council for consideration. However, Council recommended that Umalusi engage further with the departments of education on the approach for implementation.

Umalusi undertook a research project on the accreditation of AET centres. The purpose of this project was to draw attention to key issues implicit in the AET sector and to propose considerations to be taken into account in the quality assurance of adult education and training. To date, a discussion document focusing on the legislation on international practice in AET has been developed. This includes a literature review that focuses particularly on AET practices in the African and local contexts.

Umalusi conducted the 2022 post-examination analysis for selected NSC examination subjects across the three assessment bodies: 21 DBE NSC subjects, nine IEB and nine SACAI subjects were analysed. The findings were presented to the Assessment Standards Committee (ASC) at the January 2023 standardisation meetings. The analysis resulted in three research reports, one on each assessment body. Feedback sessions on the PEA findings were held with both examiners and internal moderators, for each assessment and per subject.

Umalusi appraised the IEB subject assessment guidelines (SAG) for Marine Sciences. The organisation gave directives to the IEB to strengthen the SAG and resubmit them for further appraisal and approval. Further, the IEB was directed to include the exemplar papers with their resubmission. The appraisal of the strengthened SAG and exemplar paper has been postponed to the next financial year.

The directives for the quality assurance of curricula were also reviewed, necessitated by gaps identified during the appraisal of the examination guidelines. The reviewed directives were sent to the assessment bodies for comments.

##### **Certification**

Certification workshops were conducted on the implementation of the Policy for the Re-issue of National Certificates; the approval of the results after the examination to obtain approval for the



release of the results; and discussion on the rejections resulting from differences between the approved results and the data submitted for certification. The Policy for the Certification of Candidate Records on the GFETQSF was gazetted in the third quarter. This policy, importantly, clarifies the roles and responsibilities of the stakeholders in the certification process.

All the requests received from the assessment bodies for issuing certificates for individual candidates were processed and quality assured and certificates were issued to qualifying candidates.

The assessment bodies were supported and assisted in certifying outstanding records that were not certified due to incorrect data being submitted to Umalusi. Outstanding certificates were identified and communicated to the relevant assessment bodies to correct errors and resubmit for certification.

The Internal Certification Committee met weekly to approve applications for the re-issue of certificates where candidates had applied for correction of personal details on certificates already issued.

Umalusi developed an online application system for the replacement of lost or damaged certificates and this was implemented in the second quarter. This system provides a valuable service to candidates who need to replace a lost certificate. Advocacy was done through a webinar and a demonstration to the assessment

bodies to promote and introduce the online system to the public.

Umalusi also complied with the requirement for monthly submissions of certified learner records to SAQA for uploading to the National Learners' Records Database (NLRD).

### Verification

Umalusi provides a verification service to the public via verification clients. This is an important service that ensures the integrity of the qualifications, as issued by Umalusi. An increase in the number of verifications was noted in the last quarter of the year. Additionally, several affidavits were issued and Umalusi officials were subpoenaed to testify in court cases.

### Challenges

The implementation of the Umalusi Policy for the Implementation of RPL in the GFETQSF requires substantial funding and other resources. This challenge was tabled at the Council workshop on 21 February 2023 for solutions. The recommendation to write letters to the Ministers of Education to alert them to this challenge was accepted and the letters have been sent.

The combination of subject certificates over multiple examinations by assessment bodies remains a challenge. Umalusi is working with the assessment bodies to assist with issuing outstanding certificates.

### Report against the tabled Annual Performance Plan

Programme/Sub programme: QCC								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Enhanced educational standards	2.1 Reports on management of qualifications	2.1.1 Number of reports produced on the management of qualifications in the sub-framework	1	1	1	1	None	N/A
	2.2 Reports on the certification of learner achievements	2.2.1 Number of reports produced on the certification of learner achievements for qualifications in the sub-framework	-	-	4	4	None	N/A
	2.3 Reports on the verification of certificates issued	2.3.1 Number of reports produced on the verification of qualifications (certificates) in the sub-framework	-	-	4	4	None	N/A

**Table 11: Sub-programme QCC outputs**

#### Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.



Senior Manager: SIR  
Dr MA Mohale

## SUB-PROGRAMME 2.2: STATISTICAL INFORMATION AND RESEARCH (SIR)

### Purpose

The purpose of the SIR sub-programme is to conduct research, as identified by the needs of the organisation, and report on the key indicators of quality and standards in the GFETQSF, create and maintain a culture of research in the organisation, establish and maintain databases, lead statistical research and analysis, inform and provide statistical support for the work in other units and manage standardisation and statistical moderation processes.

### Overview of the work done

#### Summary of key achievements

Umalusi has conducted an investigation on the factors that contributed to the significant upward shifts in the average marks of the isiNdebele examinations at home language level during a five-year period between 2017 and 2021. By way of example, the average external marks increased from 63.26% in 2017 to 74.32% in 2019. This is a difference of just over 11% between 2017 and 2019. Since then the average marks had increased by almost 2%: 1.56% in 2020 and 1.84% in 2021. A quantitative report was concluded in which a trend analysis was done in relation to learner performance by component (Papers 1–5) between 2017 to 2021.

Umalusi developed the conceptual framework and theoretical framing of the instrument for

appraising the assessed curricula of the GEC. This framework outlines the standard of how the academic, vocational and occupationally inclined assessment underpinning an NQF Level 1 qualification, i.e., the GEC, should be assessed. A report on the global and local literature on how vocational assessment is conducted was completed.

Umalusi developed an accreditation instrument for online schools, the first stage of which resulted in a policy discussion document on online schools. This highlighted the legislation climate that impacts the accreditation mandate of Umalusi and included an analysis of the problems affecting the provisioning and accreditation of online schools in South Africa. The second stage of the project incorporated a survey that was distributed to accredited private assessment bodies to assist with understanding the space of online schools. The report has been completed.

Umalusi investigated the approach to be adopted in accrediting Grade R in schools and the quality assurance processes to be followed. Since Grade R is part of the NCS (Grades R–12), independent schools offering Grade R will need to be accredited to offer it. The reports have been concluded.

In response to an overarching call to quality assure incoming qualifications in a different way to that used for inherited qualifications, Umalusi concluded a conceptual document for NASCA African Languages. Additionally, a framework for quality-assuring African languages has been developed and a draft evaluation instrument based on the framework was designed.

Umalusi's 2022 PEA conducted for selected NSC examination subjects across the three assessment bodies (Twenty-two DBE subjects, nine SACAI and IEB subjects) resulted in three reports:

1. 2022 NSC post-examination analysis: a focus on selected examinations administered by the DBE
2. 2022 NSC post-examination analysis: a focus on selected examinations administered by the IEB
3. 2022 NSC post-examination analysis: a focus on selected examinations administered by the SACAI.

For continued advocacy, maintaining the standards of Umalusi's quality assurance and commemorating Umalusi's 20 years of existence, Umalusi launched an international benchmarking of the NSC on 23 September 2022. Ecctis, a global reference point for qualifications and skills standards, was represented by two officials who arrived in South Africa to present the high-level findings and recommendations at the launch. The Ecctis officials also engaged with the three assessment bodies in qualifications and assessment workshops.

Umalusi published a special issue with the Southern African Linguistic and Applied Languages (SALALs) on 29 March 2023. The issues were guest-edited and managed by Umalusi.

Umalusi successfully standardised the examination results of the 2022 end-of-year NSC, GETC, NC(V) L2–4, Report 190/191 N2–N3 Engineering Studies and the IEB EOR March 2023 examination results.

Umalusi also successfully standardised the results of the 2021 end-of-year NSC, GETC, DHET NC(V) L2–4, Report 190/191 N2–N3 Engineering Studies 202111, DHET Continuing Education and Training (CET) 202111 and IEB EOR 202203 examination results.

### Challenges

Umalusi had planned to appraise the NASCA African Languages curricula, develop a NASCA discussion document and develop an all-encompassing plan for the implementation of the NASCA. However, it could not conduct the appraisal because of the non-submission of key policy documents by the DHET. Additionally, the DBE has not submitted the GEC's assessed curricula. Consequently, Umalusi has not been able to appraise the GEC-assessed curricula.

### Report against the tabled Annual Performance Plan

Programme/Sub-programme: SIR								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Enhanced educational standards	2.4 Completed research reports	2.4.1 Number of research reports completed in various formats	4	5	5	5	None	N/A

**Table 12: Sub-programme SIR outputs**

### Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.

## PROGRAMME 2 RESPONSE TO PRIORITISING WOMEN, YOUTH AND PERSONS WITH DISABILITIES

Umalusi issues Braille certificates for qualifications on the GFETQSF.

To enhance the internal research capacity, Umalusi utilises independent external experts. Research projects including the post-examination analyses allowed for prioritisation of different

designated groups. Moreover, as part of the recruitment process, the organisation specifically encourages persons with disabilities to make applications.

In addition, the designated groups with the relevant professional experience were prioritised to form part of the research teams during the recruitment processes for the appraisal of curricula.

### Linking performance with budgets

Sub-programme name	2021/2022			2022/2023		
Programme/activity/objective	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Qualifications and Research	33,303	26,609	6,694	30,089	33,876	3,787
<b>Total</b>	<b>33,303</b>	<b>26,609</b>	<b>6,694</b>	<b>30,089</b>	<b>33,876</b>	<b>3,787</b>

This programme manages the qualifications in the sub-framework that are informed by research. The programme was allocated R30 million, a decrease of 11% from that of the previous financial year. The Qualification and Curriculum Unit's budget was 5.2 million to cover the printing of certificates, curriculum review and evaluation of the GFETQSF and associated policies. The standardisation and

maintenance of standards were provided for with R3.2 million. The total expenditure for this programme was 12% above budget. This was as a result of, among others, the increase in government printing works (certificate background paper) by R2.3 million from the previous financial year from R1.2 million to R3.4 million the current financial year.





**Executive Manager: QAM**  
**Ms Z Modimakwane**

### 3.3 PROGRAMME 3: QUALITY ASSURANCE AND MONITORING

#### Purpose of the programme

The purpose of this programme is to ensure that the providers of education and training have the capacity to deliver and assess qualifications registered on the GFETQSF and are doing so to the expected standards and quality.

#### Sub-programmes

The Quality Assurance and Monitoring Programme comprises the following three sub-programmes:

Sub-programme		Purpose	Outcome
<b>Sub-Programme 3.1</b>	Quality Assurance of Assessment: School Qualifications	The purpose of this sub-programme is to ensure credibility of assessment and examination results of school qualifications registered on the GFETQSF.	Enhanced educational standards
<b>Sub-Programme 3.2</b>	Quality Assurance of Assessment: Post-School Qualifications	The purpose of this sub-programme is to ensure credibility of assessment and examination results of post-school qualifications registered on the GFETQSF.	
<b>Sub-Programme 3.3</b>	Evaluation and Accreditation	The purpose of the E&A sub-programme is to quality assure the delivery of qualifications registered on the GFETQSF at private education institutions and the capacity of private assessment bodies to assess those qualifications	

**Table 13: Programme sub-programmes**



Senior Manager: QAA: SQ  
Ms ML Madalane

### SUB-PROGRAMME 3.1: QUALITY ASSURANCE OF ASSESSMENT: SCHOOL QUALIFICATIONS

#### Purpose

The purpose of the sub-programme is to ensure the credibility of the assessment and examination results of schools qualifications registered on the GFETQSF.

#### Overview of the work done

#### Summary of key achievements

Umalusi met its targets to conduct quality assurance of all the processes leading to the NSC qualification administered by three assessment bodies offering the qualification, namely, the DBE, IEB and the SACAI. The following are some of the notable achievements.

#### Moderation of question papers

The question papers and accompanying marking guidelines for the various examinations were moderated and approved ahead of the commencement of the examinations. The timing of the moderation of the question papers enables the assessment bodies to prepare the question papers well ahead of the actual conducting of the examinations. The approved question papers met the set standards, thus candidates who sat for the examinations were neither advantaged nor disadvantaged.

Assessment bodies delayed the submission of question papers to be moderated. As a result, three question papers for the June 2023 examinations have yet to be approved.

#### Moderation of school-based assessment (SBA)

Umalusi verifies the conduct, administration and management of the SBA, oral assessment and practical assessment tasks to ensure uniformity and comparability of quality and standards. It is essential to ensure during moderation that the internal assessments administered by the centres/schools across assessment bodies are in accordance with the CAPS and/or assessment bodies' SAG. During the period under review, Umalusi quality assured the internal assessments to ensure that these were fair, reliable and representative of an adequate amount of work, as prescribed in the curriculum policy documents.

Umalusi conducted the moderation of SBA, oral assessment and practical assessment tasks (PAT), both on-site and off-site. The oral assessment and PAT moderation were conducted off-site, using the electronic teacher and learner files.

Umalusi noted that the conduct, administration and management of the SBA was headed in the right direction, with significant improvements evident in several areas. The sampled schools, across assessment bodies, presented decent teacher and learner files, conforming to the CAPS prescriptions for assessment tasks and preliminary examination question papers, and adhering to curriculum policies and assessment guidelines. The only recurring concern was the inferior quality of internal moderation.

#### Monitoring the conduct, administration and management of examination processes

The audit of the state of readiness (SOR) of the assessment bodies to conduct examinations is another quality assurance process that was managed successfully. The assessment bodies provided full cooperation in submitting evidence to Umalusi as required. Umalusi was able to present its findings on the SOR of the assessment bodies to conduct, administer and manage examinations to the assessment bodies and the Portfolio Committee on Basic Education prior to the conducting of the examinations. As a result, the assessment bodies had an opportunity to address any concerns raised in the reports. Subsequently, a media briefing was held to inform the public about the SOR of the different assessment bodies to conduct the 2022 end-of-year national examinations.

Umalusi conducted the monitoring of the writing and marking. The entity was also able to monitor the examinations conducted in Eswatini. Generally, there was improved compliance with regulations pertaining to the conduct, administration and management of examinations. There were pockets of irregularities reported relating to administrative errors and omissions; however, there were no systemic examination irregularities reported in the year under review.

**Standardisation of marking guidelines**

Umalusi participated in the standardisation of marking guidelines for all question papers for the DBE and for a sample of subjects for the IEB and the SACAI for all examinations conducted during the period under review. The tolerance range across subjects was determined and signed off as part of the standardisation of marking guidelines.

Umalusi moderators and verifiers attended the standardisation of marking guideline meetings via MS Teams for most subjects. Twenty-three subjects were marked centrally in Pretoria, from 8 December 2022 to 21 December 2022, with five being centralised in provinces due to their small enrolments. The standardisation of their marking guidelines took place in the same marking venues. The inputs from provincial internal moderators and chief markers were considered. This improved the quality of the marking guidelines, as all possible correct responses to questions were accommodated.

**Verification of marking**

The entity conducts the verification of marking to ensure that the assessment bodies mark the candidates' scripts according to the approved marking guidelines; and that the standard of marking is consistent and fair. To this end, Umalusi conducted the verification of marking for all

examinations undertaken by the SACAI, IEB and DBE.

The verification of marking administered in the financial year under review was conducted on-site at various marking centres; and online for the Accounting subject of the DBE. Both the on-site and online verification of marking enabled Umalusi external moderators to intervene appropriately during the marking process and provide immediate support to marking personnel when necessary, while the marking process was under way. All assessment bodies adhered to the marking guidelines for the question papers in the sampled subjects. Umalusi noted a marked improvement in internal moderation across the various levels of moderation. Only sporadic incidents of shadow marking were reported.

**Challenges**

The entity was able to closely monitor the progress made by the assessment bodies regarding the directives issued in the 2021/2022 examinations and assessments. In addition, the tracking of daily examination incidents/irregularities assisted Umalusi in making timely follow-ups with assessment bodies on interventions relating to some behavioural offences and acts of dishonesty which might impact on the credibility of the 2022 November examinations.



Senior Manager: QAA: PSQ  
Dr M Dliwayo

### **SUB-PROGRAMME 3.2: QUALITY ASSURANCE OF ASSESSMENT: POST- SCHOOL QUALIFICATIONS**

#### **Purpose**

The purpose of this sub-programme is to ensure credibility of assessment and examination results of post-school qualifications registered on the GFETQSF.

#### **Overview of the work done**

#### **Summary of key achievements**

The following achievements are noted for the year under review:

#### **Moderation of question papers**

Umalusi conducts external moderation of question papers and marking guidelines to ensure that standards are maintained. The moderation of question papers is a critical quality assurance process, and ensures that question papers are relatively fair, valid and reliable. The moderation process also ensures that question papers are presented in the appropriate format and are technically correct.

During this reporting period all post-school qualification question papers were received, quality assured in accordance with the Umalusi criteria and approved if they met all set criteria. Question papers that did not meet all criteria at first moderation were either conditionally approved or rejected. These question papers were subjected to further moderation until the required standard was met.

#### **Moderation of SBA**

The moderation of SBA tasks is a critical stage in the quality assurance process. It ensures that SBA tasks comply with Umalusi quality assurance of assessment requirements and the assessment bodies' SAG. Umalusi conducts the external moderation of SBA tasks to ensure that common standards, in terms of the quality of SBA tasks, are maintained. Umalusi received, quality assured and approved 47 SBA tasks from the DHET, four SBA tasks from the IEB and seven from the SACAI.

#### **Moderation of Internal continuous assessment (ICASS)/SBA portfolios/integrated summative assessment task (ISAT) conduct**

Umalusi verifies compliance with the stipulations of the ICASS instructions/SBA guidelines for different qualifications and programmes. Through this process, Umalusi identifies problem areas in the implementation of ICASS/SBA, recommends solutions to the challenges identified and reports on the quality of ICASS/SBA portfolios to the assessment bodies.

In the 2022/2023 financial year, Umalusi conducted internal assessment moderation for 192 subjects/learning areas. The set target for the period 2022/2023 was exceeded by 10.4% (two subjects) in the moderation of internal assessments. This is attributed to the increase in samples to include problematic sites with challenges in complying with the internal assessment instructions.

The monitoring and moderation of internal assessment to evaluate the quality and standard of planning and the conduct of the oral assessments at the sites of learning, was conducted in line with Umalusi's criteria for this quality assurance process. Preliminary feedback was provided at the sites visited. Consolidated reports on the findings, including areas of good practice, areas of non-compliance as well as directives for compliance and improvement that need to be addressed, were communicated to the assessment bodies as part of the quality assurance of assessment (QAA) reports.

#### **Monitoring of writing of examinations and marking centres**

Monitoring of the conduct, administration and management of examinations is undertaken to determine compliance with policies and guidelines that govern examinations. The monitoring of writing was conducted for the NATED Report 190/191 Engineering Studies N2–N3 August 2022 and November 2022 examinations. The marking of these examinations was monitored at eight marking centres for the August 2022 examinations and at 15 for the November 2022 examination cycles. For NC(V), monitoring of writing was conducted for the November 2022 examinations and the February/March 2023



supplementary examinations. Eight marking centres were monitored for marking the November 2022 NC(V) examination scripts. The monitoring of the conduct, administration and management of examinations provided Umalusi with information on the credibility of the examinations, in order to make informed decisions on the approval of the release of results.

### Standardisation of marking guidelines

The marking guidelines undergo standardisation to ensure that the finalised marking guidelines are fair, accurate and consistent so that justice is done to the marking process. It is essential that marking guidelines are discussed with markers to ensure that all possible responses and corrections are agreed upon and that any changes or additions are approved.

Umalusi attended 50 out of 52 GETC: ABET standardisation of marking guideline meetings of the DHET, 16 meetings of the IEB, and 14 meetings for the SACAI June and November 2022 examinations. The IEB meetings included those for the March and September EOR.

For the NC(V) qualification, the standardisation of marking guidelines was monitored in 13 subjects (14 question papers) for the November 2022 examination; and two subjects (three question papers) for the February/March 2023 NC(V) supplementary examination. The standardisation of marking guidelines was monitored for eight instructional offerings during the August 2022 NATED Report 190/191 Engineering Studies N2–N3 examinations and 40 instructional offerings during the November 2022 examinations.

The standardisation of marking guidelines was conducted as per the Umalusi management plans and reported on in accordance with the revised reporting instruments for this process. Consolidated reports included directives to the assessment bodies on areas that require improvement to ensure compliance. These reports were shared with the assessment bodies as part of the QAA reports.

### Verification of marking

This process is conducted to ensure that marking is credible and accurate, to determine whether the approved marking guidelines are adhered to and applied consistently, to ascertain that effective internal moderation takes place, to identify possible irregularities and to confirm that marking is fair, reliable and valid.

Concerning the GETC: ABET, Umalusi conducted the verification of marking in 41 learning areas of the DHET, 16 learning areas of the IEB, and 14 learning areas of the SACAI for the June and November 2022 examinations. The verification of marking of the IEB included that of the March and

September EOR. Verification of marking was also conducted for 24 NC(V) subjects (26 question papers) for the November 2022 examination and two subjects (three question papers) for the February/March 2023 supplementary examinations. For the NATED Report 190/191 Engineering Studies N2–N3 examination, verification of marking was conducted for 12 instructional offerings during August 2022 and 46 during November 2022.

External moderators conducted verification of marking according to Umalusi's criteria for this quality assurance of assessment process for 12 examination cycles. Umalusi staff members monitored the verification of marking at various marking centres. The consolidated reports were shared with the assessment bodies.

### Approval of examination results

Following the conduct, administration and management of the examinations, Umalusi and the assessment bodies present reports to the EXCO on the quality assurance and the conduct, administration and management of the examinations. Based on these reports, the EXCO can approve or not approve the release of the examination results.

The EXCO approved the release of the following GETC: ABET examination results:

- The IEB and the SACAI GETC: ABET June 2022 examinations, on 21 July 2022;
- The DHET GETC: ABET June 2022 examination, on 27 July 2022;
- The IEB and SACAI GETC: ABET November 2022 examinations, on 12 January 2023;
- The DHET GETC: ABET November 2022 examination, on 13 January 2023; and
- The IEB GETC: ABET EoR, on 28 March 2023.

For the TVET qualifications, the following DHET examination results were approved by EXCO:

- The NATED Report 190/191 Engineering Studies N2–N3 August 2022 examination, on 22 August 2022;
- The DHET NC(V) Level 2–4 2022 November examination, on 13 January 2023; and
- The DHET NATED Report 190/191 Engineering Studies N2–N3 November 2022 examination, on 13 January 2023.

### Quality assurance of assessment reports

Five consolidated quality assurance reports were published.

### Challenges

The following issues were observed during the process of quality assurance conducted by Umalusi.

- a. Umalusi managed to achieve the Annual Performance Plan targets even though the samples were reduced due to budget cuts;
- b. The budget cuts limited the samples to a minimum; as a result, generalisations on the findings and decisions during the standardisation of results could not be made; and
- c. The April 2023 NATED Report 190/191: Engineering Studies N2–N3 examinations were cancelled as a result of a shortened teaching and learning period in 2021, due to COVID-19.

### Report against the tabled Annual Performance Plan

Programme/Sub-programme: QAA								
Outcome	Output	Output Indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Enhanced educational standards	3.1 Published quality assurance of assessment reports	3.1.1 Number of quality assurance of assessment reports published for qualifications registered on the GFETQSF	8	10	10	9	-1	One report was not produced in Quarter 2 because the DHET cancelled the April 2022 NATED Report 190/191 N2-N3 examinations.
	3.2 Approved question papers	3.2.1 Percentage of question papers approved per qualification	100% (844/844)	100% (982/982)	100%	100% (1 014/1 014)	None	N/A
	3.3 Audited assessment bodies for state of readiness	3.3.1 Number of assessment bodies audited for their state of readiness to conduct examinations	13	4	4	4	None	
	3.4 Verified marking	3.4.1 Number of subjects for which verification of marking is conducted	85	93	90	92	+2	Based on the advice received during pre-standardisation of the June 2022 examination results, two Home Language subjects were added to the sample because official languages have an impact on candidates' performance.
	3.5 Moderated internal assessment	3.5.1 Number of subjects for which moderation of internal assessment is conducted	180	198	190	190	None	N/A

**Table 14: Sub-programme QAA outputs**

### Strategy to overcome areas of underperformance

Umalusi will confirm the number of examinations to be conducted with the assessment body, before finalising the Annual Performance Plan targets.



**Senior Manager: E&A**  
**Ms C Thomas**

### **SUB-PROGRAMME 3.3: EVALUATION AND ACCREDITATION**

#### **Purpose**

The purpose of this sub-programme is to quality assure the delivery of qualifications registered on the GFETQSF at private education institutions and the capacity of private assessment bodies to assess those qualifications.

#### **Overview of the work done**

#### **Summary of key achievements**

This financial year has seen a consolidation of the online processes used for quality promotion meetings, site visits and other meetings. At the same time, hybrid models of conducting processes to ensure maximum cost efficiency and also effective processes have been incorporated. Physical confirmation site visits after an online site visit have served to strengthen processes. These also enabled the evaluation of institutions to take place even with the challenges that came with load shedding and lack of internet connections in some areas.

The organisation successfully held meetings with officials dealing with the registration of independent schools as institutions of teaching and learning; officials dealing with the registration of independent schools as examination centres from each of the nine provinces individually; a meeting bringing together officials from the nine provinces and the DBE. Since the meetings were held on an online platform, more officials from each of the provinces were able to attend,

including officials at district level, which meant that officials "on the ground" could learn more about Umalusi's processes and requirements.

Also ground-breaking was the hosting of a hybrid Accreditation Forum, where delegates from institutions receiving accreditation certificates were hosted at a physical meeting while the forum was streamed online as a webinar. According to the registers, there were 167 attendees at the venue (40 internal and 127 external), and 571 online.

All the processes and procedures leading to reports on the outcome of accreditation applications being presented to the Accreditation Committee of Council for a recommendation were followed, leading to the following recommendations being made for independent schools and private colleges in the financial year:

#### **Independent schools**

Accreditation:	95
2 years' provisional accreditation:	42
No accreditation:	67
Window period to improve:	53
Extension of scope granted:	13
Continued accreditation (monitored institutions):	264
Final notice of intent to withdraw accreditation:	8
Withdrawal of accreditation:	2

#### **FET and AET private colleges**

Accreditation:  
4 FET private colleges and 1 AET private college

2 years' provisional accreditation:  
4 FET private colleges

No accreditation:  
30 FET and 2 AET private colleges

Window period to improve:  
12 FET private colleges

Continued accreditation (monitored institutions):  
22 FET and 2 AET private colleges

Final notice of intent to withdraw accreditation:  
20 FET colleges and 1 AET private college

In addition, a private assessment body was granted accreditation to assess the NSC and the GETC: ABET.

#### **Challenges**

The workload of the unit exceeds the number of staff, leading to extreme pressure on staff to cope with the work. Staff work long hours, including after hours and weekends to try to cope with the work which, in the long run, is detrimental to their health and family relationships.

The online accreditation system does not accommodate all the processes related to accreditation, which results in manual records and processes being conducted. The ICT Unit is

developing a new online system that can ultimately be extended to cover all the processes. This, however, will take time.

### Report against the tabled Annual Performance Plan

Programme/Sub-programme: E&A								
Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviation
Enhanced educational standards	3.6: Accreditation outcomes for private education institutions	3.6.1: Percentage of accreditation outcomes for private education institutions finalised within 12 months of the site visit	94.8% (110/116)	100% (176/176)	86%	99.26% (270/272)	+13.26% (99.26-86)	The systems put in place during the COVID-19 pandemic have improved efficiency in the processes.
	3.7: Monitored private education institutions	3.7.1: Percentage of identified private education institutions monitored after being granted accreditation	87.4% (228/261)	90.1% (336/373)	90%	94.67% (142/150)	+4.67% (94.67-90)	The deviation of eight were institutions due for monitoring in this financial year that submitted their monitoring reports at the end of the previous financial year.

**Table 15: Sub-programme E&A outputs**

### Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.



### PROGRAMME 3 RESPONSE TO PRIORITISING WOMEN, YOUTH AND PERSONS WITH DISABILITIES

In recruiting external moderators, Umalusi includes women and persons in the 35-40 age range. Five out of eight newly appointed moderators were females and two out of the eight were aged between 33 and 37 years.

As part of the organisation's quality assurance process, the private institutions' infrastructure is checked as to whether it creates a more inclusive environment to cater for persons with disabilities. In addition, Umalusi attests to the youth attending accredited private education institutions receiving quality education.

#### Challenges encountered by the public entity when prioritising delivery for these designated groups

The organisation provides a service to institutions that apply for accreditation. It, however, does not have control over the composition of the structures within those organisations.

The following challenges are encountered in the recruitment prioritisation of the designated groups:

- Umalusi does not have people with disabilities in its employ. Although this aspect is indicated in the advert, there were no applications from this designated group.
- Although some youth aged below 35 years submitted applications, they lacked experience in the required skills stipulated in the advertisement.

Umalusi also found it difficult to identify sites and subjects for moderation where persons with disabilities were involved.

#### Corrective steps to be taken in dealing with challenges

Umalusi will give priority to the appointment of suitably qualified and experienced women and persons with disabilities who apply for positions as independent contract workers.

The organisation will continue to indicate in the recruitment adverts and will encourage youth and people with disabilities to apply.

### Linking performance with budgets

Sub-programme name Programme/activity /objective	2021/2022			2022/2023		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Quality Assurance and Monitoring	75,232	75,597	(365)	82,977	85,726	(2,749)
<b>Total</b>	<b>75,232</b>	<b>75,597</b>	<b>(365)</b>	<b>82,977</b>	<b>85,726</b>	<b>(2,749)</b>

This programme received a budget of R82 million for the year. An additional R1.6 million was allocated to the programme during the year. The programme used a significant portion of its budget during the year for the moderation of question papers, verification of marking and examination monitoring for both schools and further education

and training (FET). R11.5 million was allocated for desktop evaluations and reports, as well as travel and accommodation paid to independent contractors who conduct site visits on behalf of Umalusi. The programme had a 3% overexpenditure.



## 4 REVENUE COLLECTION

Sources of revenue	2021/2022			2022/2023		
	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
DBE grant	157 404	157 404	-	162 031	162 031	-
Accreditation	7 320	5 192	2 128	4 139	7 321	(3 182)
Certification	5 706	5 695	11	2 049	4 417	(2 368)
Verification	11 472	11 935	- 463	12 452	15 488	(3 036)
Other income	13 121	4 281	8 840	5 965	8 549	(2 584)
<b>Total</b>	<b>195 023</b>	<b>184 507</b>	<b>10 516</b>	<b>186 636</b>	<b>197 806</b>	<b>(11 170)</b>

A grant of R162 million from the DBE was received as per schedule, which was an increase of 3% from the previous financial year. The amount was transferred to the CPD, earning interest of approximately R4 million. The revenue from accreditation, certification and verification was over budget by 77%, 116% and 24% respectively. This was as a result of the entity resuming its normal operations post lockdown restrictions.

Other income has also increased substantially, by 43%. The increase resulted from, among others, the actuarial gain of R363 000 in the current financial year, from a loss of R178 000 in the previous financial year. The total revenue was 6% above budget.

## 5 CAPITAL INVESTMENT

Infrastructure projects	2021/2022			2022/2023		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Refurbishment of the Thuto-Mfundo building	43,080	6,426	36,654	41,713	36,116	5,597
<b>Total</b>	<b>43,080</b>	<b>6,426</b>	<b>36,654</b>	<b>41,713</b>	<b>36,116</b>	<b>5,597</b>

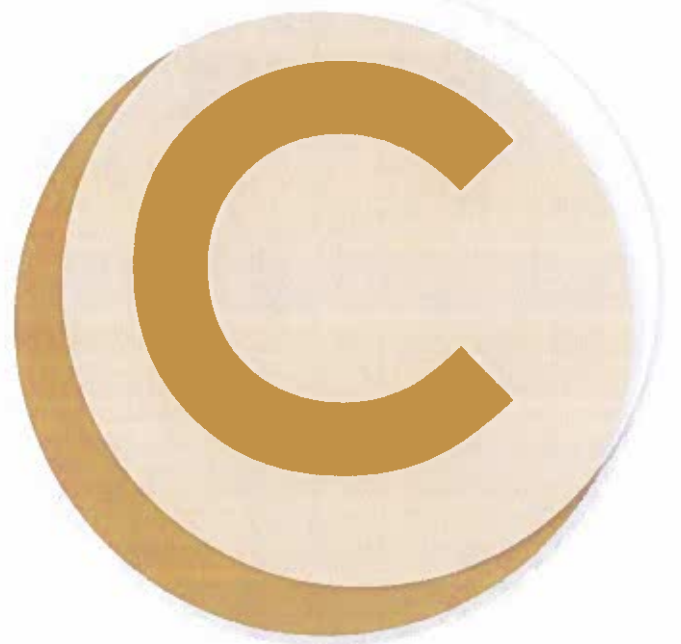
The refurbishment of the Thuto-Mfundo building has been completed and has been in use by Umalusi's employees since 12 February 2023. The

certificate for practical completion has been handed over to Umalusi by the service provider.



# Part

Governance





UMALUSI





# 1 THE ACCOUNTING AUTHORITY - COUNCIL

## 1.1 INTRODUCTION

The Council is the Accounting Authority of Umalusi, a Schedule 3A Public Entity established in the Public Finance Management Act (PFMA), Act 1 of 1999. Umalusi's mandate is derived from two of its founding Acts, namely the General and Further Education and Training Quality Assurance (GENFETQA) Act No. 58 of 2001, as amended in 2008, and the National Qualifications Framework (NQF) Act No. 67 of 2008, as amended. Council, as the Accounting Authority responsible for ensuring the smooth running of governance matters in the organisation. Administratively, Umalusi reports to the Minister of Basic Education as its Executive Authority but engages the Department of Higher Education and Training on all matters pertaining to the development and maintenance of the National Qualifications Framework (NQF).

The fiduciary responsibilities of the Council enable it to discharge its responsibilities and ensure that corporate governance principles are adhered to. The Council has a duty to develop the Strategic Plan guided by the Medium-Term Strategic Framework (MTSF). It further ensures that the organisation annually meet its performance targets through the Annual Performance Plans approved by the Minister.

Through the Audit and Risk Committee (ARC), the Council ensures a transparent risk management strategy, a fraud prevention policy and a strategy to ensure good governance. The Council also has an advisory role to the ministers of education on matters pertaining to quality assurance matters and policies that guide the management of the sub-framework of qualifications. In addition, Council is responsible for ensuring compliance with the Ministerial guidelines developed by the Minister responsible for Higher Education and Training as per the NQF Act 67 of 2008, as amended.

## 1.2 ACHIEVEMENTS

The Council has supported and advised management during the year, ensuring that the organisation gets a third clean audit report. The consistent performance of the organisation is highly appreciated and applauded. This prestigious achievement is a compliment to the Executive Management and the entire staff of Umalusi for their dedication and commitment. This indicates that the organisation subscribes to the values and principles of the legislative prescripts, such as the PFMA and the Treasury Regulations. The GENFETQA Act continues to be the principal legislation guiding the organisation's work.

As already reported in Part B of this report, the Council is proud of the completion of the Thuto-Mfundo building project. This milestone will not only put finality to the protracted process but will assist the organisation in saving its limited budget on hiring meeting venues. We are aware of the arbitration that is still ongoing. A handover report was prepared to ensure a smooth transition between the 5th Council and the 6th Council, which was officially inaugurated on 6 September 2023. The Council has set up all its committees to assist it to function as per its charter. These committees met several times, and Council successfully processed their reports. To strengthen the functioning of the work of the Council, Professor Thabo Msibi was appointed as the Deputy Chairperson of the Council.

## 1.3 COMPOSITION OF THE COUNCIL

On 8 June 2022 the Minister of Basic Education, Ms Angie Motshekga, appointed the 6th Umalusi Council to serve a four-year term. This will end on 7 June 2026.

Table 2 reflects the members of the 6th Umalusi Council.



Name	Designation (in terms of the public entity board structure)	Date Appointed	Date Resigned	Qualifications
Prof. JD Volmink	Chairperson	8/06/2018	n/a	PhD
Prof. MLE Monnapula-Mapesela	Deputy Chairperson	8/06/2018	n/a	PhD
Prof. L Makalela	Member	8/06/2018	n/a	PhD
Prof. R Mampane	Member	8/06/2018	n/a	PhD
Mr D Hindle	Member	8/06/2018	n/a	BEd Hons
Dr MS Rakometsi	CEO	8/06/2014	n/a	PhD
Prof. Y Ballim	Member	8/06/2018	n/a	PhD
Prof. PD Siyakwazi (Deceased)	Member	8/06/2018	n/a	PhD
Prof. MP Mulaudzi	Member	8/06/2018	n/a	PhD
Mr NT Johnstone	Member	8 /06/ 2018	n/a	BSc HE Diploma
Ms A Singh	Member (DHET)	22/11/2018	n/a	MBA
Adv. MJ Merabe	Member	8/06/2018	n/a	LLM
Ms M Metcalfe	Member	8/06/2018	Resigned as Chairperson of the Research Forum (26 February 2020)	MEd
Dr C Myburgh	Member	8/06/2018	n/a	PhD
Dr J Reddy	Member	December 2019	n/a	PhD
Mr V Naldoo	Member	28/08/17	n/a	BEd Hons
Dr W Green	Member	1/02/ 2021	n/a	PhD
Ms F Solomon	Member	01/01/2022	n/a	Diploma in Education BA ACE
Ms S Semaswe	Member	13/05/2021	n/a	BED BPA (hons) MBA
Ms S Geyer	Member	26/05/2021	n/a	LLM (Labour Law)

Table 1: Members of the 5th Umalusi Council

Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of meetings attended
Mathematics Education	<ul style="list-style-type: none"> <li>Towerstone (Pty) Ltd</li> <li>DG Murray Trust (Chairperson)</li> <li>Victor Daitz Foundation</li> </ul>	EXCO	1/1
Higher Education	Council member: Rhodes University	EXCO	1/1
English Studies, Literacy and Linguistics	None	EXCO	1/1
Educational Psychology	Board Member of Christian Brothers College (CBC) Mount Edmond (Pretoria)	<ul style="list-style-type: none"> <li>EXCO</li> <li>Research Forum</li> </ul>	1/1
Sociology and Comparative Education	ETDP SETA	<ul style="list-style-type: none"> <li>EXCO</li> <li>QSC</li> </ul>	1/1
Education	<ul style="list-style-type: none"> <li>CHE</li> <li>Helderberg College Council</li> <li>QCTO</li> <li>SAQA</li> </ul>	Ex-officio member of all Umalusi Council Committees	1/1
Education and Leadership	<ul style="list-style-type: none"> <li>None</li> </ul>	ASC	1/1
Sociology of Education	None	None	0/1
Educational Psychology	None	None	1/1
<ul style="list-style-type: none"> <li>Physiology</li> <li>Education</li> <li>Finance</li> <li>Governance</li> </ul>	<ul style="list-style-type: none"> <li>IEB</li> <li>JET Education Services</li> <li>Christian Brothers Association.</li> </ul>	ARC	1/1
Curriculum Development	Board member: Higher Health	None	0/1
Education Law	None	Chairperson: AAC	0/1
Education	<ul style="list-style-type: none"> <li>PILO</li> <li>SAIDE</li> <li>OSFSA</li> <li>Claude Leon Trust</li> </ul>	RF	1/1
Industrial Psychology	None	<ul style="list-style-type: none"> <li>ICTOC)</li> <li>ACC)</li> </ul>	1/1
Education And Training (NQFs) Skills Development	<ul style="list-style-type: none"> <li>CHE</li> <li>NSA</li> <li>QCTO</li> <li>HRDC</li> <li>GDN</li> </ul>	None	1/1
<ul style="list-style-type: none"> <li>Quality Assurance</li> <li>TVET Skills Development</li> </ul>	<ul style="list-style-type: none"> <li>CHE</li> <li>QCTO</li> <li>SAQA</li> <li>NSA</li> </ul>	<ul style="list-style-type: none"> <li>Policy and Research (NSA Committee)</li> <li>HEQC</li> <li>CEO Committee</li> </ul>	1/1
Mathematics Education	<ul style="list-style-type: none"> <li>QCTO</li> <li>SAQA</li> </ul>	None	1/1
<ul style="list-style-type: none"> <li>Education Policy</li> <li>Education Labour Relations</li> </ul>	<ul style="list-style-type: none"> <li>Exam Board (WC)</li> <li>ABET Board</li> <li>ETDP SETA</li> <li>SACE</li> </ul>	<ul style="list-style-type: none"> <li>SADTU</li> <li>NEAC</li> <li>NIEC</li> <li>IQMS</li> <li>PELRC (WC)</li> <li>PTDEC</li> </ul>	1/1
Education, Management and Leadership	None	DBE: Bid Adjudication Committee	0/1
<ul style="list-style-type: none"> <li>HR</li> <li>Labour Law</li> <li>Education Planning</li> </ul>	ETDP SETA	None	0/1



Name	Designation (in terms of the public entity board structure)	Date Appointed	Date Resigned	Qualifications
Prof. Y Ballim	Chairperson	8/06/2018	n/a	PhD
Mr D Hindle	Member	8/06/2018	n/a	BEd Hons
Dr MS Rakometsi	CEO	8/06/2014	n/a	PhD
Mr NT Johnstone	Member	8 /06/ 2018	n/a	BSc HE Diploma
Adv. MJ Merabe	Member	8/06/2018	n/a	LLM
Prof. M Metcalfe	Member	8/06/2018	n/a	MEd
Dr C Myburgh	Member	8/06/2018	n/a	PhD
Mr V Naldoo	Member	28/08/17	n/a	BEd Hons
Dr W Green	Member	1/02/ 2021	n/a	PhD
Ms F Solomon	Member	01/01/2022	n/a	Diploma in Education BA ACE
Prof. TP Mslbi	Deputy Chairperson	06/09/2022	n/a	PhD
Dr KM Dos Reis	Member	06/09/2022	n/a	MEd DEd
Prof. TS Maluleke	Member	06/09/2022	01/03/2023	PhD
Dr L Mokojo	Member	06/09/2022	n/a	PhD
Prof. L Jita	Member	06/09/2022	n/a	PhD
Ms N Starr	CEO: SAQA	06/09/2022	n/a	MEd
Ms L Moyane	Member	06/09/2022	n/a	BA BA Hons MA

Table 2: Members of the 6th Umalusi Council



Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of meetings attended
Civil Engineering, Education and Leadership	<ul style="list-style-type: none"> <li>CSIR</li> <li>ABB Education Trust</li> <li>Gallagher Foundation Trust</li> </ul>	n/a	5/5
Sociology and Comparative Education	ETDP SETA	<ul style="list-style-type: none"> <li>EXCO</li> <li>QSC</li> </ul>	4/5
Education	<ul style="list-style-type: none"> <li>CHE</li> <li>Helderberg College Council</li> <li>QCTO</li> <li>SAQA</li> </ul>	Ex-officio member of all Umalusi Council Committees	5/5
<ul style="list-style-type: none"> <li>Physiology</li> <li>Education</li> <li>Finance</li> <li>Governance</li> </ul>	<ul style="list-style-type: none"> <li>Independent Examinations Board</li> <li>JET Education Services</li> <li>Christian Brothers Association.</li> </ul>	ARC	3/5
Education Law	None	Chairperson: AAC	5/5
Education	<ul style="list-style-type: none"> <li>PILO</li> <li>SAIDE</li> <li>OSFSA</li> <li>Claude Leon Trust</li> </ul>	RF	3/5
<ul style="list-style-type: none"> <li>Industrial Psychology</li> <li>Higher Education</li> <li>Governance</li> </ul>	None	Chairperson: ACC	4/5
<ul style="list-style-type: none"> <li>Education,</li> <li>Quality Assurance</li> <li>Occupational Qualifications</li> <li>TVET Provisioning</li> <li>Skills Development</li> </ul>	<ul style="list-style-type: none"> <li>CHE</li> <li>QCTO</li> <li>SAQA</li> <li>NSA</li> </ul>	<ul style="list-style-type: none"> <li>Policy, Planning &amp; Research (NSA Committee)</li> <li>Committee for Integrated Post Schooling Education and Training (PSET) System Planning</li> <li>CEO Committee</li> </ul>	2/5
Mathematics Education	<ul style="list-style-type: none"> <li>SAQA</li> <li>Umalusi</li> <li>QCTO</li> <li>Higher Education Learning and Teaching (HELTASA) Board</li> <li>Centre for International Teacher Education (CITE) Advisory Board</li> </ul>	<ul style="list-style-type: none"> <li>CEO Committee</li> <li>USAf Teaching and Learning Strategy Group</li> <li>Southern African Quality Assurance Network (SAQAN) Executive Committee</li> </ul>	4/5
<ul style="list-style-type: none"> <li>Education Policy</li> <li>Education Labour Relations</li> </ul>	<ul style="list-style-type: none"> <li>Exam Board (WC)</li> <li>ABET Board</li> <li>ETDP SETA</li> <li>SACE</li> </ul>	<ul style="list-style-type: none"> <li>SADTU</li> <li>NEAC</li> <li>NIEC</li> <li>IQMS</li> <li>PELRC (WC)</li> <li>PTDEC</li> </ul>	3/5
Curriculum and Social Justice Education	<ul style="list-style-type: none"> <li>SAIDE</li> <li>GALA</li> </ul>	Thomas More College	5/5
<ul style="list-style-type: none"> <li>Accounting Education</li> <li>Mentoring Assessment and Work-Integrated-Learning</li> </ul>	None	Chairperson: ICTOC	5/5
<ul style="list-style-type: none"> <li>Theology</li> <li>Higher Education Management</li> <li>Political Science</li> </ul>	<ul style="list-style-type: none"> <li>NPC</li> <li>USAf</li> <li>THENSA</li> <li>MTN SA Foundation</li> </ul>	n/a	2/5
Mathematics Education	None	EXCO	3/5
Education Leadership	None	Chairperson: ASC	5/5
Education	<ul style="list-style-type: none"> <li>CHE</li> <li>QCTO</li> <li>SAQA</li> <li>CEO Committee</li> <li>HRDC</li> </ul>	n/a	5/5
Education and Leadership	None	n/a	4/5



## 2 COMMITTEES OF THE COUNCIL

Council, in ensuring the smooth running of its fiduciary responsibilities, has delegated some of its responsibilities to the various committees that it has established. These committees meet regularly to consider specific matters assigned to them and submit their reports and recommendations for consideration by Council. It is important to note that all committees except the Audit and Risk Committee are chaired by Council members. However, in balancing the skills, knowledge and expertise required for these committees, their composition includes individuals who are not members of the Council.

The following committees have been established and provided with delegated responsibilities to assist the Council:

- (a) Executive Committee of Council (EXCO);
- (b) Audit and Risk Committee (ARC);
- (c) Accreditation Committee of Council (ACC);
- (d) Assessment Standards Committee (ASC);
- (e) Qualifications Standards Committee (QSC);
- (f) Research Forum (RF);
- (g) Information and Communication Technology Oversight Committee (ICTOC), and
- (h) Accreditation Appeals Committee (AAC).

### 2.1 Executive Committee of Council (EXCO)

#### 2.1.1 Functions and Membership

As indicated in Section 2 EXCO, as one of the Committees of Council, has been established in terms of section 81 (a) of the GENFETQA Act of 2001, as amended. Council has delegated its day-to-day oversight functions to the EXCO in terms of section 8 of the GENFETQA Act. The Terms of Reference of the EXCO clearly stipulate the following roles, responsibilities and powers as delegated by Council:

- To act on behalf of the Council on urgent

matters with subsequent reporting to Council.

- To approve the Strategic Plans, Annual Performance Plans, Annual Reports and Budget of the organisation on an annual basis.
- To approve transactions within its delegated authority limit.
- To make recommendations to Council on policy issues.
- To review financial reports from management as well as approve fees and rates applicable to various processes within the organisation.
- To initiate any special investigations within the entity.
- To approve examination results as per Council delegation.

The EXCO is made up of Council members. The Chairperson and Deputy Chairperson of EXCO are the same as for Council. In addition, the Chief Executive Officer is a member by virtue of his office.

#### 2.1.2 Achievements

A total of six meetings were held by EXCO, combining the work of both the previous and the new EXCO. The EXCO successfully recommended the 2023/24 Annual Performance Plan, all quarterly performance reports and all financial reports to Council for approval. In addition, EXCO successfully recommended the approval of the November 2022 and March 2023 examination results of qualifications offered by the various assessment bodies, the 2023/24 quality assurance service fees and tariffs and the tender for a travel management service provider. The EXCO also considered the appeal by the Department of Basic Education (DBE) on the standardisation of Mathematics Paper 2 in January 2023.

#### 2.1.3 Meetings

Table 3 reflects details of the EXCO meetings held in the period under review.

Committee	No. of meetings held	No. of members	Names of members
<b>Executive Committee of Council (EXCO)</b> 5 <sup>th</sup> Umalusi Council	<b>3</b> <b>Ordinary meetings</b> <ul style="list-style-type: none"> <li>28 April 2022</li> <li>27 July 2022</li> </ul> <b>Special meeting</b> <ul style="list-style-type: none"> <li>30 May 2022</li> </ul>	6	<ol style="list-style-type: none"> <li>1. Prof. JD Volmink (Chairperson)</li> <li>2. Prof. MLE Monnapula-Mapesela (Deputy Chairperson)</li> <li>3. Dr MS Rakometsi</li> <li>4. Mr D Hindle</li> <li>5. Prof. L Makalela</li> <li>6. Prof. R Mampane</li> </ol>
6 <sup>th</sup> Council	<b>3</b> <b>Ordinary meetings</b> <ul style="list-style-type: none"> <li>26 October 2022</li> <li>30 January 2023</li> </ul> <b>Special meeting</b> <ul style="list-style-type: none"> <li>December 2022</li> </ul>	6	<ol style="list-style-type: none"> <li>1. Prof. Y Ballim (Chairperson)</li> <li>2. Prof. TP Msibi (Deputy Chairperson)</li> <li>3. Dr MS Rakometsi</li> <li>4. Mr D Hindle</li> <li>5. Dr L Mokotjo</li> <li>6. Dr C Myburgh</li> </ol>

Table 3: EXCO meetings of the 5<sup>th</sup> and 6<sup>th</sup> Umalusi Council EXCO

## 2.2 Accreditation Appeals Committee (AAC)

### 2.2.1 Functions and Membership

The functions of the AAC, as contained in its approved Terms of Reference, are as follows:

- To ensure that private providers of education and training and assessment bodies have an opportunity to appeal against a decision or outcome felt to be unjust.
- Hearing of provider and external stakeholder appeals in adherence with Umalusi's appeals policies and procedures; and making recommendations to Council.
- The AAC consists of one legal expert and two professional persons, qualified and experienced in accreditation, appointed by Umalusi Council.
- The Chairperson of the Committee is a member of Umalusi Council.
- The two professional persons are nominated by the two other Quality Councils, namely the

Council on Higher Education (CHE) and the Quality Council for Trades and Occupations (QCTO).

### 2.2.2 Achievements

**Appeals against no-accreditation decisions**  
A total of 14 applications, 11 from independent schools and three from private further education and training (FET) colleges, for appeals against the no-accreditation decisions taken were presented to the AAC between 1 April 2022 and 31 March 2023. After consideration of the evidence presented, the AAC recommended to EXCO that each of the appeals should fail. EXCO considered the recommendations and all 14 appeals (100%) were unsuccessful.

### 2.2.3 Meetings

Table 4 summarises the AAC meetings held and committee member information.

Committee	No. of meetings held	No. of members	Names of members
<b>Accreditation Appeals Committee (AAC)</b> 5 <sup>th</sup> Umalusi Council	<b>2</b> <ul style="list-style-type: none"> <li>21 April 2022</li> <li>20 June 2022</li> </ul>	3	<ol style="list-style-type: none"> <li>1. Adv. Jerry Merabe (Chairperson)</li> <li>2. Dr Phumzile Dlamini</li> <li>3. Mr David Thaga</li> </ol>
6 <sup>th</sup> Umalusi Council	<b>1</b> <ul style="list-style-type: none"> <li>06 December 2022</li> </ul>	3	<ol style="list-style-type: none"> <li>1. Adv. Jerry Merabe (Chairperson)</li> <li>2. Dr Phumzile Dlamini</li> <li>3. Mr David Thaga</li> </ol>

Table 4: Details of AAC meetings held



## 2.3. Accreditation Committee of Council (ACC)

### 2.3.1 Functions and Membership

The functions of the ACC, as contained in its approved Terms of Reference, are to:

- Contribute to the quality assurance of provision in the private education sector for all qualifications registered on the GFETQSF.
- Support the work of the Evaluation and Accreditation (E&A) Unit.
- Consider the recommendations of the E&A secretariat in respect of the accreditation of an institution.
- Work on reports on the accreditation applications of private education institutions and present findings at the ACC meeting.
- Recommend the accreditation status of a private education institution / private assessment body.
- Recommend the withdrawal of the accreditation status of a private education institution / private assessment body.
- Provide input to the development of policies on the accreditation and monitoring of private education institutions and private assessment bodies.

The Terms of Reference provide for the committee to consist of 13 Council-appointed members; however, the Council has made a concession for the current ACC membership to comprise 14 members. The committee members are made up of:

- one member, selected from the Council members, to act as Chairperson;
- a team of 13 members from the private and public sectors that Umalusi serves;
- a deputy chairperson, selected from the 13 appointed members; and
- Umalusi staff members who act as ex-officio members.

### 2.3.2 Achievements

During the year under review the ACC achieved the following:

- The current ACC members were appointed in line with the current term of office of the Umalusi Council, until 6 June 2026.
- The ACC recommended an outcome of accreditation to the Council in August 2022 for a private assessment body to assess the National Senior Certificate (NSC) and the General and Further Education Training Certificate: Adult Basic Education and Training (GETC: ABET) qualifications.
- Between 1 April 2022 and 31 March 2023 six sittings of the ACC were conducted. During this period, the ACC considered and made recommendations on 559 reports for independent schools, 96 reports for private FET colleges, and six private adult education and training (AET) centres – in total, 661 applications for accreditation were considered by the committee, with the recommendations reflected in Table 5.

	Accreditation	Provisional accreditation	Window period	No accreditation	Extension of scope	Deferrals to next ACC	Change of name	Change of site	Change of grades	Continued accreditation	Final notice of intent to withdraw accreditation	Withdrawal of accreditation	Total
Independent schools	95	42	53	67	13	7	5	2	1	264	8	2	559
Private FET colleges	4	4	12	30	0	3	0	1	0	22	20	0	96
Private AET colleges	1	0	0	2	0	0	0	0	0	2	1	0	6
TOTAL	100	46	65	99	13	10	5	3	1	288	29	2	661

Table 5: ACC recommendations

### 2.3.3 Meetings

Table 6 reflects the dates of ACC meetings and the names of the committee members.



Committee	No. of meetings held	No. of members	Names of members
<b>Accreditation Committee of Council (ACC)</b> 5 <sup>th</sup> Umalusi Council	<b>3</b> <ul style="list-style-type: none"> <li>• 09-10 May 2022</li> <li>• 18-19 July 2022</li> <li>• 30 August 2022</li> </ul>	13	1. Dr Cila Myburgh (Chairperson) 2. Mr Stephen Lategan (Deputy Chairperson) 3. Mr Jacob Abraham 4. Ms Marianne Cilliers 5. Dr Sydney Goshier 6. Dr Surendran Govender 7. Mr Jonathan Jensen 8. Dr Veronica Masuku 9. Mr Ralph Mehl 10. Dr Nonhlahla Mthiyane 11. Dr Perumal Naicker 12. Adv. Muziyabongwa Ndlazi 13. Mr Jacob Pienaar
6 <sup>th</sup> Umalusi Council	<b>3</b> <ul style="list-style-type: none"> <li>• 28 October 2022</li> <li>• 14-15 November 2022</li> <li>• 13-14 February 2023</li> </ul>	14	1. Dr Cila Myburgh (Chairperson) 2. Dr Surendran Govender (Deputy Chairperson) 3. Mr Jacob Abraham 4. Mr Deon Barnard 5. Dr Michael Buthelezi 6. Ms Marianne Cilliers 7. Ms Michelle Mbaco 8. Ms Nomsa Mbuli 9. Mr Ralph Mehl 10. Dr Nokuthula Mthethwa 11. Dr Nonhlanhla Mthiyane 12. Dr Perumal Naicker 13. Prof. Zanele Ngcobo 14. Mr Jacob Pienaar

Table 6: Details of ACC meetings held

## 2.4 Audit and Risk Committee (ARC)

### 2.4.1 Functions and Membership

The full ARC report can be found on pages 68-69 of this section.

### 2.4.2 Achievements

The full ARC report can be found on pages 68-69 of this section.

### 2.4.3 Meetings

Table 7 summarises the ARC meetings held and member information.

Committee	No. of meetings held	No. of members	Names of members
<b>Audit and Risk Committee (ARC)</b> 5 <sup>th</sup> Council	<b>3</b> <ul style="list-style-type: none"> <li>25 April 2022</li> <li>25 July 2022</li> <li>26 May 2022</li> </ul>	6	1. Mr P Benade 2. Mr N Johnstone 3. Adv. J Lube 4. Mr P Khunou 5. Ms D Diale 6. Mr M Mtshali
6 <sup>th</sup> Council	<b>2</b> <ul style="list-style-type: none"> <li>24 October 2022</li> <li>23 January 2023</li> </ul>	7	1. Mr P Benade 2. Mr N Johnstone 3. Mr P Khunou 4. Mr V Magan 5. Mr M Phiri 6. Dr L Mphahlele-Ntsasa 7. Ms A Chowan

**Table 7: Details of ARC meetings held**

## 2.5 Assessment Standards Committee (ASC)

### 2.5.1 Functions and Membership

The functions of the ASC, as contained in its approved Terms of Reference, are as follows:

- Support the work of the Quality Assurance of Assessment (QAA) Unit and the Statistical Information Research (SIR) Unit.
- Provide guidance to the QAA and SIR units on matters relating to their work in establishing, maintaining and improving the standard and quality of assessments in the South African education system.
- Provide guidance to Council on all matters related to assessment standards and statistical research aimed at establishing and improving the standard and quality of assessments and examinations in the South African education system.
- Carry out the standardisation and statistical moderation of internal assessment and examination results for all qualifications that Umalusi certifies.
- Receive reports on the quality of assessments in schools, TVET colleges and AET centres and report on these to Council.
- Recommend to Council the release of results of exit qualifications registered on the GFETQSF and certified by Umalusi. Review, regularly, the statistical and educational validity of the moderation and standardisation policies, processes and procedures.
- Provide input to the development of policies on the quality assurance of assessment.
- Where applicable, the committee will report and advise Council on issues pertaining to statistical research studies planned and/or carried out by the SIR Unit.

The committee consists of 15 members appointed by Council. The committee members are made up of:

- one member selected from the Council members to act as a chairperson;
- a team of nominated members who are statisticians and professionals with relevant experience, knowledge and expertise;
- a deputy chairperson, selected from the appointed members; and
- Umalusi full-time staff members are ex-officio members.

### 2.5.2 Achievements

Four normal meetings were held to discuss issues about the standardisation of results, in April, October and November 2022 and in February 2023. The first meeting was convened to discuss three important topics: the first was a workshop that reviewed the standardisation processes implemented in 2021 and identified areas for improvement in preparation for 2022; the second topic was the revision of the current standardisation principles, with a particular focus on incorporating language issues into the document; the third topic was the mid-year 2022 standardisation schedule, which was presented and approved. A special ASC meeting was convened on 13 October 2022 and focused on one item, a presentation and discussions on how to optimise the utility of information extracted from the report of external and internal moderators, chief markers, marking verifiers and post-examination analysis.

On November 3 the ASC held an induction meeting for new and returning members. They were provided with an overview of Umalusi and the

Qualifications and Research Branch, as well as the Quality Assurance of Assessment; Schools and Post-School Qualification units. Other agenda items included discussions on language compensation, the standardisation end-of-year 2022 schedule and the NSC benchmarking report. The last ASC meeting of the 2022/2023 financial year took place on February 7, 2023. Three items were discussed during this meeting. The first was the review of qualitative inputs, resulting in recommendations for refinements to the

qualitative input instrument. The second item was a reflection on the 2022 end-of-year standardisation processes, which focused on identifying areas of best practice and areas that needed improvement. Lastly, the DBE presented on the language compensation concession.

### 2.5.3 Meetings

Table 8 summarises the number of ASC meetings held and committee member information.

Committee	No. of meetings held	No. of members	Names of members
<b>Assessment Standards Committee (ASC)</b> 5 <sup>th</sup> Umalusi Council	<b>3</b> <ul style="list-style-type: none"> <li>12 April 2022</li> <li>13 October 2022</li> <li>03 November 2022</li> </ul>	15	1. Prof. Y Ballim (Chairperson) 2. Prof. P Rule (Deputy Chairperson) 3. Prof. M Moodley 4. Prof. S Howie 5. Prof. P Fatti 6. Prof. P Sepeng 7. Mr M Snelling 8. Dr M Naidoo 9. Dr S Mosia 10. Prof. N Zulu 11. Ms B Samuel 12. Prof. M Lesaoana 13. Prof. S Maistry 14. Prof. S Hansraj 15. Prof. L Jita
6 <sup>th</sup> Umalusi Council	<b>1</b> <ul style="list-style-type: none"> <li>07 February 2023</li> </ul>	15	1. Prof. L Jita (Chairperson) 2. Prof. LEM Monnapula-Mapesela (Deputy Chairperson) 3. Prof. M Moodley 4. Prof. S Hansraj 5. Dr MM Mosia 6. Prof. N Zulu 7. Dr B Samuel 8. Prof. SM Maistry 9. Prof. M Lesaoana 10. Prof. P Fatti 11. Prof R Mampane 12. Dr M Basitere 13. Dr D North 14. Dr MP Zondo 15. Mr MB Monnane

**Table 8: Details of ASC meetings held**

## 2.6 Information and Communications Technology Oversight Committee (ICTOC)

### 2.6.1 Functions and Membership

Umalusi Council established the ICTOC to oversee ICT governance. The strategic role of the ICTOC is stated in the Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF), September 2022, developed by the Department of Public Service and Administration (DPSA).

### 2.6.2 Achievements

For the period under review, ICTOC recommended the following documents for approval by the CEO and Council:

- ICT Security Strategy 2023/24–2025/26 and Implementation Plan.
- Corporate Governance of ICT Policy.

### 2.6.3 Meetings

Table 9 reflects the number of meetings held and committee member information.

Committee	No. of meetings held	No. of members	Names of members
<b>Information &amp; Communications Technology Oversight Committee (ICTOC)</b> 5 <sup>th</sup> Umalusi ICTOC	1 • 08 April 2022	4	1. Dr Cila Myburgh (Chairperson) 2. Mr Claude Baxter 3. Mr Mhlonishwa Mtshali 4. Dr Charles Motau
6 <sup>th</sup> Umalusi ICTOC	2 • 07 October 2022 • 19 January 2023	5	1. Dr Karen Dos Reis (Chairperson) 2. Mr Sandile Ndaba 3. Mr Potlaki Maine 4. Ms Margret Phiri 5. Mr Ashley Lachu

**Table 9: Details of ICTOC meetings held**

## 2.7 Qualifications Standards Committee (QSC)

### 2.7.1 Functions and Membership

The QSC is a committee of the Umalusi Council comprising not more than 15 members from different educational backgrounds, with vast knowledge and expertise in areas of curriculum and qualifications for the general and further education and training sector. The committee plays a critical role in supporting and guiding Umalusi to achieve its strategic objectives and fulfil its legislative mandate.

The term of office of the erstwhile committee ended in June 2022 and a new committee was appointed in September 2022. The new committee has 14 members.

### 2.7.2 Achievements

In accordance with the QSC Terms of Reference, the QSC must meet at least three times a year. Only two of the three meetings scheduled for 2022/23 were successfully hosted, one of which was an induction meeting. The transition from the previous

committee to the current one led to the unforeseen cancellation of the first meeting for the 2022/23 financial year. The induction meeting was successfully held in the third quarter of the 2022/23 financial year, where the QSC was apprised of Umalusi's scope of work as a quality council and, in particular, the work of the Qualifications, Curriculum and Certification (QCC) Unit within which the QSC is located. The QSC presided over the finalisation of the Umalusi Policy for the Implementation of the Recognition of Prior Learning (RPL) in the General and Further Education and Training Sub-framework (GFETQSF) and recommended that Umalusi engage the two ministers of education on how best the Umalusi Policy for RPL can be implemented.

The QSC also engaged in various matters relating to the GFETQSF, such as:

- The transfer of the Matriculation Board function from Universities South Africa (USAf) to Umalusi.
- The offering of foreign qualifications in South Africa.
- The phasing out of the NATED N1–N3 programmes.



- d. The online certification application system for replacement certificates.

The QSC continues to apply its expertise to guide Umalusi's mandate to develop and manage the sub-framework of qualifications in general and further education and training. With the eased restrictions on gatherings that were a result of the COVID-19 pandemic, the QSC hopes to have more physical meetings in future.

### 2.7.3 Meetings

Table 10 provides a summary of the QSC meetings and the names of the committee members.

Committee	No. of meetings held	No. of members	Names of members
<b>Qualifications Standards Committee (QSC)</b> 5 <sup>th</sup> Umalusi Council	<b>3</b> <ul style="list-style-type: none"> <li>• 24 June 2022</li> <li>• 07 October 2022</li> <li>• 09 February 2022</li> </ul>	12	1. Mr Duncan Hindle (Chairperson) 2. Mr Hugh Amoore 3. Ms Stella Carthy 4. Ms Anne Oberholzer 5. Mr Mzamo Jacobs 6. Dr Caroline Long 7. Dr Mary Madileng 8. Mr Timothy McBride 9. Dr Jacobus Myburgh 10. Dr Bheki Mahlobo 11. Mr Thomas Lata 12. Mr Craig Pereira
6 <sup>th</sup> Umalusi Council	<b>2</b> <ul style="list-style-type: none"> <li>• 31 October 2022</li> <li>• 02 February 2023</li> </ul>	14	1. Mr Duncan Hindle (Chairperson) 2. Mr Hugh Amoore 3. Mr Timothy McBride 4. Mr Japie Nel 5. Dr Bheki Mahlobo 6. Ms Olivia Mokgatle 7. Mr Thomas Lata 8. Mr Craig Pereira 9. Dr Lucky Maluleke 10. Ms Marié Susan du Toit 11. Mr Jones Moloisane 12. Dr Samkelisiwe Khumalo 13. Dr Carina America 14. Dr Sophy Kodisang

Table 10: Details of QSC meetings held

## 2.8 Research Forum (RF)

### 2.8.1 Functions and Membership

Members serving on the Research Forum provide input and support to Umalusi's Statistical Information and Research Unit. The Forum strengthens the research function in the organisation through support and guidance provided to the Statistical Information and Research Unit, through:

- Acting in an advisory capacity.
- Providing prominent strategic input in research direction.
- Providing a platform for networking with other research organisations.
- Promoting the dissemination of research results through Umalusi's publications and other media.

### 2.8.2 Achievements

The first Research Forum meeting was held on 23 May 2022 when three items were tabled for

discussion. The first item was on appropriate quality assurance models for qualifications; the second was part of the dissemination of the NSC benchmarking report; the third, a presentation on the National Assessment Framework (NAF) for improving schooling outcomes, by the DBE. The second meeting of the 2022/23 financial year was convened on 18 October 2022, as an induction for the new composition of the Research Forum. The meeting apprised the Forum on Umalusi's 5th Council handover report, which constituted both matters from the Assessment Standards Committee and the Research Forum. The third meeting of the Research Forum was a special sitting to review language compensation, held on 31 January 2023.

### 2.8.3 Meetings

Table 11 reflects the dates of the Research Forum meetings and committee member information.

Committee	No. of meetings held	No. of members	Names of members
<b>Research Forum (RF) 5<sup>th</sup> Umalusi Council</b>	<p>1</p> <ul style="list-style-type: none"> <li>• 23 May 2022</li> </ul>	11	<p>1. Prof. R Mampane (Chairperson)</p> <p>2. Dr J Keevy</p> <p>3. Dr H Bolton</p> <p>4. Dr A Saidi</p> <p>5. Prof. A Kanjee</p> <p>6. Prof. M Maphalala</p> <p>7. Prof. V Schoer</p> <p>8. Prof S Vandeyar</p> <p>9. Prof. S Gravett</p> <p>10. Ms T Zondi</p> <p>11. Dr V Reddy</p>
<b>Research Forum (RF) 6<sup>th</sup> Umalusi Council</b>	<p>2</p> <ul style="list-style-type: none"> <li>• 18 October 2022</li> <li>• 31 January 2023</li> </ul>	11	<p>1. Prof. M Metcalfe (Chairperson)</p> <p>2. Prof. S Gravett</p> <p>3. Prof. V Schoer</p> <p>4. Prof. S Vandeyar</p> <p>5. Dr V Reddy</p> <p>6. Prof. M Madiba</p> <p>7. Prof. S Akojee</p> <p>8. Dr M Rankhumise</p> <p>9. Dr H Bolton</p> <p>10. Dr M Mohale</p> <p>9. Mr M MacFarlane</p> <p>10. Dr S Rapeta</p> <p>11. Mr T Khorombi</p>

**Table 11: Dates of Research Forum meetings**

### 3 RISK MANAGEMENT

Umalusi has an approved risk management policy that outlines risk management processes and sets risk tolerance and appetite for the organisation. The risk strategy for Umalusi provides for the involvement of all staff across the organisation, facilitated through risk coordinators in business units. The risk strategy follows an enterprise-wide risk management (ERM) approach to align processes, people, technology and knowledge, allowing for proper risk analyses, evaluation and management of possible vulnerabilities likely to face the organisation. At the beginning of the 2022/23 financial year Umalusi identified all significant risks that could, potentially, negatively affect the achievement of set strategic objectives and disrupt operations. The process prioritised actions to be implemented for active management of risk and effective decision-making.

Umalusi has an established Risk Management Committee (RMC), comprised of executives and senior management. The committee is scheduled to meet at least four times in the financial year. This committee thus met on four occasions during the 2022/23 financial year to review the risk register and

progress made in implementing planned actions.

The Audit and Risk Committee (ARC) performed the oversight responsibilities of monitoring the risk management process by reviewing management reports on risks on a quarterly basis. No material losses occurred during the period under review.

Umalusi's risk management is comprised of four steps: identification, assessment and analysis, monitoring and reporting. Vulnerabilities likely to cause reputational risk are managed at the Office of the Chief Executive Officer (OCEO). Each unit has a risk champion who assists with identifying emerging risks, facilitates integration of risk and monitors identified vulnerabilities on a daily basis.

In the 2022/23 financial year the risk register was monitored each quarter. Umalusi assessed the likelihood of risks and levels of impact. These were measured against the mitigating strategies to track progress in addressing individual risks. The management of risks has resulted in organisations achieving an unqualified audit opinion.

### 4 INTERNAL CONTROL UNIT

The organisation does not have a separate internal control unit, given its size. Each business unit (programme) is responsible for the proper functioning of internal controls. The organisation's system of internal controls is designed to be adequate and effective to achieve good performance. The controls also ensure that proper financial records, which are complete, accurate, reliable and verifiable, are maintained.

The internal controls are further strengthened by approved policies that are reviewed regularly, taking into consideration recommendations from auditors, changes in the legislative environment and identified risks.

Policies and procedures are communicated to staff and are constantly updated to correspond

with the ever-changing environment. Monitoring of internal controls takes place daily and is reported to executive management monthly, through meetings of the OCEO.

Internal controls are reviewed independently by the appointed internal auditors, a function outsourced to O.M.A. Chartered Accountants Incorporated, who report to the ARC. During the year under review, the internal auditors conducted all planned audits, in line with the approved audit plan and as per the approved Three-Year Rolling Plan. All audit findings were reported to the ARC and management took corrective action as recommended by the auditors.

## 5 INTERNAL AUDIT AND AUDIT COMMITTEES

The function of internal audit is outsourced to O.M.A. Chartered Accountants Incorporated. This is due to the nature and size of Umalusi. The Council does not consider it economical to establish an in-house internal audit function. OMA report functionally to the ARC and administratively to the CEO. Internal auditors are given unrestricted access to Umalusi's financial records and performance information. The internal auditors developed a Three-Year Rolling Plan, with inputs from management.

The ARC is responsible for monitoring the internal audit function and evaluating the effectiveness of internal controls. It also recommends improvements to the Council, as appropriate. All internal audit work conducted during the year was in line with the approved Internal Audit Plan. The role of the ARC is to provide independent assurance and assistance to Council on control, governance and risk management. This

committee does not assume any management responsibilities or perform any management function; it makes decisions on matters within the scope of its responsibilities and presents such decisions to the Council for ratification. The ARC is tasked with assisting the Council in discharging its duties related to:

- the safeguarding of assets;
- Council's compliance with legal and regulatory requirements;
- the external auditors' independence and the performance of the entity's internal and external auditor functions;
- recommending approval of accurate financial statements and ensuring compliance with all applicable legal requirements and accounting standards; and
- overseeing the quality, integrity and reliability of Umalusi's risk management.





Name	Qualifications	Internal or external	Date appointed	Date resigned	No. of meetings attended
Mr P Benade	BCom; National Diploma (State Accounting and Finance)	External	22 September 2022 01 September 2018	N/A	5 of 5
Mr NT Johnstone (Council Member)	BSc Physiology	External	22 September 2022 01 September 2018	N/A	5 of 5
Adv WJ Lubbe	Bachelor of Law; LLB; Postgraduate Diploma in Compliance	External	22 September 2022 01 September 2018	N/A	5 of 5
Mr P Khunou (CFO at DBE)	BCom (Accounting); Senior Leadership Development Programme	External	22 September 2022 01 September 2018	N/A	4 of 5
Mr MS Mtshali	National Diploma, Commercial Administration Executive Management Programme	External	01 September 2018	01 July 2022	1 of 3
Ms D Daile	BCom (Computer Science); Master's Degree in Business Leadership	External	01 September 2018	01 July 2022	3 of 3
Mr VG Magan	CA(SA), Master's Degree in Business Leadership	External	22 September 2022	N/A	2 of 2
Ms MM Phiri	CA(SA)	External	22 September 2022	N/A	2 of 2
Adv A Chowan	LLB (Cum laude); CA(SA)	External	22 September 2022	N/A	1 of 2
Dr L Mphahlele-Ntsasa	PhD: Leadership (Strategic Management Framework for Intragovernmental Collaborations)	External	22 September 2022	N/A	1 of 2

## 6 COMPLIANCE WITH LAWS AND REGULATIONS

A compliance checklist has been developed and is updated each quarter. Policy is developed in consideration of the legislative environment, to ensure compliance with laws and regulations. Umalusi reports, quarterly, to the Department of Basic Education (DBE) and National Treasury on its compliance with laws and regulations, according

to a prescribed compliance checklist. It also provides confirmation to the ARC and the Council on its compliance. Additionally, during the year under review the external and internal auditors tested compliance with laws and regulations. The instances of non-compliance were reported to management and the ARC.

## 7 FRAUD AND CORRUPTION

Umalusi has established a fraud and ethics hotline number as a platform for internal and external stakeholders to report alleged incidents of fraud related to the work and mandate of the organisation. The organisation is currently using the following anti-fraud hotline number: 0800 408 409 and email address: [umalusi@whistleblowing.org.za](mailto:umalusi@whistleblowing.org.za). In the work of Umalusi, typical anti-corruption

reports include, but are not exclusive to, examination irregularities, the use of fraudulent certificates and institutions operating without accreditation, among others. During the reporting period the organisation received eight such complaints, which were processed through established channels in the organisation.

## 8 MINIMISING CONFLICT OF INTEREST

The organisation appoints bid committees on an ad-hoc basis, owing to capacity constraints. Bid committee members are required to declare any potential conflict of interest at each committee meeting. This is recorded in the minutes and each member is required to complete a declaration form. Members with significant conflicts, whether real or perceived, must be recused and may not make decisions on such matters.

Umalusi continues to enforce the minimisation of conflicts of interest among Council and staff members. At all meetings, Council and staff members are required to declare conflicts of interest; they are also encouraged to avoid any material conflict between their own interests and the interests of the Council. In particular, they should:

- not derive any personal economic benefit to which they are not entitled; and
- notify the Council at the earliest possible opportunity of the nature and extent of any direct or indirect material conflict of interest they may have in any dealings with the Council.

Should staff, a member of Council or a Council committee member foresee a conflict of interest during a meeting, this individual should not participate in any decision-making process that might affect his or her personal interests.

The member of Council or Council committee must recuse himself or herself from further deliberations and the Council or committee must take a decision that furthers the interests of the Council or committee. The recusal must be recorded. No material conflict of interest was reported during the financial year under review.

## 9 CODE OF CONDUCT

Employees are required to sign a Code of Conduct that sets rules as to how they should behave in the work environment. The Council and employees are required to observe the highest ethical standards to ensure that business practices are conducted in a manner that is beyond reproach. These principles are incorporated in the approved and

implemented Code of Ethics. This code provides clear guidelines for the behaviour of all employees at all levels. Management continuously ensures that employees abide by the Code of Ethics and the values espoused in the entity's Strategic Plan. No violations of the Code of Conduct were reported during the year.

## 10 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Umalusi regards the health and safety of its employees and people affected by the entity's operations to be of vital importance. The primary objective is to achieve and maintain the highest practical levels of health and safety control; a working environment that is safe and without risk to the health of its employees. In ensuring a safe and healthy working environment, Umalusi works with employees' representatives and other stakeholders in an appropriate forum to develop programmes and guidelines that provide for the health and safety of all stakeholders as far as reasonably practicable.

### Environmental Sustainability

In making sure that Umalusi complies with other environmental aspects, efforts have been made to make sure that we keep our environment as sustainable as possible. The following is in place:

- recycling of all used paper; • recycling of all printing consumables;
- solar geyser at the refurbished Thuto-Mfundo Building;
- making sure all electrical appliances are switched off at the end of the business day; and
- encouraging staff to be paperless.

### Health and Safety Committee

The CEO has appointed individual employees to form part of the Health and Safety Committee. This committee consists of 14 members (safety representatives, first aiders and firefighters). Their responsibilities include, among others, the following:

- identify potential hazards that may be present while work is being done, something is being produced, processed, used, stored or transported, and any equipment is being used;
- establish the precautionary measures that are necessary to protect his or her workers against the identified hazards and provide the means to implement these precautionary measures;
- provide the necessary information, instructions, training and supervision while keeping the extent of workers' competence in mind. In other words, what they may do and may not do;
- not permit anyone to carry on with any task unless the necessary precautionary measures have been taken;
- take steps to ensure that every person under his or her control complies with the requirements of the Act; and
- enforce the necessary control measures in the interests of health and safety.



## 11 AUDIT AND RISK COMMITTEE (ARC) REPORT

The ARC is pleased to present its report for the financial year ending 31 March 2023.

### Terms of Reference

The committee adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all of its responsibilities as contained therein. The Council has approved the charter.

### Role and Responsibilities

#### Statutory Duties

The committee's role and responsibilities include the statutory duties set out in sections 76(4) (d) and 77 of the Public Finance Management Act (PFMA) 1999; sections 3.1 and 27.1 of the Treasury Regulations issued in terms of that Act; and further responsibilities assigned to it by the Council. The committee also executed its duties in terms of the requirements of the applicable King Code on Corporate Governance.

#### External Audit

The external auditor is RAI<sup>n</sup> Chartered Accountants. The committee, in consultation with executive management, agreed to the engagement letter, audit plan and budgeted audit fees for the 2022/23 financial year. RAI<sup>n</sup> Chartered Accountants was not requested to provide any non-audit services.

#### Evaluation of Annual Financial Statements

The ARC has:

- reviewed and discussed the audited Annual Financial Statements included in the annual report with the approved external auditor, RAI<sup>n</sup> Chartered Accountants;
- reviewed the external auditor's management report and management's response to it;
- reviewed changes in accounting policies and practices;
- reviewed the entity's compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The ARC concurs with and accepts the auditor's report on the Annual Financial Statements and believes that the audited Annual Financial Statements should be accepted and read together with the external auditor's report. The committee raised concerns about a lack of compliance with the legislative requirements regarding material adjustments to the Annual Financial Statements and the reporting requirements of Generally Recognised Accounting Practice (GRAP). The committee has also taken note of possible fruitless and wasteful expenditure identified by the external auditors on the previous joint venture refurbishment contract. Management will investigate and report on this during the 2023/24 financial year.

### The Effectiveness of Internal Control

The system of internal controls applied by Umalusi over financial and risk management is effective, efficient and transparent. In line with the PFMA and the applicable King Code on Corporate Governance requirements, the internal audit function assures the ARC and management that the internal controls are appropriate and effective in most areas, but some improvements are required. This is achieved through the risk management process and the identification of corrective actions and suggested enhancements to controls and procedures. From the reports of the internal auditors, the audit report on the Annual Financial Statements, and the management report of the external auditor, RAI<sup>n</sup> Chartered Accountants, it was noted that material adjustments were made to the Annual Financial Statements, resulting in an unqualified audit opinion.

External and internal audits identified some weaknesses during the past financial year, which were reported to the ARC. These items were added to the Audit Action Plan for continuous follow up by executive management and internal audit, as part of their regular fieldwork. The committee also considered the risk register and ensured that this informed the Internal Audit Plan. Ongoing monitoring of progress against the risk register was conducted quarterly.

Accordingly, the committee can report that the system of internal controls over financial reporting for the period under review was efficient and effective in most instances.

### Duties Assigned by the Council

In addition to the statutory duties of the committee, as reported above, the Council determined additional functions for the committee to be performed, as set out in the committee's charter. They include the following:

#### Combined Assurance

The committee ensured that a combined assurance model was applied. The combined assurance received is appropriate to address all the significant risks facing the entity and is in line with the applicable King Code on Corporate Governance.

#### Governance of Risk

The Council assigned oversight of the risk management function to the committee. The ARC reviewed the risk management process, the effectiveness of risk management activities, the entity's key risks and its responses to address these. The committee is satisfied that it fulfilled its oversight role regarding financial reporting risks, internal financial controls and fraud and information technology risks related to financial reporting.





### Internal Audit

The committee ensured that the internal audit function performed by O.M.A. Chartered Accountants Incorporated was independent and had the necessary resources, standing and authority to enable it to discharge its duties. Furthermore, the committee oversaw cooperation between the internal and external auditors and served as the link between the Council and these functions.

The internal auditor reported to the committee. The internal audit function reviewed and provided assurance on the adequacy of the internal control environment across all of Umalusi's operations. The head of the internal audit team had direct access to the committee through its chairperson.

The committee assessed and is satisfied with the performance of the internal audit function in the last financial year.

### Evaluation of the Expertise and Experience of the Chief Financial Officer and Finance Function

The committee satisfied itself that the Chief Financial Officer had appropriate expertise and experience.

The committee satisfied itself with the appropriateness of the finance function's expertise and adequacy of resources and the experience of the senior members of management responsible for the finance function, despite several vacancies within the Finance and Supply Chain Management Unit.

**Mr P Benade**

Chairperson of the Audit and Risk Committee  
Umalusi  
11 August 2023

## 12 BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) COMPLIANCE PERFORMANCE INFORMATION

Relevant Code of Good Practice (B-BBEE certificate levels 1–8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	N/A
Developing and implementing a preferential procurement policy?	Yes	This forms part of Supply Chain Management (SCM) Policy. Procurement of goods and services is done in accordance with the policy.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	N/A
Developing criteria for entering into partnerships with the private sector?	N/A	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	N/A	N/A



**Anniversary**

Two Decades of Education  
Guardianship 2002 – 2022



# Part

Human Resource  
Management



# D



## 1 INTRODUCTION

The Human Capital Management (HCM) sub-programme is the strategic business partner that renders significant, efficient and effective general human capital administration processes in the organisation. Its primary function is to strengthen governance by implementing organisational policies that ensure the smooth administration of processes and procedures of human capital life cycle activities, to attract talented employees and to reinforce the employee retention strategies of the organisation. In addition, it endeavours to maintain the vacancy rate below 10% to enable the organisation to achieve its mandate. The sub-programme also maintains excellent customer relations with all its internal stakeholders regarding its services.

### **HCM priorities for the year under review and the impact of these priorities**

The sub-programme has an approved operational plan from which key performance areas are outlined. These include, inter-alia, the following activities, which are laid out as its operational priorities:

#### **(i) Maintain the vacancy rate below 10%**

The HCM sub-programme, as the business partner and support unit, has human capital planning strategies in place to expedite the filling of vacancies to ensure business continuity and achievement of the organisational mandate.

#### **(ii) Strengthen HCM governance**

To effectively strengthen HCM governance, the sub-programme constantly reviews and implements HCM policies that ensure all employees are treated equitably, fairly and transparently; that its policies comply with the current legislative framework and current HCM practices. This is done by presenting the HCM policies and standard operational procedure documents to the Policy Advisory Forum (PAF) to deliberate and make inputs on these policies.

#### **(iii) Transformation awareness/ policy advocacy**

The HCM sub-programme periodically conducts HCM policy advocacy on approved policies, by workshopping with its stakeholders. It also publishes policy extracts, by issuing various snippets during the financial year to keep Umalusi's employees informed on the HCM-related policies. The sub-programme, further, arranges informative talks that address various psychosocial aspects that benefit all employees.

#### **(iv) Implementation of the employee induction programme**

During the period under review HCM conducted two full-scale induction programmes to ensure that all new employees were integrating well within the organisation, thus ensuring that their job

commitment and satisfaction increased. The programmes also ensure that employees are well-versed in the organisational structure, mandate and culture, as well as applicable policies and conditions of service.

#### **(v) Implementation of training and development**

The purpose of implementing training and development is to enhance employees' skills and knowledge and their proficiency in performance outputs. During the period under review the organisation implemented 93% of its approved planned Training Plan for the financial year 2022/2023. Eighteen financial assistance applications for qualifying employees to study various programmes were processed, from undergraduate to postgraduate programmes. The organisation has a return-on-investment mechanism in place, in that every employee who is offered training is required to remain with the organisation for a specified period and must pay back a pro-rata amount should the employee leave the organisation within 12 months of receiving training. Similarly, when an employee has benefited from the financial study assistance programme, a payback clause applies to resignation. This is also used as an employee retention strategy.

#### **(vi) Implementation of employment equity plan**

Umalusi is the designated employer in terms of the Employment Equity Act No. 55 of 1998; as a result, it has a five-year Employment Equity (EE) Plan (2022 to 2025). The Chief Executive Officer appoints the Employment Equity and Training Committee (EETC) on a two-year interval to monitor the plan's implementation. The current term of the EETC has ended and a new committee will be appointed for the remaining term of the EE Plan.

#### **(vii) Implementation of the approved file plan**

The sub-programme obtained file plan approval from the National Archives and Records Service of South Africa (NARSSA) towards the end of the financial year 2022/2023. This will ensure that the organisation's filing of documents is maintained and destroyed in compliance with the organisation's Records and Information Management Policy, as well as the relevant records management legislative framework. The sub-programme has embarked on reviewing personnel files and is planning to convert all manual files into electronic files. It will constantly conduct a self-file audit and plans to appoint a new service provider for external storage of the organisation's confidential documents. The sub-programme will also initiate document clean-up operations and destroy old records from the various sub-programmes, to create a working environment free from hazards and clutter and to instil a conducive work environment.



**(viii) Compliance with legislation**

During the financial year 2022/2023, the sub-programme implemented compliance with the requirements of the Protection of Personal Information (POPI) Act 4 of 2013, by issuing consent forms to be completed by all Umalusi staff, Council

members and all Council committee members, for processing personal information. The HCM sub-programme will continue to align all its processes and practices in compliance with applicable legislation that governs HCM services.

## **2 WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE**

During the financial year under review the sub-programme maintained the vacancy rate at under 10%. This was achieved due to collaborative efforts and effective business partnering with line managers and the support of executive management. Management promoted several employees to management positions, such as the Assistant Manager: Quality Assurance and Assessment, to the Manager: Standardisation and Resulting, and made a lateral transfer of a Senior Manager from the SIR Unit to the Public Relations and Communications Unit. The promotions served to strengthen the organisation's service delivery and offer internal employees promotional opportunities. Several employees have been appointed to act in vacant senior positions, to promote transfer of skills and to prepare employees to take on the responsibilities of more senior roles.

Several surveys, such as an age analysis of the Umalusi workforce and exit interviews of all employees who resigned, were conducted. These enabled management to assess the workforce it has and implement retention strategies of employees with institutional knowledge.

An analysis of the results revealed that certain programmes were experiencing high workloads, resulting in a high labour turnover. To resolve this challenge, the Council approved 12 new positions during the fourth quarter of the 2022/2023 financial year. This increased the human capital capacity from 138 to 150 positions, with effect from 1 April 2023. This was done to achieve the organisational mandate effectively and efficiently and to address the increased workloads resulting from the high level of resignations.

## **3 EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK**

Umalusi, as a quality assurance council, has a solid culture of setting and maintaining high-performance standards. This is achieved through rigorous implementation of the performance management and development system (PMDS). The effective implementation of PMDS is linked to continuous performance planning, performance reviews, transparent and frank performance feedback to employees and rewarding outstanding and satisfactory performance outputs. These contribute towards achieving the organisation's mandate.

The organisation has procured a service provider to help the organisation implement an online PMDS in the financial year 2023/2024. This automated online system will replace the manual performance assessment mechanism. It will be efficient, save time for employees and their line managers and give them enough time to focus on the organisation's mandate.

## 4 EMPLOYEE WELLNESS PROGRAMMES

During the financial year under review the organisation appointed a new employee wellness service provider for a programme for Umalusi's employees and their immediate families. The programme addressed psychosocial challenges, including but not limited to financial, emotional and family challenges that might impact

employees' performance and to enhance their well-being.

Two employee Wellness Days were also arranged during this reporting period for all employees, which allowed staff to focus on their mental and physical well-being.

## 5 POLICY DEVELOPMENT

The HCM sub-programme periodically reviews and develops HCM policies to ensure they align with the legislative framework and current HCM practices and trends. The sub-programme also ensures that HCM policies are consistently applied to ensure that all employees of Umalusi are treated fairly and equitably.

The HCM policy register was reviewed and updated on the policies' life cycles in the previous financial year. In the same period, the Council approved the following reviewed policies: Recruitment; Leave; and PMDS. Implementing these policies will enable the organisation to provide better working conditions and promotional opportunities.

## 6 ACHIEVEMENTS

The implementation of the EE Plan is in progress and four EETC meetings were conducted. The Employment Equity report was successfully and timeously submitted to the Department of Labour and Employment during this period. This makes the organisation fully compliant with the Employment Equity Act.

A larger percentage of the approved training interventions in the approved Training Plan for the financial year 2022/ 2023 were successfully implemented, to upskill Umalusi's employees.

Two Wellness Days were successfully conducted. Health risk assessments were conducted for Umalusi's employees and included neck and shoulder massages in both sessions. This was a way in which the employer displayed its care for employee well-being.

Umalusi's organogram was reviewed and approved by executive management. It featured the restructuring of several positions and integrated 12 additional positions, which Council approved with effect from 1 April 2023.

Recruitment, leave and PMDS policies were reviewed and approved by Council. The approval of the Recruitment Policy provides for the efficient filling of vacant positions; the Leave Policy provides for the efficient administration of leave transactions; and the PMDS Policy provides for envisaged better performance awards, which will encourage high-performing employees.

Four surveys were conducted and the recommendations were seriously considered by management. An analysis of the ageing workforce, exit interviews, PMDS feedback and Wellness Day satisfaction surveys were conducted, using SurveyMonkey. Such surveys provide management with an opportunity to receive feedback on their initiatives to provide conducive working conditions.

Approval of Umalusi's file plan by NARSSA. This will enable the sub-programme to destroy old documents and create a hazard-free working environment.

## 7 CHALLENGES

**High workload:** The Council has approved 12 additional positions to address this challenge, as of 1 April 2023, and it is envisaged that they will be filled during the 2023/2024 financial year. A review will then also be done on the impact made.

**Insufficient funding from the Department of Basic Education:** Umalusi has a lean organisational structure, which makes it hard to expand according to its mandate, given inadequate funding to maintain the salary bill to hire and retain employees.

**High labour turnover:** The organisation has an approved Retention Policy in place, it conducts

exit interviews and compiles a report for management's consideration. Resigning employees also provide a Hat Write-up to ensure that institutional memory is maintained. Management is committed to addressing this problem by improving the conditions of service as far as possible, based on available funding.

**The ageing workforce:** The workforce of Umalusi is ageing; it is therefore required that the organisation implements succession plans to fill critical positions. These would require helping to prepare employees nearing retirement to 'hand over the reins'.

## 8 FURTHER HCM PLANS / GOALS

To keep the vacancy rate as low as possible (less than 10%); to implement an online recruitment system, including the job application form, to improve the turnaround time to fill vacant positions.

Implementing the online PMDS to automate the performance contracting and assessment. This will free up much administrative time for both employees and their line managers.

The digitalisation of all personnel files in line with environmental regulations and to achieve a paperless filing process.

Destroying old and unused documents, which are taking up workspace.

Filling the approved organisational structure of the organisation and implement the retention strategy.

Implementing an effective and efficient HCM and payroll system, which will enable efficient payroll and other HCM transactions.

Appointing a panel of accredited training providers to deliver on the training needs of the organisation. This will assist with implementing the approved Training Plan to meet required training interventions at the right time.

## 9 HUMAN RESOURCE OVERSIGHT STATISTICS

**Personnel-related expenditure:** The following tables (1-4) provide a summary of the final audited personnel-related expenditure by programme and salary band.

Table 1 indicates the amount spent on salaries, performance rewards and training:



Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Programme 1: Administration	69,177	36,861	19,5%	54	723
Programme 2: Qualifications and Research	33,876	17,472	9,3%	24	728
Programme 3: Quality Assurance and Monitoring	85,726	32,725	17,3%	52	629
<b>Total</b>	<b>188,779</b>	<b>87,058</b>	<b>46,1%</b>	<b>130</b>	<b>670</b>

**Table 1: Personnel cost by programme**

Salary band	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	8,136	9,3%	4	2,034
Senior Management	11,794	13,5%	11	1,072
Professional qualified	41,952	48,2%	48	874
Skilled	6,152	7,1%	16	385
Semi-skilled	17,678	20,3%	45	393
Unskilled	1,346	1,6%	6	244
<b>TOTAL</b>	<b>87,058</b>	<b>100%</b>	<b>130</b>	<b>670</b>

**Table 2: Personnel cost by salary band**

\*The total number of staff in Tables 1 and 2 differ as senior managers resigned and new ones started within the same financial year.

Salary band	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top Management	307	8,136	0,3%
Senior Management	416	11,794	0,5%
Professional qualified	1,023	41,952	1,2%
Skilled	189	6,152	0,2%
Semi-skilled	351	17,678	0,4%
Unskilled	19	1,346	0,0%
<b>TOTAL</b>	<b>2,305</b>	<b>87,058</b>	<b>2,6%</b>

**Table 3: Performance rewards**

Programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Avg training cost per employee
Programme 1: Administration	36,861	394	0,5%	58	6,793
Programme 2: Qualifications and Research	17,472	126	0,1%	29	4,345
Programme 3: Quality Assurance and Monitoring	32,725	225	0,3%	40	5,625
<b>TOTAL</b>	<b>87,058</b>	<b>745</b>	<b>0,9%</b>	<b>127</b>	<b>5,866</b>

**Table 4: Training costs**

Number of employees per programme

Programme	2022/2023 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Programme 1: Administration	59	63	59	4	6,3%
Programme 2: Qualifications and Research	29	30	29	1	3,3%
Programme 3: Quality Assurance and Monitoring	40	45	40	5	11,1%

**Table 5: Employment and vacancies**

Salary band	2022/2023 No. of employees	2022/2023 Approved posts	2022/2023 No. of employees	2022/2023 Vacancies	% of vacancies
Top Management	4	4	4	-	0,0%
Senior Management	9	10	9	1	10,0%
Professional qualified	48	56	48	8	5,8%
Skilled	16	16	16	-	0,0%
Semi-skilled	45	46	45	1	2,2%
Unskilled	6	6	6	-	0,0%
<b>TOTAL</b>	<b>128</b>	<b>138</b>	<b>128</b>	<b>10</b>	<b>7,2%</b>

**Table 6: Total number of employees against the vacancy rate**

The filling of senior management positions was problematic in that three internal positions were filled by internal promotions, while two other senior posts were re-advertised, with reviewed job requirements to increase the pool of suitable candidates. In the interim, management

appointed internal personnel to act in these positions, to ensure that the responsibilities in the vacant positions were maintained. This provided the selected employees with skills, experience and on-the-job training opportunities.



Salary band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top Management	4	-	-	4
Senior Management	10	2	2	10
Professional qualified	59	11	13	57
Skilled	16	1	4	13
Semi-skilled	35	9	6	38
Unskilled	6	-	-	6
<b>Total</b>	<b>130</b>	<b>23</b>	<b>25</b>	<b>128</b>

**Table 7: Employment changes**

Umalusi's vacancy rate was kept below 10% and although there were several employee resignations, management was able to fill the

vacant positions with either acting appointments or fixed-term contract appointments to carry out the responsibilities in these positions.

Reason	Number	% of total no. of staff leaving
Death	-	0,0%
Resignation	25	18,1%
Dismissal	-	0,0%
Retirement	-	0,7%
Ill-health	-	0,0%
Expiry of contract	4	2,8%
Other	-	0,0%
<b>Total</b>	<b>29</b>	<b>20,4%</b>

**Table 8: Reasons for staff leaving**

In its exit interview report, the HCM sub-programme reflected that most employees leave Umalusi for promotional positions, mainly in the public sector, with a handful to the private sector and institutions

of higher learning. Management appoints internal staff members, in an acting capacity, to the vacated positions.

Nature of disciplinary action	Number
Verbal warning	-
Written warning	1
Final written warning	-
Dismissal	-
<b>Total</b>	<b>1</b>

**Table 9: Labour relations: misconduct and disciplinary action**

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	-	-	-	-	-	1	-
Senior Management	3	2	-	-	-	-	-	-
Professional qualified	26	-	-	-	1	1	4	-
Skilled	3	-	-	1	-	-	-	-
Semi-skilled	12	-	-	-	-	-	-	-
Unskilled	3	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>49</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>-</b>

Table 10: Equity targets and employment equity status: males

Umalusi's employment equity target is directed towards male employees, as there are fewer male

than female employees. The other target is people living with disabilities.

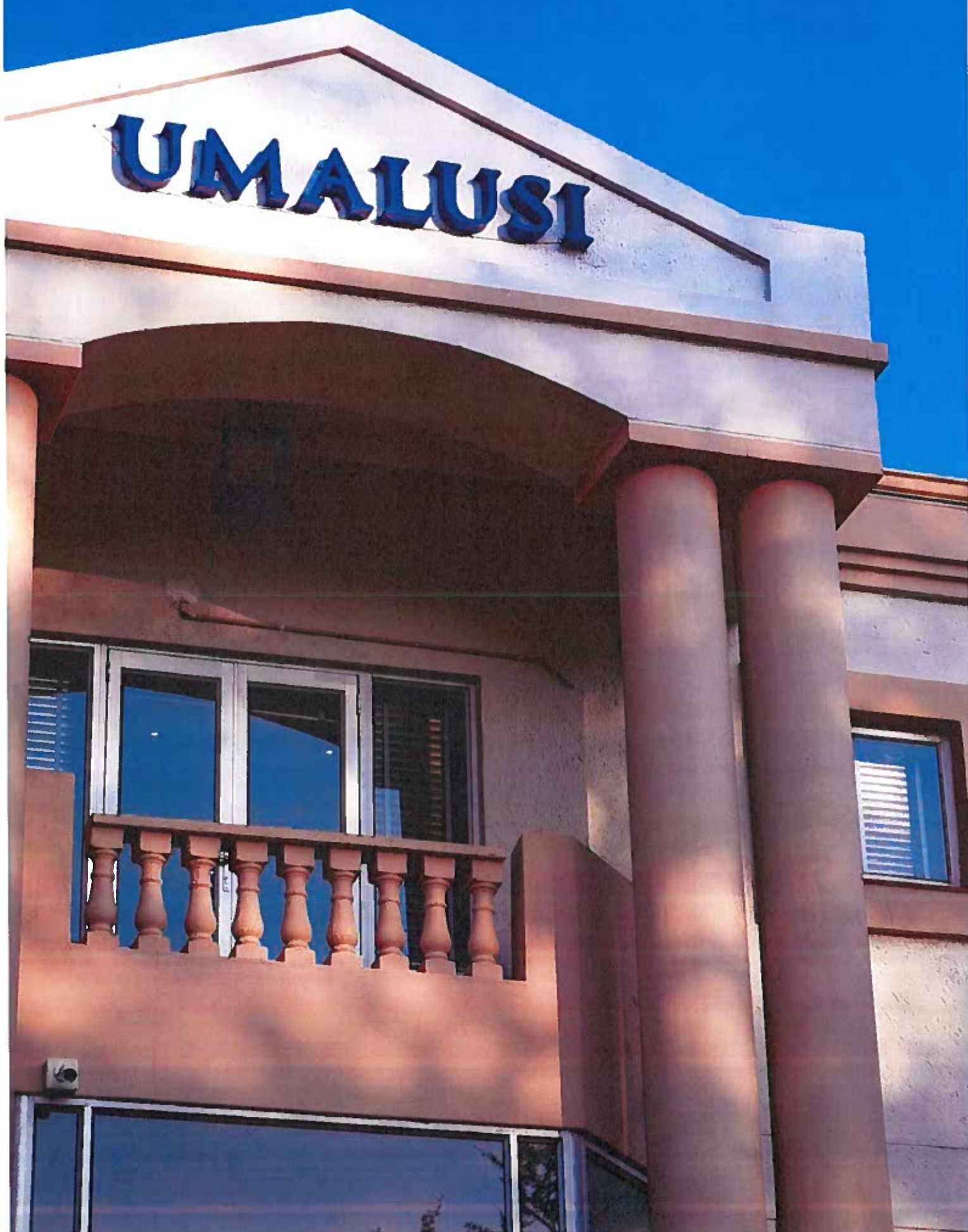
Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	1	-	-	-	-	-
Senior Management	4	-	-	-	-	-	1	-
Professional qualified	21	-	-	-	1	-	3	-
Skilled	7	-	-	-	2	-	1	-
Semi-skilled	24	-	1	-	1	-	1	-
Unskilled	3	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>60</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>6</b>	<b>-</b>

Table 11: Equity targets and employment equity status: females

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	-	-	-	1
Skilled	-	-	-	-
Semi-skilled	-	1	-	-
Unskilled	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>

Table 12: Equity targets and employment equity status: people living with disabilities

UMALUSI








# Part

Financial Report



# E

## Independent auditor's report to the Parliament on Umalusi trading as Council for Quality Assurance in General and Further Education and Training

### Report on the audit of the financial statements

#### Opinion

1. We have audited the financial statements of the Council for Quality Assurance in General and Further Education and Training (Umalusi) set out on pages 96 to 128, 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 the 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 our opinion, the financial statements present fairly, in all material respects, the financial position of Umalusi as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practise (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the entity in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*.

**RAiN Chartered Accountants Inc.**

Registration number : 2000/023955/21

Director Ian Pierce

P O Box 1006 Saxonwold Johannesburg South Africa 2132

34 Fricker Road Illovo Johannesburg South Africa 2196

Tel +27 (0)11 243 5031 [www.rain.org.za](http://www.rain.org.za) [info@rain.org.za](mailto:info@rain.org.za)



## Responsibilities of the accounting authority for the financial statements

5. The accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA 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.
6. In preparing the financial statements, the accounting authority is responsible for assessing the auditee's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the auditee or to cease operations, or has no realistic alternative but to do so.

## Responsibilities of the auditor for the audit of the financial statements

7. Our 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 our 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.
8. A further description of our 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

9. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we 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.
10. We selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected a programme that measures the auditee's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Quality assurance and monitoring	37 - 45	The purpose of the programme is to ensure that the providers of education and training have the capacity to deliver and assess qualifications registered on the GFETQSF and are doing so to the expected standards and quality.

11. We evaluated the reported performance information for the selected programme 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 auditee's planning and delivery on its mandate and objectives.
12. We performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the auditee's mandate and the achievement of its planned objectives
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
13. We performed the procedures for the purpose of reporting material findings only; and not express an assurance opinion/conclusion.
14. We did not identify any material findings on the reported performance information of the quality and assurance monitoring subject matter.

#### **Other matter**

15. We draw attention to the matter below.

#### **Achievement of planned targets**

16. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.

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

17. In accordance with the PAA and the general notice issued in terms thereof, we 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 auditee's compliance with legislation.

18. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
19. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the auditee, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
20. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

#### **Annual financial statements**

21. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA.

Material misstatements of non-current assets, expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Other information**


22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
23. Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
24. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

## Internal control deficiencies

26. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
27. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the material findings on compliance with legislation included in this report.
28. Matters to be reported:
- Material misstatements were identified in the financial statements, which can be attributed to a breakdown in controls to ensure that the financial statements agree to the underlying supporting registers and comply with the requirements of the relevant GRAP standards.

## Auditor tenure

29. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that RAIN Chartered Accountants has been the auditor of Umalusi for three years. (Financial years 2020/21, 2021/22 and 2022/23)



**RAIN Chartered Accountants Incorporated**  
**Chartered Accountants (SA)**  
**Registered Auditor**  
**Per: I.E. Pierce**  
**Johannesburg**  
**11 August 2023**

## **Annexure to the auditor's report**

The annexure includes the following:

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

### **Auditor's responsibility for the audit**

#### **Professional judgement and professional scepticism**

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

#### **Financial statements**

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we 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 our 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 auditee'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. We 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 auditee to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a auditee 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

We 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 we identify during our audit.

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

## Compliance with legislation – selected legislative requirements

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.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 55(1)(a); 55(1)(b); 55(1)(c)(i); Section 56(1); 56(2); Section 57(b); Section 66(3)(c'); 66(5)
Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act.	Section 2.1(a); 2.1(b); 2.1(f)
Practice note 7 of 2009/10	Paragraph 4.1.2
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 8.2.1; 8.2.2 Regulation 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c ); 16A6.3(d); 16A 6.3(e ); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.2 (1) and (2); 16A 8.3; 16A8.3(d); 16A 8.4; 16A9; 16A9.1 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e ); 16A9.1(f); 16A9.2; 16A 9.2(a)(ii); 16A9.2(a)(ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c); 31.2.5; 31.2.7(a) Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Regulation 33.1.1; 33.1.3
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT instruction note 4 of 2015/16	Paragraph 3.4
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); 3.9

Legislation	Sections or regulations
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
NT SCM Instruction Note 03 2021/22	Paragraph 4.3; 4.4 (a); 4.4(c); 4.4(d) Paragraph 5.4
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
NT instruction note 1 of 2021/22	Paragraph 4.1
Erratum NTI 5 of 2020/21	Paragraph 1 Paragraph 2
Public service regulation	Public service regulation 18; 18 (1) and (2);
PRECCA	Section 34(1)
CIDB Act	Section 18(1)
CIDB Regulations	CIDB regulation 17 & 25(7A)

## Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

### Councils' Responsibilities and Approval

---

The Council is required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and is responsible for the content and integrity of the audited Annual Financial Statements and related financial information included in this report. It is the responsibility of the Council to ensure that the audited Annual Financial Statements fairly present the state of affairs of the entity 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 audited Annual Financial Statements and were given unrestricted access to all financial records and related data.

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

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

The Council acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council 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 audited Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Council has reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity depends mostly on the Department of Basic Education for continued funding of operations. The audited Annual Financial Statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Council is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's audited Annual Financial Statements. The audited Annual Financial Statements have been examined by the entity's external auditors and their report is presented on pages 96 to 128.

The audited Annual Financial Statements set out on pages 96 to 128, which have been prepared on a going concern basis, were approved by the Council on 11 August 2023 and were signed on its behalf by



Dr MS Rakometsi (CEO Umalusi)



Prof Y Ballim (Chairperson)



# Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

## Report of the Council

---

The Council submits its report for the year ended 31 March 2023.

### 1. Incorporation

Umalusi is listed as a national public entity in terms of Schedule 3A of the Public Finance Management Act (PFMA) of 1999, as amended. Umalusi was established in accordance with the General And Further Education and Training Quality Assurance Act (GENFETQA) of 2001.

### 2. Review of activities

#### Main business and operations

Umalusi, Council for Quality Assurance in General and Further Education and Training, is the quality council, identified by the National Qualifications Framework Act, Act 67 of 2008, responsible for the management of the General and Further Education and Training Qualifications Sub-framework of the National Qualifications Framework (NQF). The Council acts as an external and independent assurance body, mandated to set and maintain standards in general and further education and training through the development of the General and Further Education and Training Qualifications Sub-framework of the NQF.

The operating results and state of affairs of the entity are fully set out in the attached audited Annual Financial Statements and do not in our opinion require any further comment.

The net surplus of the entity was R 9 026 277 (2022: surplus R 8 566 699).

### 3. Going concern

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

The ability of the entity to continue as a going concern is dependent on it receiving a statutory grant. At the time of the approval of these Annual Financial Statements, in the Medium-Term Expenditure Framework published by National Treasury, the Department of Basic Education had committed to funding the entity for the period 2023/24 to 2025/26.

### 4. Subsequent events

The Council is not aware of any matter or circumstances which have arisen between the end of the financial year and the date of approval of the financial statements that would require an adjustment of the financial statements.

### 5. Retention of surplus and approval by the National Treasury

The entity intends to apply to retain the cash surplus once the financial statements have been audited. At the time of approval of the Annual Financial Statements, the request to retain the surplus had not yet been made to National Treasury.

### 6. Accounting policies

The audited Annual Financial Statements were prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 7. Losses through fraud, fruitless and wasteful expenditure and irregular expenditure

The Council has considered the provision of the PFMA relating to fruitless and wasteful expenditure. In terms of the materiality framework as agreed with the Executive Authority in terms of Section 55(1)(d) of the PFMA, any material losses due to criminal conduct or irregular or fruitless and wasteful expenditure must be reported in the Annual Financial Statements.

In the current year, the entity did not identify any internal or external related fraudulent activities.





# Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

## Report of the Council

---

No losses through fruitless and wasteful expenditure were incurred during the period under review (refer to note 34 regarding irregular expenditure for the current year). The Council is committed to the eradication of the culture of fruitless and wasteful and irregular expenditure within the organisation.

### 8. Internal controls

In accordance with the PFMA, the Council is accountable for internal controls. The Council has the responsibility of maintaining a sound system of internal controls that supports the achievement of Umalusi's objectives; accordingly, it reviews the effectiveness on an ongoing basis through the internal audit function.

### 9. Council Members

The members of the Council during the year and to the date of this report are as follows:

Name	Changes
Prof Y Ballim (Chairperson)	Member since 08 June 2018 and appointed as Chairperson on 08 June 2022
Prof JD Volmink (Previous Chairperson)	Term completed 30 September 2022
Prof TP Msibi (Deputy Chairperson)	Appointed 08 June 2022
Prof MLE Monnapula-Mapesela (Previous Deputy Chairperson)	Term completed 07 June 2022
Dr MS Rakometsi (CEO Umalusi)	
Dr W Green ( Council on Higher Education-CEO)	
Mr D Hindle	
Mr NT Johnstone	
Dr C Myburgh	
Ms F Solomon	
Adv MJ Merabe	
Prof ME Metcalfe	
Mr V Naidoo (Quality Council for Trades and Occupations - CEO)	
Ms N Starr (South African Qualifications Authority - CEO)	
Dr KM Dos Reis	Appointed 08 June 2022
Dr L Mokotjo	Appointed 08 June 2022
Prof L Jita	Appointed 08 June 2022
Ms L Moyane	Appointed 08 June 2022
Prof TS Maluleke	Resigned 01 March 2023
Prof MR Mampane	Term completed 07 June 2022
Prof L Makalela	Term completed 07 June 2022
Prof NP Mulaudzi	Term completed 07 June 2022
Ms A Singh	Term completed 07 June 2022
Ms S Geyer	Term completed 07 June 2022
Ms S Semaswe	Term completed 07 June 2022

### 10. Secretary

The secretary of the Council is Mr H Moloise of:

Business address

37 General van Reyneveld Street  
Persequor Technopark  
Pretoria, 0121

Postal address

P O Box 151  
Persequor Technopark  
Pretoria, 0020



## Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

### Report of the Council

#### 11. Member and executive managers' emoluments

##### Umalusi

	Salary or fee	Bonuses and performance related payments	Retirement fund contributions	Medical contributions	Other	Total package 2023	Total package 2022
<b>Non-executive Council members</b>							
Prof Y Ballim (Chairperson)	173 803	-	-	-	8 029	181 832	151 453
Prof TP Msibi (Deputy Chair)	36 727	-	-	-	2 661	39 388	-
Mr D Hindle	61 620	-	-	-	13 254	74 874	84 986
Dr L Mokotjo	26 450	-	-	-	5 408	31 858	-
Dr C Myburgh	83 870	-	-	-	2 189	86 059	71 479
Dr KM Dos Reis	29 880	-	-	-	100	29 980	-
Adv MJ Merabe	18 515	-	-	-	6 289	24 804	-
Ms M Metcalfe	12 295	-	-	-	1 062	13 357	-
Prof L Jila	113 818	-	-	-	2 617	116 435	-
Mr NT Johnstone	21 134	-	-	-	1 908	23 042	32 507
Ms F Solomon	10 580	-	-	-	100	10 680	5 438
Ms L Moyane	-	-	-	-	9 497	9 497	-
Prof JD Volmink (Previous Chairperson)	83 177	-	-	-	6 950	90 127	277 751
Prof MLE Monnapula-Mapesela (Previous Deputy Chairperson)	92 462	-	-	-	750	93 212	79 360
Dr MR Mampane	70 458	-	-	-	1 387	71 845	57 400
Prof L Makalela	18 515	-	-	-	600	19 115	56 180
Prof MP Mulaudzi	2 645	-	-	-	100	2 745	2 819
Prof PD Siyakwazi	-	-	-	-	-	-	11 076
	<b>855 949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62 901</b>	<b>918 850</b>	<b>830 449</b>

##### Executive and Senior Management CEO: Dr MS Rakometsi

2 227 366 135 735 318 061 118 668 447 166 3 246 996 2 656 064

*Dain.*

## Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

### Report of the Council

CFO: Mr MH van der Walt	1 203 422	-	192 350	90 972	24 950	1 511 694	1 450 036
EM: Q&R - Mr E Sibanda	1 260 822	79 678	189 507	84 000	29 741	1 643 748	1 409 960
EM: QAM - Ms Z Modimakwane	1 360 113	91 295	217 137	50 760	13 959	1 733 264	1 601 494
SM: PR & COMMS - Dr SE Ditaunyane (Resigned 31/07/2022)	-	-	-	-	-	-	1 303 842
SM: QAA (School) - Ms ML Madalane	1 175 735	45 562	174 158	60 552	2 007	1 458 015	1 222 762
SM: QAA (Post-School Education)	958 230	-	153 150	66 888	4 114	1 182 382	1 098 432
Dr MA Dliwayo							
SM: HRM&D - Ms RA Selesho (Resigned 31/01/2023)	846 914	45 562	135 456	50 460	79 411	1 157 804	1 207 775
SM: E & A - Ms C Thomas	1 035 490	67 334	160 146	-	11 730	1 274 701	1 190 553
SM: SG - Ms S Mosimege	1 206 067	77 341	183 948	-	14 000	1 459 555	1 491 074
SM: SIR - Dr A Mohale	83 813	-	12 953	-	-	96 766	-
SM: F & SCM - Mr D Maluleke (Resigned 31/03/2023)	1 054 571	68 343	152 441	-	141 497	1 416 852	1 233 676
SM: QCC - Dr E Sujee	1 016 110	66 338	162 147	-	41 936	1 286 531	1 172 839
SM: ICT - Mr S Maluleka	1 014 189	45 562	162 548	61 710	21 183	1 305 191	1 227 443
SM: PR & COMMS - Mr B Lepota	993 234	-	153 150	-	9 434	1 155 818	1 138 468
	<b>15 436 076</b>	<b>722 750</b>	<b>2 367 152</b>	<b>584 010</b>	<b>841 128</b>	<b>19 929 317</b>	<b>19 404 418</b>
	<b>16 292 025</b>	<b>722 750</b>	<b>2 367 152</b>	<b>584 010</b>	<b>904 029</b>	<b>20 869 966</b>	<b>20 234 867</b>

#### 12. Executive Authority


The entity reports to the Department of Basic Education.

#### 13. Auditors

RAIN Chartered Accountants Inc. conducted the audit in accordance with section 25 (2) of the Public Audit Act and with the approval of the Auditor General South Africa.



Dr MS Rakometsi (CEO Umalusi)



Prof Y Ballim (Chairperson)

*Drain.*

## Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

### Statement of Financial Position as at 31 March 2023

Figures in Rand	Notes	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	6 685 751	5 666 707
Prepayments	4	2 121 766	103 660
Cash and cash equivalents	5	44 111 274	53 475 060
		<b>52 918 791</b>	<b>59 245 427</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	70 818 401	66 912 205
<b>Total Assets</b>		<b>123 737 192</b>	<b>126 157 632</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	8	26 735 932	14 645 246
Provisions	9	5 492 121	6 015 008
Credit card	5	1 580	-
		<b>32 229 633</b>	<b>20 660 254</b>
<b>Non-Current Liabilities</b>			
Operating lease liability	10	47 260	9 071
Employee benefit obligation	11	9 549 000	9 912 000
		<b>9 596 260</b>	<b>9 921 071</b>
<b>Total Liabilities</b>		<b>41 825 893</b>	<b>30 581 325</b>
<b>Net Assets</b>		<b>81 911 299</b>	<b>95 576 307</b>
<b>Reserves</b>			
Revaluation reserve	12	12 113 025	34 804 310
Accumulated surplus		69 798 274	60 771 997
<b>Total Net Assets</b>		<b>81 911 299</b>	<b>95 576 307</b>

*Dain.*

\* See Note 35

## Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

### Statement of Financial Performance

Figures in Rand	Notes	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Accreditation fees		7 320 568	5 194 667
Certification		4 416 650	5 695 041
Interest received - investment	13	3 959 495	2 402 523
Other income	14	3 360 103	2 534 085
Rental income		866 074	1 025 772
Actuarial gains		363 000	-
Verification fee		15 488 390	11 934 724
<b>Total revenue from exchange transactions</b>		<b>35 774 280</b>	<b>28 786 812</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	16	162 031 000	157 404 000
<b>Total revenue</b>	17	<b>197 805 280</b>	<b>186 190 812</b>
<b>Expenditure</b>			
Actuarial losses		-	(178 000)
Depreciation and amortisation	18	(5 515 097)	(4 430 562)
Employee-related costs	19	(87 057 564)	(85 506 325)
General expenses	20	(49 754 161)	(44 536 809)
Lease rentals on operating lease	21	(30 071)	(263 611)
Loss on disposal of assets and liabilities		(4 484 232)	(56 013)
Moderator and verifier costs		(44 324 529)	(41 563 114)
Provision for doubtful debts	22	2 386 651	(1 089 679)
<b>Total expenditure</b>		<b>(188 779 003)</b>	<b>(177 624 113)</b>
<b>Surplus for the year</b>		<b>9 026 277</b>	<b>8 566 699</b>

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\* See Note 35



# Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	34 804 310	46 084 110	80 888 420
Adjustments			
Correction of errors 35	-	6 121 188	6 121 188
<b>Balance at 01 April 2022</b>	<b>34 804 310</b>	<b>52 205 298</b>	<b>87 009 608</b>
Changes in net assets			
Surplus for the year	-	8 566 699	8 566 699
Total changes	-	8 566 699	8 566 699
Restated* balance as 01 April 2021	34 804 310	62 450 302	97 254 612
Adjustments			
Prior year adjustments	-	(1 678 305)	(1 678 305)
<b>Restated balance at 01 April 2022</b>	<b>34 804 310</b>	<b>60 771 997</b>	<b>95 576 307</b>
Changes in net assets			
Reversal of impairment losses on revalued capital assets	(22 691 285)	-	(22 691 285)
Net income (losses) recognised directly in net assets	(22 691 285)	-	(22 691 285)
Surplus for the year	-	9 026 277	9 026 277
Total recognised income and expenses for the year	(22 691 285)	9 026 277	(13 665 008)
Total changes	(22 691 285)	9 026 277	(13 665 008)
<b>Balance at 31 March 2023</b>	<b>12 113 025</b>	<b>69 798 274</b>	<b>81 911 299</b>
Note	12		

*Dain.*

\* See Note 35

## Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

### Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		34 347 881	26 716 971
Grants		162 031 700	157 404 000
Interest income		3 959 495	2 402 523
		200 339 076	186 523 494
<b>Payments</b>			
Employee costs		(97 827 675)	(97 444 601)
Suppliers		(75 279 958)	(71 832 973)
		(173 107 633)	(169 277 574)
<b>Net cash flows from operating activities</b>	<b>24</b>	<b>27 231 443</b>	<b>17 245 920</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(36 596 809)	(8 552 856)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(9 365 366)</b>	<b>8 693 064</b>
Cash and cash equivalents at the beginning of the year		53 475 060	44 781 996
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>44 109 694</b>	<b>53 475 060</b>

The accounting policies on pages 16 to 27 and the notes on pages 28 to 42 form an integral part of the audited Annual Financial Statements.

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\* See Note 35

# Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Accreditation	4 139 000	-	4 139 000	7 320 568	3 181 568	1
Certification	2 049 000	-	2 049 000	4 416 650	2 367 650	
Verification	12 452 000	-	12 452 000	15 488 390	3 036 390	2
Rental income	-	961 924	961 924	866 074	(95 850)	3
Other income	4 696 000	-	4 696 000	3 360 103	(1 335 897)	4
Interest received - investment	1 269 000	-	1 269 000	3 959 495	2 690 495	5
<b>Total revenue from exchange transactions</b>	<b>24 605 000</b>	<b>961 924</b>	<b>25 566 924</b>	<b>35 411 280</b>	<b>9 844 356</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	162 031 000	-	162 031 000	162 031 000	-	6
<b>Total revenue</b>	<b>186 636 000</b>	<b>961 924</b>	<b>187 597 924</b>	<b>197 442 280</b>	<b>9 844 356</b>	
<b>Expenditure</b>						
Personnel	(93 696 000)	4 208 063	(89 487 937)	(87 057 564)	2 430 373	7
Depreciation and amortisation	(2 266 000)	-	(2 266 000)	(5 515 097)	(3 249 097)	8
Lease rentals on operating lease	-	(263 432)	(263 432)	(30 071)	233 361	
Debt impairment	-	-	-	2 386 651	2 386 651	
Consultants, moderators and verifier costs	(41 865 767)	(4 906 555)	(46 772 322)	(44 324 529)	2 447 793	9
General expenses	(48 808 233)	(1 599 991)	(50 408 224)	(49 754 161)	654 063	10
<b>Total expenditure</b>	<b>(186 636 000)</b>	<b>(2 561 915)</b>	<b>(189 197 915)</b>	<b>(184 294 771)</b>	<b>4 903 144</b>	
<b>Operating surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 147 509</b>	<b>14 747 500</b>	
Loss on disposal of assets and liabilities	-	-	-	(4 484 232)	(4 484 232)	11
Actuarial gains/losses	-	-	-	363 000	363 000	
	-	-	-	(4 121 232)	(4 121 232)	

- The revenue from accreditation has exceeded the budget by 77% due to increased demand. Accreditation customers continue to pay for both site visits and desktop evaluations.
- The increase in verification revenue primarily stems from a surge in demand for verification services from employers and various agencies. The verification revenue has exceeded the budget by a significant margin of 24%.
- The rental income is below budget due to accounting adjustments relating to smoothing of operating leases; another contributing factor is that there are only two tenants.
- Other income primarily pertains to the recoverable assessment fees from private assessment bodies, which are associated with the quality assurance of assessments. However, these fees have fallen below the projected budget due to the substantial certification fees that were offset during the current financial year. As a result, the income from assessment fees is 81% below the anticipated budget compared to the previous financial year

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## Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
5.	The interest income from the CPD investment has been affected by the change in the interest rates by the Monetary Policy Committee. The CPD average interest rate for the period to date was 7.45% (2022: 4.2%)					
6.	100% of the approved 2022/23 grant allocation from the Department of Basic Education was received					
7.	The expenditure relating to compensation is moderately within the same levels when compared to the previous year. The employees have received a non-pensionable allowance with effect from 01 April 2022 in accordance with the directive issued by Department of Public Service Administration (DPSA) in November 2022.					
8.	Based on the interpretation of the accounting standard, GRAP 17, dealing with depreciation, a prior period correction was required for accurate reporting on buildings.					
9.	The expenditure for moderation and verification is within the target, primarily due to our prudent financial discipline aimed at reducing unnecessary spending. We have implemented several cost-cutting measures, including the elimination of expenses related to catering and venue hire, as well as the adoption of an online platform for training and workshops.					
10.	The expenditure on goods and services is within the budget.					
11.	Umalusi cancelled a contract with the joint venture on the infrastructure project in November 2017. At the time of the cancellation, the joint venture performed R4,4 million worth of work. A replacement contractor only started in December 2021. In January 2022, the Arbitrator awarded in favour of Umalusi, confirming the validity of the cancellation. In consultation with the project management company, the professional team confirmed that none of the work was sufficiently completed to be retained. The new contractor could not use any of the materials that were left on site for the refurbishment of the building. Therefore the amount had to be written off.					

There were no material adjustments made from the approved to the final budget; however, the following can be noted (GRAP24.27):

- The revenue budget had an upward adjustment of R961,924 or 0.5% from R186,636,000 to R187,597,924. The actual total revenue amount is R197,442,280 or 5.8% more than anticipated, which is a positive for the organisation. The prominent increase was in services charged for accreditation, certification and verification.
- The expenditure budget was R186,363,000 and was adjusted upwards by R2,561,915 or 1.37% for anticipated expenditure based on the increased revenue collection. The final total spending is, however, R184,294,771 which is R2,341,229 below the original budget, and R4,903,144 below the adjusted expenditure budget.

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# Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1. Presentation of Audited Annual Financial Statements

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

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

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

#### 1.1 Presentation currency

These audited Annual Financial Statements are presented in South African Rand, which is the functional currency of the entity.

#### 1.2 Going concern assumption

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

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

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

##### Trade receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on individual assessment of long and other indicators present at the reporting date.

#### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment are initially measured at cost.

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

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

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



## Accounting Policies

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

The following property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses:

- Plant and Machinery.
- Furniture and Fittings.
- Motor vehicles.
- Office equipment.
- Computer equipment.
- Other equipment.

The following property, plant and equipment is carried at the revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses:

- Buildings.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The land and buildings are revalued independently every four years.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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## Umalusi

Trading as Council for Quality Assurance in General and Further Education and Training  
Audited Annual Financial Statements for the year ended 31 March 2023

### Accounting Policies

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	20 years
Plant and machinery	Straight-line	5 years
Furniture and fixtures	Straight-line	4-6 years
Motor vehicles	Straight-line	7 years
Office equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years
Other equipment	Straight-line	5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed when there are indications that the entity's expectations regarding the residual value and useful life of an asset have changed since the previous reporting period. If there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses whether there are any signs indicating a potential change in its assumptions regarding the residual value and the useful life of an asset since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

The entity separately discloses expenditures to repair and maintain property, plant and equipment in the notes to the financial statements (see note 20).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

#### 1.5 Intangible assets

An intangible asset is recognised when:

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	2 years

## Accounting Policies

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### 1.6 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

### 1.7 Statutory receivables

#### Identification

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

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

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

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

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

#### Recognition

The entity recognises statutory receivables as follows:

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

#### Initial measurement

The entity initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Derecognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

## Accounting Policies

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### 1.7 Statutory receivables (continued)

- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognises the receivable; and
  - recognises separately any rights and obligations created or retained in the transfer.

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

### 1.8 Leases

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

When a lease includes both land and building elements, the entity assesses the classification of each element separately.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

#### Operating leases - lessee

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

### 1.9 Cash and cash equivalents

Cash comprises cash on hand and deposits held by the Corporation for Public Deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts that are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.



## Accounting Policies

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

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

### 1.11 Employee benefits

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

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance-related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) that are payable after the completion of employment.

Post-employment benefit plans are formal arrangements under which an entity provides post-employment benefits for one or more employees.





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## Accounting Policies

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### 1.11 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Umalusi contributes to the Associated Institutions Pension Funds (AIPF), classified as a defined contribution plan for its employees, and is not liable for any actuarial losses sustained by the fund. Accordingly, no provision has been made for any such losses and contributions paid are expensed.

#### Other post-retirement obligations

Umalusi provides post-retirement medical aid subsidy benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum 10-year service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately.

### 1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

*Dain.*

## Accounting Policies

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### 1.12 Provisions and contingencies (continued)

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- the financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high-interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at the reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.



# Umalusi

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### 1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.14 Revenue from exchange transactions

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

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

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

#### Measurement

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

The amount of revenue arising from a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation, or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy 1.7 on Statutory Receivables).

#### Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

### 1.15 Revenue from non-exchange transactions

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

## Accounting Policies

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

#### Recognition

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

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

#### Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

### 1.16 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.17 Comparative figures

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

### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure that 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 for the year in which the expenditure was incurred. The expenditure is classified according to the nature of the expense, and where recovered it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Irregular expenditure

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.



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### 1.19 Irregular expenditure (continued)

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

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

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

### 1.20 Budget information

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

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/04/01 to 2025/03/31.

The budget for the economic entities includes all the entities' approved budgets under its control.

The audited Annual Financial Statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts.

### 1.21 Related parties

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

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

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

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

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

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

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



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### Accounting Policies

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#### 1.21 Related parties (continued)

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

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

#### 1.22 Events after reporting date

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

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

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



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## Notes to the Audited Annual Financial Statements

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Impact is currently being assessed

### 3. Receivables from exchange transactions

Trade receivables	4 120 204	3 888 920
Deposits	15 810	72 750
Other receivables	2 544 216	1 705 037
Creditors with debit balances	5 521	-
	<b>6 685 751</b>	<b>5 666 707</b>

#### Statutory receivables general information

##### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

##### Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due date are not considered to be impaired. At 31 March 2023, R 1 222 202 (2022: R 486 705) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	1 116 873	394 794
2 months past due	74 103	58 210
3 months past due	31 226	33 701

##### Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of R 2 119 960 (2022: R 9 752 680) were impaired and provided for.

The provision for bad debts pertains to private institutional debtors who have exceeded the payment deadline by more than 120 days. Upon receiving approval from both the Council and the Department of Basic Education, Umalusi takes action by blocking debtors with significant outstanding certification debt. Services are reinstated only once the outstanding balance has been fully settled.

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#### 4. Prepayments

In the 2017/18 financial year, a contract was awarded for the refurbishment of the Umalusi property at 41 van Reyneveld Street. This contract was cancelled due to fraudulent allegations amongst the members of the Joint Venture. At the time of cancellation, Umalusi had paid for long-lead items and these have not been delivered, to date. The matter has since been reported to law enforcement to recover the amount and the matter is still under investigation. Umalusi has instituted legal action against the parties of the Joint Venture to recover the outstanding amount. All the parties in the Joint Venture and Umalusi have now agreed to take the matter to arbitration to resolve the situation. It is anticipated that the process will be concluded during the 2023/24 financial year.

Prepayments		
Software Licence	2 121 766	103 660
Joint Venture (Cancelled)	6 690 860	6 690 860
Provision for bad debts	(6 690 860)	(6 690 860)
	<b>2 121 766</b>	<b>103 660</b>

#### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 557	1 918
Bank balances	2 395 259	1 118 222
Short-term deposits	41 598 168	52 344 181
Other cash and cash equivalents	116 290	10 739
Credit card	(1 580)	-
	<b>44 109 694</b>	<b>53 475 060</b>
Current assets	44 111 274	53 475 060
Current liabilities	(1 580)	-
	<b>44 109 694</b>	<b>53 475 060</b>

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

The credit quality of cash at bank and short-term deposits held at ABSA Bank and the Corporation for Public Deposits (CPD), a subsidiary of the South African Reserve Bank, excluding cash on hand, that are neither past due nor impaired, can be assessed by reference to external credit ratings as prescribed by the financial institutions. The entity's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of these balances as detailed above.

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## Notes to the Audited Annual Financial Statements

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### 6. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	10 000 000	-	10 000 000	10 000 000	-	10 000 000
Buildings	52 300 000	(1 500 308)	50 799 692	46 000 000	(4 758 622)	41 241 378
Plant and machinery	411 425	(411 425)	-	605 349	(605 349)	-
Furniture and fixtures	3 022 454	(2 098 698)	923 756	2 327 259	(1 955 841)	371 418
Motor vehicles	360 445	(254 216)	106 229	360 445	(202 724)	157 721
Office equipment	3 160 647	(1 398 226)	1 762 421	1 539 101	(1 185 670)	353 431
IT equipment	13 867 603	(7 917 901)	5 949 702	8 918 489	(6 926 284)	1 992 205
Infrastructure	1 889 733	(613 132)	1 276 601	475 927	(346 326)	129 601
Other property, plant and equipment	-	-	-	12 666 451	-	12 666 451
<b>Total</b>	<b>85 012 307</b>	<b>(14 193 906)</b>	<b>70 818 401</b>	<b>82 893 021</b>	<b>(15 980 816)</b>	<b>66 912 205</b>

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## Notes to the Audited Annual Financial Statements

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### 6. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Revaluations	Depreciation	Total
Land	10 000 000	-	-	-	-	-	-	10 000 000
Buildings	41 241 378	26 758 898	-	8 308 351	-	(22 691 284)	(2 817 651)	50 799 692
Furniture and fixtures	371 418	695 195	-	-	-	-	(142 857)	923 756
Motor vehicles	157 721	-	-	-	-	-	(51 492)	106 229
Office equipment	353 431	1 621 546	-	-	-	-	(212 556)	1 762 421
IT equipment	1 992 205	6 026 402	(45 170)	-	-	-	(2 023 735)	5 949 702
Other equipment	129 601	1 413 806	-	-	-	-	(266 806)	1 276 601
Assets under construction	12 666 451	80 962	(4 439 062)	-	(8 308 351)	-	-	-
	<b>66 912 205</b>	<b>36 596 809</b>	<b>(4 484 232)</b>	<b>8 308 351</b>	<b>(8 308 351)</b>	<b>(22 691 284)</b>	<b>(5 515 097)</b>	<b>70 818 401</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	10 000 000	-	-	-	10 000 000
Buildings	43 620 689	-	-	(2 379 311)	41 241 378
Furniture and fixtures	526 787	5 520	-	(160 889)	371 418
Motor vehicles	209 213	-	-	(51 492)	157 721
Office equipment	511 675	13 761	-	(172 005)	353 431
IT equipment	2 529 783	1 104 824	(56 012)	(1 586 390)	1 992 205
Infrastructure	204 179	-	-	(74 578)	129 601
Other property, plant and equipment	5 237 700	7 428 751	-	-	12 666 451
	<b>62 840 026</b>	<b>8 552 856</b>	<b>(56 012)</b>	<b>(4 424 665)</b>	<b>66 912 205</b>

*Done.*



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#### 6. Property, plant and equipment (continued)

##### Revaluations

The revaluations took effect on 31st of March 2023 and were conducted by independent valuers known as ValueTEC property valuations. The valuation was performed by Mr A Steyn, a registered member (registration no 6602/8) of the South African Institute of Valuers. It is important to note that neither ValueTEC property valuations nor the valuer have any affiliation with the entity.

As part of the valuation process, land and buildings are revalued independently every four years.

The valuation was performed using the income capitalisation method. This method involves assessing the net normalised annual income of the property, assuming it is fully leased at market-related rentals and market escalations. Vacancies, where applicable, were also taken into consideration.

The land and buildings, located at 41 van Reyneveld Street, Portion 1 of Erf 2, Perseuor Township, Gauteng, and measuring 5,879 square meters, was acquired in January 2014. As per the revaluation, the property holds a value of R37,300,000. This property is 95% owner occupied.

#### 7. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	216 900	(216 900)	-	216 901	(216 901)	-

#### 8. Payables from exchange transactions

Trade payables	4 406 681	572 677
Unknown deposits	241 534	238 217
Income received in advance	10 890 083	8 727 884
Accrued bonus	760 827	757 683
Accrued expense	7 111 548	4 345 200
Payroll creditors	3 325 259	3 585
	<b>26 735 932</b>	<b>14 645 246</b>

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## Notes to the Audited Annual Financial Statements

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### 9. Provisions

#### Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Provision for leave	6 015 008	1 527 248	(2 050 135)	5 492 121

#### Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Provision for leave	4 657 815	2 326 015	(968 822)	6 015 008

Umalusi does not have an unconditional right to defer settlement of its leave liabilities and its policies stipulate that the leave is forfeited if not used within six months after the reporting date.

Based on historical data and past trends, it is estimated that between 1% and 2,5% of the total employee costs will be paid out as employee leave benefits. Based on this historical pattern, the projected outflow of economic benefits or service potential related to employee leave for the upcoming year is expected to fall within the range of R1 million to R2,5 million.

### 10. Operating lease asset (liability)

Non-current liabilities	(47 260)	(9 071)
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## Umalusi

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### Notes to the Audited Annual Financial Statements

#### 11. Employee benefit obligations

- The key assumptions used in the valuation are:
  - Discount rate - yield curve
  - Consumer price inflation - difference between nominal and yield curves
  - Health Care Inflation - CPI + 1%
  - Net Discount Rate - yield curve-based

Assumption	31 March 2023
Discount rate	10.61%
CPI	7.06%
Health care inflation	8.06%
Net discount rate	2.35%

- The effect of a one percent increase and decrease in the long-term discount rate is as follows:

	1% Decrease	31 March 2023 Valuation basis	1% Increase
Employer's accrual liability	10 433 000	9 549 000	8 781 000
Employer's service costs	663 000	597 000	540 000
Employer's interest costs	983 000	990 000	995 000

- The expected medical contributions for the following financial year ending 31 March 2024:

°Recognition with Net Expenses amount to R416,000

- Balance sheet accrued liability

	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
Active employee accrued liability	3 094 000	4 685 000	5 931 000	6 856 000	6 707 000
Continuation pensioner accrued liability	1 567 000	3 135 000	2 998 000	3 056 000	2 842 000
Employer's accrued liability	4 661 000	7 820 000	8 929 000	9 912 000	9 549 000

- Funding level:

	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
Employers liability	4 661 000	7 820 000	8 929 000	9 912 000	9 549 000
Fair value of plan assets	0	0	0	0	0
Funded status at valuation date	(4 661 000)	(7 820 000)	(8 929 000)	(9 912 000)	(9 549 000)

#### Post-retirement medical aid plan

The Council offers members and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, a member may continue membership in the medical aid scheme. Umalusi will provide a contribution of R 2 900 (2022 = R 2 900) per month to the retirees who belong to a medical aid scheme. The contribution is fixed and does not increase with inflation. From time to time the Council will increase the level of the contribution if necessary. The post-retirement health care liability is not a funded arrangement. No separate assets have been set aside to meet this liability.

# Umalusi

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## Notes to the Audited Annual Financial Statements

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### 11. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	(9 549 000)	(9 912 000)

The actuarial valuation was done by One Pangaea Expertise and Solutions whose director is a Fellow of the Actuarial Society of South Africa (ASSA). In accordance with GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference to the ASSA guidelines, in particular, the Advisory Practice Note 301, and is consistent with the requirements of GRAP 25.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	9 912 000	8 929 000
Benefits paid	(384 960)	(395 000)
Net expense recognised in the statement of financial performance	21 960	1 378 000
	<b>9 549 000</b>	<b>9 912 000</b>

Net expense recognised in the statement of financial performance

Current service cost	765 000	732 000
Interest cost	930 000	844 000
Actuarial (gains) losses	(1 673 040)	(198 000)
	<b>21 960</b>	<b>1 378 000</b>

### 12. Revaluation reserve

Opening balance	34 804 310	34 804 310
Change during the year	(22 691 285)	-
	<b>12 113 025</b>	<b>34 804 310</b>

### 13. Investment revenue

<b>Interest revenue</b>		
Corporation for Public Deposits	3 959 495	2 402 523

### 14. Sundry income

Other income	80 690	47 328
Quality assurance of assessment fee	2 475 879	1 683 976
Rental reimbursement	803 534	802 781
	<b>3 360 103</b>	<b>2 534 085</b>

### 15. Other revenue

Rental income	866 074	1 025 772
Sundry income	3 360 103	2 534 085
	<b>4 226 177</b>	<b>3 559 857</b>

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# Umalusi

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
<b>16. Government grants</b>		
<b>Operating grants</b>		
Grant: Department of Basic Education	162 031 000	157 404 000
<b>17. Revenue</b>		
Accreditation	7 320 568	5 194 667
Certification	4 416 650	5 695 041
Verification	15 488 390	11 934 724
Rental income	866 074	1 025 772
Actuarial gains/losses	363 000	(178 000)
Sundry income	3 360 103	2 534 085
Interest received - investment	3 959 495	2 402 523
Grant: Department of Education	162 031 000	157 404 000
	<b>197 805 280</b>	<b>186 012 812</b>
<b>The amounts included in revenue arising from exchanges of goods or services are as follows:</b>		
Accreditation	7 320 568	5 194 667
Certification	4 416 650	5 695 041
Verification	15 488 390	11 934 724
Rental income	866 074	1 025 772
Sundry income	3 360 103	2 534 085
Interest received - investment	3 959 495	2 402 523
	<b>35 411 280</b>	<b>28 786 812</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Transfer revenue</b>		
Grant: Department of Basic Education	162 031 000	157 404 000
<b>18. Depreciation and amortisation</b>		
Property, plant and equipment	5 515 097	4 424 665
Intangible assets	-	5 897
	<b>5 515 097</b>	<b>4 430 562</b>
<b>19. Employee-related costs</b>		
Total earnings and other costs	78 655 245	71 693 686
Medical aid	1 791 643	3 049 745
UIF	283 878	523 473
Post-retirement medical aid	320 934	1 167 000
Pension	6 005 864	9 072 421
	<b>87 057 564</b>	<b>85 506 325</b>

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## Umalusi

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### Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
<b>20. General expenses</b>		
Auditors fees	655 314	1 213 962
Bank charges	309 587	267 148
COVID-19 expenditure	-	87 597
Certificate papers	3 427 000	-
Cleaning	801 064	683 943
Computer and licensing	3 901 248	3 635 759
Conferences and workshops	15 022	-
Consulting and professional fees	5 932 523	10 562 649
Development /maint of database	82 033	-
Electricity	1 555 449	1 290 927
IT support	10 070 133	9 249 061
Insurance	249 462	169 172
Levies	1 517 763	1 273 480
Other expenses	3 686 737	3 944 198
Postage and courier	120	-
Printing and stationery	1 913 151	1 348 887
Repairs and maintenance	1 442 891	1 430 848
Security	1 985 796	1 245 378
Subscriptions and membership fees	181 217	132 554
Telephone and fax	1 048 106	919 676
Training	445 889	704 734
Travel - local	8 627 518	6 376 836
Travel - overseas	826 600	-
Venue expenses	1 079 538	-
	<b>49 754 161</b>	<b>44 536 809</b>
<b>21. Lease rentals on operating lease</b>		
<b>Equipment</b>		
Contractual amounts	30 071	263 611
<b>22. Provision for doubtful debts</b>		
Contributions to debt impairment provision	(7 632 720)	1 089 679
Bad debts written off	5 246 069	-
	<b>(2 386 651)</b>	<b>1 089 679</b>
<b>23. Auditors' remuneration</b>		
External audit fees	(245 703)	532 220
Internal audit fees	901 017	681 742
	<b>655 314</b>	<b>1 213 962</b>

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
<b>24. Cash generated from operations</b>		
Surplus	9 026 277	8 566 699
<b>Adjustments for:</b>		
Depreciation and amortisation	5 515 097	4 430 562
Gain on sale of assets and liabilities	4 484 232	56 013
Movements in operating lease assets and accruals	38 189	(154 162)
Movements in retirement benefit assets and liabilities	(363 000)	983 000
Movements in provisions	(522 887)	1 367 456
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(1 019 044)	(595 792)
Prepayments	(2 018 106)	1 446 404
Payables from exchange transactions	12 090 685	1 145 740
	<b>27 231 443</b>	<b>17 245 920</b>

## 25. Taxation

The entity is exempt from income tax in terms of section 10(1)(c A)(i)(bb)

## 26. Operating surplus

Operating surplus for the year is stated after accounting for the following:

### Operating lease charges

Equipment		
• Contractual amounts	360 071	263 611
(Loss)/gain on sale of property, plant and equipment	(4 484 232)	(56 013)
Amortisation on intangible assets	-	5 897
Depreciation on property, plant and equipment	5 515 097	4 424 665
Employee costs	87 057 564	85 506 325
Repairs and maintenance	-	1 430 056

## 27. Financial instruments disclosure

### Categories of financial instruments

#### 2023

#### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	8 719 492	8 719 492
Cash and cash equivalents	44 111 274	44 111 274
	<b>52 830 766</b>	<b>52 830 766</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	11 759 764	11 759 764
Bank overdraft	1 580	1 580
	<b>11 761 344</b>	<b>11 761 344</b>

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## Umalusi

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### Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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#### 27. Financial instruments disclosure (continued)

##### 2022

##### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	15 329 025	15 329 025
Cash and cash equivalents	53 475 060	53 475 060
	<b>68 804 085</b>	<b>68 804 085</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	5 156 093	5 156 093

#### 28. Commitments

##### Authorised capital expenditure

##### Already contracted for and provided for

• Building	5 596 856	37 629 994
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##### Total capital commitments

Already contracted for and provided for	5 596 856	37 629 994
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##### Authorised operational expenditure

##### Already contracted for but not provided for

• Operating expenditure	33 245 259	62 918 652
-------------------------	------------	------------

##### Total operational commitments

Already contracted for and provided for	33 245 259	62 918 652
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##### Operating leases - as lessor (income)

##### Minimum lease payments due

- within one year	360 002	821 340
- in second to fifth year inclusive	1 550 703	250 722
	<b>1 910 705</b>	<b>1 072 062</b>

The entity is leasing out a portion of the building (Portion 1 of Erf 2) described in note 6 above, on lease terms ranging from 36-60 months at an average escalation of 8% per annum.

#### 29. Related parties

##### Relationships

Executive Authority

Associated Institution

Non-executive Council members

Executive and Senior Management

Department of Basic Education

Associated Institutions Pension Fund (AIPF)

Refer to note 11 of the Council Report

Refer to note 11 of the Council Report

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# Umalusi

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### 30. Risk management

#### Financial risk management

The entity's activities expose it to credit risk and liquidity risk.

#### Liquidity risk

The entity is only exposed to liquidity risk with regard to the payments of its payables. These payables are all due within the short term. The entity manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in investment accounts at the Corporation for Public Deposits (CPD).

At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	26 735 932	-	-	-
At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	14 645 246	-	-	-

#### Credit risk

Financial assets, which potentially subject Umalusi to the risk of non-performance by counter-parties and thereby subject the organisation to concentrations of credit risk, consist mainly of cash and cash equivalents, and accounts receivable.

The bank balances are held with a registered banking institution and are regarded as having an insignificant credit risk. The short-term deposit is held at the CPD, which has the same rating as the South African Reserve Bank. Cash in investment accounts is kept at maximum in order to maximise interest earned. Rates on funds deposited with the CPD are higher than those earned on funds on the short-term money market. Credit risk with respect to accounts receivables is limited as major customers are government departments and local authorities. Trade receivables have been adequately assessed for impairment. Credit risk is managed on a group basis.

Financial assets exposed to credit risk at year-end were as follows:

Financial instrument	2023	2022
Receivables from exchange transactions	6 685 751	5 666 707
Cash and cash equivalents	44 123 741	53 475 060

### 31. Going concern

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

The ability of the entity to continue as a going concern is dependent on it receiving a statutory grant. As at the time of the approval of these Annual Financial Statements, in the Medium-Term Expenditure Framework published by Treasury, the Department of Basic Education had committed to funding the entity for the period 2023/24 to 2025/26.

### 32. Events after the reporting date

There have been no events identified subsequent to the reporting date.

### 33. Fruitless and wasteful expenditure

Opening balance as previously reported	6 690 860	6 690 860
Add: Fruitless and wasteful expenditure identified - current	39 543	-
<b>Closing balance</b>	<b>6 730 403</b>	<b>6 690 860</b>

Fruitless and wasteful expenditure is presented inclusive of VAT.

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### Notes to the Audited Annual Financial Statements

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#### 33. Fruitless and wasteful expenditure (continued)

The balance of R 6 690 820 relates to the payments made to a service provider who is connected to the cancelled Joint venture contract, which is disclosed as a prepayment in note 4. The matter is currently in the courts and at an advanced stage with both parties agreeing to an arbitration process. It is anticipated that the matter will be finalised during the course of the next financial year. The matter was reported to National Treasury.

The balance of R 39 543 pertains to a payment that was mistakenly made to an incorrect banking account belonging to an employee of Umalusi. The payroll unit received a request from the employee to update their banking details, only to later discover that it was a fraudulent request. Currently the matter is under investigations by SAPS.

#### 34. Irregular expenditure

Opening balance as previously reported	4 463 019	4 434 050
<b>Opening balance as restated</b>	<b>4 463 019</b>	<b>4 434 050</b>
Add: Irregular expenditure - current	-	28 969
Less: Condoned irregular expenditure - current	(4 434 050)	-
<b>Closing balance</b>	<b>28 969</b>	<b>4 463 019</b>

Irregular expenditure is presented inclusive of VAT

#### Disciplinary steps taken/criminal proceedings

The remaining balance of R28,969 pertains to the previous year. Payments were made to a service provider who was appointed without adhering to the supply chain management policy and other relevant legislation. As a consequence, the supply chain official involved in the process received a verbal warning.

The balance of R 4 434 050 was condoned by National Treasury on 30 June 2022.

#### 35. Prior period errors

##### Incorrect treatment of Revaluation of Building in 2020

###### Background:

In 2020, the entity performed a revaluation of its buildings, aiming to reflect their fair values in line with the applicable accounting standards and reporting requirements.

###### Nature of error:

The error occurred when the revaluation adjustments were incorrectly accounted for and disclosed in the financial statements for the relevant prior period. It appears that the previous accounting treatment deviated from the appropriate accounting standards and guidelines governing the recognition and measurement of revaluation surplus.

###### Impact on financial statements:

As a result of the misapplication of accounting principles, the prior period financial statements inaccurately reflected the true financial position and performance of the company. The error caused a misstatement in both the balance sheet and income statement.

## Umalusi

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### Notes to the Audited Annual Financial Statements

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

The correction of the errors results in adjustments as follows:

	2022	2021
<b>Statement of financial position</b>		
Property, plant and equipment	7 799 492	6 121 488
Accumulated surplus	(6 121 189)	(6 121 333)
<b>Statement of financial performance</b>		
Depreciation expense	1 678 304	-

#### 36. Contingent liability

##### Surplus funds

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

National Treasury issued Instruction No.12 of 2020/2021 to repeal the National Treasury Instruction No.6 of 2017/2018 on the retention of cash surpluses. This new Treasury Instruction takes effect from the date of signature for surpluses realised in the 2019/2020 financial year and for all surpluses realised thereafter. According to this Treasury Instruction the surplus is based on cash and cash equivalents plus receivables less current liabilities at the end of the financial year.

During the year, Umalusi submitted the request for retention of surplus funds as determined in terms of the Instruction note for the 2021/2022 financial year and received approval by the National Treasury for an amount of R38.5 million.

Umalusi will submit an application for the retention of surplus funds amounting to R41 million for the 2022/2023 financial year after the 2022/23 audit is completed and the auditors have signed off the AFS.

## ANNEXURE - FRUITLESS AND WASTEFUL EXPENDITURE UNDER ASSESSMENT

In terms of National Treasury Circular 4 of 2022/23 (PFMA Compliance and Reporting Framework) Annexure A, Chapter 8, Umalusi reports that during the finalisation of the 2022/23 audit, the possibility of fruitless and wasteful

expenditure in the amount of R4,484,232 was identified by the external auditors, RAIN Chartered Accountants. This matter will be assessed during the 2023/24 financial year.









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**ISBN No.** 978-1-928445-58-6

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