



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



ANNUAL REPORT 2022 / 23





PRESENTATION OF THE 2022/2023 W&RSETA ANNUAL
REPORT TO THE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION,
HONOURABLE DR BE NZIMANDE



The Board and Management of the W&RSETA take pleasure in presenting this Annual Report for the 2022/23 financial year, as prescribed by Section 55 of the Public Finance Management Act No 1 of 1995, Chapter 28 of Treasury Regulations and Skills Development Act No 97 of 1998. This legislation requires that a public entity submits an annual report to the Executive Authority, National Treasury and Auditor-General of South Africa for tabling to the Parliament of South Africa.

The W&RSETA entered into a Service Level Agreement with the Department of Higher Education and Training on priorities to be implemented through the Annual Performance Plan (APP) for 2022/23, which would allow the SETA to perform its statutory mandate and meet the objectives of the National Skills Development Plan (NSDP). The NSDP outcomes were translated into seven key skills priorities and translated into 37 performance targets for the year under review. We are pleased to report that we achieved 31 of 37 targets, translating to an achievement of 83,78%.

The W&RSETA remains focused on its mission to develop a skilled, capable, competent and professional workforce to transform the wholesale and retail sector of South Africa. We firmly believe that education and training will unlock the country's economy and transform the lives of its people. As we enter the fourth year of the NSDP, we reiterate our commitment to contributing to our government's aspirations for economic growth, employment creation and social development in South Africa.

Yours in skills development

Handwritten signature of Mr Reggie Sibiyi in black ink, written in a cursive style.

Mr Reggie Sibiyi
Chairperson

Handwritten signature of Mr Tom Mkhwanazi in black ink, written in a cursive style.

Mr Tom Mkhwanazi
Chief Executive Officer

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PART A
**GENERAL
INFORMATION**

1.1 PUBLIC ENTITY'S **GENERAL INFORMATION**

REGISTERED NAME Wholesale and Retail Sector Education and Training Authority (W&RSETA)

REGISTRATION NUMBER 27/W&RSETA/1/04/11

PHYSICAL ADDRESS 1303 Heuvel Avenue
Riverside Office Park
Corner Lenchen South and Heuvel Avenue,
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POSTAL ADDRESS Private Bag X106
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WEBSITE ADDRESS www.wrseta.org.za

EXTERNAL AUDITORS Auditor-General South Africa (AGSA)
4 Davenry Street,
Lynnwood Bridge Office Park
Lynnwood Manor, Pretoria, South Africa

BANKERS Absa: PO Box 7725, Johannesburg

Rand Merchant Bank: PO Box 786273, Sandton

Nedbank: PO Box 1007, Johannesburg

Standard Bank: PO Box 61344, Marshalltown

W&RSETA BOARD SECRETARY Lorraine Mtsweni

1.2 ACRONYMS AND ABBREVIATIONS

4IR	Fourth Industrial Revolution
AET	Adult Education and Training
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ATR	Annual Training Report
BBBEE	Broad-Based Black Economic Empowerment Act, No 53 of 2003
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CET	Community Education and Training
CIPC	Companies and Intellectual Property Commission
DHET	Department of Higher Education and Training
HEI	Higher Education Institution
HETI	Higher Education and Training Institution
HR	Human Resources
HTFV	Hard-To-Fill Vacancy
ICT	Information Communication Technology
IDP	Integrated Development Plan
IPAP	Industrial Policy Action Plan
NCV	National Certificate Vocational
NDP	National Development Plan
NGO	Non-Governmental Organisation
NGP	New Growth Path
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSDP	National Skills Development Plan
NYDA	National Youth Development Agency
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act of South Africa
PIVOTAL	Professional Vocational Technical and Academic Learning
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SA GRAP	South African Standards of Generally Recognised Accounting Practice
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act
SDL	Skills Development Levy
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SHEQ	Safety, Health, Environment and Quality
SIC	Standard Industrial Classification
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WPPSET	White Paper for Post-School Education and Training
WSP	Workplace Skills Plan

1.3 FOREWORD BY THE CHAIRPERSON



MR REGGIE SIBIYA
CHAIRPERSON

With the W&RSETA steadfast in the effective and efficient execution of its mandate, the period under review witnessed the organisation making great strides despite challenges in its operating environment. The wholesale and retail sector endeavoured to overcome setbacks emanating from the war in Ukraine and the impact it had on fuel, wheat and maize prices; the Eskom power crisis and the deadly floods that hit KwaZulu-Natal in April 2022.

The social, economic and environmental consequences of the floods are believed to encroach beyond R25 billion. Statistics record that more than eight hundred businesses were destroyed or severely damaged, and it is most unfortunate that the impact of this catastrophic event was felt by marginalised groups who encompass small businesses and informal traders. These groups constitute a significant portion of our audience and beneficiary pool which is a direct concern to the W&RSETA. The Department of Trade, Industry and Competition estimated a cost of seven billion to restore the resultant damage to businesses.

HIGH-LEVEL OVERVIEW OF THE PUBLIC ENTITY'S STRATEGY AND THE PERFORMANCE OF THE PUBLIC ENTITY IN ITS RESPECTIVE SECTOR

The W&RSETA forged ahead in the third year of its five-year Strategic Plan (SP) (2020/21-2024/25) and aligned to the approved Sector Skills Plan (SSP) (2020-2025). It is imperative to mention that the W&RSETA impact statement was consolidated into one overarching statement which reads 'A well-skilled workforce contributing towards a transformed, agile and thriving wholesale and retail sector'. As the Board, we carried out our oversight function in ensuring that the W&RSETA is governed in an ethical and effective way.

I am pleased to announce that the W&RSETA achieved 83,78% on its annual performance targets for the period under review while also obtaining an Unqualified Audit Opinion from the Auditor-General of South Africa. Furthermore, the organisational ICT platform that has been developed over the past two years is almost complete. This is aimed at eliminating the myriad of manual processes. The implementation of the automated processes will contribute towards an efficient and effective organisation embedded in good corporate governance.

As outlined in the 2020-2025 Strategic Plan Mid-term Progress Report, overall, the W&RSETA has managed to fully achieve six of the 20 set targets over the five-year term. The remaining 14 targets are well on track, with the W&RSETA confidently projecting that these targets will be achieved by the end of the 2024/25 financial period.

The W&RSETA adopted a more inclusive approach that prioritises women, youth, people living with disabilities and rural communities. Among various initiatives is the implementation of the capacitation programme for Black Training Providers to enter the Sector including providing them with start-up working capital and work allocation after their successful accreditation.

STRATEGIC OVERVIEW

The 2022/23 review of the Sector Skills Plan (SSP) included stakeholder consultations on skills priorities. Much focus continues towards creating a more sustainable, resilient and inclusive economy. The final SSP lists the below-mentioned seven core priorities for the wholesale and retail sector:

- SMME and Co-operatives development
- Youth unemployment
- Hard-To-Fill Vacancies (HTFVs) and skills gaps
- Stakeholder engagement
- Training and employment of people with disabilities
- Trade Union capacity-building
- Alignment with national strategies such as the Economic Recovery and Reconstruction Plan (ERRP).

The W&RSETA adopted a more inclusive approach that prioritises women, youth, people living with disabilities and rural communities. Among various initiatives is the implementation of the capacitation programme for Black Training Providers to enter the Sector including providing them with start-up working capital and work allocation after their successful accreditation.

STRATEGIC RELATIONSHIPS

Alliances with strategic stakeholders are crucial to the success of skills development. Having celebrated 23 years of existence in March 2023, the W&RSETA comprehends that the ability to create value for itself depends on its ability to create value for its stakeholders. It is on this premise that the W&RSETA has made considerable progress in reinforcing existing partnerships and engaging in new collaborations to further its programmes and interventions, leading to a 94% increase during the review period, signifying the achievement of all set targets relating to partnerships.

The W&RSETA continues to invest in high value projects on infrastructure to support and strengthen TVET and CET colleges. This is in support of the government's objective to produce 30 000 artisans annually by

2030, in alignment with the National Skills Development Plan (NSDP).

Construction of the first flagship Sekhukhune TVET College's Skills Development Centre continued during the reporting period, with more than 95% of the infrastructure having been completed and already in use by 31 March 2023.

As part of our oversight role, the Board carried out its annual project site visits and stakeholder engagement. The visits are on a strategic level and aimed, among other reasons, at assessing the return on the W&RSETA's investment towards the initiatives that are aligned with the National Skills Development Plan and other government priorities. On the other hand, the impact of the projects on the livelihood and prospects of the communities they serve is heart-warming. The Board is satisfied that the W&RSETA's funds are being used for the right purpose.

The Board continued to execute its function of monitoring performance against the predetermined targets set out in the Annual Performance Plan and the service level agreement entered with DHET. The Board is also setting the right tone and direction on delivering a meaningful and impactful transformation agenda.

THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG-TERM PERIOD

To achieve the medium to long-term goal of 'a well-skilled workforce contributing towards a transformed, agile, and thriving wholesale and retail sector', sound administration and governance are critical to the effective functioning of an organisation and W&RSETA places great significance on this component.

The W&RSETA considered the following strategic areas in the process of developing its Strategic Plan 2020/21–2024/25 and these will continue to guide its strategic focus in the remaining two-year period ahead:

- Organisation's strategic challenges
- Performance environment
- Provision of strategic orientation
- Building demand-side capacity
- Building supply-side capacity

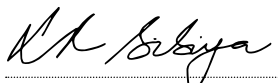
- Bridging supply-demand mismatch
- Delivering the skills required
- Organisational environment
- External environment – inclusive of the economic environment
- The Sector Skills Plan of the W&RSETA

The Board continues to adhere to the highest standards of corporate governance, and the support from the stakeholders is paramount and highly appreciated.

A special thanks to the Minister of Higher Education, Science and Innovation, Honourable Dr Blade Nzimande and his team for their oversight function and for guiding us through the financial year in executing the mandate of the NSDP.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to thank the Chief Executive Officer, Mr Tom Mkhwanazi, the Executive management and the entire W&RSETA staff for their dedication and cooperation to the strategic leadership.



Mr Reggie Sibiya

Chairperson

1.4 CHIEF EXECUTIVE OFFICER'S OVERVIEW



MR TOM MKHWANAZI
CHIEF EXECUTIVE OFFICER

The year under review had a positive sentiment despite the numerous challenges that emerged. It is with a great sense of optimism and accomplishment that I review the 2022/23 financial period. The W&RSETA team was out in full force as all operations resumed due to the lifting of all pandemic restrictions. The SETA achieved 31 out of 37 of its performance targets, which equates to 83,78% performance achievement against the 2022/23 Annual Performance Plan. This is testament to the robust condition of the organisation.

PERFORMANCE AND PROJECT HIGHLIGHTS

The W&RSETA adopted an overarching impact statement, focused on sector level: A well-skilled workforce contributing towards a transformed, agile, and thriving wholesale and retail sector. The W&RSETA revised its targets from 69 in the 2021/22 financial period, to 37 for the 2022/23 reporting period. Implementation of the 37 performance targets enabled the SETA to fund, amongst others, the following beneficiaries:

- 15 672 unemployed youth persons were placed within wholesale and retail companies for workplace learning related to learnerships, occupational qualifications and skills programmes.
- 3 393 learners from TVET colleges and higher education institutions funded for bursaries.
- 257 emerging entrepreneurs and small businesses participated in the Entrepreneurship Development Programmes.
- 4 321 SMMEs participated in skills development initiatives.
- 20 cooperatives and 177 community-based organisations participated in skills development programmes aimed at improving their operational efficiency to ensure the sustainability of their businesses.
- 10 447 wholesale and retail employees were registered in learning programmes aimed at skilling and re-skilling workers for increased productivity in an increasingly technologically advanced environment. The learning programmes for workers were aligned to sector needs for addressing Hard-to-Fill Vacancies (HTFV).
- 13 790 employed and unemployed learners participated in sector funded skills development initiatives and were registered in W&RSETA qualifications or part-qualifications (learnerships, occupational qualifications and skills programmes).

The W&RSETA hosted its inaugural Research Conference on 05 October 2022. The purpose of the research conference was to bring together skills development role players, and education and training institutions to solicit solutions to the wholesale and retail sector; its supply and demand challenges, and to discuss channels for improving an effective outcome-based implementation of the sector skills development interventions and initiatives. The conference was

further aimed at promoting sector research projects within the industry, highlighting key findings and recommendations for implementation. With the W&RSETA leading in innovative research initiatives for over ten years, various programmes have been implemented with local and international institutions thus mapping a path for the sector in implementing key recommendations from research findings. The main objective of our research programmes is to position the Wholesale and Retail Sector for growth opportunities and to prepare the sector to embrace the economic and technological advancements.

In 2011, the W&RSETA made history by launching the first Wholesale & Retail (W&R) Leadership Chair in Africa, hosted by the University of Johannesburg. Building upon this momentum, in 2022, the SETA achieved another milestone with the official launch of the third W&R Leadership Chair in Gauteng. This was an integral aspect of the W&RSETA's dedication to professionalise the W&R sector through groundbreaking research. The Gauteng leadership chair is centred around several strategic focus areas which are: conduct sector and academic research; skills development; international collaboration; supporting postgraduate studies and to establish a public/private collaboration. To date, the Gauteng chair continues to successfully achieve its strategic objectives and contribution to the W&RSETA research chair implementation.

In collaboration with the Research Leadership Chair Cape Peninsula University of Technology (CPUT), the W&RSETA implemented an International Student Exchange Programme in 2022/23 financial period. This facilitated a remarkable opportunity for two students to participate in an exchange programme at the esteemed Duale Hochschule Baden-Württemberg (DHBW) Ravensburg University in Germany. The students expressed much gratitude to the Wholesale and Retail Leadership Chair (WRLC) for granting them an opportunity to study in Germany for three months. One student said, "becoming a foreign exchange student alters your perspective of the world and compels you to discover who you are and to feel secure in that identity". The student exchange programme is one of the Research Leadership Chair's objectives focusing on international collaboration.

We continued to support Technical and Vocational Education and Training (TVET) colleges to become assessment centres for retail occupational programmes during the review period. Construction of the Sekhukhune TVET College's Skills Development Centre continued during the reporting period with completion and full functionality being expected by August 2023. This is W&RSETA's first skills development centre, and it remains a great highlight. The centre's core function is to equip the youth with artisan training in different economic sectors to enhance their employability while developing small, medium and micro enterprises through a well-designed incubation programme.

The W&RSETA has collaborated with Construction SETA, to build the second skills development centre. The R85 million KwaMpumuza Skills Development Centre will benefit the communities of Harry Gwala and uMgungundlovu, upon its completion in 2024. The W&RSETA will contribute R50 million towards the centre. The

construction of the skills centre is in response to a request from Chief Zondi of KwaMpumuza, for government to provide skills development opportunities to his community. The centre will comprise a retail business hub, engineering and construction trade test centre, a retail and agricultural hub, cooking/hospitality trades, hair and beauty workshops, as well as the entrepreneurship lecture room. Over 175 jobs will be created during the construction of the centre to benefit the locals.

In terms of our flagship International Leadership development programme (ILDLP), the W&RSETA enrolled 90 leaders with the Gordon Institute of Business Science (GIBS) as the delivery partner during the review period.

The highly acclaimed ILDP, in its 13th year, is the W&RSETA's flagship programme that exposes senior leaders from the sector to best practices in wholesale and retail sector locally and internationally, through specially crafted immersions that include interactions with global thought leaders. Since its inception in 2009, the programme has benefited over 350 delegates and produced senior and executive leaders who now occupy decision-making positions in leading wholesale and retail companies in South Africa. Delegates have pursued entrepreneurship aspirations which have created new job opportunities. The growth of participating small and medium companies has been attributed to the programme in all instances.

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

FINANCIAL INFLOW AND OUTFLOW

Revenue for the W&RSETA is generated through funding accumulated from skills levies paid by businesses within the sector. The W&RSETA's mandate is to train, skill, and provide practical learning opportunities to suitable candidates to address the needs identified in the sector.

During the period under review, the entity received revenue of R 1 419 489 000.00 in skills development levies. In addition, the SETA also received interest income on investment of R 167 366 000.00 and R 1 183 000.00 as other income, to total R 1 588 038 000.00 in revenue.

The W&RSETA disbursed R236 376 000.00 towards mandatory grants, which translates to 85% of the budget of R 278 067 000. R 1 130 081 000.00 was paid in discretionary grants, which translates to 76% of the budget of R 1 483 224 000. The administrative costs were R 89 782 000.00.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

Adverse effects of the July 2021 unrest in Gauteng and in Kwa-Zulu Natal were still experienced during the reporting period, with many retail shops having not recovered from the losses incurred. Similarly, the havoc caused by the catastrophic floods in Kwa-Zulu Natal in early April 2022 also left much damage to infrastructure thus impacting the operational capacity of many of

The W&RSETA hosted its Inaugural Research Conference on 05 October 2022. The purpose of the research conference was to bring together skills development role players, and education and training institutions to solicit solutions to the wholesale and retail sector; its supply and demand challenges, and to discuss channels for improving an effective outcome-based implementation of the sector skills development interventions and initiatives.

our stakeholders. To top it all off, the power crisis currently being experienced in South Africa has had dire consequences on many employers within the sector; as trading is restricted during periods of no power. The resultant effect of all three scenarios is a loss in revenue collected from employers through skills development levies.

NEW OR PROPOSED KEY ACTIVITIES

As the W&RSETA, we are formally introducing a hybrid and flexible working arrangement which will be piloted in the 2023/24 financial year. This is also aimed at accommodating the ever-changing needs and circumstances of our asset employees and embracing the new technological ways of doing business that came with the Fourth Industrial Revolution (4IR).

In a landmark initiative, the W&RSETA is taking its SMME development initiatives to uncharted territories. The SETA partnered with Zetech University in Kenya to expose 120 informal traders from South Africa to Nairobi's vibrant informal trade sector which is anchored on innovation and technology. The W&RSETA in its efforts to entrench and inculcate entrepreneurship, will provide business management training to these informal traders which will incorporate mentorship and coaching. The agreement with the Kenyan University was concluded during the reporting period and the programme will be implemented in the 2023/24 financial year.

REQUESTS FOR ROLLOVER OF FUNDS

The SETA applied to the National Treasury to retain the surplus of R2.421 billion for the 2021/22 financial year in terms of Section 53(3) of the PFMA and National Treasury Instruction Note 12 of 2020/21. National Treasury responded by indicating that the Executive Authority should be responsible for the approval of retention for surpluses for SETAs as this is governed by the Skills Development Act 97 of 1998. The retention of surplus funds was obtained from the Executive Authority in March 2023.

Although the approval has been obtained from the Executive Authority, there are further deliberations underway between the two departments regarding the legality of the delegation of authority for the approval of retention of supply funds.

SUPPLY CHAIN MANAGEMENT

The W&RSETA strengthened its compliance and governance structures related to SCM during the reporting period. All newly appointed members of the bid committees were capacitated on the latest National Treasury Bid Committees training. The term for bid committees was reduced from a five-year appointment to only one year renewable at the discretion of the CEO, with appointments linked to members' performance agreements. A compulsory strategic sourcing initiative was introduced to be conducted by a cross-functional team of the W&RSETA, specifically a team related to a commodity group.

In addition, the use and facilitation of the procurement process through the ERP system (D635) was increased to reduce unnecessary manual processes. The department also introduced regional sourcing to create a provincial panel of services providers for the 2023/2024 financial year to enable an effective and efficient response to operational sourcing requirements.

- The W&RSETA did not award or conclude any unsolicited bid proposals in the 2022/23 financial year.
- Irregular expenditure of R 18 483 000.00 was noted in the AFS.
- There was no fruitless and wasteful expenditure in the 2022/23 financial year.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

Focus during the review period was on enabling connectivity for the W&RSETA and its external stakeholders at any given time, location and in a safe manner. Accountability was enhanced through improving the governance of information and communication, guaranteeing access to the W&RSETA business services at any given point in time. The ICT function increased productivity through remote working and the provision of a cyber-safe online environment, while also enabling the W&RSETA through business automation, reducing operational risk and the cost of doing business.

The stable automated Annexure II process, DG application, review and award process; learner registration process and the system configuration to accommodate the commitment register automation are some of the key milestones achieved during the period under review.

AUDIT REPORT MATTERS

The W&RSETA received an unqualified audit report from the Auditor-General of South Africa during the financial year under review.

We are committed to addressing the internal control deficiencies relating to the findings in the 2023/24 financial year and look forward to improved audit opinion.

OUTLOOK/ PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

The new Chief Operations Officer was appointed on 01 May 2022. The SETA also appointed a new Chief Audit Executive in December 2022, this followed a resignation of the same position during the 2022/23 financial period. The two appointments completed the executive management team of the W&RSETA.

We will also focus on improving our performance in areas where targets have not been met. These include the bursary programmes for unemployed and employed learners and bursaries for learners completing their studies; those completing their work integration learning programmes; and those completing learning programmes addressing W&R HTFVs as identified in the SSP annually. Overall, the W&RSETA will continue to invest in the development of all manner of skills, from elementary to executive levels, to equip the sector for the workplace of tomorrow, which is with us today.

ECONOMIC VIABILITY

The financial statements have been prepared based on 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 the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Liquidity ratio of 9.43, as articulated in the AFS, demonstrates that the W&RSETA is in a sound financial position. This ratio implies that the SETA maintains sufficient short-term assets to cover its current liabilities, reflecting its ability to effectively meet any immediate financial obligations over the next 12 months.

Despite the weak economy the W&RSETA projects there will be a steady income of levies that will sustain the organisation in the foreseeable future as the majority of the sector large employers remain resilient and projecting growth. The sector predominantly provides what is considered to be essential goods and services and thus the SETA does not anticipate a significant reduction in levy income collection moving forward.

ACKNOWLEDGEMENT

I extend a special gratitude to the Department of Higher Education and Training, particularly the Director-General and the Skills Branch, for their guidance and assistance as we endeavoured to implement our mandate. To the Board, your stewardship of the W&RSETA is invaluable and for this I am forever grateful. I pass my heartfelt appreciation to the entire W&RSETA staff for serving the SETA with diligence and tireless efforts. None of the achievements we are reporting would have been possible without the astute leadership of my management team, to whom I express my sincere gratitude and appreciation. Lastly, I give a special thank you to all our stakeholders and beneficiaries who enable our vision to come to fruition.



Mr. Tom Mkhwanazi

Chief Executive Officer

1.5 STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

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

All information provided and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.

The Annual Report is complete, accurate and is free of any omissions.

The Annual Report has been prepared in accordance with guidelines on the Annual Report as issued by the National Treasury.

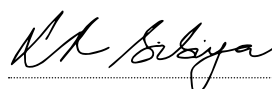
The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA) and Skills Development Act, 1998 (SDA).

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgments 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.

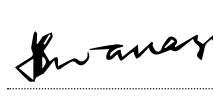
The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and financial affairs of the entity for the financial year ended 31 March 2023.



Mr Reggie Sibiya

Chairperson



Mr. Tom Mkhwanazi

Chief Executive Officer

1.6 STRATEGIC OVERVIEW

VISION

To be the country's leader in skills development.

MISSION

To develop a skilled, capable, competent and professional workforce to transform the wholesale and retail sector.

VALUES

ACCOUNTABILITY

- We take responsibility for decisions, actions, and results at both organisation and employee levels
- We take ownership of our endeavours
- We are committed to a client-centric work ethic

AGILITY

- We are responsive to the ever-changing needs and trends of industry
- We are demand-driven
- We maintain an innovative work ethic within the prescripts of the regulatory environment
- We work with foresight
- We strive to be proactive through leadership

INTEGRITY AND TRUSTWORTHINESS

We believe in:

- Keeping our word
- Behaving in an ethical manner
- Consistency
- Compliance

MUTUAL RESPECT

We believe in:

- Appreciation of others
- Active listening
- Kicking the ball, not the player
- Acknowledgement
- Acceptance
- Embracing diversity

QUALITY SERVICES

We are committed to:

- Professionalism
- Being orientated towards service fulfilment
- Exceeding expectations
- Meticulousness
- Adhering to standards
- Consistency
- Living the Batho Pele Principles

IMPACT OF THE W&RSETA

A well-skilled workforce contributing towards a transformed, agile and thriving wholesale and retail sector.

1.7 LEGISLATIVE AND OTHER MANDATES

The W&RSETA is a schedule 3A public entity and derives its mandate from the Skills Development Act No. 97 of 1998 (as amended). The SETA is responsible for supporting skills development in the wholesale and retail sector in South Africa, through the disbursement of grants to facilitate the implementation of learning programmes and the monitoring of education and training as outlined in the Act, accompanying regulations and the National Skills Development Plan (NSDP) 2030.

The W&RSETA is governed by the following legislative frameworks:

- Constitution of the Republic of South Africa Act, Act No. 108 of 1996
- Skills Development Act, Act No. 97 of 1998 (as amended)
- Skills Development Levies Act, Act No. 9 of 1999
- National Qualifications Framework Act, No. 67 of 2008
- Sector Education and Training Authorities (SETAs) Workplace Based Learning Programme Agreement Regulations, 2018
- SETA Grant Regulations, 3 December 2012, Vol. 570, 35940
- Public Finance Management Act, Act No. 1 of 1999 (as amended) along with related-legislation and practice notes
- Protection of Personal Information Act, Act No. 4 of 2013
- B-BBEE Act, No. 53 of 2003

The following national strategies and policies guide the W&RSETA's strategy and operations:

- National Skills Accord
- Industrial Policy Action Plan (IPAP) 2018/19 – 2020/21
- New Growth Path (NGP)
- National Development Plan 2030 (NDP)
- National Skills Development Plan (NSDP)
- White Paper for Post-School Education and Training (WPPSET)

1.8 SCOPE OF COVERAGE

2.1. WHOLESALE AND RETAIL SECTOR ENVIRONMENT

The W&R sector is divided into two main subsectors: the Wholesale and Retail. Wholesale trade deals with the bulk buying of goods from various manufacturers and the breaking down of these bulk purchases into smaller quantities, which are then sold to retailers.

Retail trade deals with the buying of goods from the wholesaler and the selling thereof to the consumer. The actual activities that fall within the scope of the wholesale and retail sector are demarcated according to Standard Industrial Classification (SIC) code, as shown in the table below.

SIC CODE	TRADE CATEGORY
WHOLESALE	
45000	Wholesale and retail trade and repair of motor vehicles and motorcycles
45100	Sale of motor vehicles
45101	Wholesale of motor vehicles
45102	Retail of new motor vehicles
45103	Retail sale of used motor vehicles
45200	Maintenance and repair of motor vehicles
45300	Sale of motor vehicle parts and accessories
45400	Sale, maintenance and repair of motorcycles and related parts and accessories
45500	Retail of automotive fuel in specialised stores
46000	Wholesale trade, except of motor vehicles and motorcycles
46100	Wholesale on a fee or contract basis
46200	Wholesale of agricultural raw materials and live animals
46300	Wholesale of food, beverages, and tobacco
46301	Wholesale trade in foodstuffs
46302	Wholesale trade in beverages
46303	Wholesale in tobacco products
46400	Wholesale of household goods
46410	Wholesale of textiles, clothing, and footwear
46490	Wholesale of other household goods
46491	Wholesale trade in household furniture, requisites, and appliances
46492	Wholesale trade in books and stationery
46493	Wholesale trade in pharmaceuticals, toiletries, and medical equipment
46499	Other wholesale trade in other household goods n.e.c.
46500	Wholesale of machinery, equipment, and supplies
46510	Wholesale of computers, computer peripheral equipment and software
46520	Wholesale of electronic and telecommunications equipment and parts
46530	Wholesale of agricultural machinery, equipment, and supplies
46590	Wholesale of other machinery and equipment
46600	Other specialised wholesale
46610	Wholesale of solid, liquid, and gaseous fuels and related products
46620	Wholesale of metals and metal ores
46621	Wholesale of gold
46629	Other wholesale of metals and metal ores
46630	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies
46690	Wholesale of waste and scrap and other products n.e.c.
46691	Sale of used parts and accessories, including scrapyards
46692	Wholesale trade in diamonds, pearls, and other precious and semi-precious stones
46699	Other wholesale of waste and scrap and other products n.e.c.
46900	Non-specialised wholesale trade

SIC CODE	TRADE CATEGORY
	RETAIL
47000	Retail trade, except of motor vehicles and motorcycles
47100	Retail sale in non-specialised stores
47110	Retail sale in non-specialised stores with food, beverages or tobacco predominating
47190	Other retail sale in non-specialised stores
47200	Retail sale of food, beverages, and tobacco in specialised stores
47210	Retail sale of food in specialised stores
47211	Retail trade in fresh fruit and vegetables
47212	Retail in meat and meat products
47213	Retail trade in bakery products
47219	Other retail sale in specialised stores
47220	Retail sale of beverages in specialised stores
47230	Retail sale of tobacco products in specialised stores
47300	Retail sale of information and communications equipment in specialised stores
47310	Retail sale of computers, peripheral units, software, and telecommunications
47320	Retail sale of audio and video equipment in specialised stores
47400	Retail sale of other household equipment in specialised stores
47410	Retail sale of textiles in specialised stores
47420	Retail sale of hardware, paints, and glass in specialised stores
47430	Retail sale of carpets, rugs, wall, and floor coverings in specialised stores
47490	Retail sale of electrical household appliances, furniture, lighting equipment and other household articles in specialised stores
47500	Retail sale of cultural and recreation goods in specialised stores
47510	Retail sale of books, newspapers, and stationery in specialised stores
47520	Retail sale of music and video recordings in specialised stores
47530	Retail sale of sporting equipment in specialised stores
47540	Retail sale of games and toys in specialised stores
47600	Retail sale of other goods in specialised stores
47610	Retail sale of clothing, footwear, and leather articles in specialised stores
47620	Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialised stores
47630	Other retail sale of new goods in specialised stores
47631	Specialised retail sale of jewellery
47632	Specialised retail sale of watches and clocks
47639	Other retail sale of new goods in specialised stores n.e.c.
47640	Retail sale of second-hand goods
47700	Retail sale via stalls and markets
47710	Retail sale via stalls and markets of food, beverages, and tobacco products
47720	Retail sale via stalls and markets of textiles, clothing, and footwear
47790	Retail sale via stalls and markets of other goods
47800	Retail trade not in stores, stalls, or markets
47810	Retail sale via mail order houses or via internet
47890	Other retail sale not in stores, stalls, or markets

2.2. KEY STAKEHOLDERS

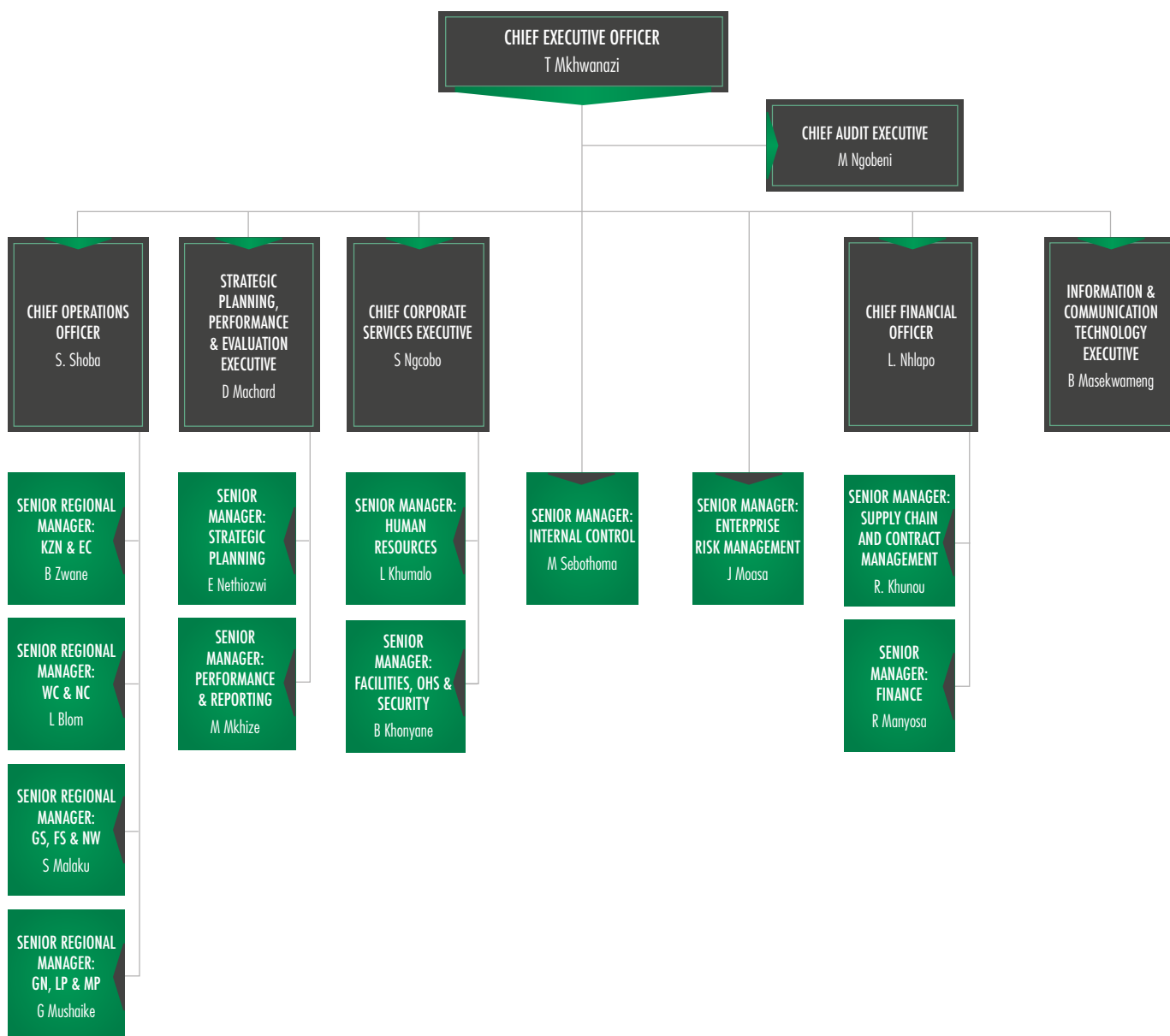
The key stakeholders that contribute to the SETA's achievement of its outcomes in the sector are grouped into groups of organised employers, the W&RSETA board, training providers, organised labour, government, community, and others as shown on Table 4.

ORGANISED EMPLOYERS	ROLES AND RESPONSIBILITIES	NSDP OUTCOME ALIGNMENT
<ul style="list-style-type: none"> • Retailers Association (RA) • Consumer Goods Council of South Africa (CGCSA) • National Clothing Retail Federation (NCRF) • Black Business Council (BBC) • Enterprise Mentorship of South Africa (EMOSA) • Business Unity South Africa (BUSA) • Fuel Retailers Association (FRA) • South African Petroleum Retailers Association • Retail Motor Industry Organisation • Wholesale and retail enterprises (small, medium, and large) 	<ul style="list-style-type: none"> • Represented equally on the committees of the W&RSETA BOARD • Represent and articulate employer (small, medium, and large) interests. • Contribute to education and training, negotiations, marketing, finance, human resources and legal. 	<ul style="list-style-type: none"> • Engaging workplaces to enable them to provide increasingly relevant data on the skills of their existing workforce as well as projected skills needs, through relevant templates; • Engaging stakeholders (including but not limited to employers, labour, and government) to ascertain their perceptions of future trends in their sectors and the implications of these for the demand and supply interventions planning. • Continuously exploring the implications of the findings from the workplace data and stakeholder engagement with respect to sector trends and national policy priorities; and • Effective and meaningful stakeholder engagement to support ownership and participation among stakeholders including social partners, employers, labour, training providers, prospective learners, and the public.

1.9 ORGANISATIONAL STRUCTURE

Key positions that were filled during the year under review include – Chief Audit Executive; Senior Manager: Supply Chain and Contract Management; Senior Manager: Performance and Reporting; and Senior Manager: Finance.

EXECUTIVE & SENIOR MANAGEMENT



EXECUTIVE MANAGEMENT



T Mkhwanazi
CHIEF EXECUTIVE OFFICER



M Ngobeni
CHIEF AUDIT EXECUTIVE



S Shoba
CHIEF OPERATIONS OFFICER



D Machard
STRATEGIC PLANNING,
PERFORMANCE & EVALUATION
EXECUTIVE



S Ngcobo
CHIEF CORPORATE SERVICES
EXECUTIVE



L Nhlapo
CHIEF FINANCIAL OFFICER



B Masekwameng
INFORMATION & COMMUNICATION
TECHNOLOGY EXECUTIVE



PART B
**PERFORMANCE
INFORMATION**

2.1 AUDITOR'S REPORT: **PREDETERMINED OBJECTIVES**

The AGSA/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 65 to 71 of the Report of the Auditors Report, published as Part F: Financial Information

2.2 OVERVIEW OF PERFORMANCE

2.2.1 SERVICE DELIVERY ENVIRONMENT

OVERALL PERFORMANCE

During the review period, the W&RSETA focused on the execution of its seven core priorities as outlined in the 2020/21-2024/25 Sector Skills Plan (SSP). The main stakeholders that contribute to the achievement of the SETA's outcomes are the W&RSETA Board, Executive Management and its staff, the government, training providers, organised employers and organised labour, and the South African community at large. The period under review has shown an increase in business activity, particularly in certain sub-sectors such as wholesale trade and the motor trade.

It is imperative to single out the training and employment of people with disabilities as persons with disabilities are the least represented in the South African labour market with only five percent constituting employment in the wholesale and retail sector. The SETA has identified disability as a priority and interventions are being implemented to ensure representation and awareness of the challenges facing people with disability in the sector. The W&RSETA continued to reinforce processes and systems to enable service delivery in all its priority areas.

MACRO ENVIRONMENT

The W&RSETA plays a crucial role in economic and socio-economic development, as the wholesale and retail sector employ around 21% of the total workforce of South Africa. It is on this premise that an analysis of the macro environment in which the SETA operated, during the period under review is crucial.

Referencing the 2021/22 financial period as the base year, the following variances in economic indicators are worth taking note of, for the 2022/23 financial period;

- The 2022/23 Real Gross Domestic Product (GDP) grew by 1.9% compared to 2.15% projected in the previous financial period. Although an increase is recorded, businesses particularly in retail experienced stagnant growth which in turn discentivised the need for new recruitments and moreover the maintenance of existing staff. Overall, within the economy, the unemployment rate reached its highest peak of 29.81% during the period under review. The resultant effect on the SETA is two-pronged, first, a decline in revenue collection from skills development levies and second, limited placement opportunities for learners funded by the W&RSETA. It is to be noted that high economic activity is paramount to the functionality of the W&RSETA
- In terms of Inflation, there has been a sustained price increase during the period under review, from a rate of 5.9% in April 2022 to a rate of 6.8% in March 2023. This had a direct effect on consumer spending in terms of preferences and magnitudes. Inseparable from the study of inflation is the consumer price index and the production

price index. The upward trend may be attributed to change drivers such as an increase in transportation costs due to changes in the price of fuel particularly diesel, high levels of crime which increased security costs and power cuts which forced businesses to invest in the installation of other sources of energy or close-shop during load-shedding periods, thus losing trading hours. These and other factors increase business operating costs which in turn are then passed on thus increasing consumer prices.

2.2.2 ORGANISATIONAL ENVIRONMENT

The W&RSETA has ten regional offices, with one regional office in each of the nine provinces of South Africa, except for Gauteng, which has two offices.

OVERVIEW OF THE W&RSETA OPERATIONS SYSTEM

A. THE GOVERNANCE STRUCTURE

The WRSETA has an independent Board appointed by the Minister to perform the leadership, oversight and monitoring roles on affairs of the SETA. In the execution of its powers and functions the Board is assisted by its committees and the independent audit committee. The Executive Committee consisting of the Chief Executive Officer (Chairperson) and five Executives who are heads of departments is responsible for the day-to-day running of the organisation.

B. THE OPERATIONAL STRUCTURE

The organisational structure of the W&RSETA has five core Departments that are driving its mandate in line with the four programmes, and these are Operations Department; Finance Department; Corporate Services Department; Strategic Planning, Performance & Evaluation; and Information Communication Technology. As at end of the financial year WRSETA had a staff complement of 258 employees.

Decentralization of operations – The implementation of the decentralized operational model was concluded with the placement of staff that were remaining in the "pool". From the "people" and "operation's" perspective, the model came with broader delegation of powers and responsibilities, and consequently addressed the red tapes of centralizing operations. Merits to the decentralized model noted during the review period include an improved turn-around time on the implementation and feedback on grant contracts and services now being rendered by the provincial offices from start to end. All W&RSETA offices which are operational in the nine provinces have been empowered through the decentralization model to deal with all SETA product offerings covering learnerships, bursaries, SME support, skills programme, etc.

The W&RSETA was reasonably resourced during the reporting period with the occupancy rate against the structure sitting at 79%, although the attrition rate increased from 4% to 6% when compared to the prior year.

C. THE BUSINESS OPERATIONS FUNCTION

Programme 1: Administration	An efficiently run organisation that effectively responds to skills demand and supply of the wholesale and retail sector
Programme 2: Skills Planning and Research	Skills development interventions informed by comprehensive research
Programme 3: Learning Programmes and Projects	Wholesale and retail workforce equipped with relevant skills required by the sector
Programme 4: Quality Assurance	A curriculum that is relevant to the sector is developed and updated

2.2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

No national policy developments or legislative changes occurred in the reporting period that might have affected the W&RSETA operations.

The W&RSETA's policies as contained in its quality management database are reviewed on a periodic basis or as and when legislative or operational changes dictate. The W&RSETA's policies are furthermore subjected to governance structures which entails circulation to its Management Committee followed by an evaluation and recommendation by the relevant Board Committee to the Accounting Authority for final approval.

2.2.4 INSTITUTIONAL IMPACTS

The W&RSETA set seven key skills priorities for the 2022/23 financial year. These priorities emanate from the SETA's research as part of the development of the SSP and addressed the key change drivers in the sector.

The seven key skills priorities are:

- Priority skills plan (PSP)
- SMME, Informal Traders and Cooperative Development
- Youth Unemployment
- Hard-to-Fill vacancies and Skills Gaps
- Stakeholder Engagement
- Training and Employment of People With Disabilities (PWD)
- Sector Transformation

Below are the interventions and programmes that were structured to address the key skills priorities. Also included is information of the learners that participated and or benefitted from the programmes:

PRIORITY 1: PRIORITY SKILLS PLAN

The Priority Skills Plan is intended to ensure that skills do not become a hindrance to economic growth and job creation. To guard against this, the SETA will identify key skills and occupations to support that will assist the labour market from the short term. Industry consultation to identify skills and develop priority skills necessary for economic growth and job creation within the digital economy.

The Sector Skills Planning engagement sessions were conducted and completed with a focus on key sector change drivers which drive economic growth. The Provincial Skills Plan (PSP) were developed during the 2022/23 period, and will be reviewed for positioned to address sector immediate demand (ecommerce) and align and complement Provincial demand for improved allocation. The Provincial Skills Plan include list of skills required per sub-sector, delineated by employer size and location.

Impact evaluation tool intelligence report has been completed. This will enable the SETA to conduct ROI assessments to determine where the most impact is being made through W&RSETA interventions.

The development of W&R sector digitisation and 4th IR strategy was initiated in 2022/23 and the strategy will be developed and completed 31 March 2024. The strategy will drive the 4th IR transition within the sector and assist businesses, especially SMMEs to adapt.

PRIORITY 2: SMME, INFORMAL TRADERS AND COOPERATIVES

In 2022/23, 257 emerging entrepreneurs and small business participated in W&RSETA Entrepreneurship Development Programme to enable the growth and sustainability of their businesses. 4 321 registered SMME that operate within the W&R sector enrolled for skills development programmes. 3 111 informal traders participated in W&RSETA capacitation workshops. 20 cooperatives and 177 community-based entities participated in skills development initiatives to enable them to participate in the mainstream economy.

PRIORITY 3: YOUTH UNEMPLOYMENT

During the year under review, the W&RSETA, through the discretionary grant programme, funded 18 079 unemployed persons to participate in learnerships, occupational qualifications, skills programmes and occupationally directed programmes at TVET colleges and higher education institutions. 99,23% (17 952) of the unemployed persons funded for participation in occupationally directed programmes were unemployed youth.

The W&RSETA has partnered with South African Colleges Principal Organisation (SACPO) to implement the Presidential Youth Employment Initiative Graduate Assistant Internship (PYEI) through DG 2022/23. PYEI is a multi-sector action plan/ programme directed at addressing South Africa's chronic youths' unemployment challenge. To date 624 beneficiaries, of which 603 are unemployed youths, have benefitted from the programme.

PRIORITY 4: HARD-TO-FILL-VACANCIES

The ten hard-to-fill vacancies (occupational shortages) indicated in chapter three of the SSP are the organisation's priority occupations. The SETA thus facilitates training aligned to sector needs to narrow the gap between supply and demand of such skills and in the sector. The hard-to-fill vacancies are a result of a high employee turnover, lack of relevant experience, lack of relevant qualifications and equity considerations. 25 081 SETA funded learners were enrolled on qualifications that respond to hard-to-fill vacancies.

PRIORITY 5: STAKEHOLDER ENGAGEMENTS

Stakeholder engagements as a priority, is driven by the W&RSETA CEO, leading strategic conversations with the SETA's stakeholders. These engagements are in recognition of the importance of partnerships to meet industry needs for skilled workers and workers' needs for better jobs. The CEO's stakeholder engagement programme facilitates strategic discussions with various stakeholders from wholesale and retail companies, institutions, training providers and government on skills development in the W&R sector. The intended outcome of these discussions is to find innovative solutions to skills challenges, share best practices among stakeholders and importantly, to experience, first-hand, the impact of various programmes through demonstrated successes. Nine CEO stakeholder engagements were convened during the year under review.

The CEO's programme enhances regular stakeholder engagements that are facilitated by the provincial offices through provincial forums and advisory committees. 29 provincial stakeholder forums were held in 2022/23, in all the ten regions.

One of the recommended actions on the SSP is regular stakeholder satisfaction surveys and on this note the W&RSETA conducted a national service quality assessment with stakeholders in the 2022/23 financial year, following the first assessment conducted in the prior year. The participation rate increased by 46.7% during the 2022/23 financial year as compared with the previous financial year which is indicative of stakeholders are willingness to share their perceptions on the W&RSETA's service quality offering by the W&RSETA. A total of 261 stakeholders consisting of a mixture of companies from small to super large, and individual practitioners had provided responses. The survey was accessible from a computer or a smartphone device for enhanced reach and accessibility.

The assessment is based on the SERVQUAL model which tests a total of five service quality dimensions which are:

- Tangibles
- Reliability
- Responsiveness
- Empathy
- Assurance

The W&RSETA fared above average for each of the dimensions yet more importantly, stakeholders were able to provide open-ended feedback in terms of areas for continual improvement and further development as the SETA positions to exceed service delivery standards and its commitments to organisational values. Some of the areas recommended by stakeholders for potential enhancements are already being implemented with others planned for the short and medium terms.

PRIORITY 6: TRAINING AND EMPLOYMENT OF PEOPLE WITH DISABILITIES

Persons living with disability have been identified as one of the priorities. Access to wholesale and retail occupationally directed programmes was provided to 1251 people with disabilities in the 2022/23 period. The SETA approved the Self-Help Association of Paraplegics (SHAP) Soweto project during the year under review. The project aims at empowering 100 youths living with disability, to pursue different NQF level qualifications, in an effort to skill them in areas of their interest. The qualifications will equip the learners with self-sustenance skills that will better position them to start their own business in the retail sector.

PRIORITY 7: SECTOR TRANSFORMATION

The W&R sector remains largely untransformed. There is poor representation of black, Indian and coloured individuals in top and senior management. During the reporting period, the SETA enrolled employed learners on various interventions to address the slow transformation of the sector. These enrolments include two learners for the ILDP and 283 for the Retail Management Development Programme (RMDP). In addition, 17 learners for Master's degrees and one for their PHD, were awarded bursaries.

2.2.5 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

W&RSETA has eight strategic outcomes that have been identified in its 2020/21 – 2024/25 Strategic Plan for implementation and achievement within the five years Strategic Plan implementation period. The eight outcomes have been set in order to achieve the impact which the W&RSETA aims to make. The W&RSETA adopted an overarching impact statement, focused at sector level: A well-skilled workforce contributing towards a transformed, agile and thriving wholesale and retail sector.

The eight outcomes are:

- **Outcome 1:** An efficient and effective organisation with good corporate governance
- **Outcome 2:** An integrated career guidance programme
- **Outcome 3:** Growth focused programmes for the development and support of Training Providers and the Higher Education, TVET and CET sectors to enable their responsiveness to changing occupations and technological advances.

- **Outcome 4:** A sector responsive Research Agenda that supports and informs the establishment of impact geared W&R skills development programmes.
- **Outcome 5:** Increased access to wholesale and retail occupationally directed programmes.
- **Outcome 6:** Growth focused skills development and entrepreneurship development support for emerging entrepreneurs, cooperative sector and small, medium and informal business enterprises to enhance their participation in the mainstream economy.
- **Outcome 7:** Capacitated Trade Unions within the W&R sector
- **Outcome 8:** An appropriately skilled, agile and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs.

Eight (8) strategic outcomes with 18 specific outcome indicators were set for achievement within the 2020–2025 period. An outline of progress made towards achievement of the W&RSETA outcomes during 2022/23 is provided per outcome below.

OUTCOME 1: AN EFFICIENT AND EFFECTIVE ORGANISATION WITH GOOD CORPORATE GOVERNANCE

Outcome 1 contributes to Chapter 13 of the National Development Plan (NDP) “Building a capable and developmental state” and priority one of the Medium-Term Strategic Framework (MTSF) which aims to ensure a capable, ethical and developmental state. An efficient and effective W&RSETA would contribute to a well-skilled workforce contributing towards a transformed, agile and thriving wholesale and retail sector, which is the impact that the SETA aims to achieve.

To ensure an efficient and effective W&RSETA with Good Corporate Governance, two targets were set. The SETA planned to achieve a clean audit opinion by 2024/25, as part of its focus to ensure good corporate governance and effective internal controls. The SETA obtained an unqualified audit opinion in 2020/21 and a qualified audit opinion in 2021/22. The SETA has put a plan in place that clearly directs how the outcome of the audit can be improved from the 2022/23 fiscal year.

The second target for this outcome was a reduction in manual processes by 90% over a five-year period, contributing to efficiency and effectiveness in delivering the mandate of the SETA. To this end, forty-seven manual processes were identified in 2020/21, thirty-eight of which were automated in that year (80%) and the remaining nine (20%) in 2021/22. Thus, the target of 90% was overachieved as all (100%) manual processes identified in 2020/21 were automated in the first two years of the strategic plan implementation. The SETA will monitor the implementation of the automated processes to ensure that they indeed contribute to an efficient and effective organisation.

OUTCOME 2: AN INTEGRATED CAREER GUIDANCE PROGRAMME

Outcome 2 contributes to Chapter 9 of the NDP “Improving Education, Training and Innovation” and Priority 3 of the MTSF “Education, skills and health”. Career Guidance is the alpha in ensuring a well-skilled workforce contributing towards a transformed, agile and thriving wholesale and retail sector, which makes it important that the career guidance programme is well thought through. An integrated career guidance programme aligns to Outcome 8 of the National Skills Development Plan (NSDP), 2030 “support career development services”.

The five-year target for outcome two was to ensure the development and implementation of a career guidance and career development strategy. The strategy which guides the W&RSETA’s career guidance interventions from 2020/21 to 2024/25 was developed and approved in December 2020. The strategy is being implemented in phases with the following activities having been implemented during the year under review:

- Total of 226 career guidance events held in urban and rural areas.
- 16 life orientation educators capacitated in use of the career guide.
- 25 people were trained on career guidance information officer qualification during the year under review.
- Two Career Development Practitioner Capacitation programmes were held in Western Cape and Eastern Cape with 49 people trained on Career Development Practitioner capacitation.
- Videography of the W&R sector.

OUTCOME 3: DEVELOPMENT AND SUPPORT OF TRAINING PROVIDERS AND THE HIGHER EDUCATION, TVET AND CET SECTORS TO ENABLE THEIR RESPONSIVENESS TO CHANGING OCCUPATIONS AND TECHNOLOGICAL ADVANCE.

The outcome contributes to Chapter 9 of the NDP “Improving Education, Training and Innovation” and Priority 3 of the MTSF “Education, skills and health”. The outcome also contributes to Outcome 5 of the NSDP which aims to support the growth of the public college system. The five-year target requires a 10% increase in partnerships with TVET, HETs and CETs aimed at enabling their growth. Skills development success depends on partnerships with employers, providers and, most importantly, institutions that share the vision of skills development as the tonic for many of society’s ills.

The W&RSETA made considerable progress in the review period in reinforcing existing partnerships and forging new ones to further its programmes and interventions. It exceeded all targets, including capacitation workshops for technical and vocational education and training (TVET) colleges. Colleges were supported to become assessment centres for retail occupational programmes. Capacity building lecturers is a strong and long-established focus and the SETA acquitted itself well, with thirty-five public TVET and eighteen

community education and training (CET) lecturers registered on development programmes to assist them to offer retail qualifications.

Furthermore, thirty-two public TVET lecturers were certificated to deliver retail qualifications. Also exceeded was the target for partnerships formed with emerging historically disadvantaged skills development providers. These partnerships are based in all ten regions, including in townships and rural areas. The support provided through these partnerships included:

- Workplace opportunities provided for 2 782 learners from TVETs & HETs
- Two partnerships with higher education institutions that offer retail programmes to strengthen partnerships with sector and academic institutions
- Three CET Colleges supported with infrastructural development

OUTCOME 4: SECTOR RESPONSIVE RESEARCH AGENDA THAT SUPPORTS AND INFORMS THE ESTABLISHMENT OF IMPACT GEARED W&R SKILLS DEVELOPMENT PROGRAMME

The outcome contributes to Chapter 9 of the NDP "Improving Education, Training and Innovation" and Priority 3 of the MTSF "Education, skills and health". The outcome also responds to Outcome 2 of the NSDP which focuses on linking education and the workplace. The SETA planned to complete twenty research reports and five impact assessments reports by 2024/25, in line with the approved Research Agenda which sets out the research needs of the W&RSETA. The outcome of the research agenda is eleven (11) research studies and six impact studies were completed from 2020/21 to 2022/23. The following were among the focus areas of the studies during the specific year under review:

- Impact Evaluation Study on The Youth Focus Project
- Impact Evaluation Study on the Rural Areas Learnership (Informal Small Business Practice)
- Project 2022/1 - OMNI-Channel Retailing: Low-income Consumers' Experience
- Project 2022/2 - Towards Enterprising Fuel Retailers
- Transformation to advance business sustainability and resilience, with a focus on building entrepreneurship
- Strategic review of suitable learning programmes/ interventions for the employed and unemployed
- Impact Studies: An impact study on the Bursary and Placements Funding Model/Grant
- Impact Studies: An impact study of W&R programmes on persons with Disabilities
- The Training Providers from the Previously Disadvantaged Groups
- Linking Education and Work: Provider, Employer and Learner perceptions of preparation for and through Work.

- Workplace Based Learning (WBL): Tracer Study - Learnerships
- Workplace Based Learning (WBL): Tracer Study - Internships

The SETA uses the results of the research to inform planning, implementation strategies and policies that are formulated from the findings and recommendations of these studies.

OUTCOME 5: INCREASED ACCESS TO WHOLESALE AND RETAIL OCCUPATIONALLY DIRECTED PROGRAMMES

Outcome 5 is measured by assessing the number of learners who participated in occupationally directed programmes. The outcome directly contributes to Outcome 4 of the NSDP which aims to increase access to occupationally directed Programmes.

As at the end of March 2023, the 5-year target of 7 000 set for this outcome was overachieved as 19 426 learners participated in occupationally directed programmes. Of the 19 426 learners, 6,44% were People with Disabilities and 25,91% were from rural areas, which exceeded the set target of 4% and 12.5% for people with disabilities and those who are from rural areas, respectively. By increasing access to the W&R occupationally directed programmes, the SETA contributes to Chapter 9 of the NDP "Improving Education, Training and Innovation" and Priority 3 of the MTSF "Education, skills and health".

OUTCOME 6: GROWTH FOCUSED SKILLS DEVELOPMENT AND ENTREPRENEURSHIP DEVELOPMENT SUPPORT FOR EMERGING ENTREPRENEURS, COOPERATIVE SECTOR AND SMALL, MEDIUM AND INFORMAL BUSINESS ENTERPRISES TO ENHANCE THEIR PARTICIPATION IN THE MAINSTREAM ECONOMY

The National Development Plan (NDP) envisions a South Africa where small, medium and micro enterprises (SMMEs) are at the epicentre of economic development, and not at the periphery. The NDP states that "retail and business services together are the biggest employers in most middle- and high-income economies. One of the policy options of the NDP for the retail sector is to conduct further investigation on opportunities to stimulate sustainable small-scale retail and cooperative buying, with the aim of reducing costs in townships and rural areas and stimulating related employment. The NDP indicates that SMME development contributes significantly to the country's growth and development as these enterprises are important contributors to job creation and thus contribute to improving the quality of lives for people and communities in the country. This is linked to Priority 2 of the MTSF "economic transformation and job creation". Outcome six of the NSDP focuses on "skills development support for entrepreneurship and cooperative development."

The SETA planned to have 1 000 informal businesses registered with registration bodies and 500 Small and Medium Enterprises (SMEs) who participated in supplier development programmes supported to be registered on the Central Supplier Database (CSD). Between 2020/21 and 2021/22, a total of 4 827 Informal Traders participated in the W&RSETA's Informal Traders Development

Programme. In 2022/23, a total of 3 111 informal traders participated in the W&RSETA's Informal Traders Development Programme. Three hundred of the Informal Traders who participated were assisted to register their businesses with relevant registration bodies. A total of 4 954 SMEs participated in skill development between 2020/21 and 2021/22. No SMEs were assisted to register on the CSD as planned. Plans have been in place to ensure that the target can be achieved in the two and half year remaining. The SETA also supported 71 cooperatives through their participation in skills development initiatives, showing satisfactory progress towards achieving the 5-year target of one hundred.

OUTCOME 7: CAPACITATED TRADE UNIONS WITHIN THE WHOLESALE AND RETAIL SECTOR

Outcome seven of the NSDP focus on encouraging and supporting worker-initiated training. Against a five-year target of fifteen interventions to capacitate trade union members, a total of thirteen interventions to capacitate trade unions was achieved by the end of the period under review. In 2020/21, five trade unions were capacitated on occupational health and safety, COVID-19 basics, labour law and Information and Communication Technology (ICT), Understanding of Trade Union Movement & Framework of Trade Union Movement, and Leadership Training benefitting 1095 Trade union members. In 2021/22, four trade unions were capacitated on Disciplinary Hearing & Practical Labour Training, Case/ Grievance Handling, Shop Stewards Induction and Handling of Unfair Dismissal (HUD) benefitting 1010 trade union members. In 2022/23, four trade unions were capacitated on equal pay for equal job, conducting trade union meeting, conducting misconduct investigations; Bargaining Council & CCMA Rules and Procedures; Labour court Jurisdiction benefitting 1629 trade union members, contributing to the five-year strategic plan target of increasing trade union member participation in Trade Union Capacitation Programmes by 20%.

OUTCOME 8: AN APPROPRIATELY SKILLED, AGILE AND RESPONSIVE WORKFORCE AND SKILLS POOL ABLE TO MEET THE W&R SECTOR CURRENT AND EMERGING SKILLS NEEDS

The outcome contributes to outcome three of the NSDP "improving the level of skills in the South African workforce." This is also linked to Chapter 9 of the NDP "Improving Education, Training and Innovation" and Priority 3 of the MTSF "Education, skills and health". Outcome 8 is measured through six targets which focuses on registering workers in programmes addressing Hard to Fill Vacancies as identified in the SSP, reducing the imbalance between skills supply and demand for priority skills in the W&R sector, supporting unemployed persons to obtain qualifications in programmes that address W&R sector current and emerging skills needs for increased sector responsiveness to 4IR and related technological advances, supporting youth with ICT skills to access digitisation job and entrepreneurship opportunities in the sector and supporting previously unemployed persons who have completed W&RSETA programmes to be employed or start their own businesses.

With a five-year target of 10 000 workers registered in SSP identified programmes addressing hard-to-fill vacancies, the SETA registered 28 298 workers by the end of March 2023. A total of 965 young people were supported with ICT skills during the period under review, against a five-year target of 1500.

Satisfactory progress was also made with learners who exited the W&RSETA's programmes having completed, as 22 336 was recorded against the five-year target of 39 470. Slow progress was reported with regards to achieving the target of 12 000 previously unemployed persons who have completed W&RSETA programmes being employed or start their own businesses as only 2 270 was reported during the period under review. Plans have been put in place to ensure that the set target can be achieved.

2.3 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

2.3.1. PROGRAMME 1: ADMINISTRATION

PURPOSE OF PROGRAMME 1

The purpose of this programme is to provide effective and efficient support functions within the organisation that create an enabling environment for the W&RSETA to deliver on its Outputs and goals

The success of this Programme over the next five years will be measured in terms of its ability to establish organisational capacity and capability that will enable a culture of high-performance productivity which will enable delivery of the SETA's mandate. This will be attained through the deployment of robust business processes and systems, embedding effective corporate governance, strengthening oversight and compliance, as well as monitoring and evaluation capabilities for measuring impact of skills interventions in the sector.

PERFORMANCE RESULTS OF PROGRAMME 1

Programme 1 achieved performance result of 100,00%, with all two performance targets set for the 2022/23 financial year being achieved.

Table 2.4.4.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement for Programme 1

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED	AUDITED	PLANNED	*ACTUAL	DEVIATION FROM	REASONS FOR	DEVIATIONS
			ACTUAL	ACTUAL		ACHIEVEMENT	PLANNED TARGET		
			2020/2021	2021/2022	ANNUAL TARGET	2022/2023	2022/2023		
Outcome 1: An efficient and effective organisation with good corporate governance	Output 12: Efficient and effective use of resources to ensure good governance, compliance with laws and regulations and excellent service delivery	[1.1] Unqualified audit opinion annually	Unqualified	Qualified	Unqualified	Unqualified	-	Annual target achieved as planned	
	Output 3: Identify, prioritise and form partnerships to address priority occupations	[1.2] Number of stakeholder sessions conducted annually to advocate for participation in skills development programmes	7	10	15	16	+1	Target overachieved due to increased stakeholder interest to collaborate with the W&RSETA on advocacy campaigns	

2.3.2. PROGRAMME 2: SKILLS PLANNING AND RESEARCH

PURPOSE OF PROGRAMME 2

The purpose of this Programme is to provide key inputs in advancing skills development in the sector. Functions falling within the ambit of this Programme include skills planning, monitoring, evaluation, reporting and research programmes.

The Programme implements its mandate through robust planning, improving the quality and quantity of research outputs, as well as strengthening the integrity of monitoring, evaluation and reporting on performance information. Outputs achieved through the implementation of Programme 2 interventions enable the achievement of Outcome 2 of the W&RSETA strategic outcomes which is "A sector responsive Research Agenda that supports and informs the establishment of impact geared W&R skills development programmes".

PERFORMANCE RESULTS OF PROGRAMME 2

Programme 2 achieved a 100% performance result, with all four (4) of the targets set for the 2022/23 financial year being achieved.

Table 2.4.4.2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement for Programme 2

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED	AUDITED	PLANNED ANNUAL TARGET 2022/2023	*ACTUAL	DEVIATION FROM	REASONS FOR DEVIATIONS
			ACTUAL PERFORMANCE 2020/2021	ACTUAL PERFORMANCE 2021/2022		ACHIEVEMENT 2022/2023	PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	
Outcome 4: A sector responsive Research Agenda that supports and informs the establishment of impact geared W&R skills development programmes.	Output 1: Research and develop a Sector Skills Plan (SSP) in response to the sector skills demand and supply	[2.1] Board approved SSP, SP and APP annually	1	1	1	1	0	Annual target achieved as planned
	Output 3: Identify, prioritise, and form partnerships to address priority occupations	[2.2] Number of Memorandums of Understanding with strategic partners addressing sector needs, annually	5	3	2	3	1	The target was over-achieved due to the strategic engagement with Central University of Technology (CUT) discussions for the establishment of the Research Leadership Chair
		[2.3] Number of sector research reports conducted annually	2	2	3	3	0	Annual target achieved as planned
	Output 6: Facilitate access and provide support for interventions towards occupationally directed learning programmes.	[2.4] Number of occupationally directed tracer, evaluation and impact study reports completed annually.	2	4	2	2	0	Annual target achieved as planned

2.3.3. PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

PURPOSE OF PROGRAMME 3

The purpose of this Programme is to contribute to addressing the HTFVs identified in the SSP; and reducing HTFVs in the wholesale and retail sector through the provisioning of quality learning programmes. Sub programmes under this Programme include career guidance and the implementation of learnerships, apprenticeships, skills Programmes, internships, workplace-based learning programmes (learnerships) and bursaries for students at TVET Colleges and Higher Education institutions.

Outcomes to be achieved through interventions implemented under programmes 3 include:

- Outcome 2: An integrated career guidance programme
- Outcome 5: Increased access to wholesale and retail occupationally directed programmes
- Outcome 6: Growth focused skills development and entrepreneurship development support for emerging entrepreneurs, cooperative sector and small, medium and informal business enterprises to enhance their participation in the mainstream economy
- Outcome 7: Capacitated Trade Unions within the W&R sector
- Outcome 8: An appropriately skilled, agile and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs

PERFORMANCE RESULTS OF PROGRAMME 3

A 76.92% performance result was achieved in Programme 3, with 20 of the 26 performance targets set for the 2022/23 financial year being achieved.

Table 2.4.4.3: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement for Programme 3

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	*ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Outcome 8: An appropriately skilled, agile, and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs	Output 1: Research and develop a Sector Skills Plan (SSP) in reply to the sector skills demand and supply	[3.1a] Percentage of WSP's and ATRs approved for Small companies per annum	81%	90,25%	70%	93,80%	+23,80%	Target overachieved due to measures implemented by the Seto to ensure an increase in compliant submission
		[3.1b] Percentage of WSP's and ATRs approved for Medium Companies per annum	82%	86,41%	70%	88,25%	+18,25%	Target overachieved due to measures implemented by the Seto to ensure an increase in compliant submission
		[3.1c] Percentage of WSP's and ATRs approved for Large Companies per annum	85%	90,68%	70%	90,43%	+20,43%	Target overachieved due to measures implemented by the Seto to ensure an increase in compliant submission
	Output 13: A skilled, competent, and professional workforce in the wholesale and retail sector through provision of Bursaries to W&RSETA employed and unemployed beneficiaries	[3.2] Number of unemployed persons awarded bursaries annually for studies and continued studies in retail related qualifications	756 (new) 1414 (cont)	2 129	3500	2303	-1197	This target was not achieved as a lower number of learners successfully completed their previous year of study in order to continue being funded as continuing bursars.
		[3.3] Number of employed persons awarded bursaries annually for studies and continued studies in retail related qualifications	Target deferred	Masters/PHD:15 RMDP: 283 ILDP: 90 Employed (NQF5-8): 533	1895	1090	-805	There was poor uptake of bursary grant allocation by stakeholders
		[3.4] Number of bursars completing their studies, annually	101	106	500	340	-160	Submitted academic results from a few institutions did not indicate whether the bursars have completed their qualification. This affected performance of the SETA in this target as it could not be proved that the learner has completed the qualification

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL	AUDITED ACTUAL	PLANNED	*ACTUAL	DEVIATION	REASONS FOR DEVIATIONS	
			PERFORMANCE	PERFORMANCE	ANNUAL	ACHIEVEMENT	FROM PLANNED		
			2020/2021	2021/2022	TARGET	2022/2023	TARGET TO		
					2022/2023	2022/2023	ACTUAL		
							ACHIEVEMENT		
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 4: Facilitate innovative workplace-based learning opportunities within the sector	[3.5] Number of unemployed learners registered on learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually.	3595 (l/ships) 1069 (skills programmes)	8 350 (l/ships) 1 958 (skills programmes)	10000	11852	+1852	This target was overachieved in order to address sector needs indicated through expressions of interest	
		[3.6] Number of unemployed learners completing learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually.	1973 (l/ships) 462 (skills programmes)	1845 (l/ships) 1720 (kills programmes)	5000	5196	+196	This target was overachieved due to the measures implemented by the SETA to ensure an increase in the number of learners exiting learning programmes	
	Output 5: Facilitate and create opportunities for skills development for the employed	[3.7] Number of learners enrolled on Artisan and technician programmes, annually	Target deferred	323	500	598	+98	This target was overachieved in order to address sector needs indicated through expressions of interest	
		[3.8] Number of artisans/ technicians completing annually	Target deferred	-	250	415	+165	Target was overachieved due to positive responses from partnerships formed with INDLELA and other Artisan Trade Test Centres	
	Output 4: Facilitate innovative workplace-based learning opportunities within the sector	[3.9] Number of learners from TVET colleges and HETs are placed in Work Integrated Learning programmes, annually	HET&TVET Worplace-based learning: 1388 Graduate Internships: 728	HET&TVET Worplace-based learning: 1211 Graduate Internships: 1227	2400	2782	+382	This target was overachieved due to strategic partnership with South African Public Colleges Organisation that enable the Seta to address the need of public colleges in relation to N6 Internships	
		[3.10] Number of learners completing their Work Integrated Learning Programmes from TVET colleges and HETs, annually	Graduate Internships: 230	Graduate Internships: 352	850	470	-380	This target was not achieved due to a high dropout rate on WIL programmes as the learners leave the programme once they find permanent employment.	
	Output 5: Facilitate and create opportunities for skills development for the employed	[3.11] Number of employed learners registered on learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually.	7 452	Employed l/ships: 6131 Skills programmes: 4268	9800	10447	+647	This target was overachieved in order to address sector needs indicated through expressions of interest.	
		[3.12] Number of employed learners completing learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually.	638 l/ships 1038 skills programmes	928 l/ships 1050 skills programmes	4850	3926	-924	This target was not achieved due to low throughput rate on employed learning programmes	
	Outcome 8: An appropriately skilled, agile, and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs	Output 6: Facilitate access and provide support for interventions towards occupationally directed learning programmes.	[3.13] A number of small and micro businesses supported	2446	2 508	2700	4321	+1621	This target was overachieved in order to address sector needs indicated through expressions of interest.

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL	AUDITED ACTUAL	PLANNED	*ACTUAL	DEVIATION	REASONS FOR DEVIATIONS
			PERFORMANCE	PERFORMANCE	ANNUAL	ACHIEVEMENT	FROM PLANNED	
			2020/2021	2021/2022	TARGET	2022/2023	2022/2023	ACTUAL
								ACHIEVEMENT
Outcome 6: Growth focused skills development and entrepreneurship development support for emerging entrepreneurs, cooperative sector, and small, medium, and informal business enterprises to enhance their participation in the mainstream economy	Output 9: Provide skills development support to, SMMEs, Cooperatives and Informal traders participate in the mainstream economy.	[3.14] A number of Informal Traders supported	2426	2 401	2700	3006	+306	This target was overachieved in order to address sector needs indicated through expressions of interest.
		[3.15] A number of Cooperatives and Community-based entities supported	20	31	20	20	0	This target was overachieved in order to address sector needs indicated through expressions of interest.
			100	-	100	177	+77	
		[3.16] A number of Entrepreneurs supported	303	177	250	257	+7	This target was overachieved in order to address sector needs indicated through expressions of interest.
Outcome 7: Capacitated Trade Unions within the W&R sector	Output 10: Facilitate and create the potential for collaborations in support of worker-initiated Programmes at retail workplaces	[3.17] Number of Trade Union beneficiaries supported to enter and complete Trade Union Capacitation Programmes annually	1095	1 010	1152	1629	+477	Target was overachieved due to the high interest indicated by trade unions capacity programmes; and on-going good working relationship between the W&RSETA and the Trade Unions.
Outcome 2: An integrated career guidance programme	Output 11: Develop and support an integrated career guidance and development strategy	3.18] Number of career guidance interventions per annum	Target deferred	307	211	244	+33	This target was overachieved due to the positive effect that the SETA presence in TVET colleges has with regards to its reach to different areas in the country.
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 12: Efficient and effective use of resources to ensure good governance, compliance with laws and regulations and excellent service delivery	[3.19] Percentage of discretionary grant budget allocated to elementary, intermediary, and high-level skills per annum Elementary level = 35% Intermediary level = 15% High level = 50%	43%	50%	Elementary level = 35%	36%	+1%	A higher percentage of the budget was allocated to elementary skills to address the need for access into workplace based learning programmes for employed and unemployed learners
			10%	20%	Intermediary level = 15%	14%	-1%	36% of the budget was allocated to elementary skills to address the need for access into workplace based learning programmes for employed and unemployed learners.
			47%	33%	High level 50%	50%	0	Annual target achieved as planned
	Output 8: Assist CET colleges to increase capacity to offer retail and related Programmes	[3.20] Number of learners assisted to access opportunities in the W&R sector	Target deferred	795	500	523	+23	This target was overachieved in response to the need to support flood victims in the areas of KZN that had been affected by floods
	Output 4: Facilitate innovative workplace-based learning opportunities within the sector	[3.21] Number of unemployed learners enrolled for Candidacy Programmes	Target deferred	27	50	58	+8	Target was overachieved due to positive response from partnership formed with South African Institute of Chartered Accountants (SAICA).

2.3.4. PROGRAMME 4: QUALITY ASSURANCE

PURPOSE OF PROGRAMME 4

The purpose of this Programme is to execute the QCTO delegated quality assurance functions with regards to the accreditation of training providers, registration of assessors, facilitators, and moderators, evaluation of assessments and facilitation of moderation including certification of learners as proof of successful completion of the 'historical' unit standard based qualification, until 2024.

PERFORMANCE RESULTS OF PROGRAMME 4

Programme 4 achieved a 100% success rate, with all five of the targets set for the 2022/23 financial year achieved.

Table 2.4.4.4: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement for Programme 4

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	*ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Outcome 3: Growth focused programmes for the development and support of Training Providers and the Higher Education, TVET and CET sectors to enable their responsiveness to changing occupations and technological advances	Output 7: Assist public colleges to increase capacity to offer Retail and related learning programmes	[4.1] Number of partnerships formed with HET Institutions offering retail and related programmes, annually	2	2	2	2	0	Annual target achieved as planned
		[4.2] Number of centres of specialisation supported annually	-	6	4	5	+1	This target was overachieved as a drive to support TVET colleges contribution to artisan development.
		[4.3] Number of partnerships formed with TVET's to improve the delivery of retail and related qualifications, annually	-	9	16	20	+4	This target enabled the SETA to address the high need of TVET for ICT infrastructure to enable them to address skills needs for the future.
		[4.4] Number of TVET colleges where the SETA has or maintains a presence, annually	35	33	32	35	+3	This target was overachieved due to favourable response from TVET colleges for collaborative partnerships
		[4.5] Number of partnerships formed with CETs to improve the delivery of retail and related programmes, annually	-	3	3	3	3	0

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Six (6) targets were not achieved for the 2022/23 implementation period, namely:

- [3.2] Number of unemployed persons awarded bursaries annually for studies and continued studies in retail related qualifications
- [3.3] Number of employed persons awarded bursaries annually for studies and continued studies in retail related qualifications
- [3.4] Number of bursars completing their studies, annually
- [3.10] Number of learners completing their Work Integrated Learning Programmes from TVET colleges and HETs, annually
- [3.12] Number of employed learners completing learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually.
- [3.19] Percentage of discretionary grant budget allocated to elementary, intermediary, and high-level skills per annum
 - Elementary level = 35%
 - Intermediary level = 15%
 - High level = 50%

The SETA has adopted the following strategy to address underperformance:

1. **Increase the number of windows opened by the W&RSETA for applications for bursaries annually.** This will enable the SETA to increase its reach of the missing middle students throughout the SETA's annual implementation period and ensure improved performance on its bursary targets.
2. **Increased support for institutions of further and higher learning in career guidance & development initiatives** to promote wholesale and retail qualifications and careers. This strategy aims address poor or lack of career guidance as a factor that affects completion of programmes for indicators related to bursary completions and completion of Work Integrated Learning Programmes viz. Indicator 3.4: "Number of bursars completing their studies, annually" and Indicator 3.10: "Number of learners completing their Work Integrated Learning Programmes from TVET colleges and HETs, annually".
3. **Promote the absorption into employment for learners participating in Work Integrated Learning programmes as a way of ensuring a higher completion rate in Work Integrated Learning programmes.** The SETA in 2023/24 will continue with its implementation of the Employer/SETA partnership strategy adopted in 2021/22 that has resulted in partnerships with Super large wholesale and retail companies in skills development initiatives that ensure absorption of 60% of unemployed learners who have completed their workplace based learning.
4. **Promote and support e-learning as a tool through the continued implementation of the W&RSETA E-learning policy adopted in 2020.** This will enable workers to access learning programmes at any given time and eliminate the time factor as one of the factors for non-completion of learning programmes by workers.
5. **Improve the W&RSETA Monitoring and Evaluation Processes.** This element of the W&RSETA performance improvement strategy aims to ensure effective utilisation of M&E data in planning for implementation of programmes that address indicator 3.19, "Percentage of discretionary grant budget allocated to elementary, intermediary, and high-level skills per annum" as well as Indicator 3.4: "Number of bursars completing their studies, annually".

LINKING PERFORMANCE WITH BUDGETS

In assessing the achievement of the outputs in comparison to the planned targets, the public entity must consider the linkages and the relation to the resources available to the public entity, in particular the financial resources. Therefore, the following financial information should be presented. The financial information must agree to the information in the annual financial statements.

PROGRAMME/ACTIVITY/OBJECTIVE	2021/2022			2022/2023		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Programme 1	139 638	135 258	4 380	181 022	186 002	(4 980)
Programme 2	280 766	218 566	62 200	295 176	239 874	55 302
Programme 3	1 303 775	950 579	353 196	1 468 614	1 196 253	272 361
Programme 4	53 641	98 547	(44 906)	56 859	7 759	49 100
Total	1 777 820	1 402 950	374 870	2 001 671	1 629 888	371 783

2.4 REVENUE COLLECTION

SOURCE OF REVENUE	2021/2022			2022/2023		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
Revenue from exchange transactions	125 248	108 181	17 067	142 125	168 549	(26 424)
Revenue from non-exchange transactions	1 138 616	1 323 572	(184 956)	1 409 604	1 419 489	(9 885)
Total	1 263 864	1 431 753	(167 889)	1 551 729	1 588 038	(36 309)

2.5 CAPITAL INVESTMENT

No Capital Investment was made in the 2022/2023 financial year.

2.6 PERFORMANCE HIGHLIGHTS

FOCUS ON RURAL DEVELOPMENT

The Rural Revitalization Project in North West commenced on 31 March 2022 and is expected to be completed on 30 March 2024. This initiative is aimed at contributing to the Department of Agriculture, Land Reform & Rural Development and the Wholesale & Retail Sector Education and Training mandates as identified below:

- Ensuring Equitable Access to Land, Integrated Development, Sustainable Agriculture and Food Security; and
- To facilitate the Skills Development needs of the Wholesale and Retail Sector through the implementation of learning programmes, disbursement of grants and monitoring of Education and Training as outlined in the National Skills Development Plan.
- To ensure that all farmers that would have successfully completed their training programme are assisted in supplying local markets with their fresh produce.
- To build sustainable businesses through access to markets.
- To contribute towards development and growth of local rural economy.

The project's end goal is to have successfully recruited 600 unemployed learners who will be trained as back-yard agricultural farmers on the;

- Plant Production Skills Programme, including Recycling and Composting; and Basic Irrigation.
- New Venture Creation (SMME), and
- Co-operative governance and management

The project is essentially linked to the Economic Transformation and job creation as well as SMME & Co- operatives development skills priorities.

As at the end of the 2022/23 financial period, 452 learners had completed the Plant Production Skills Programme.

Contract Amount: R19 530 000



FOCUS ON YOUTH UNEMPLOYMENT

The NARYSEC Rural Development Project commenced on 24 March 2021 and completed on 30 June 2023. The project was based on the premise that more than 70% of youth in Mpumalanga are not in employment, education and training programs.

Contract Amount: R 3 600 000

FOCUS ON YOUTH UNEMPLOYMENT

The Training for Cooperatives project-SAYM (Southern African Youth Movement), commenced on 04 February and was extended to 31 December 2023 for completion. The project will assist a total of 3 150 unemployed beneficiaries enrolled on skills programmes over a period of three years.

Contract Amount: R71 111 250





Mr R Sibiya - Chairperson



Ms L. Madela



Mr D Makuwa



Ms M Bango



Ms T Ntshangase



Mr T Mthembu



Mr M Silimandlela



Ms N Bogopa



Ms Z Tyikwe



Mr L Ramathodi



Mr S Busane



Ms S Rasebitse



Mr R Rayners



Mr Z Sokabo

PART C
GOVERNANCE

BOARD MEMBERS

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education, Science and Innovation (exercises oversight over all SETA governance processes), including budgetary processes and delivery of mandate. The committee has the prerogative to invite entities to present the financial and non-financial information contained in its annual report. The W&RSETA was not invited to appear before the committee in 2022/23.

3. EXECUTIVE AUTHORITY

The Minister of Higher Education, Science and Innovation is the Executive Authority. The Department of Higher Education and Training (DHET) monitors the W&RSETA's performance through quarterly reports. The W&RSETA must review and submit reports for the Minister's consideration and approval in line with the Public Finance Management Act and Regulations, (PFMA) Skills Development Act, and other legislative frameworks. The following reports were submitted and approved:

- Five-year Strategic Plan 2021 to 2026,
- Annual Performance Plan and Budget 2022/23
- Sector Skills Plan 2022/23
- Materiality Framework 2022/23
- Annual Report 2022/23
- Quarterly performance reports 2022/23.

4. THE ACCOUNTING AUTHORITY / BOARD

INTRODUCTION

The Accounting Authority is the W&RSETA's highest decision-making structure. It provides leadership and upholds principles of good corporate governance. The Board is ultimately accountable for monitoring performance against the predetermined targets set out in the Annual Performance Plan and service level agreement that is entered into with DHET. The Board provides strategic direction supported by a sound policy framework. Furthermore, it establishes an environment in which adequate risk management and internal control measures exist and are actively administered.

BOARD CHARTER

The Board Charter is a cornerstone of W&RSETA's governance system. It defines the governance parameters within which the Board exists, sets out the respective roles, functions and responsibilities discharged by the Board and members collectively and management in setting the direction, and the control of the organisation.

The Board Charter is aligned with the W&RSETA Constitution which sets out the composition of the Board to ensure that there is quorum at all meetings. It also outlines the powers of the Board and delegate powers to the Board Committees.

The Board Charter also assisted in improving Board processes relating to management of the meetings, reporting procedures, meeting agenda, minutes and resolutions and remuneration of the Board members. The Board Charter is treated as a living document, closely aligned with the strategic direction. It is imperative to note that there were no issues of non-compliance with the Board Charter that were reported during this period.

THE ROLE OF THE ACCOUNTING AUTHORITY

The role and functions of the Board are described in the Constitution and will include, but are not limited to the following:

- retain full and effective control over the W&RSETA and monitor management's implementation of the strategic plans and financial objectives as defined by the Board.
- ensure that the W&RSETA achieves the objectives contemplated in item 5 of the Constitution and performs the functions contemplated in item 6 of the Constitution.
- define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management.
- ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures comprising a balance of the skills, experience, diversity, independence, and knowledge exist to ensure the smooth, efficient, and prudent stewardship of the W&RSETA.
- provide effective leadership and ensure that the W&RSETA implements the goals of the NSDS and the Service Level Agreement with the Minister.
- regularly review and evaluate the risks to the business of the W&RSETA, including technology and information risks, protect and enhance same, and ensure the existence of comprehensive, appropriate internal controls to mitigate against such risks, as well as ensure that there is an effective risk-based internal audit.
- ensure that the W&RSETA complies with all relevant statutory requirements and the requirements of the Constitution, audit, and accounting principles, the W&RSETA's codes of ethics and conduct, and such other principles as may be established by the Board from time to time.
- identify and monitor non-financial aspects relevant to the business of the W&RSETA and ensure that the W&RSETA acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs.

GOVERNANCE FRAMEWORK

A governance framework sets the parameters within which the Board and its committees exercise their fiduciary responsibilities. The framework distinguishes among the strategic, operational and administrative roles of the Board, management and secretariat, while promoting the interests of all stakeholders

COMPOSITION OF THE BOARD

Fourteen W&RSETA Board members were appointed by the Minister, through Cabinet approval, for a five-year term having started in April

2020. These members are non-executive and were nominated from constituent employer, labour and community organisations. At the helm is the Board Chairperson. The CEO is an executive, ex-officio member.



BOARD MEMBERS ARE LISTED BELOW:

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Reggie Sibiya	Board Chairperson	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor’s Degree in Science (Botany and Genetics); Bachelor’s Degree in Science Honours (Genetics) 	<ul style="list-style-type: none"> Fuel retailing; Fast-moving consumer goods sales and marketing; Business management Regulatory compliance Bargaining council 	<ul style="list-style-type: none"> Fuel Retailers Association – director; Motor Industry Bargaining Council – board member; Motor Industry Fund Administrators – trustee/director; Motor Industry Retirement Funds – trustee/director 	<ul style="list-style-type: none"> Executive Committee Chairperson 	8
Sibuso Busane	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor’s Degree in Business Administration 	<ul style="list-style-type: none"> Entrepreneurship; Project management 	<ul style="list-style-type: none"> Ntolwane Trading Enterprise – director 	<ul style="list-style-type: none"> Executive Committee member; Remuneration Committee member; Projects Committee Member 	8
Thandeka Ntshangase	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor’s Degree in Economics and SCM; Postgraduate Degree in Project Management 	<ul style="list-style-type: none"> Financial management; Project management; Governance 	<ul style="list-style-type: none"> Ezemvelo Wildlife; Agri-Business Development Agency 	<ul style="list-style-type: none"> Finance Committee member; Governance and Strategy Committee member 	6
Mzimaseki Silimandlela	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Worker Education Programme; Recognition of Prior Learning; Cross-examination; Labour Arbitration; Practical Labour Law 	<ul style="list-style-type: none"> Training and development; Worker representation (Council for Conciliation); Mediation and Arbitration - labour court and bargaining council) 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Finance Committee member 	8

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
David Makuwa	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor's Degree of Administration (in progress) 	<ul style="list-style-type: none"> Trade union leadership 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Projects Committee Chairperson; Executive Committee member; Remuneration Committee member 	7
Themba Mthembu	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Labour Dispute Practice; Trade Union Practice 	<ul style="list-style-type: none"> Labour dispute resolution; Bargaining council 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Audit Committee member; Projects Committee member 	7
Ross Rayners	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Human Resources Management; Certificate in Labour Law 	<ul style="list-style-type: none"> Researcher: Government tenders and procurement; Covid-19 Temporary Employer/Employee Relief Scheme 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Remuneration Committee member; Governance and Strategy Committee member 	8
Lucas Ramathodi	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Collective Bargaining and Negotiation Skills; National Negotiator Course 	<ul style="list-style-type: none"> Policy development; Administration; Coordination 	<ul style="list-style-type: none"> International Union Federation Trade Group board: Hotel, restaurant, catering and tourism sector; UNI Global Union – gaming sector; Trustee: First normally constituted board of trustees of the South African Commercial Catering and Allied Workers Union National Provident Fund/ Curatorship 	<ul style="list-style-type: none"> Governance and Strategy Committee Chairperson 	8
Lerato Madela	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor of Commerce Degree in Accounting; Higher Certificate in Economic Development 	<ul style="list-style-type: none"> Accounting; Financial management; Trade union leadership 	<ul style="list-style-type: none"> Dicomark – director 	<ul style="list-style-type: none"> Executive Committee member; Financial Committee member 	7
Margaret Bango	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Diploma in General Nursing; Diploma in Midwifery; Diploma in Psychiatric Nursing; Louis Millennium Management Wealth Management 	<ul style="list-style-type: none"> Community worker and developer; Women empowerment and business leadership; Regional business leadership 	<ul style="list-style-type: none"> Women in Logistics and Transport SA – founder and chairperson; National African Federated Chamber of Commerce and Industry Woman Chamber – national secretary-general 	<ul style="list-style-type: none"> Executive Committee member; Governance and Strategy member; Financial Committee member 	8
Sebe Rasebitse	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Master of Business Administration (in progress); Programme for Women in Executive Positions; Senior Leadership Management Programme 	<ul style="list-style-type: none"> Human resources management; Talent development 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Projects Committee member; Remuneration Committee member 	8
Nonkululeko Bogopa	Board member	April 2020	April 2025	<ul style="list-style-type: none"> National Diploma in Architecture 	<ul style="list-style-type: none"> Stakeholder management; Real estate management; Strategy development and implementation; Procurement; Personnel management 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Financial Committee Chairperson; Audit Committee member 	8
Zinhle Tyikwe	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Master of Business Administration; Bachelor of Commerce (Honours) Degree in Industry Psychology and Organisational Development 	<ul style="list-style-type: none"> Human resources Organisational development; Strategy development, governance and compliance 	<ul style="list-style-type: none"> Board seat: Steve Biko Academic Hospital 	<ul style="list-style-type: none"> Remuneration Committee Chairperson; Executive Committee member; Governance and Strategy Committee member 	7
Zibeke Sokabo	Board member	April 2020	April 2025	<ul style="list-style-type: none"> Management Diploma 	<ul style="list-style-type: none"> Fuel industry 	<ul style="list-style-type: none"> Motor Industry Retirement Fund board – (alternate); • • Copartes Pension Fund 	<ul style="list-style-type: none"> Project Committee member 	8

COMMITTEES OF THE BOARD



EXECUTIVE COMMITTEE



GOVERNANCE AND STRATEGY COMMITTEE



PROJECTS COMMITTEE



REMUNERATION COMMITTEE



FINANCE COMMITTEE

MEETINGS OF THE BOARD

The Board convened eight quarterly meetings to consider and approve Sector Skills Plan, Strategic Plan, Annual Performance Plan statutory compliance reports. It held its annual strategic planning session to review the Five-year Strategic Plan and develop the Annual Performance Plan as part of its fiduciary responsibility. This session was followed by a Board strategic risk management workshop, which resulted in the Board-approved Strategic Risk Register. The Board convened the annual general meeting in Kimberley, at which the 2021/22 Annual Report and Annual Financial Statements were tabled and adopted. Special Board meetings were convened in accordance with the standard constitution to consider crucial and urgent matters.

COMMITTEES OF THE BOARD

The Board established six committees whose members were selected for their knowledge and skills. Executive Committee members were nominated by the Board and their appointment confirmed by the Minister. The Audit Committee is an independent committee of the Board established in accordance with Section 77 of the PFMA. It comprises four independent members and two non-executive Board members.

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Audit Committee	Six meetings	Six members	Kgoale Vincent Maja: Chairperson Mosibudi Margaret Phiri Dr Len Konar Adv Thato Goodness Moeeng Nonkululeko Bogopa Themba Mthembu
Executive Committee*	Seven meetings	Six members	Reggie Sibiya: Board Chairperson Sibusiso Busane David Makuwa Lerato Madela Margaret Bango Zinhle Tyikwe
Projects Committee	Four meetings	Five members	David Makuwa: Chairperson Sibusiso Busane Sebe Rasebitse Zibele Sokabo Themba Mthembu
Finance Committee	Five meetings	Five members	Nonkululeko Bogopa: Chairperson Margaret Bango Thandeka Ntshangase Mzimaseki Silimandlela Lerato Madela
Governance and Strategy Committee	Eight meetings	Five members	Lucas Ramathodi: Chairperson Zinhle Tyikwe Margaret Bango Ross Rayners Thandeka Ntshangase
Remuneration Committee	Six meetings	Five members	Zinhle Tyikwe: Chairperson Sebe Rasebitse Ross Rayners David Makuwa Sibusiso Busane

* Exco meetings are convened bimonthly

COMMITTEES

COMMITTEE	NAME OF A MEMBER	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Executive Committee	Reggie Sibiyi – Chairperson	Six (6)	Six (6)
	David Makuwa	Six (6)	Six (6)
	Sibusiso Busane	Six (6)	Six (6)
	Margaret Bango	Six (6)	Six (6)
	Zinhle Tyikwe	Six (6)	Six (6)
	Lerato Madela	Six (6)	Six (6)
Finance Committee	Nonkululeko Bogopa – Chairperson	Seven (7)	Seven (7)
	Margaret Bango	Seven (7)	Six (6)
	Lerato Madela	Seven (7)	Six (6)
	Thandeka Ntshangase	Seven (7)	Four (4)
	Mzimaseki Silimandlela	Seven (7)	Five (5)
Governance and Strategy Committee	Lucas Ramatlhodi - Chairperson	Five (5)	Five (5)
	Ross Rayners	Five (5)	Five (5)
	Margaret Bango	Five (5)	Five (5)
	Zinhle Tyikwe	Five (5)	Five (5)
	Thandeka Ntshangase	Five (5)	Five (5)
Remuneration Committee	Zinhle Tyikwe – Chairperson	Five (5)	Five (5)
	David Makuwa	Five (5)	Five (5)
	Sibusiso Busane	Five (5)	Five (5)
	Ross Rayners	Five (5)	Five (5)
	Sebe Rasebitse	Five (5)	Five (5)
Projects Committee	David Makuwa - Chairperson	Four (4)	Four (4)
	Sibusiso Busane	Four (4)	Four (4)
	Themba Mthembu	Four (4)	Four (4)
	Zibebe Sokabo	Four (4)	Four (4)
	Sebe Rasebitse	Four (4)	Four (4)
Audit Committee	Kgoale Maja - Chairperson	Six (6)	Six (6)
	Dr Len Konar	Six (6)	Six (6)
	Adv. Thato Goodness Moeeng	Six (6)	Six (6)
	Margaret Phiri	Six (6)	Six (6)
	Themba Mthembu	Six (6)	Five (5)
	Nonkululeko Bogopa	Six (6)	Four (4)

REMUNERATION OF BOARD MEMBERS

NAME	REMUNERATION R	OTHER ALLOWANCE R	OTHER RE-IMBURSEMENTS R	TOTAL R
Mr R Sibiyi - Chairperson	374 039	5 400		379 439
Ms Z Tyikwe	287 200	5 400		292 600
Mr KD Makuwa	322 752	5 400		328 152
Ms M Bango	267 628	-		267 628
Mr S Busana	346 989	-		346 989
Mr T Mthembu	203 553	-		203 553
Ms T Ntshangase	167 805	-		167 805
Mr Z Silimandlela	161 378	-		161 378
Ms L Madela	227 165	-		227 165
Mr L Ramatlhodi	186 664	5 400		192 064
Ms R Rayners	233 298	-		233 298
Ms N Bogopa	206 557	5 400		211 957
Mr Z Sokabo	166 726	-		166 726
Mr S Rasebitse	264 420	-		264 420
Mr KV Maja - Audit Committee Chairperson	170 199	-		170 199
Ms M Phiri - Audit Committee Member	67 802	-		67 802
Dr L Konar - Audit Committee Member	66 690	-		66 690
Adv T Moeeng - Audit Committee Member	66 690	-		66 690
	3 787 555	27 000		3 814 555

5. RISK MANAGEMENT

The W&RSETA's risk management is founded on the Risk Management Policy and Strategy aligned to the PFMA. The Board identifies strategic risks and determines annually the risk appetite and tolerance levels against the Five-year Strategic Plan. The Audit Committee advises and reports to the Board on risk management matters. Management, through the CEO's leadership and the expertise of the Senior Manager: Enterprise Risk Management, develops strategies to mitigate threats that might prevent the SETA from achieving its strategic objectives. Accordingly, management continuously analyses and implements mitigation measures.

The Audit Action Plan was developed and approved to address the root causes and control deficiencies that were identified by the AGSA and management. The implementation was monitored quarterly to track the status of the findings. The organisation has managed to resolve 98% of the raised findings. The unit has been instrumental in monitoring compliance and supporting Managers through the assessment of internal control deficiencies and had recommended on improvements where controls were found to be lacking or inappropriate.

Progress was made on implementing preventative and detective controls as continuous improvement is of importance to sustain actions taken by management.

6. INTERNAL CONTROL UNIT

The Board has overall responsibility for establishing and maintaining the W&RSETA's internal controls and reviewing their effectiveness. The W&RSETA's Internal Control Business Unit continued with the facilitation and implementation of internal control activities to improve the control environment. The unit has been at the forefront of the coordination of audits, especially during the audit by Auditor-General of South Africa (AGSA), during which it assisted management in responding efficiently to information requests and audit queries, and assisted management in implementing audit recommendations and action plans.

7. INTERNAL AUDIT AND AUDIT COMMITTEE

The Internal Audit Unit is an integral part of the W&RSETA's governance system. It provides an independent, objective, and advisory function mandated by the internal audit charter approved by the Audit Committee. The charter defines the role, organisational status authority, responsibilities, and scope of internal audit activity. The unit assists the W&RSETA to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, controls, and governance.

Key objectives of the internal audit function include:

- Reviewing the adequacy and effectiveness of internal controls, risk management and governance processes
- Safeguarding the W&RSETA's assets
- Providing reasonable assurance on the integrity and reliability of financial and non-financial information
- Reviewing compliance with laws, regulations, policies, and procedures.

The Audit Committee approves internal audit plans and reviews work quarterly. A risk-based internal audit plan was approved by the Audit Committee for implementation in 2022/23. The table below shows the results of completed audits for the review and previous years:

IMPLEMENTATION OF THE INTERNAL AUDIT PLAN	2022/23	2021/22
Planned audits finalised and reports issued	26	23
Ad-hoc audits finalised and reports issued	7	8
Number of internal audit reports issued	33	31

Of findings tracked in 2021/22, 74% were resolved. Furthermore, internal audit started monitoring findings raised in the year under review, resulting in 4% of these being resolved by year-end. Majority of the outstanding findings implementation timelines are planned for the second quarter of 2023/24.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Board oversees development and review of policies according to legislation. Although it delegates the monitoring of the compliance universe to its committees, it holds management accountable for implementing programmes and managing financial affairs in line with approved policies. Management submits quarterly governance PFMA and National Treasury Regulations compliance reports, while ensuring adherence to human resources management and information technology and communication regulations.

9. FRAUD AND CORRUPTION

The W&RSETA has adopted a zero tolerance to fraud and corruption and implemented a Fraud Prevention Policy that prevents, detects, investigates, and resolves fraud. An independent reporting fraud hotline is operational which employees, customers, suppliers and stakeholders may raise suspicions of corrupt activities or concerns about conduct that transgresses SETA values. All hotline cases are investigated and reported to the Audit Committee on a quarterly basis, which oversees corrective actions.

10. MINIMISING CONFLICT OF INTEREST

Transparency and integrity are pillars of good corporate governance. Thus, the W&RSETA requires its Board members to declare conflicts of interest. DHESI requires that nominated Board candidates disclose their business interests. The standard constitution prescribes that all Board members, at any time during Board proceedings, disclose the nature of any conflict of interest on the matter being discussed, which disclosures are recorded in the minutes and may require members to recuse themselves from the meeting.

Board members complete an annual declaration of interest at the start of each financial year. While the Board fully appreciates its fiduciary duties, it is, from time to time, reminded of how to treat conflicts of interest.

11. CODE OF CONDUCT

The W&RSETA complies with the Code of Conduct, as prescribed in the W&RSETA Constitution. Thus, members of the Accounting Authority execute the mandate and their duties and their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Code, as contained in the Constitution.

The Accounting Authority protects and promotes the reputation of the SETA and promote goodwill towards the Code of Conduct and performs their duties conscientiously and in the best interest of the SETA; and conduct themselves ethically and in accordance with the principles of good governance.

The Accounting Authority ensures that the staff of the SETA adheres to the code of the conduct and have approved the Code of Ethics and Conduct Policy that regulates the behaviour and conduct of to all W&RSETA employees.

The W&RSETA recognises its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business and is committed to high standards of integrity and fair dealing in the conduct of its business.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

During the 2022/23 financial year the W&RSETA addressed Safety and Security measures in the Free State and Northern Cape Provincial offices by installing:

- A security system with Monitoring and Armed Response at the Free State Provincial office.
- A security system with Monitoring and Armed Response as well as a Surveillance System (CCTV) at the Northern Cape Provincial office.

In addition, Health and Safety committee meetings were convened on a quarterly basis at Head Office as well as provincial offices to address Occupational Health and Safety (OHS) matters and to ensure compliance as well as adherence to the OHS Act (Act 85 of 1993).

In addressing the Audit Action Plan (AAP) for the Building and OHS Compliance Audit exercise, evacuation chairs, first aid kits, safety bibs, air horns for emergency evacuations were procured through the Supply Chain Management (SMC) process. Emergency evacuation floor plans and emergency photoluminescent signage were also installed at Head Office as well as the Provincial Offices.

No OHS incidents which required submission to the Commission for Injury on Duty (COID) were reported.

13. W&RSETA BOARD SECRETARY

The Secretary of the Accounting Authority is responsible for, inter alia, providing guidance and advice to the Board and its committees, primarily on procedural and compliance issues, including compliance with statutory regulations and King IV.

The Secretary works closely with the Chairperson and the CEO to ensure proper and effective functioning of the Board and integrity of the governance processes. She is closely involved in preparing the schedule of Board and committee meetings for the year, and, with chairpersons and key executives, prepares the agendas for these meetings. She ensures that information is dispatched timeously to all directors to enable them to prepare adequately for these meetings and that the minutes of these meetings are recorded and distributed as soon as possible thereafter to aid directors in implementing the decisions.

In addition to her statutory duties, the Secretary provides the Board as a whole and the members individually with detailed guidance on how their responsibilities should be properly discharged in the best interests of the W&RSETA. She ensures that Board procedures prescribed in the Act, the PFMA, the W&RSETA Constitution and Board Charter are followed and reviewed regularly.

14. SOCIAL RESPONSIBILITY

Human Resources and Marketing and Communications units are the custodian of the social responsibility initiatives, which enables the W&RSETA to assist disadvantaged members of society through social initiatives to making an impact in the lives of vulnerable people, thus creating long-term benefits to the communities without expecting any direct financial returns.

W&RSETA social responsibility programmes promote volunteerism/ community activism, which includes the donation programme. The units refine programmes into projects and coordinate meetings to discuss the projects for each financial year. This is done through the governance structure (committee) with representation in all provincial offices.

The W&RSETA head office has adopted Steve Tshwete Secondary School and the provincial offices are encouraged to do likewise, as adoption of a nearby centre or institution helps to ensure that the impact is meaningful.



MR KGOALE MAJA
CHAIRPERSON: AUDIT COMMITTEE

15. AUDIT COMMITTEE REPORT

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

BACKGROUND

The Audit Committee is a statutory committee of the W&RSETA Board in respect of its statutory duties and also a sub-committee of the Board in respect of all other duties assigned to it by the Board. It consists of six (6) members, four (4) of whom are independent non-executive members and two (2) member representatives from the Board.

The purpose of the Audit Committee is to assist the W&RSETA Board in fulfilling its oversight responsibilities for the financial reporting process, ensuring that adequate systems and internal controls are in place, ensuring that the audit process and the WRSETA's process for monitoring compliance with the laws, regulation and the code, assessing the going-concern status, and reviewing the Annual Financial Statements.

The Audit Committee also assists the W&RSETA in fulfilling its responsibility of risk management, fraud prevention, compliance with laws, codes and regulations and business continuity by ensuring that management identifies significant risks associated with the environment within which the W&RSETA operates and develops a framework for managing these risks.

AUDIT COMMITTEE RESPONSIBILITY

We have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 51(1)(a)(ii) of the Public Finance Management Act, Act No.1 of 1999 and National Treasury Regulation 27.1. We Further report that we have conducted our affairs and discharged our responsibilities in accordance with the approved Charter.

INTERNAL AUDIT

We are satisfied that the Internal Audit function is operating effectively and that it has addressed the risk pertinent to the entity in its audits. The Internal audit completed their 2022/23 annual plan as approved by the Audit Committee.

We have met with Internal Audit during the year to ensure that the function is executed effectively and objectively (from management). We are satisfied with the content and quality of quarterly reports prepared and issued by the Internal auditors of the entity during the year under review.

REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE

During the period under review, the following activities were undertaken and demonstrate the commitment of the Audit Committee to achieve its mandate:

- Updated the Audit Committee Charter and Workplan.
- Considered and approved the Internal Audit Charter and Strategy.
- Considered and approved the Internal Audit Plans and monitored implementation thereof through the quarterly reports and made recommendations as appropriate.
- Reviewed the effectiveness of the Internal Audit function, through the assessment of quarterly reports submitted to the committee; ensured that the internal auditors are independent and objective and have ensured that the unit is adequately resourced to discharge its duties.
- Considered strategic and operational risk registers as part of the risk management process.
- Considered performance and financial reports and made recommendations, as appropriate.

- Considered ICT governance issues and alignment to applicable legislation.
- Monitored compliance with policies and applicable legislation.
- Conducted separate confidential and in-committee meetings with management, internal and external audit; and
- Reviewed external audit plans, fees, independence and reports and management's follow-up of matters requiring attention.

EFFECTIVENESS OF INTERNAL CONTROLS

The control system provides reasonable, but not absolute assurance that the entity's assets are safeguarded, that transactions are authorised and recorded properly, and that material errors and irregularities are either prevented, detected, or corrected on time. These controls are monitored throughout the organisation by management and employees, with the necessary delegation of authority and segregation of duties.

Based on the reports provided by the internal audit function and the Auditor-General of South Africa (AGSA), the members of the Audit Committee observed some weaknesses in the organisation's existing system of internal controls and noted that the effectiveness of the system of internal controls needs further improvement. Areas impacting the control environment were noted as follows:

- Weaknesses in the monitoring and verification processes (projects management).
- The commitments register continued to be maintained on spreadsheets and reconciliation thereof was only concluded at year-end. The Committee will be satisfied once the organisation reaches a stage where the commitments register is automated and regularly updated.
- The Audit Committee will continue to review the commitments made by management in resolving Internal Audit and AGSA findings in the ensuing year.

The Audit Committee is satisfied that internal audit provided assurance on governance, risk management and control processes as per the approved risk-based internal audit plan. The Internal Audit Unit completed 100% of the planned audits for the financial year 2022/23.

The completed reviews covered the following areas:

- Performance information
- Draft annual financial statements and draft annual performance report
- Management Account
- Commitments Register
- Supply Chain Management

- Projects Management (Discretionary Grants)
- Mandatory Grants
- Monitoring and Evaluations' Processes
- Accreditation Processes
- Governance process
- Leave Management
- Draft Annual Performance Plan
- Occupational, Health and Safety
- Recruitment and Selection
- IT MIS Application Controls
- IT Cyber Security
- Follow up of internal and AGSA findings.

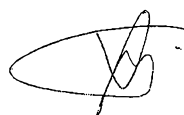
EVALUATIONS OF FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

We have:

- Reviewed and discussed with the AGSA the audited financial statements to be included in the Annual Report.
- Reviewed the accounting policies and practices as reported in the Annual Financial Statements and confirmed that these were appropriate.
- Reviewed compliance of the annual financial statements with the accounting standards and legal requirements.
- Reviewed the annual performance report.
- Reviewed the Auditor-General of South Africa's management report and management's responses thereto.
- Reviewed and discussed the Auditor-General of South Africa's opinion, and
- Reviewed and confirmed the independence of the external auditors with respect to non-audit services.

AUDITOR-GENERAL OF SOUTH AFRICA

We met with Auditor-General of South Africa to ensure that there are no unresolved issues.




Mr K Maja

Chairperson: Audit Committee
31 July 2023

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

HAS THE DEPARTMENT / PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARDS TO THE FOLLOWING:		
CRITERIA	RESPONSE YES / NO	QUALIFICATIONS
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The criteria is not applicable for W&RSETA
Developing and implementing a preferential procurement policy?	Yes	The approved SCM policy has considered the provisions of the Preferential Procurement Policy Framework Act
Determining qualification criteria for the sale of state-owned enterprises?	No	The criteria is not applicable for W&RSETA
Developing criteria for entering into partnerships with the private sector?	Yes	A policy has been developed to establish an accountable, fair and transparent framework for the approval and management of programmes, projects, special projects and partnerships funded through discretionary grants.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The criteria is not applicable for W&RSETA



PART D
**HUMAN
RESOURCE
MANAGEMENT**

1. INTRODUCTION

For 2022/23 financial year, Human Resources Function continued to implement the Human Resources Management & Development Strategy, a plan which outlines the value proposition for human capital with the programme of action focussed over a three year outlook.

The focus once again was on the implementation of various human resources programmes that were identified in the HRM&D Strategy and flowing from the broader Organizational Turn Around Strategy approved by the Board in 2020/21 financial year. The focus for the period under review was on the follow programmes:

- Finalization of the Skills and Qualification Audit
- Second phase on the review of the organizational structure which entails dealing with possible duplications and overlaps of roles, functional areas that might have been missed during the first review, costing of the entire structure etc.
- Continued the roll out of internship programme as the national priority for youth empowerment.
- Finalization of the unbundling of HR Policy Document into specific standalone policies

- Continue to prioritize employee training and development through various skills programmes and study assistance for formal qualifications.
- Invest in employee wellness programme through targeted interventions
- Roll out advocacy and awareness on all human resources policies developed and reviewed through interactive workshops in all work stations.
- Payroll System Upgrade to the new version
- Establishment of the governance and support structure for employee risks and retirement benefits.
- Progressive implementation of the Employment Equity Plan's numeric goals.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

The mandate and service delivery model of W&RSETA is delivered through Four (4) Programmes and the departments and employees are grouped and aligned to the four programmes. During the period of review, the W&RSETA had a total of 282 employees excluding graduates in the internship programme and by year-end (2022/23) the total number of employees had reduced to 258 owing to terminations and expiry of fixed term contracts.

PERSONNEL-RELATED EXPENDITURE

PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE R	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE %	NUMBER OF EMPLOYEES #	AVERAGE PERSONNEL COST PER EMPLOYEE R
Programme 1-CEO, Risk, CCSE,IT, Fin, IC, IA & SCM	57 092 326,18	35,50	79	722 687,67
Programme 2-SSP&R	1 074 200,04	0,67	1	1 074 200,04
Programme 3-Operations	87 153 023,88	54,19	185	471 097,43
Programme 4-SPPE	15 518 967,00	9,64	17	912 880,41
Total	160 838 517,10	100	282	570 349,35

PERSONNEL COST BY SALARY BAND

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE R	PERSONNEL EXPENDITURE AS A % OF TOTAL PERSONNEL COST %	NUMBER OF EMPLOYEES #	AVERAGE PERSONNEL COST PER EMPLOYEE R
Top Management	14 087 750,35	8,76	8	1 760 969
Senior Management	17 974 469,44	11,18	13	1 382 651
Professional Qualified	48 883 307,61	30,40	50	977 666
Skilled	64 932 066,81	40,37	139	467 137
Semi-Skilled	12 084 764,66	7,51	57	212 013
Unskilled	2 870 158,23	1,78	15	191 344
Total	160 838 517,10	100,00	282	570 328

NB : Number (282) of employees in column four (4) include all staff members joined and then left the organisation during the financial year 2022-23. Similarly, column two (2) comprises of salaries paid to these (such) employees.

PERFORMANCE REWARDS

PROGRAMME/ACTIVITY/OBJECTIVE	PERFORMANCE REWARD	PERSONNEL EXPENDITURE	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COSTS
	R	R	#
Top Management	926 001,47	14 087 750,35	0,58
Senior Management	410 927	17 974 669,44	0,26
Professional Qualified	132 9633 ,00	48 889 307, 61	0,83
Skilled	4 819 546,41	64 932 066,81	3,00
Semi-Skilled	885 216,49	12 084 764,66	0,55
Unskilled	137 555,08	2 870 158,23	0,09
Total	8 508 879,45	160 838 517,10	5,29

TRAINING COSTS

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	PERSONNEL EXPENDITURE AS A % OF TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE TRAINING COST PER EMPLOYEE
	R	R	%	#	R
Head Office	75 555 464,74	611 376,00	0,81	80,00	7 642,20
Regions	85 283 052,36	1 268 605,20	1,49	166,00	7 642,20
Total	160 838 517,10	1 879 981,20	2,30	246,00	7642.20

EMPLOYMENT AND VACANCIES

SALARY BAND	NO. OF EMPLOYEES	APPROVED POSTS	NO. OF EMPLOYEES	VACANCIES	% OF VACANCIES
	2022-23	2022-23			
Top Management	6	7	7	0	0
Senior Management	11	12	11	1	8.33
Professional qualified	40	43	39	4	9.30
Skilled	133	190	133	57	30
Semi-skilled	55	57	54	3	5.26
Unskilled	8	16	14	2	12.25
TOTAL	253	325	258	67	20.61

NB :This table above depicts staff movements (namely in and out) as well as the number (258) of employees who were in the system as at the end of financial year 31 March 2023.

EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
	Top Management	6	2	1
Senior Management	11	2	2	11
Professional qualified	40	3	4	39
Skilled	133	10	10	133
Semi-skilled	55	5	6	54
Unskilled	8	7	1	14
TOTAL	253	29	24	258

NB : The table employment changes (above) shows the number of staff at 258 as end of the financial year. This number (258) differs with personnel cost table because the 282 reflected is inclusive of all employees who came in and left the system during the year.

REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NUMBER OF STAFF LEAVING
Death	0	0
Resignation	13	54.16
Section 189	2	8.33
Settlement	2	8.33
Retirement	0	0
Dismissal	1	4.16
Ill health	0	0
Expiry of contract	0	0
Internal Recruitment / Movement	6	25.0
Total	24	100

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

REASON	NUMBER
Verbal warning	3
Written warning	4
Final written warning	1
Dismissal	1

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT
Top Management	4	4	0	0	0	0	0	0
Senior Management	5	5	1	0	0	0	0	0
Professional qualified	11	19	2	2	1	2	0	0
Skilled	44	37	5	1	3	1	4	1
Semi-skilled	58	8	5	0	2	0	1	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	122	73	13	3	6	3	5	1

LEVEL	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT
Top Management	2	2	0	0	0	0	1	1
Senior Management	3	5	1	0	0	0	1	1
Professional qualified	6	16	2	0	0	0	1	0
Skilled	50	83	6	5	3	4	4	1
Semi-skilled	56	45	10	1	3	0	2	0
Unskilled	10	13	3	1	1	0	1	0
TOTAL	127	164	22	7	7	4	10	3

LEVEL	DISABLED STAFF			
	AFRICAN		COLOURED	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	-	-	-	1
Skilled	0	1	0	1
Semi-skilled	0	1	1	1
Unskilled	-	-	-	-
TOTAL	-	2	1	3



PART E
**PFMA
COMPLIANCE
REPORT**

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

A) RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Opening balance	116 338	432 464
Add: Irregular expenditure confirmed	18 483	33 513
Less: Irregular expenditure condoned	(58 150)	(352 028)
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	76 671	116 338

Current year's irregular expenditure incurred is from a multi-year contract that was extended without prior approval from the National Treasury.

RECONCILING NOTES

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Irregular expenditure that was under assessment in 2022/2023	-	-
Irregular expenditure that relates to 2020/2021 and identified in 2021/2022	-	-
Irregular expenditure for the current year	18 483	33 513
Total	15 418	33 513

B) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Irregular expenditure under assessment	18 483	58 189
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	18 483	58 189

C) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Irregular expenditure condoned	58 150	352 028
Total	58 150	352 028

D) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

E) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE RECOVERED

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Irregular expenditure recovered	-	-
Total	-	-

F) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Irregular expenditure written off	-	-
Total	-	-

ADDITIONAL DISCLOSURE RELATING TO INTER-INSTITUTIONAL ARRANGEMENTS

G) DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS NOT RESPONSIBLE FOR THE NON-COMPLIANCE)

DESCRIPTION
-

H) DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
	-	-
Total	-	-

I) DETAILS OF CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

DESCRIPTION
SAPS cases opened and still under investigation.

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

A) RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Opening balance	1 868	2 888
Add: Fruitless and wasteful expenditure confirmed	-	1 510
Less: Fruitless and wasteful expenditure written off	(1 824)	(2 530)
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	44	1 868

RECONCILING NOTES

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure that was under assessment in 2022/2023	-	-
Fruitless and wasteful expenditure that relates to 20XX/YY and identified in 20YY/ZZ	-	-
Fruitless and wasteful expenditure for the current year	-	1 510
Total	-	1 510

B) DETAILS OF CURRENT AND PREVIOUS YEAR FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	-	-

C) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE RECOVERED

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

D) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE NOT RECOVERED AND WRITTEN OFF

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure written off	1 824	2 530
Total	1 824	2 530

E) DETAILS OF CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

DISCIPLINARY STEPS TAKEN

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))

A) DETAILS OF CURRENT AND PREVIOUS YEAR MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

B) DETAILS OF OTHER MATERIAL LOSSES

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
	-	-
	-	-

C) OTHER MATERIAL LOSSES RECOVERED

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
	-	-
Total	-	-

D) OTHER MATERIAL LOSSES WRITTEN OFF

DESCRIPTION	2022/2023 R'000	2021/2022 R'000
	-	-
	-	-

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	2022/2023	2021/2022
	R'000	R'000
Valid invoices received	9 926	1 219 863
Invoices paid within 30 days or agreed period	6 409	716 356
Invoices paid after 30 days or agreed period	2 574	453 270
Invoices older than 30 days or agreed period (unpaid and without dispute)	943	50 237
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

The reason for late payment of invoices include, stakeholders sending invoices before all supporting information has been gathered by the regional offices, delays from the manual processes followed to make payments and other queries which might be identified from the claims.

3. SUPPLY CHAIN MANAGEMENT

3.1. CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
Renovation	Kapele Business Services	Variation	QC000000141	R 400 368.75	N/A	R 12 265.00
Total				R 400 368.75		R 12 265.00



PART F
**FINANCIAL
INFORMATION**

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ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999) (PFMA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the standards for internal control are set 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 Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

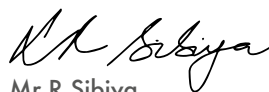
The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The 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 Accounting Authority is primarily responsible for the financial affairs of the entity, it is supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 65 to 71.

The annual financial statements set out on page 72 to 116, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2023 and were signed on its behalf by:



Mr R Sibiya

Accounting Authority Chairperson

REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA TO PARLIAMENT ON THE WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Wholesale and Retail Sector Education and Training Authority (W&RSETA), set out on pages 72 to 116, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Wholesale and Retail Sector Education and Training Authority as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

BASIS FOR OPINION

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

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

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

OTHER MATTERS

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

NATIONAL TREASURY INSTRUCTION NOTE NO. 4 OF 2022-23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4) (a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 34 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of W&RSETA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RETENTION OF SURPLUS

10. There are current deliberations with the National Treasury and the Department of Higher Education and Training (DHET) regarding the appropriate approval processes for the retained surplus of R2 526 907 000, for the financial year 2021-22, disclosed in note 27. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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

RESPONSIBILITIES OF THE AUDITOR-GENERAL OF SOUTH AFRICA FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

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

PROGRAMME	PAGE NUMBERS	PURPOSE
Programme 2: Skills planning and research	30	To provide key inputs in advancing skills development in the sector. Functions falling within the ambit of this programme include skills planning, monitoring, evaluation, reporting and research programmes.
Programme 3: Learning programmes and projects	31 to 33	To addressing the HTFVs identified in the SSP; and reducing HTFVs in the wholesale and retail sector through the provisioning of quality learning programmes.
Programme 4: Quality assurance	34	To execute the QCTO delegated quality assurance functions with regards to the accreditation of training providers, registration of assessors, facilitators, and moderators, evaluation of assessments and facilitation of moderation including certification of learners as proof of successful completion of the 'historical' unit standard based qualification, until 2024.

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

20. I did not identify any material findings on the reported performance information of:

Programme 2: Skills planning and research

Programme 3: Learning programmes and projects

Programme 4: Quality assurance.

OTHER MATTER

21. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

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

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

KEY SERVICE DELIVERY INDICATORS NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS		
Targets achieved: 76%		
Budget spent: 87%		
[3.2] Number of unemployed persons awarded bursaries annually for studies and continued studies in retail related qualifications	3 500	2 303
[3.3] Number of employed persons awarded bursaries annually for studies and continued studies in retail related qualifications	1 895	1 090
[3.4] Number of bursars completing their studies, annually	500	340
[3.10] Number of learners completing their work integrated learning (WIL) programmes from TVET colleges and HETs, annually	850	470
[3.12] Number of employed learners completing learning programmes addressing wholesale and retail HTFVs as identified in the SSP annually.	4 850	3 926
[3.19] Percentage of discretionary grant budget allocated to elementary, intermediary, and high-level skills per annum Intermediary level	15%	14%

ADJUSTMENT OF MATERIAL MISSTATEMENTS

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3: Learning programmes and projects. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

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

30. Material misstatements of payables from non-exchange transactions, employer grants expenditure, contingencies, cash flow statement, related parties and commitments identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

31. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R18 483 000 as disclosed in note 34 to the annual financial statements, in contravention of section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with Seta grant regulation General Notice R.990 (6) (9) (iii) on exceeding the 7,5% administration expenditure as percentage of discretionary grant expenditure.

CONSEQUENCE MANAGEMENT

32. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1) (e) (iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

33. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

OTHER INFORMATION IN THE ANNUAL REPORT

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

INTERNAL CONTROL DEFICIENCIES

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
39. The accounting authority did not ensure that the financial statements and annual performance report submitted for auditing were free of material misstatements. As a result, material misstatements were identified during the audit.

40. Management did not adequately monitor controls with regard to compliance areas this resulted in non-compliance not being detected.

OTHER REPORTS

41. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
42. At the date of audit report, an ongoing investigation is being conducted by the external forensic investigator into allegations of corruption and fraud on the roll out of grant funding.

Auditor - General

Pretoria
31 July 2023



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the Auditor-General of South Africa's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL OF SOUTH AFRICA'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

- identify and assess the risks of material misstatement of the public entity financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
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 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1 (b)(ii); 16A9.1 (c); 16A 9.1 (d); 16A 9.1 (e); 16A9.1 (f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1 (a); 32.1.1(b); 32.1.1 (c) Treasury Regulation 33.1.1; 33.1.3
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
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; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6

LEGISLATION	SECTIONS OR REGULATIONS
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1 (vi); Paragraph 5.5.1 (x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note(s)	2023 R'000	2022 Restated* R'000
ASSETS			
CURRENT ASSETS			
Inventories	8	322	400
Receivables from exchange transactions	9	93 891	22 082
Receivables from non-exchange transactions	10	5 395	6 049
Cash and cash equivalents	11	2 682 049	2 807 987
		2 781 657	2 836 518
NON-CURRENT ASSETS			
Property, plant and equipment	3	11 397	5 661
Intangible assets	4	5 059	10 731
		16 456	16 392
Total Assets		2 798 113	2 852 910
LIABILITIES			
CURRENT LIABILITIES			
Finance lease obligation	13	885	-
Operating lease liability	5	3 833	1 783
Payables from exchange transactions	6	24 175	25 204
Payable from non-exchange transactions	7	201 834	217 521
Unspent conditional grants and receipts	14	5 214	5 214
Provisions	15	57 628	58 691
Bank overdraft	11	1 061	798
		294 630	309 211
NON-CURRENT LIABILITIES			
Finance lease obligation	13	1 634	-
Total Liabilities		296 264	309 211
Net Assets		2 501 849	2 543 699
RESERVES			
Administration reserve		16 456	16 392
Discretionary grant reserve		2 485 393	2 527 307
Total Net Assets		2 501 849	2 543 699

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R'000	2022 Restated* R'000
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Other income	17	1 183	1 746
Interest received - investment	18	167 366	96 650
Total revenue from exchange transactions		168 549	98 396
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Transfer revenue			
Levies	20	1 419 489	1 323 572
Total revenue	16	1 588 038	1 421 968
EXPENDITURE			
Employee related costs	21	(164 055)	(164 411)
Depreciation and amortisation	22	(9 305)	(10 783)
Employer grants	19	(1 366 457)	(1 029 916)
Loss on disposal of assets		(289)	(11)
General Expenses	23	(89 782)	(78 368)
Total expenditure		(1 629 888)	(1 283 489)
(Deficit) surplus for the year		(41 850)	138 479

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	EMPLOYER GRANT RESERVE R'000	ADMINISTRATION RESERVE R'000	DISCRETIONARY GRANT RESERVE R'000	TOTAL RESERVES R'000	EMPLOYER GRANT RESERVE R'000	TOTAL NET ASSETS R'000
Balance at 01 April 2021	-	24 240	2 385 038	2 409 278	-	2 409 278
<i>Changes in net assets</i>						
Allocation of accumulated surplus	107 228	33 507	(111 932)	28 803	(28 803)	-
Excess reserves transferred to discretionary reserves	(107 228)	(41 355)	148 583	-	-	-
Net income (losses) recognised directly in net assets	-	(7 848)	36 651	28 803	(28 803)	-
Surplus for the year	-	-	-	-	28 803	28 803
Total recognised income and expenses for the year	-	(7 848)	36 651	28 803	-	28 803
Total changes	-	(7 848)	36 651	28 803	-	28 803
Opening balance as previously reported	-	16 392	2 421 689	2 438 081	-	2 438 081
<i>Adjustments</i>						
Correction of errors 29	4 518	(32 718)	133 818	105 618	(105 618)	-
Transfer to discretionary reserves	(4 518)	32 718	(28 200)	-	-	-
Adjustment to surplus for the year	-	-	-	-	105 618	105 618
Restated* Balance at 01 April 2022 as restated*	-	16 392	2 527 307	2 543 699	-	2 543 699
<i>Changes in net assets</i>						
Allocation of accumulated surplus	118 496	306	(160 652)	(41 850)	41 850	-
Excess reserves transferred to discretionary reserves	(118 496)	(242)	118 738	-	-	-
Net income (losses) recognised directly in net assets	-	64	(41 914)	(41 850)	41 850	-
Surplus for the year	-	-	-	-	(41 850)	(41 850)
Total recognised income and expenses for the year	-	64	(41 914)	(41 850)	-	(41 850)
Total changes	-	64	(41 914)	(41 850)	-	(41 850)
Balance at 31 March 2023	-	16 456	2 485 393	2 501 849	-	2 501 849
Note(s)						

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R'000	2022 Restated* R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Levies		1 405 879	1 301 299
Penalties and interest		13 610	22 273
Other income		1 183	1 746
Interest income		98 475	117 602
		1 519 147	1 442 920
PAYMENTS			
Mandatory grants		(322 146)	(162 045)
Discretionary grants		(1 059 381)	(967 688)
Compensation to employees		(166 086)	(152 186)
Suppliers and others		(90 595)	(87 451)
		(1 638 208)	(1 369 370)
Net cash flows from operating activities	24	(119 061)	73 550
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(9 188)	(2 946)
Proceeds from sale of property, plant and equipment	3	(6)	-
Purchase of other intangible assets	4	(472)	-
Proceeds from sale of other intangible assets	4	7	-
Net cash flows from investing activities		(9 659)	(2 946)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		2 519	-
Net increase/(decrease) in cash and cash equivalents		(126 201)	70 604
Cash and cash equivalents at the beginning of the year		2 807 189	2 736 585
Cash and cash equivalents at the end of the year	11	2 680 988	2 807 189

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

	APPROVED BUDGET R'000	ADJUSTMENTS R'000	FINAL BUDGET R'000	ACTUAL AMOUNTS ON COMPARABLE BASIS R'000	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R'000
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
REVENUE FROM EXCHANGE TRANSACTIONS					
Other income	-	-	-	1 183	1 183
Interest received - investment	142 125	-	142 125	167 366	25 241
Total revenue from exchange transactions	142 125	-	142 125	168 549	26 424
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
Administration SDL income	146 620	35 277	181 897	184 438	2 541
Discretionary SDL income	692 647	164 868	857 515	869 776	12 261
Mandatory SDL income	278 067	68 404	346 471	351 665	5 194
Interest and penalties	67 040	(43 319)	23 721	13 610	(10 111)
Total revenue from non-exchange transactions	1 184 374	225 230	1 409 604	1 419 489	9 885
Total revenue	1 326 499	225 230	1 551 729	1 588 038	36 309
EXPENDITURE					
Depreciation and amortisation	(3 000)	(7 000)	(10 000)	(9 305)	695
Employer grants	-	-	-	-	-
Employee cost administration	(72 038)	(28 634)	(100 672)	(86 626)	14 046
Mandatory Grant	(278 067)	-	(278 067)	(236 376)	41 691
Discretionary grant	(1 375 167)	(87 993)	(1 463 160)	(1 130 081)	333 079
Employee cost project	(108 057)	28 635	(79 422)	(77 429)	1 993
General Expenses	(71 582)	1 232	(70 350)	(89 782)	(19 432)
Total expenditure	(1 907 911)	(93 760)	(2 001 671)	(1 629 599)	372 072
Operating deficit	(581 412)	131 470	(449 942)	(41 561)	408 381
Loss on disposal of assets	-	-	-	(289)	(289)
Deficit before taxation	(581 412)	131 470	(449 942)	(41 850)	408 092
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(581 412)	131 470	(449 942)	(41 850)	408 092

Reconciliation

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

IMPAIRMENT OF ASSETS.

Management makes estimates and judgements with regards to the impairment of non-cash generating assets. Management considers the subsequent measurement criteria and indicators of potential impairment as indicated in the GRAP statements. If an indication exists, then management determines the recoverable amount.

ESTIMATION OF USEFUL LIVES AND RESIDUAL VALUE.

Management considers the impact of technology, and the condition of the asset. The estimation of residual values of assets is based on management's judgement whether the asset will be sold or will be used to the end of their useful lives and in what condition the assets will be at the time. Management is of the opinion that all other assets of the SETA that will not be disposed of, have a useful life that is equal to the economic life of the assets. Management, therefore, considers the residual value to not be materially significant.

PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

EFFECTIVE INTEREST RATE

The W&RSETA used the prime interest rate to discount future cash flows.

ALLOWANCE FOR DOUBTFUL DEBTS

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

ACCOUNTING BY PRINCIPALS AND AGENT

The entity makes assessments on whether it is the principal or agent in principal-agent relationships. Additional information is disclosed in Notes

IMPAIRMENT OF STATUTORY RECEIVABLES

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

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

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

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 W&R SETA; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fixtures	Straight-line	10 - 15 years
Office equipment	Straight-line	5 - 7 years
Computer software	Straight-line	3 years
Leasehold improvements	Straight-line	Over the lease term
Project Assets - Office equipment	Straight-line	5 - 7 years
Project Assets - Computer equipment	Straight-line	3 years
Office equipment - Finance lease	Straight-line	Over the lease term

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 W&RSETA. The depreciation method applied to an asset is reviewed at least at each reporting date and, 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 W&RSETA assesses at each reporting date whether there is any indication that the SETA expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the SETA 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 W&RSETA separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

1.5 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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 SETA; and
- the cost or fair value of the asset can be measured reliably.

The W&RSETA assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

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

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

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

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

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

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, internally generated	Straight-line	3 years or subject to licence period
Computer software, other	Straight-line	3 years or subject to licence period

The W&RSETA discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

FINANCIAL ASSETS

All financial assets of the entity are categorised as financial assets at amortised costs. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

CASH AND CASH EQUIVALENTS

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

RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised cost. These financial assets are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions are statutory receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

These receivables are accounted for at cost and measured at their transaction amount, plus any other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Mandatory grants receivables are regarded as statutory receivables. SETA is compelled by legislation to pay registered employers in the sector that comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are then paid based on previous quarter levies received, however from time to time there are reversals processed by SARS resulting in mandatory grants paid by SETA becoming receivable/recoverable. Receivables are recovered through future payments.

The W&RSETA does not charge interest on mandatory receivables because the collecting agent (SARS) charges interest on late payments of levies.

The W&RSETA assesses at each reporting date whether there is any indication that receivables from non-exchange transactions may be impaired.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, an impairment loss is recognised when the following occurs:

- recovery of the receivable would be uneconomical;
- recovery of the receivable would cause undue hardship to the debtor or his/her dependant; and
- it would be to the advantage of the W&RSETA to effect a settlement of the claim or to waive the claim. In addition, the following criteria is used to provide for impairment of outstanding receivables:
 - receivables not recovered from institutions or service providers that have been liquidated and the claims against the assets finalised
 - receivables not recovered from deceased employees, where their estates have been finalised, and recovery of the debts from the heirs is not possible
 - receivables owed by debtors that cannot be traced
 - receivables where no source documentation is available to substantiate or prove the claims, provided that the CEO must have satisfied him/herself that all reasonable steps have been taken to locate the source documents
 - receivables where the debtors have emigrated without paying the debts, leaving no assets available for attachment, and the debtors' whereabouts are unknown
 - receivables owed by persons or institutions where the probability of recovery is remote and it is not in the W&RSETA's interest to pursue such debts.

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

FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

TRADE AND PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables are initially recognised at fair value plus transactions costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest method. Trade payables are recognised including VAT included.

PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payables from non-exchange transactions are statutory payables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The W&RSETA is compelled by legislation to pay registered employers in the sector that comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are then paid based on previous quarter levies received.

FINANCIAL LIABILITIES AT FVTPL (FAIR VALUE THROUGH PROFIT AND LOSS)

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as FVTPL. All financial liabilities of the W&RSETA were classified as other financial liabilities.

OTHER FINANCIAL LIABILITIES

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

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

Any liabilities that result from a transaction which an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange are accounted for in accordance with the Standard of GRAP on Revenue from Non-Exchange Transactions.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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.

IMPAIRMENT LOSSES

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

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

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

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

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

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

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

1.8 TAX

CURRENT TAX ASSETS AND LIABILITIES

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

1.9 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 buildings elements, the entity assesses the classification of each element separately.

FINANCE LEASES - LESSEE

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

The discount rate used in calculating the present value of the minimum lease payments is the SETA's incremental borrowing rate.

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

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

OPERATING LEASES - LESSEE

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

1.10 INVENTORIES

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

Items of consumables on hand are derecognised as soon as they are utilised, put into use or consumed according to the original intent for which they were procured.

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS

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

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

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

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

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

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

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

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

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.12 EMPLOYEE BENEFITS

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

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

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

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

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

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

POST-EMPLOYMENT BENEFITS

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

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.13 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.

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

No provision has been made for retirement benefits as the W&RSETA does not provide for retirement benefits for its employees.

1.14 COMMITMENTS

Commitments are disclosed where W&RSETA, in the normal course of operations, entered into contractual agreements with entities relating to grants or where there is a contractual letter of award. Commitments are measured at the amount the entity would pay to settle future obligations as per contractual relationship with the beneficiaries. Commitments are included in the disclosure note to the financial statements.

Commitments are derecognised when either the grant programmes are terminated through a signed termination agreement, or when the contractual obligation is fully paid.

Commitments are disclosed where the W&RSETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment. Commitments are accounted for as contingent liabilities in terms of GRAP 19.

Contractual commitments on discretionary grants are balances on contracts for work to be delivered on discretionary grants contracts-in-progress at the reporting date. The contracts are entered into with service providers and stakeholders for delivery of education, training and skills development initiatives

1.15 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

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

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

- (a) The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be 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:

- (a) The amount of revenue can be measured reliably.
- (b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- (c) The stage of completion of the transaction at the reporting date can be measured reliably

1.16 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. Where the resources transferred to W&RSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training (DHET) and contributions from other organs of government where W&RSETA qualifies as the line function seta.

A present obligation arising from a non-exchange transaction that meets the definition of a liability shall be recognised as a liability when, and only when:

- (a) it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and
- (b) a reliable estimate can be made of the amount of the obligation

LEVY INCOME

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), (No 97 of 1998 as amended) and the Skills Development Levies Act (SOLA), (No 9 of 1999 as amended). Skills development levy transfers are recognised on an accrual basis when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the DHET either makes an allocation or payment, which ever comes first, to the SETA, as required by Section 8 of the Skills Development Levies Act (SOLA) Act no 9 of 1999 as amended. This policy is effective from 1st of April 2007.

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

(SARS), who collects the levies on behalf of the DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with Section 4 (b) of the Skills Development Levies Act as amended, with effect from the 1 August 2005.

80% of skills development levies are paid over to W&RSETA (net of the 20% contribution to the National Skills Fund). Revenue is adjusted for inter-SETA transfers due to employers changing SETA's. Such adjustments are separately disclosed as inter- SETA transfers. The amount of the inter-SETA adjustment is calculated according to the most recent Standard Operating Procedure issued by DHET.

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

INTEREST AND PENALTIES

Interest and penalties on SDL are recognised at the earlier of the time the DHET makes the allocation or payment of the funds in the bank account of the SETA.

GOVERNMENT GRANTS AND OTHER DONOR INCOME

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as revenue as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received

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.

1.17 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised as defined in section 1 of the PFMA.

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

1.18 IRREGULAR EXPENDITURE

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury note no. 5 of 2022/2023 which was issued in terms of section 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA requires the following (effective 03 January 2023):

Irregular expenditure previously disclosed (historical cases) in the annual financial statements and not addressed must remain in the irregular expenditure register and the annual report.

Irregular expenditure disclosed in the annual financial statements in the previous financial year must be disclosed as a comparative amount in the annual financial statements. Irregular expenditure that is incurred in the current year will be disclosed in the annual financial statements.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to

recover the amount from the person concerned. If recovery is not possible, the accounting 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

The National Treasury therefore advises the entity as follows:

- The current framework prohibits the removal of the irregular expenditure from the notes to the financial statements if cases are pending the final outcome whether from internal/external investigators and/or SAPS this relates to fraudulent, corrupt or criminal cases;
- The entity must ensure that follow-ups are made with SAPS to ascertain any losses that may be incurred and if losses are confirmed, update their receivable, and recover the amounts of losses determined;
- Update the irregular expenditure register to indicate the progress of the case; and
- Retain all the relevant supporting documents pertaining to this case.

Notwithstanding the contents above, historical cases of irregular expenditure must be recorded in the registers and a narrative to this effect provided in Part E of the annual report dealing with the PFMA Compliance Reporting. Such cases will not be reflected in the notes to the annual financial statements. The note has been amended¹ to only reflect cases of irregular expenditure that –

- were under assessment in the previous financial year;
- cases that were not identified in the previous financial year; and
- irregular expenditure incurred in the current year that will be the financial year 2022/2023.

1.19 MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Section 55 (2)(b) of the PFMA require the accounting authority to ensure that the annual report and annual financial statements of the entity includes – (i) any material losses through criminal conduct and any irregular and fruitless and wasteful expenditure that occurred during the financial year, (ii) any criminal or disciplinary steps taken because of such losses or irregular or fruitless and wasteful expenditure, and (iii) any losses recovered or written off, (iv) any financial assistance received from the state and commitments made by the state on its behalf; and (v) any other matters that may be prescribed.

1.20 BUDGET INFORMATION

W&RSETA 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 W&RSETA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

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).

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 are 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.

The W&RSETA 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 SETA 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 SETA is exempt from the disclosures in accordance with the above, the SETA 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 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 W&RSETA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

1.23 COMPARATIVE FIGURES

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

1.24 EMPLOYER GRANTS AND PROJECT EXPENSES

A registered employer may recover up to a maximum of 69.5% per year of its total levy payment as a mandatory employer grant (excluding interest and penalties) and discretionary grants by complying with the grant criteria in accordance with the Skills Development Act, (Act 97 of 1998) as amended and SETA Grant Regulations regarding monies received and related matters.

MANDATORY GRANTS

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

DISCRETIONARY PROJECT EXPENDITURE

The SETA may, out of surplus mandatory, administrative or discretionary levies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the SETA Accounting Authority. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.

The SETA allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprise:

- costs that relate directly to the specific project;
- costs that are attributable to the project activity in general and can be allocated to the project;
- such other costs as are specifically chargeable to the SETA under the terms of the project; and
- such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

RETROSPECTIVE ADJUSTMENTS BY SARS

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

Unconditional grants disbursed towards National Skills Fund (NSF) for Technical and Vocational Education and Training (TVET) College infrastructure development

In terms of Skills Development Circular No. 08/2013 Seta's are required to contribute funds towards the NSF for TVET college infrastructure development. Funding agreements between the NSF and each individual SETA outline the details of the SETA's contribution as per the Skills Development Circular. There are no conditions or restrictions for the Seta and the funding is not refundable.

The TVET college infrastructure development payment is treated as a non-exchange transaction and is recognised as an expense in the period that the payment is incurred or when the funding becomes payable by the SETA as outlined in the funding agreement, whichever occurs first. A contractual obligation is triggered on the date that the funding agreement is signed and a liability is recognised to the extent of the amount outstanding.

1.25 RESERVES

Net Assets are classified, based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act (Act 97 of 1998) as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of 2023:

Of the 100% receivable from the employer:

- 80% is received by the SETA
- 20% is contributed to the National Skills Fund

Of the 80% received by the SETA

- Administration costs of the SETA 10.5%
- Employer grant fund levy 20%
- Discretionary grants and projects 49.5%

In addition, other income, interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

Surplus funds in the administration and unallocated funds in the employer grant reserves are transferred to the discretionary fund reserve.

Provision is made in the administration reserve to cover the net asset value of non-current assets. A further provision is made in the mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

1.26 PRIOR PERIOD ERRORS

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

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

Prior period errors must be made in the recognition, measurement, presentation and disclosure of information in the entity's financial statements.

Retrospective application will be applied for all errors discovered in subsequent periods. These errors will be corrected by:

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 2025	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	COST / VALUATION R'000	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000	COST / VALUATION R'000	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000
Furniture and fixtures	4 823	(1 658)	3 165	2 725	(1 729)	996
Office equipment	1 048	(783)	265	1 102	(736)	366
Computer equipment	10 108	(6 829)	3 279	8 588	(7 449)	1 139
Project assets: Office equipment	19	(19)	-	19	(17)	2
Project Assets: Computer equipment	1 186	(1 107)	79	2 005	(1 517)	488
Leased Asset	2 519	(98)	2 421	3 223	(3 223)	-
Leasehold improvements	4 114	(1 926)	2 188	3 915	(1 245)	2 670
Total	23 817	(12 420)	11 397	21 577	(15 916)	5 661

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	DEPRECIATION R'000	TOTAL R'000
Furniture and fixtures	996	2 642	(127)	(346)	3 165
Office equipment	366	76	(13)	(164)	265
Computer equipment	1 139	3 173	(111)	(922)	3 279
Project assets: Office equipment	2	-	-	(2)	-
Project Assets: Computer equipment	488	-	(32)	(377)	79
Leased Assets	-	2 519	-	(98)	2 421
Leasehold improvements	2 670	778	-	(1 260)	2 188
	5 661	9 188	(283)	(3 169)	11 397

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022

Furniture and fixtures	1 122	-	-	(126)	996
Office equipment	409	90	-	(133)	366
Computer equipment	3 057	70	(11)	(1 977)	1 139
Project assets: Office equipment	1	1	-	-	2
Project Assets: Computer equipment	756	80	-	(348)	488
Leasehold improvements	613	2 705	-	(648)	2 670
	5 958	2 946	(11)	(3 232)	5 661

4. INTANGIBLE ASSETS

	2023			2022		
	COST / VALUATION R'000	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000	COST / VALUATION R'000	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000
Computer software, internally generated	19 750	(14 828)	4 922	19 750	(9 760)	9 990
Computer software, other	3 271	(3 134)	137	3 763	(3 022)	741
Total	23 021	(17 962)	5 059	23 513	(12 782)	10 731

4. INTANGIBLE ASSETS (CONTINUED)

RECONCILIATION OF INTANGIBLE ASSETS - 2023	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	TRANSFERS R'000	AMORTISATION R'000	TOTAL R'000
Computer software, internally generated	9 990	-	-	(130)	(4 938)	4 922
Computer software, other	741	472	(7)	130	(1 199)	137
	10 731	472	(7)	-	(6 137)	5 059

RECONCILIATION OF INTANGIBLE ASSETS - 2022	OPENING BALANCE R'000	AMORTISATION R'000	TOTAL R'000
Computer software, internally generated	16 553	(6 563)	9 990
Computer software, other	1 729	(988)	741
	18 282	(7 551)	10 731

5. OPERATING LEASE ASSET (LIABILITY)

	2023 R'000	2022 R'000
Current liabilities	(3 833)	(1 783)

The operating lease liability relates to the straightlining of the SETA's lease commitments over the contracted lease period. Minimum lease payments are disclosed in note 25

6. PAYABLES FROM EXCHANGE TRANSACTIONS

Leave accrual	7 195	7 378
Other accrued expenses	16 980	17 826
	24 175	25 204

7. PAYABLE FROM NON-EXCHANGE TRANSACTIONS

Mandatory grant:Employer SARS reversals	4 949	4 455
Interseta payables	1 315	2 327
Mandatory grant: Levy payables	51 399	138 975
Discretionary grant: Trade payables	144 171	71 764
	201 834	217 521

Mandatory Grant: Levy Payable of R51.4 million consists of amount mandatory grants due and payable to stakeholders however could not be paid due to incorrect banking details provided. The correct banking details were obtained and payments subsequently made after the end of the financial year.

The Employee SARS reversals of R4.94 million (2022 R4.4 million) represents SARS retrospective amendments of information on levies collected.

The amount in the payables for the Discretionary grant is for the invoices received at year end for the work done, however payment was not done. Payables also include contracts where deliverables were met prior to year-end but no invoice was received

8. INVENTORIES

Consumable stores	322	400
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	2023 R'000	2022 R'000
9. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Staff debtors	8	13
Rental deposits	6 882	5 522
Sundry receivables	-	35
Interest receivables	74 415	5 524
Prepaid expenses	12 586	10 380
Other receivables	-	8
Arbitration award	-	600
	93 891	22 082

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Unutilised bursaries	2 769	1 063
Interseta receivables	-	48
Employer receivables	2 626	4 938
	5 395	6 049

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS PAST DUE BUT NOT IMPAIRED

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2023 R 5,4 million (2022: R 6,049 million) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

3 months past due	5 395	6 049
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RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS IMPAIRED

As of 31 March 2023, other receivables from non-exchange transactions of R 4.2 million - (2022: R6.4 million) were impaired and provided for.

The ageing of these loans is as follows:

Over 6 months	4 249	6 379
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EMPLOYER RECEIVABLES

Employer receivables	6 875	11 317
Provision for doubtful debts	(4 249)	(6 379)
	2 626	4 938

2023	OPENING BALANCE R'000	REVERSED DURING THE YEAR R'000	ADDITIONS R'000	OTHER ADJUSTMENTS R'000	TOTAL R'000
Employer receivables	11 317	(6 616)	2 174	-	6 875
Provision for doubtful debts	(6 379)	6 379	(4 249)	-	(4 249)
	4 938	(237)	(2 075)	-	2 626

2022					
Employer receivables	11 081	-	236	-	11 317
Provision for doubtful debts	(6 321)	-	(58)	-	(6 379)
	4 760	-	178	-	4 938

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The W&RSETA refunds amounts to employers in the form of grants, based on the information from DHET. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are in excess of the amount the W&RSETA is permitted to have granted to employers. A receivable relating to the over-payment to the employer in earlier periods is raised at the amount of such over-payment, net of bad debts and provision for doubtful amounts. Employer receivables recognised in the current year was R6.9 million (2022: R11.3 million).

11. CASH AND CASH EQUIVALENTS	2023 R'000	2022 R'000
Cash and cash equivalents consist of:		
Cash on hand	3	9
Bank balances	132 496	238 418
Short-term deposits	2 549 550	2 569 560
Bank overdraft	(1 061)	(798)
	2 680 988	2 807 189
Current assets	2 682 049	2 807 987
Current liabilities	(1 061)	(798)
	2 680 988	2 807 189

12. ACCUMULATED SURPLUS

ALLOCATION OF NET SURPLUS (DEFICIT) FOR THE CURRENT YEAR TO RESERVES	TOTAL PER STATEMENT OF FINANCIAL PERFORMANCE 2022 R'000	TOTAL PER STATEMENT OF FINANCIAL PERFORMANCE 2023 R'000	ADMINISTRATION GRANT RESERVE R'000	EMPLOYER GRANT RESERVE R'000	DISCRETIONARY GRANT RESERVE R'000
Levy Transfer Administration	168 776	184 522	184 522	-	-
Levy transfer Employer Grants	1 132 523	1 221 357	-	351 469	869 888
Skills Development Levy Penalties and interest from non exchange transactions	22 273	13 610	1 786	3 403	8 421
Interest income	96 650	167 366	-	-	167 366
Other income	1 746	1 183	-	-	1 183
Employer grants and project expenses	(1 114 616)	(1 443 886)	-	(236 376)	(1 207 510)
Administration expenses	(168 873)	(186 002)	(186 002)	-	-
	138 479	(41 850)	306	118 496	(160 652)

	2023 R'000	2022 R'000
13. FINANCE LEASE OBLIGATION		
MINIMUM LEASE PAYMENTS DUE		
- within one year	1 151	-
- in second to fifth year inclusive	1 808	-
Present value of minimum lease payments	2 959	-
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE		
- within one year	885	-
- in second to fifth year inclusive	1 634	-
	2 519	-
Non-current liabilities	1 634	-
Current liabilities	885	-
	2 519	-

The entity has in the 2022-23 financial period entered into a contract to rent office equipment for a period 3 years. The lease contract is classified as a finance lease as per the requirements of GRAP. The interest rate is determined at 10,75% per annum and the rental of R82 183,55 is payable per month.

14. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants and receipts comprises of:

UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent grants	5 214	5 214
MOVEMENT DURING THE YEAR		
Balance at the beginning of the year	5 214	5 214

The conditional grant balance relates to funds that were received from the Department of Small Business Development and have been ring fenced for Informal Traders Upliftment project. The remaining amount of R5.2 million continues to be accounted for as a liability until the agreed contractual conditions have been met.

15. PROVISIONS

RECONCILIATION OF PROVISIONS - 2023	OPENING BALANCE R'000	ADDITIONS R'000	UTILISED DURING THE YEAR R'000	REVERSED DURING THE YEAR R'000	TOTAL R'000
Audit Fees	3 354	5 474	(1 406)	(3 354)	4 068
Amounts payable to Small Companies	40 740	6 575	-	(6 563)	40 752
Provision for workmen's compensation	190	250	(190)	-	250
Bonus provision	14 407	12 558	(8 509)	(5 898)	12 558
	58 691	24 857	(10 105)	(15 815)	57 628

RECONCILIATION OF PROVISIONS - 2022	OPENING BALANCE R'000	ADDITIONS R'000	UTILISED DURING THE YEAR R'000	REVERSED DURING THE YEAR R'000	TOTAL R'000
Audit Fees	4 057	4 902	(1 548)	(4 057)	3 354
Amounts payable to Small Companies	45 971	2 150	-	(7 381)	40 740
Provision for workmen's compensation	-	190	-	-	190
Bonus provision	-	14 407	-	-	14 407
	50 028	21 649	(1 548)	(11 438)	58 691

Amounts payable to Small Companies relates to income received from companies whose gross salary cost was less than R500 000. In terms of the Skills Development Circular No: 09/2013, issued by DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after expiry date of five years as stipulated in terms of section 190(4) of the Tax administration Act. These amounts have been transferred to discretionary reserves in line with the aforementioned circular. At 31 March 2023 the amount claimable is R41 million (2022: R41 million)

BONUS PROVISION

The bonus provision is a constructive obligation to pay employees a performance based bonus related to their services for the year. The bonus payments are expensed to be paid four (4) months after year end, provided that the agreed upon performance are achieved and the entity can afford the bonus payout.

PROVISION FOR AUDIT FEES

Audit fees are in line with the strategy budget. A prior year adjustment was made to account for prior year provision and align to prior year audit expenditure incurred and reduce overstatement in the current year expenditure.

16. REVENUE	2023 R'000	2022 R'000
Other income	1 183	1 746
Interest received - investment	167 366	96 650
Levies	1 419 489	1 323 572
	1 588 038	1 421 968

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

Other income	1 183	1 746
Interest received - investment	167 366	96 650
	168 549	98 396

THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:**TRANSFER REVENUE**

Levies	1 419 489	1 323 572
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	2023 R'000	2022 R'000
17. OTHER REVENUE		
Other income	1 183	1 746
18. INVESTMENT REVENUE		
INTEREST REVENUE		
Bank	167 366	96 650
19. EMPLOYER GRANTS PAID		
OTHER SUBSIDIES		
Mandatory grants	236 376	219 147
Discretionary grants	1 130 081	810 769
	1 366 457	1 029 916
20. LEVIES		
Administration SDL income	184 438	168 776
Discretionary SDL income	869 776	806 729
Mandatory SDL income	351 665	325 794
Interest and penalties SDL income	13 610	22 273
	1 419 489	1 323 572
21. EMPLOYEE RELATED COSTS		
Basic	141 449	131 636
Bonus	6 660	20 711
Medical aid - company contributions	4 797	4 134
Unemployment Insurance Fund (UIF)	563	533
Workmens Compensation Fund (WCA)	250	190
Skills Development Levy (SDL)	1 518	1 419
Leave pay provision charge/(reversal)	(185)	(2 094)
Group Life Insurance	2 201	1 855
Provident fund	6 802	6 027
	164 055	164 411
EMPLOYEE COST ALLOCATION		
Administrative grant	86 626	79 711
Discretionary grant - Project expenses	77 429	84 700
	164 055	164 411
22. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	3 169	3 232
Intangible assets	6 136	7 551
	9 305	10 783

23. GENERAL EXPENSES	2023 R'000	2022 R'000
Advertising	3 947	2 792
Auditors remuneration	5 474	4 902
Bank charges	401	620
Cleaning	271	581
Computer expenses	-	696
Consulting and professional fees	5 205	8 961
Consumables	6	11
Refreshments	463	388
Gifts	67	-
Insurance	1 352	1 386
Conferences and seminars	305	71
IT expenses	13 138	12 597
Operating lease rentals	21 435	19 138
Interest paid	46	1 311
Recruitment fees	1 112	1 641
Postage and courier	946	436
Printing and stationery	1 988	1 145
Repairs and maintenance	345	600
Security (Guarding of municipal property)	1 698	792
Subscriptions and membership fees	232	121
Telephone and fax	1 261	1 304
Training	2 664	1 101
Travel	4 508	4 981
Minor assets	1 100	837
Water and Electricity	3 333	2 166
Remuneration to members of accounting authority	3 760	3 837
Internal Audit	6	296
Licences	1	9
QCTO funding	8 239	5 622
Relocation costs	75	460
Offsite storage	685	543
HR expenses	339	230
Provision/reversal for bad debts - SARS debtors	5 380	(1 207)
	89 782	78 368

	2023 R'000	2022 R'000
24. CASH (USED IN) GENERATED FROM OPERATIONS		
(Deficit) surplus	(41 850)	138 479
<i>Adjustments for:</i>		
Depreciation and amortisation	9 305	10 783
loss sale of assets	289	11
impairment	-	(867)
Movements in provisions	(1 063)	8 663
Provision for doubtful debts	5 380	58
Movements in operating lease liability	2 050	906
Finance lease charges	46	-
<i>Changes in working capital:</i>		
Inventories	78	(333)
Receivables from exchange transactions	(77 234)	16 449
Other receivables from non-exchange transactions	654	10 808
Payables from exchange transactions	(1 028)	(5 956)
Payables from non-exchange	(15 688)	(105 451)
	(119 061)	73 550

25. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS	AT AMORTISED COST R'000	TOTAL R'000
FINANCIAL ASSETS: 2023		
Receivables from exchange transactions	93 891	93 891
Receivables from non exchange transactions	5 395	5 395
Cash and cash equivalents	2 682 049	2 682 049
	2 781 335	2 781 335
FINANCIAL LIABILITIES: 2023		
Trade and other payables from exchange transactions	24 175	24 175
Payables from non exchange transactions	201 834	201 834
Bank Overdraft	1 061	1 061
Operating lease liability	3 833	3 833
Finance lease obligation	2 519	2 519
	233 422	233 422
FINANCIAL ASSETS: 2022		
Receivables from exchange transactions	22 082	22 082
Receivables from non exchange transactions	6 049	6 049
Cash and cash equivalents	2 807 987	2 807 987
	2 836 118	2 836 118
FINANCIAL LIABILITIES: 2022		
Trade and other payables from exchange transactions	25 204	25 204
Payables from non exchange transactions	217 521	217 521
Bank Overdraft	798	798
	243 523	243 523

	2023 R'000	2022 R'000
26. COMMITMENTS		
TOTAL COMMITMENTS ON DISCRETIONARY GRANTS		
TOTAL COMMITMENTS		
Approved and contracted for	2 156 168	2 605 087
Approved and not contracted for	484 646	26 525
	2 640 814	2 631 612

There was a reinstatement of prior period expired contracts written off during the current financial year amounting to R 350 703. The contracts were reinstated to effect the expenditure that occurred in the current financial year, The verification of the expenditure took place in the current financial year after the contract had expired.

OPERATING LEASES - AS LESSEE (EXPENSE)

MINIMUM LEASE PAYMENTS DUE		
- within one year	19 010	17 736
- in second to fifth year inclusive	28 801	53 040
	47 811	70 776

Operating lease payments represent rentals payable by the W&RSETA for certain of its all its leased office properties. Leases are negotiated for an average term of five years. No contingent rent is payable.

27. CONTINGENCIES

27.1 BUSA CASE TO SET ASIDE SETA GRANT REGULATION 4(4)

In terms of the 2005 Grant Regulations regarding monies received by a SETA, an employer was entitled to claim a Mandatory Grant equal to 50% of the total Skills Development Levies paid provided that the employer complied with the eligibility criteria.

However, the 2005 Grant Regulations were repealed by the 2012 Grant Regulations and it is the 2012 Grant Regulations and the way in which it was promulgated that formed the subject matter of the review application before the Labour Court. The revision reduced the value of the Mandatory Grant from 50% to 20%.

BUSA has been contesting the changes to the Grant regulations at the Labour Court and the relief sought was for the Court to review and set aside Regulation 4(4) as well as the Minister's decision to re-promulgate it.

Following various court judgements on the matter, in October 2019 the Labour Appeal Court Judgment was handed down in favour of BUSA with the effect that Regulation 4(4) was set aside.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector.

The decision regarding the percentage was still outstanding at reporting date, therefore W&RSETA has continued to pay and accrue for mandatory grants at 20% .

On the 27th January 2023, the Minister published the draft 2022 Grant Regulations in response to the court ruling, the Regulations are currently under public comments. The total W&RSETA exposure is undeterminable due to the uncertainty in timing and amount.

27.2 TRAINING IN PROGRESS

In terms of the W&RSETA's discretionary grant policy, all training in progress by service providers and stakeholders must be verified by the W&RSETA officials before payment is effected. Currently at Interim, there exists an unquantifiable contingent liability for training in progress. The amount is contingent based on the value of training conducted which will be acceptable after the verification process.

27. CONTINGENCIES (CONTINUED)

27.3 MATTERS UNDER INVESTIGATION AND LITIGATION

- 27.3.1 The W&RSETA has a CCMA matter that is not yet finalised. This matter is continuing from the previous financial year. The nature of the matter relates to an employee's breach of code of conduct, gross dishonesty and dereliction of duty. This was as a result of the irregularities identified in tender process. The tender was subsequently cancelled. The internal processes including the appeal, which confirmed the sanction of dismissal of the employee were completed. The employee referred the decision to the CCMA for arbitration in December 2021. This matter is yet to be finalised.
- 27.3.2 The W&RSETA has matters before the labour court which are pending, and all relate to former fixed term contract employees who claimed unfair dismissal when their respective contracts of employment lapsed and other matters on employees claiming compensation for unfair suspension.
- 27.3.3 The W&RSETA is further involved in the matters below with the services providers
- 27.3.3.1 Private college is aiming to recover a sum from W&RSETA flowing from the non-fulfilment of a particular contractual term. The matter will be heard in the North Gauteng High Court.
- 27.3.3.2A Business school aims to recover a sum of money from W&RSETA flowing from the non-fulfilment of contractual terms and conditions. The matter will be heard in the North Gauteng High Court.

The reasonable estimate cannot be made at this point for the matters above.

27.4 RETENTION OF SURPLUS

In terms of section 53 (3) of the PFMA, public entities listed in schedule 3A and 3C of the PFMA may not budget for a deficit and may not accumulate surpluses unless the prior written approval of National Treasury has been obtained. Application for approval of surplus funds was submitted to National Treasury by the SETA. National Treasury responded by indicating that the Executive Authority should be responsible for the approval of retention for surpluses for SETAs as this is governed by the Skills Development Act 97 of 1998. The SETA obtained an approval for the retention of surplus funds from the Executive Authority in March 2023. The finalisation of the misalignment between the PFMA requirements and delegation of the approving authority to the Executive Authority is yet to be finalised between National Treasury and the Department of Higher Education and Training.

The surpluses as at 31 March 2023 were as follows:

SURPLUS FUNDS OR DEFICIT IN TERMS OF NT CIRCULAR	2023 R'000	2022 R'000
Cash and cash equivalents	2 682 049	2 807 987
Plus: Receivables	99 286	28 131
Less: Current Liabilities	- 294 630	- 309 211
Total	2 486 705	2 526 907

CONTINGENT ASSETS

- 27.5 W&RSETA is involved in a litigation process at the North Gauteng High Court to recover funds from an individual who received a sum of money fraudulently.
- 27.6 W&RSETA is involved in litigious process where a Service Provider who has been paid in full has submitted an incomplete ICT system and ancillary deliverables. The referred litigious process aims to recover the amount paid by W&RSETA for the incomplete deliverables. The respective litigious matter will be heard in the North Gauteng High Court.
- 27.7 W&RSETA is also involved in an Arbitration process wherein the W&RSETA aims to recover a sum of Money from a Training provider who has embezzled funds due to destitute beneficiaries. As at the reporting date the respective arbitration is still underway.

The reasonable estimates for recovery cannot be made as at year end.

28. RELATED PARTIES

RELATIONSHIPS

Accounting Authority member	Refer to note below for detailed disclosure concerning emoluments of members of the Accounting Authority
Controlling entity	Department of Higher Education and Training (DHET)
Controlled entities	Other Sector Education and Training Authorities (SETAs) Quality Council for Trades and Occupations (QCTO) Technical and Vocational Education and Training (TVET) National Students Financial Aid Scheme (NSFAS) National Skills Fund Higher Education and Training Institutions (HET)

ENTITIES WITH REPRESENTATIVE SERVING ON THE W&R SETA ACCOUNTING AUTHORITY

MEMBERS OF THE ACCOUNTING AUTHORITY

Fuel Retailers Association (FRA)	Mr Reggie Sibiya
Fuel Retailers Association (FRA)	Mr Zibela Sokabo
Consumer Goods Council of South Africa (CGCSA)	Ms Zinhle Tyikwe
Federal Council of Retail and Allied Workers (FEDCRAW)	Mr Themba Mthembu
Federal Council of Retail and Allied Workers (FEDCRAW)	Mr Mzimaseki Silimandlela
National Union of Metal Workers (NUMSA)	Ms Lerato Madela
National Union of Metal Workers (NUMSA)	Mr David Makuwa
The National African Federated of Chamber of Commerce and Industry (NAFCOC)	Ms Margaret Bango
Southern African Clothing and Textile Workers Union (SACTWU)	Mr Ross Rayners
South African Commercial, Catering and Allied Workers Union (SACCAWU)	Mr Lucas Ramatlhodi

The W&RSETA is exempt from disclosure of related party transactions provided that the services are received/delivered within normal supplier/client relationships, on terms and conditions that is no more nor less favourable than those that would have reasonably be expected to be adopted if dealing with that entity/person in the same circumstances. W&RSETA has, in the normal course of its operations, entered into discretionary grants transactions with entities under common control. Where there were transactions and balances arising due to the movement of funds between entities under common control of DHET, these amounts are disclosed below:

RELATED PARTY BALANCES	2023	2022
PAYABLES FROM NON EXCHANGE TRANSACTIONS	R'000	R'000
CHIETA	-	(45)
CETA	79	-
MICT SETA	-	(49)
FOODBEV	-	(53)
TETA	-	-
HWSETA	-	(728)
MQA	127	-
MERSETA	838	(24)
FASSET	-	-
HETI	-	-
TVET Colleges	-	-
AgriSETA	271	(939)
CathSETA	-	(36)
FPMSETA	-	(13)
TOTAL	1 315	(1 887)

28. RELATED PARTIES (CONTINUED)	2023	2022
	R'000	R'000
RECEIVABLES FROM NON EXCHANGE TRANSACTIONS		
LGSETA	-	-
HWSETA	-	281
MQA	-	20
HETI	-	68
TVET Colleges	-	-
TOTAL	-	369
RECEIVABLES FROM EXCHANGE TRANSACTIONS - PREPAID EXPENSES		
QCTO	9 693	8 239
TOTAL	9 693	8 239

STAKEHOLDER	2023		2022	
	EXPENDITURE R'000	COMMITMENTS R'000	EXPENDITURE R'000	COMMITMENTS R'000
FEDCRAW	500	3 209	2 524	2 359
SACTWU	-	1 944	999	401
NUMSA	2 039	1 001	2 400	2 460
ECCAWUSA	110	3 429	2 515	1 810
FRA	1 385	8 281	39 907	24 194
CGCSA	3 784	12 183	6 201	23 051
QCTO	8 239	-	8 240	-
TVET Colleges	133 395	146 834	140 972	154 428
NSFAS	1 483	-	29 632	7 805
HETI	120 378	214 662	147 972	274 156
CETs	73 831	57 091	14 604	124 474
Subtotal	345 144	448 634	395 966	615 138
	345 144	448 634	395 966	615 138

W&RSETA has in the normal course of its operations, entered into discretionary grants transactions with entities which had an appointed representative serving on the W&RSETA Accounting Authority as disclosed above.

In terms of the Code of Conduct of the W&RSETA standard Constitution, every member of the Accounting Authority is required to disclose any interest. Such conflict is recorded in the minutes of the meeting in question and the member concerned is precluded from participating in the proceedings of the Accounting Authority. All the above decisions were taken in terms of this Code of Conduct in relation to the declaration of interests.

KEY MANAGEMENT INFORMATION

CLASS	DESCRIPTION	NUMBER
Accounting Authority members	Accounting Authority	14
Audit Committee	External audit committee	6
Executive management	Senior management	7

28. RELATED PARTIES (CONTINUED)**REMUNERATION OF MANAGEMENT****MANAGEMENT CLASS: BOARD MEMBERS: 2023**

	BOARD FEES R'000	ALLOWANCES R'000	TOTAL R'000
Mr R Sibiyi	374	5	379
Ms Z Tyikwe	287	5	292
Mr K D Makuwa	323	5	328
Ms M Bango	268	-	268
Mr S Busane	347	-	347
Mr T Mthembu	204	-	204
Ms Nthangase	168	-	168
Mr M Silimandlela	161	-	161
Ms L Madela	227	-	227
Mr L Ramathodi	187	5	192
Mr R Rayners	233	-	233
Ms N Bogopa	207	5	212
Mr Z Sokhabo	167	-	167
Ms S Rasebitse	264	-	264
Mr K V Maja - Audit Committee - Chairperson	170	-	170
Ms M Phiri - Audit Committee member	68	-	68
Dr L Konar - Audit Committee member	67	-	67
Adv T Moeeng - Audit Committee members	67	-	67
	3 789	25	3 814

MANAGEMENT CLASS: BOARD MEMBERS: 2022

Mr R Sibiyi - Chairperson	376	5	381
Ms Z Tyikwe	317	5	322
Mr KD Makuwa	302	5	307
Ms M Bango	303	-	303
Mr S Busana	335	-	335
Mr T Mthembu	212	-	212
Ms T Ntshangase	161	-	161
Mr Z Silimandlela	173	-	173
Ms L Madela	193	-	193
Mr L Ramathodi	195	5	200
Ms R Rayners	245	-	245
Ms N Bogopa	248	5	253
Mr Z Sokabo	186	-	186
Mr S Rasebitse	225	-	225
Mr K V Maja - Audit Committee Chairperson	131	-	131
Ms M Phiri - Audit Committee member	60	-	60
Dr L Konar - Audit Committee member	60	-	60
Adv T Moeeng - Audit Committee member	65	-	65
	3 787	25	3 812

28. RELATED PARTIES (CONTINUED)

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT: 2023	BASIC SALARY R'000	BONUSES AND PERFORMANCE RELATED PAYMENTS R'000	ALLOWANCES R'000	CONTRIBUTIONS BY EMPLOYER R'000	TOTAL R'000
Mr BC Mkhwanazi - Chief Executive Officer	2 232	229	93	195	2 749
Ms L Nhlapo - Chief Financial Officer	1 760	75	20	159	2 014
Dr DC Machard - Executive Strategic Planning, Performance and Reporting	1 421	129	175	162	1 887
Mr S Ngcobo - Chief Corporate Service Executive	1 437	137	269	131	1 974
Mr MB Masekwameng - Chief Information Officer	1 698	85	33	111	1 927
Ms S Motloulou - Chief Audit Executive*	928	135	27	66	1 156
Mr S Shoba - Acting Operating Officer**	96	-	7	12	115
Mr S Shoba - Chief Operating Officer***	1 514	67	75	167	1 823
Ms M Ngobeni - Acting Chief Audit Executive****	-	-	37	-	37
Ms M Ngobeni - Chief Audit Executive*****	493	-	43	53	589
	11 579	857	779	1 056	14 271
MANAGEMENT CLASS: EXECUTIVE MANAGEMENT: 2022					
Mr BC Mkhwanazi - Chief Executive Officer	2 132	113	43	181	2 469
Ms N Dlodla - Chief Operating Officer	132	85	2	15	234
Ms L Nhlapo - Chief Financial Officer	1 374	-	14	53	1 441
Mr L Kuse	440	95	5	42	582
Dr DC Machard - Executive, Strategic Planning, Performance & Reporting	1 473	79	39	117	1 708
Mr S Ngcobo - Chief Corporate Service Executive	1 602	62	39	121	1 824
Mr M B Masekwameng - Chief Information Officer	1 681	83	39	45	1 848
Ms S Motloulou - Chief Audit Executive	1 579	82	39	119	1 819
Mr S Shoba - Acting Chief Operating Officer	1 214	45	261	94	1 614
	11 627	644	481	787	13 539

* Resigned 30 September 2022

** Acting from the prior year

*** Appointed 1 May 2022

**** Acting from 06 October 2022 to 30 November 2022

***** Appointed 1 December 2022

	2023	2022
29. PRIOR PERIOD ERRORS	R'000	R'000

ERROR 1

Payments with a total value of R43 million made in the prior financial year were incorrectly allocated to the suspense accounts. The transactions were reallocated to the correct accounts in the current financial year to correct the error. Below is the breakdown of the accounts affected

STATEMENT OF FINANCIAL POSITION

Decrease in Payables from non exchange	-	30 897
Decrease in Receivables from exchange	-	(43 384)
Total	-	(12 484)

STATEMENT OF FINANCIAL PERFORMANCE

Decrease in Interest received - Investment	-	9 785
Increase Employer grants paid	-	1 232
Increase in General expenses	-	1 467
Reallocation of Employee cost between Administrative cost and Project cost	-	-
Total	-	12 484

ERROR 2

Management identified during the current financial that there were issues with the accounts payable balance. Through investigation it was identified that there were duplicates, reversals and long outstanding invoices that are no longer outstanding that needed to be reversed. In addition, there were payments made against accounts payables but expenditure was not recognized in the Statement of Financial Performance.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION

Increase in Payables from non exchange	-	(9 525)
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STATEMENT OF FINANCIAL PERFORMANCE

Increase in Employer grants paid	-	9 525
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ERROR 3

A provision of audit fees was not recognised in the prior financial year and as result ,invoices relating to that year were recognised in the current year , overstating the general expenditure .The adjustment is to raise a provision to retrospectively align the audit fees to the year in which the services were provided.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION

Increase in Provision for Audit Fees	-	(3 354)
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STATEMENT OF FINANCIAL PERFORMANCE

Decrease in Auditors remuneration	-	(709)
Decrease in Discretionary reserves opening balance	-	4 063
	-	3 354

29. PRIOR PERIOD ERRORS (CONTINUED)	2023 R'000	2022 R'000
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ERROR 4

An error occurred in the calculation of the payroll split between Administration and Project employee costs. Support employees were incorrectly included as projects, and as a result the project employee portion was overstated. This adjustment had no effect on the net asset value.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL PERFORMANCE

Increase in Employee cost allocation: Administrative grant	-	22 979
Decrease in Employee cost allocation: Discretionary grant - Project expenses	-	(22 979)
	-	-

ERROR 5

ICT costs relating to administration expenditure were erroneously allocated to project ICT cost therefore overstating the Project ICT costs and understating the Administration ICT costs. The adjustment is made to align the ICT costs to the part of the entity to which it relates. This adjustment had no effect on the overall net profit or net asset value.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL PERFORMANCE

Increase in General Expenses: IT expenses	-	10 669
Decrease in General Expenses: Travel expenses	-	(811)
Decrease in Discretionary Employer Grant expense	-	(9 858)
	-	-

ERROR 6

The accruals were not supported by the deliverables and signed grant claim form. Only the invoice received from the stakeholders was used as support. Upon investigation, it was discovered that the deliverables to support the invoice cannot be obtained as a result of the above-mentioned accruals were reversed.

Furthermore, a reclassification was made to correctly classify transactions from payables from non exchange to payable from exchange transactions.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION

Decrease in Payables from non exchange	-	135 353
Increase in Payables from exchange	-	(4 370)
	-	130 983

STATEMENT OF FINANCIAL PERFORMANCE

Decrease in Employer grants paid	-	(130 983)
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29. PRIOR PERIOD ERRORS (CONTINUED)**ERROR 7**

Commitments for the 2022 financial year were overstated by R8.7 million as a result of corrections made on contracts and restatements.

The correction of the error(s) results in adjustments as follows:

	NOTE	AS PREVIOUSLY REPORTED R'000	CORRECTION OF ERROR R'000	RESTATED R'000
Commitments		2 640 319	(8 707)	2 631 612

Presented below is the reconciliation for those items contained in the statement of financial position that have been affected by prior-year adjustments:

STATEMENT OF FINANCIAL POSITION: 2022

Payables from non exchange	(374 248)	156 727	(217 521)
Payables from exchange	(20 833)	(4 371)	(25 204)
Receivables from exchange	65 466	(43 384)	22 082
Provision for Audit fees	-	(3 354)	(3 354)
	(329 615)	105 618	(223 997)

Presented below is the reconciliation for those items contained in the statement of financial performance that have been affected by prior-year adjustments:

STATEMENT OF FINANCIAL PERFORMANCE: 2022

Interest received - Investment	(106 435)	9 785	(96 650)
Employer grants paid	1 160 002	(130 086)	1 029 916
General expenses	67 748	10 620	78 368
Employee cost allocation: Administrative grant	56 732	22 979	79 711
Employee cost allocation: Discretionary grant - Project expenses	107 679	(22 979)	84 700
Discretionary reserves (Recognition of Provision for Audit Fees in opening balance)	-	4 063	4 063
Surplus for the year	1 285 726	(105 618)	1 180 108

30. RISK MANAGEMENT**FINANCIAL RISK MANAGEMENT**

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

LIQUIDITY RISK

The W&RSETA's risk to liquidity is a result of the funds available to cover future commitments. The W&RSETA manages liquidity risk through an ongoing review of future commitments and credit facilities.

	2023 R'000	2022 R'000
TRADE PAYABLES		
Payables from exchange transactions	24 175	25 204
Payables from non exchange transactions	201 834	217 521
	226 009	242 725

30. RISK MANAGEMENT (CONTINUED)

	CURRENT 0-30 DAYS R'000	31-90 DAYS R'000	91-120 DAYS R'000	MORE THAN 120 DAYS R'000	TOTAL R'000
2023					
Payables from exchange transactions	13 741	1 637	1 374	7 423	24 175
Payables from non exchange transactions	108 231	28 761	6 716	58 126	201 834
	121 972	30 398	8 090	65 549	226 009
2022					
Payables from exchange transactions	23 692	-	-	1 512	25 204
Payables from non exchange transactions	91 349	18	42 860	83 294	217 521
	115 041	18	42 860	84 806	242 725

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

	CURRENT 0-30 DAYS R'000	31-90 DAYS R'000	91-120 DAYS R'000	MORE THAN 120 DAYS R'000	TOTAL R'000
THE AGEING OF TRADE RECEIVABLES - 2023					
Receivables from exchange transactions	87 000	-	-	6 891	93 891
Receivables from non exchange	2 173	-	-	3 222	5 395
	89 173	-	-	10 113	99 286
THE AGEING OF TRADE RECEIVABLES - 2022					
Receivables from exchange transactions	15 904	-	-	6 178	22 082
Receivables from non exchange	178	-	-	5 871	6 049
	16 082	-	-	12 049	28 131

INDUSTRY RISK

W&RSETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. Although the sector was faced with rampant protest-driven looting during the year, the overall impact has had minimal impact on training interventions. The W&RSETA is in constant communication with the industry to ensure that adequate support is provided.

INTEREST RATE RISK

W&RSETA manages its interest rate risk by effectively investing SETA surplus cash in term deposits with reputable financial institutions according to the SETA's investment policy.

30. RISK MANAGEMENT (CONTINUED)

	FLOATING RATE R'000	NON-INTEREST BEARING R'000	TOTAL R'000
2023			
Cash and cash equivalents	2 682 049	-	2 682 049
Receivables from exchange transactions	74 415	19 476	93 891
Finance lease obligation	(2 519)	-	(2 519)
Payables from exchange transactions	-	(24 175)	(24 175)
	2 753 945	(4 699)	2 749 246
2022			
Cash and cash equivalents	2 807 987	-	2 807 987
Receivables from exchange transactions	5 524	16 558	22 082
Payables from exchange transactions	-	(25 204)	(25 204)
	2 813 511	(8 646)	2 804 865

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.

MANAGEMENT'S ASSESSMENT

The factors that were considered by management for the 2022_23 financial years included the following:

- Assets and liabilities of the SETA, whether the SETA is financially liquid and solvent;
- Macro-economic conditions in the wholesale and retail sector that could potentially impact the future collection of the SETA and;
- The SETA licensing period.

The Net Assets of W&RSETA as at 31 March 2023 were R2,502 billion.

The Current Ratios is 9,43 [Current Assets (R2,782 billion)/Current Liabilities(R295 million)]. Therefore, W&RSETA in a favorable position to be able to settle its contractual obligations within 12 months.

The annual financial statements have been prepared based on 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.

In the wake of retrenchment announcements by several stakeholders for instance, Massmart, management anticipates a negative impact of future levies to be collected. However the extent of the impact is assessed to be minimal as the majority of the sector giants remain resilient and projecting growth. The sector predominantly provides what is considered to be an essential goods and services and thus management does not anticipate a significant reduction in levy income collection.

Statistics South Africa's forecasts indicate that sector is poised to maintain its growth trajectory. This positive outlook is supported by factors such as consumer spending trends, and the gradual recovery of the overall economy and this underscores the Wholesale and Retail sector resilience.

The Minister of Higher Education, Science and Innovation has approved, through the Government Gazette, the licence of W&RSETA to operate until 2030.

CONCLUSION

Based on the management assessment provided above, the W&RSETA can continue its operations for the foreseeable future and thus considered to be a going concern.

32. EVENTS AFTER THE REPORTING DATE

A litigation was finalised in court after the reporting period. The matter was between WRSETA and service provider where the latter challenged the WRSETA for not following procurement processes during the award process. The case was dismissed by the court and finalised. The estimate of the claim could not be made.

33. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There were no losses experienced through criminal conduct in the current or previous year.

34. IRREGULAR EXPENDITURE AND FRUITLESS WASTEFUL EXPENDITURE

In line with National Treasury Instruction no 4 of 2022/23, fruitless & wasteful expenditure and irregular expenditure recorded in current and prior year has been classified as follows:

Irregular Expenditure	18 483	33 513
Fruitless and Wasteful	-	1 510
	18 483	35 023

No criminal or disciplinary steps have taken place as a result of irregular and fruitless and wasteful expenditure that has been incurred in the current year.

FRUITLESS AND WASTEFUL EXPENDITURE

There were no losses experienced due to fruitless and wasteful expenditure in the current year.

RESTATEMENT OF COMPARATIVE BALANCES

Previous reported irregular expenditure	-	14 579
Prior Year Adjustment 1	-	(1 692)
Prior Year Adjustment 2	-	21 323
Condoned by the relevant authority	-	(697)
	-	33 513

PRIOR YEAR ADJUSTMENT 1

The comparative balance for irregular expenditure incurred in the 2021/2022 Financial year has been restated by R1.692 million as this amount was duplicated thus overstating the total irregular expenditure amount.

PRIOR YEAR ADJUSTMENT 2

The amount was raised as irregular expenditure due to non-compliance with the legislation for exceeding 7.5% administration threshold for discretionary grants expense in line with Grants Regulations. The amount has been amended due to restatement of the discretionary grants expense as a result of prior year error adjustments.

CASES OF IRREGULAR EXPENDITURE INCURRED IN THE CURRENT YEAR

Payments made relating to multi-year contracts where the non-compliance was due to contract extension not approved by National Treasury	1 101	-
Discretionary grants administration expense above 7.5% threshold per regulation 6(9)(iii) of the Grant Regulations	17 382	-
	18 483	-

The detailed narrative of all historic fruitless & wasteful expenditure as well as irregular expenditure is contained in PART E of the Annual Report as part of the PFMA Compliance Report.

35. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS INTEREST RECEIVED

The actual interest income for the period that ended 31 March 2023 amounts to R167,36 million, which is above the budget amount of R142,13 million. The W&RSETA has reported a higher return on total interest received for the 2022/23 financial year, this is due to the REPO rate hike cycle that has seen an overall increase of 350 basis points in the current financial year.

DISCRETIONARY GRANT EXPENDITURE

The Discretionary Grant (DG) was budgeted at R1,463 billion for the 2022/23 financial year. Actual discretionary grant expenditure as at 31 March 2023 amounted to R1,130 billion.

The reason for underspending is because of delays in finalising the learner registrations. This has led to only 1st and 2nd tranche being paid to participating stakeholders.

MANDATORY GRANT EXPENDITURE

The Mandatory Grant was budgeted at R278,07 million for the 2022/23 financial year. Actual mandatory grant expenditure as at 31 March 2023 amounted to R236,38 million.

The reason for underspending is that the Seta received fewer applications for the Work Skills Plan (WSP) than anticipated which contributed to the lower expenditure reported.



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RPXXX/XXXX
ISBN: XXX-X-XXX-XXXXX-X