

ANNUAL REPORT | 2012



Improving Skills. **Enriching Lives**



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA





Vision

To be the leader in skills development for safety and security.

Mission

Education and training authority that ensures quality provision of skills development and qualifications for South African citizens in the safety and security environment through effective and efficient partnerships.



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ISBN 978-0-621-37812-2

RP: 84/2009



Annual Report of the SASSETA

for the year ending 31 March 2012



Dr. Blade Nzimande,
Minister of Higher Education and Training



Ms Ntombekhaya Qamata,
Acting Chief Executive Officer, SASSETA
(Safety and Security Sector Education and Training Authority)

It is my pleasure and privilege to present to you the Annual Report of the SASSETA for the Financial year ended 31 March 2012





The SASSETA 2011/12 Annual Report outlines our tasks for the year under review, and provides a detailed summary of our sector contribution to the achievement of the National Skills Development Strategy III.

The first year of the newly appointed Board, effective from April 2011, which was tasked with the responsibility of reviewing the strategic plan 2011 – 2016, has been a positive one. Appreciation must be expressed to the Board members for their strategic leadership, guidance and commitment to governance duties, and for ensuring that the SETA complies with the relevant statutory requirements.

As per the launch of the new NSDSIII in January 2011, and the associated changes in the way that SETA's governance structures operate, we have undergone a transformation in the SETA landscape and are restructuring our planning and implementation processes.

Alignment with NSDSIII

A key challenge was the directive from the Minister of Higher Education and Training, Blade Nzimande, for SASSETA to align itself with the national objectives. We have recently concluded our Annual Performance Plan, a critical document outlining how we will align our strategic objectives to Government's planning cycle framework. We will review this plan quarterly to document our progress and identify interventions where necessary.

In his budget speech, the Minister referred to the importance of improving overall governance in SETAs and, to meet this demand, SASSETA developed a comprehensive governance framework that includes Governance and Strategy, Government Risk and Compliance and the IT Steering Committee. The Board relies heavily on the capacity and accountability of SASSETA's management to effectively comprehend our mandate and ensure that a thorough understanding of the mandate is filtered through all levels of the organisation. Managers' feedback remains critical for tracking progress and identifying the delivery gaps.

A firm but fair approach from management that encourages staff buy-in and motivation, as well as adaptability, and a more customer-centric focus on service, is imperative for effective implementation by all departments within SASSETA. We are committed to taking this stance with our organisation through to the future.

Chairperson's Report

Stakeholder commitment

At the last Board meeting, we proposed to undertake greater engagement with stakeholders to achieve higher levels of confidence by ensuring that all stakeholder objectives, are strategically aligned. We also need to move beyond merely identifying workforce numbers and consider the demographics (male, female, age groups). Another on-going intervention is to promote a partnership between employer and employee.

Ultimately skills development needs to make a difference and this is a philosophy we want to impart across all SETAs and their stakeholders so that they can, within their own organisations, meet Government's requirements.

Flagship projects

Board identified the need for flagship projects to address transformational gaps. Transformational imperatives are in place, but we can do more in this regard. Going forward we need to ensure that budget is allocated to these flagship projects and that they are aligned to the national strategy, while also addressing the skills development needs of our target markets.

SASSETA's mandate is to contribute to a skilled workforce within the safety and security sector. Our success will be ensured by developing a credible framework for skills planning within SETAs, which will also contribute to the national framework. As Setas we have to work closely with one another, but we also need to foster greater teamwork within our own organisations.

Our journey of being leaders in the provision of skills development and qualifications for South African citizens in our sector, through effective and efficient partnerships, is one we have embarked upon with the utmost commitment.

We look forward to the next Annual General Meeting where we can illustrate the positive impact we have made over the past year and that the sector is benefiting from an increasingly skilled workforce.

We take this opportunity to extend our sincere appreciation to the Board members and SASSETA staff for their continued effort and support.

Mr Abbey Witbooi
Chairperson: SASSETA Board



Acting Chief Executive Officer's Report

Our foremost task is to create an understanding with FETs of what SASSETA does, what we offer and form the necessary partnerships within the education sector.

One of the highlights that emerged during the quarterly report for 2011/12, was that we found employers to be highly cooperative, even offering some self-funded learnerships, which boosted our reporting numbers. One of our internal challenges last year was the migration to a new IT service provider, which resulted in a slower response rate to queries. We are in the process of addressing snags, as well as the backlog.

During the financial year under review, we embraced the new SETA landscape that was announced and promulgated in November 2010 and January 2011 respectively, and embarked on a vigorous process of alignment with Government's objectives, as well as adaption to the Board's new requirements. This will continue be our key objective for the next 12 months.

Consolidation of our sector became a priority with the move of Metro Police and Traffic Law Enforcement from the Local Government SETA to SASSETA, as approved by the Minister of Higher Education and Training, Dr Blade Nzimande. The operational process within a limited budget, is still on-going.

This past year, we welcomed a new Board and Chambers, and we inducted our new Board members into Government's planning cycle framework, during April and May. A new audit committee will also now be driving the direction of SASSETA. We are currently engaging in stakeholder sessions in all the nine provinces, regarding the effect of the SETA landscape changes following the launch of the National Skills Development Strategy 111, to encourage stakeholders' understanding and buy-in.

In July 2011 we submitted our strategic plan to the Department of Higher Education and Training, for the five-year period 2011-2016, in line with the requirements of the Public Finance Management Act. However, we were informed by the minister that we had not fully addressed the rollout of the alignment with Government's initiatives, year on year. Our strategic plan was also not explicit in terms of internal improvements and we discovered that we did not have a profile of our sector. This can be attributed to a lack of capacity and resources in our research and planning division to do the necessary research. Our strategic plan is being rolled out under conditional approval and is being reviewed by the Board to ensure better alignment on a national level.

The Minister envisions turning safety and security workplaces into training spaces and we are in the process of determining the impact that we want to achieve, and then how to drive this through a planning tool. The Minister also wants to see all the SETAs working together with higher education, as this will have a positive impact on the broader education sector. This is a major focus for SASSETA and as a result-we have signed partnerships with three FET colleges, which we have identified to render SASSETA programmes and courses. The Minister also wants us to engage with universities and this is a work in progress.

In the year under review, the Minister instructed us to open Provincial Offices, however funding was a concern. For the purposes of the strategic plan, we will have to now identify how many Provincial Offices to open each year. The Board pinpointed that the SASSETA office rental was an issue and that a reduction in rent of 50% was required in order to channel these funds into opening the new Provincial Offices. In August 2012, SASSETA is relocating to more cost-effective premises.

In terms of corporate social responsibility initiatives, we undertook a number of HIV/Aids campaigns. We formed partnerships with Policing and Corrections and rolled out two awareness programmes for the youth in the Alfred Nzo District Municipality, as well as QwaQwa in the Free State. These locations were selected based on the high prevalence of HIV/Aids, particularly in the rural areas. Through these awareness programmes we indicated that SASSETA not only cares for the physical safety of individuals, but also for their personal health and safety.

Going forward in the quest for us to deliver on our mandate, we have set ourselves six strategic goals. Within five years, we intend establishing a credible institutional mechanism for skills planning within the sector. We will focus on increasing growth and capacity in FET colleges and universities to enable the rendering of relevant programmes, and we will improve the employability of our youth. SASSETA will enhance productivity in the sector through the implementation of skills development and identify the skills needs for SMMEs, trade unions, NGOs etc. Ultimately, SASSETA will achieve effective and efficient service delivery through corporate governance and institutional capacity by 2015.

Ms Ntombekaya Qamata
Acting Chief Executive Officer SASSETA
Performance Information



Chief Financial Officer's Comment

Financial Management

We remain committed to the sound management of funds in terms of the PFMA, Treasury Regulations and other relevant legislations in order to revert back to an unqualified audit report. In the new financial year, we will intensify the rolling out of projects, while maintaining the financial discipline required by PFMA. The control environment will be improved in order to reduce risk of financial mismanagement.

I would like to extend my appreciation to the staff for positively contributing to the achievement of NSDS III targets through their day to day activities that, when taken together, contribute towards the sustainability of SASSETA. A special appreciation, as well, to the Finance Team that spent long hours ensuring that our financial reporting is of high standard.

According to PFMA section 55(2) (a), the Accounting Authority (Board) has additional responsibilities to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of SASSETA. It is against this background that the Auditor-General will, issue an opinion on the Performance Information in the foreseeable future.

Administrative Revenue and Expenditure

Operational expenditure amounted to R64.7 million (2010/11: R66.3 million) against revenue collected of R86.3 million (2010/11: R66.9 million). This means that administrative surplus transferred to Discretionary Reserve amounted to R21.6 million (2010/11: R2.7 million) and therefore we were within the 10% limit on administration costs.

Mandatory Grants and Project Expenditure

SASSETA funded mandatory and project expenditure amounted to R150.3 million (2010/11: R201.8 million) against revenue of R249.1 million (2010/11: R192.9 million).

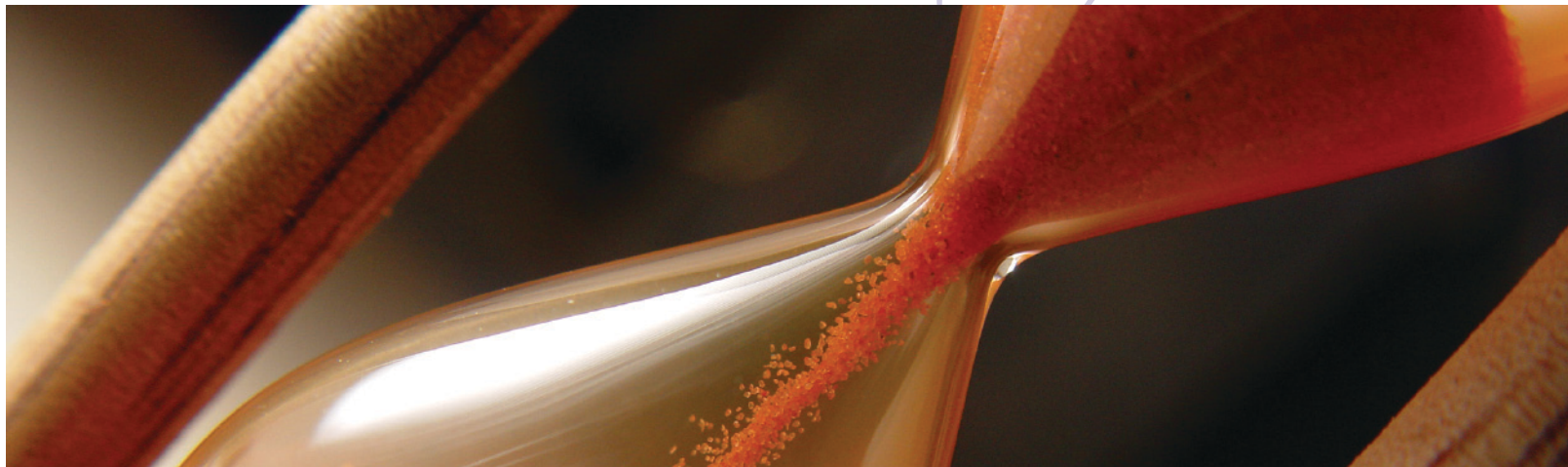
Audit Report

Unfortunately, we received a qualified audit opinion status, for the first time. This is reflected in the Report of the Auditor General of South Africa. The Auditor General has pointed out some weaknesses in the control environment. An Action Plan will be developed to address these weaknesses in the new financial year.

Luvuyo Mboniswa
Chief Financial Officer

Portfolio Management

Portfolio Management



This 2011 - 2012 Annual Report of the Project Management Office (PMO) includes a selection of some achievements, as well as some of the challenges faced, and plans for moving forward over the next year.

The past year, 2011 - 2012, has left the PMO in a particularly good position to carry out its operations into what is shaping up to be a very promising future for 2011 and beyond. The implementation of NSDS111 is a challenge we are looking forward to for 2012-13.

The skills needs in the safety and security sector's workforce continue to develop and change. The SASSETA must remain responsive to these changes. For this reason the demand for funding various skills development interventions for Discretionary Grants in the sector would continue to grow.

The PMO currently coordinates 302 projects covering a variety of professional, technical, vocational and academic programs. SASSETA also supports NGO's, CBO's and SMME's as well as providing bursaries to learners who meet qualifying criteria. Thus, in terms of our program mix SASSETA is well placed for the implementation of NSDS111. To the PMO the implementation of Discretionary Grant Projects is, however, not only a numbers game - it is indeed a serious and concerted effort to increase the quality of skills development at the level of: training input; training process; training output as well as training outcomes.

This effort, in collaboration with each of our stakeholders, is to ensure that each employed SASSETA learner obtains the relevant skills to assist them to prosper within the labour market. SASSETA also assists unemployed learners to obtain the necessary skills to enter the labour market.

Through a coordinated approach involving each of SASSETA's chambers the PMO ensures that each of the various skills development efforts are responsive to the NSDS targets, as well as the critical and scarce skills identified in each chamber. Underpinning the achievement of our strategic priorities is the objective of a productive relationship with stakeholders such as employers, chamber members, providers and ultimately our learners – whose skills development are, after all, at the core of what we strive towards.

The PMO is always in the process of improving, strengthening and consolidating its systems and processes to facilitate more effective and efficient service delivery. The PMO is strengthening its interaction with employers and providers. Through proactive, clear and, most of all, timeous communication with our employers minor issues are resolved to prevent it from escalating into major ones.

Another important process is through the meeting of project governance structures such as the steering committees where opportunities for engagement and contribution are provided. This is an area that could be further enhanced as such processes serve to improve collaboration between the PMO the various stakeholders.

The PMO will continue to expand the range of processes for interacting with our stakeholders. Business practices within the PMO will continue to be reviewed and aligned to meet the needs of our various stakeholders in 2012-13.

Skills Planning and Research

Sector Skills Plan development

In terms of section 10 of the Skill Development Act, 1998 as amended, the core function of the SETA is to develop the sector skills plan. This function in the SETA is performed by Skills Planning and Research Department.

The Sector Skills Plan (SSP) informs almost all projects that the SETA rolls out during a given financial year. Among the most important data that the SSP contains is skills demand and supply. As such, the SSP is a strategic document which guides the SETA operations at all levels

The SSP was developed within the framework of the major governmental policy drivers and was widely consulted in the industry. Among the government wide policy drivers that were considered were the HRD-SA, National Skills Accord and New Growth Path. Upon evaluation of the SSP the DHET indicated that the SETA needed to improve the quality of the data, structure and content of the document because, despite the wide industry consultation the Seta underwent, there were some constituencies that did not participate. This lack of participation is a gap that the Seta aims to close in the coming financial year by aligning the SSP with the recommendations from DHET and to encourage a re-focus on the nationally identified scarce and critical skills

The SETA also communicated scarce and critical skills through participation in career exhibitions held in rural areas like Nkandla in KZN, QwaQwa in Free State, De Aar in North Western Province, to mention but a few.

Sector Skills Plan Committee

As a sub-committee of the board, the Sector Skills Plan committee drives the development of the SSP on behalf of the Board. The Committee although newly formed, succeeded in the providing guidance to the Seta in its addressing of the DHET concerns. The Committee meetings were held on schedule and decisions were carried out successfully. In the execution of its functions the committee identified the need to expand the capacity in the Research and Planning department in the next financial year.

Evaluation of WSP/ATR in large organisations

The SETA evaluated and approved mandatory grants for almost 100 WSPs/ ATRs and, for the first time developed and implemented a mandatory grants policy in April 2011 that guides the approval processes of mandatory grant applications. One of the significant changes in the way in which the Seta awarded

grants in the past is the requirement of organisations to provide evidence of training conducted or that they claim to have conducted in the ATR, before a payment can be made. The SETA conducted a WSP/ATR sample audit to this effect and found that almost 100 per cent of large concerns maintain records to

substantiate that training has indeed taken place in accordance with their previous year's WSP. The SETA is planning to widen the scope next year to audit medium and micro organisations.

Analysis of WSP/ATR in Government Departments

For the first time government departments' WSP/ATR were analysed and findings communicated to them accordingly. The major finding that will cause non implementation of the WSP was that government departments were not aligned to the strategic and annual performance plans of either the government or the Seta. To rectify this gap the Seta will, in the next financial year, guide the process of strategic alignment into the future.



Learning Programmes

Various Discretionary Grant funded learning programs targeting scarce and critical skills were implemented during the year under review. In addition, previous financial years' projects that were rolled –over were completed in 2011/ 2012. The Learning Programs department also supported employers implementing self-funded learning programs with technical advice, learner registrations, inductions and monitoring.

Learnerships

The most frequent Learnership implemented was the General Security Offices Learnership NQF 3.

The actual enrolments and completions are reflected below:

| Learnership | Entered | Completed |
|-------------|---------|-----------|
| Employed | 494 | 306 |
| Unemployed | 932 | 1069 |

Skills Programmes

In line with the directive from the Minister of Higher Education, SASSETA implemented full qualifications to assist the sector in obtaining career-building education instead of supplementing education with short course attendance. These are the Skills Programs implemented across the chambers.

| Skills Programs | Entered | Completed |
|-----------------|---------|-----------|
| Employed | 2 788 | 1 173 |
| Unemployed | 1 531 | 0 |

Apprenticeships: Substantial work was done in forming partnerships with employers in respect of Artisan Development. Analysis of existing training was conducted with a view to conversion of such programs to the QCTO Model of training.

Bursaries: SASSETA continued to fund learners at Tertiary Institutions with Bursaries and a total of 17 bursaries were awarded.

Learner Drop Offs

In the last report we discussed the main reasons why learners do not complete their learning programmes; these included offers of permanent jobs and personal matters. We have since put implementation plans in place to address these issues. We have intensified on our monitoring of the implementation and

management of the learning programmes through quarterly monitoring, thus ensuring that problem areas are identified, and resolved as they occur. During the last financial year, 551 monitoring visits were conducted and as a result, many unscrupulous employers and providers were identified and dealt with accordingly.

Learner Placements

In a bid to ensure that unemployed learners secure permanent employment after obtaining their qualifications, SASSETA changed its Discretionary Grant Contracts to compel employers to grant employment to 50 per cent of the unemployed learners they train.

In addition, the Seta implemented a compulsory completion of exit interview questionnaires for all learners undergoing SASSETA funded learning programs which will be evaluated in order for us to gauge the impact of our learning programs.

Career Guidance

A highlight for the Learning Programmes Department was that, for the very first time in the history of SASSETA, a sector Career Guide was developed and widely distributed to employers, employees, the unemployed and the public. The initial print run of 10,000 copies were distributed during first two months at career exhibitions, job faires, guidance sessions, and at graduation ceremonies to encourage continuous education.

Learner interaction

In the past Financial year the Seta has participated in nationwide events that have now set the tone and expectation for our increased participation in rural communities. The next financial year will see the department growing awareness of career development through continuous interaction with learners in predominantly rural areas with the objective of increasing employment opportunities and improving lives.

The South African Qualifications Authority (SAQA) has agreed to provide continuing oversight of the quality assurance function for the currently registered NQF Development Act, Schedule 2a, Section 6 (1). This is in response to a request received from the Quality Council for Trades and Occupations (QCTO).

Education and Training Quality Assurance (ETQA)

Partnership with QCTO

SASSETA signed a Memorandum of Agreement (MoA) with Quality Council for Trades and Occupation (QCTO) on the 27th of March 2012. The purpose of this agreement is to create a strong and principled working alliance between the QCTO and the SETA in relation to the development and quality assurance of occupational qualifications. The alliance will help build a strong and dynamic occupational, professional education and training sub-system of the post-school learning system in South Africa;

Amendments made to the Skills Development Act (Act 97 of 1998) in 2008, brought the Quality Council for Trades and Occupations (QCTO) into being. In the same year, the South African Qualifications Authority Act (Act 58 of 1995) was repealed and the National Qualifications Framework Act (Act 67 of 2008) was brought in to replace it. These legislative changes have brought consequences for the parties to this agreement with regards to standard setting and quality assurance of occupational qualifications, and part qualifications. The precise nature of the consequences have yet to be determined.

Accreditation of Training Providers

| Reports/ETQA Committee meetings 2011-2012 | Jul 2011 | Sept 2011 | Nov 2011 | Feb 2012 |
|--|-----------|-----------|-----------|-----------|
| 1 Full Accreditation | 10 | 4 | 12 | 4 |
| 2 Provisional Accreditation | 18 | 9 | 10 | 10 |
| 3 Program Approval | 21 | 6 | 12 | 18 |
| 4 Secondary Seta | 1 | - | 2 | - |
| 5 Status Upgrade from Provisional to Full approval | 12 | 2 | 12 | 4 |
| 6 Extension of Scope | 27 | 13 | 17 | 9 |
| Total Reports Done | 89 | 34 | 65 | 45 |
| Total: 233 | | | | |

Registration of Assessors and Moderators

541 Assessors and Moderators

477 Extension of scope for Assessors and Moderators

External Moderation (Verification) & Monitoring Visits / Quality Assurance of Learner Achievements (QALA)

The purpose of the visit is to ensure the integrity of certificates issued to successful learners that award them with qualifications and/or credits for unit standards falling within the accreditation scope of the SASSETA-by verifying the validity and reliability of records of learner achievements that providers submit for endorsement and certification.

This applies to all processes conducted by SASSETA related to assuring the quality of learner records, and supplements the SASSETA's Assessor and Moderator Registration Policy; Recognition of Prior Learning Policy; and Monitoring and Evaluation Policy. The overall processes are:

- Validation of learner achievement records submitted by providers against qualifications and/or unit standards within the SASSETA's accreditation scope
- Endorsement of learner achievement records
- Certification and recording of credits on the National Learner Record Database.

| Provider site visits 2011 – 2012 | | |
|----------------------------------|------------|---------------------------|
| | QALA | Monitoring and Evaluation |
| Eastern Cape | 6 | 12 |
| Free State | 9 | 13 |
| Gauteng | 72 | 61 |
| KwaZulu Natal | 30 | 30 |
| Limpopo | 28 | 26 |
| Mpumalanga | 6 | 14 |
| North West | 2 | 7 |
| Northern Cape | 12 | 9 |
| Western Cape | 3 | 7 |
| Total | 168 | 179 |

Education And Training Quality Assurance (ETQA) (continued)

Capacity Building Workshop

ETQA embarked on a Quality Promotion Workshop aimed at our newly accredited training providers on 30 March 2012 as to capacitate accredited training providers to implement training and promote quality amongst its constituent training providers. The workshop attendees identified many existing concerns pertaining to accreditation processes and procedures which are being address. Attendees further committed to promote best practice in skills development and training.

Targeted Support

This was a special intervention by the ETQA to salvage SASSETA constituent providers that were on the brink of de-accreditation due to malpractices discovered during verification.

| Province | Providers supported |
|---------------|---------------------|
| Gauteng | 15 |
| Limpopo | 10 |
| Eastern Cape | 4 |
| KwaZulu Natal | 6 |
| Mpumalanga | 4 |
| Free State | 8 |
| Western Cape | 6 |
| Northern Cape | 3 |

Providers are taken by the hand and guided through to a stage where they will offer quality training. Targeted support is considered where there is evidence of incapacity to carry out the following:

- Education, training and development administration
- Learning Facilitation
- Assessment and moderation
- Learner certification

Defence chamber

SA Navy vs. Mind the Gap- Sub marine qualification still in progress.

- 64129 - National Certificate - Warship Operations.
- 64929 - National Certificate - Vessel Safety Practices.
- 64069 - FETC Harbour Watch keeping
- 58783 - Command and Control

Khulisane Academy - Personnel service school - completed, to be submitted to SAPP for programme approval. SA Army vs. Mind the Gap - Close off report- August 2011 for Development of an Outcomes Analysis & Learning material for Landward Defence- completed. University of Stellenbosch/ Military Academy - SANDF ENSP material- completed.

Legal Chamber

Khulisane Academy – unit standard and material development for Justice College- 50 % completed (corrections to outstanding material to be made)

Justice Chamber

National Certificate: Paralegal Practices NQF Level 5, material was reviewed by Boston College 100% complete

Security Chamber DESTO

The following unit standards were developed by EDUTEL, 100% Completed

- 114226 - Interpret and manage conflicts within the workplace
- 11286 - Institute disciplinary action
- 242818 - Describe the relationship of junior management to other roles.

Corporate Services Report

The Corporate Services Division is responsible for building the institutional support of the Seta through provision of Human Resources Management, Marketing and Communication Management and Information Technology Services. These services support the Seta in achieving its organisational objectives through strategic partnerships with line departments and constant interaction with the Seta stakeholders. The three departments under Corporate Services have their own strategic goals that support organisational growth.

Human Resources Management

The Human Resources Management (HRM) department is responsible for the development and implementation of the SETA's Human Resources Strategy that aims to improve Seta performance, monitors and manages employee retention and equity trends and sets out the methodology to measure and improve the health and wellness of employees at all levels.

The HRM department reviewed the manual of Human Resources Policies during this period. These policies serve as a Strategic Framework for the implementation of the Human Resource Strategy. The policies were adequately consulted upon and communicated to all Seta employees.

Employment Equity

During the past financial year, the Employment Equity Committee was re-established following its term expiry. Committee Terms of Reference and Employment Equity Plan (2011-2014) were formulated.

Labour Relations

The year was, as has been the case in past years, also marked by a very good relationship between management and labour. Salary negotiations for 2012/2013 were finalised as early as February 2012.

Employee Wellness

As a means of promoting and maintaining healthy and wellness conscious workforce and Sector at large, five wellness days (3 for the sector and 2 for staff) were held during the year under review.

Sector wellness days were hosted in Limpopo, Free State and Eastern Cape. Employee events were held on the SASSETA premises in June 2011 and March 2012. Wellness days assist employees and stakeholders with monitoring vital health conditions such as blood pressure, cholesterol, blood sugar levels, and

HIV/Aids prevalence. It is a positive and tangible demonstration of the care and concern the Seta has for its stakeholder groups.

Going electronic

During the past financial year a Human Resources Information Management System was purchased and a small-scale implementation of the system commenced. The coming year will see this rolling out into a fully fledged employee management system that will automate 80 per cent of the manual administration the Human Resources Management department currently faces.

Employee Equity Profile as at 31 March 2012

The successful implementation of the Employment equity Plan is illustrated below:

| Level | Occupational Category | Total | Female | | | | Male | | | | |
|-------|---|-----------|-----------|----------|----------|----------|-----------|----------|----------|----------|---|
| | | | A | C | I | W | A | C | I | W | |
| 1 | General office worker, junior clerk, machine operator, intern | 2 | 1 | | | | 1 | | | | |
| 2 | Clerk, Senior Clerk, Junior Administrator, Receptionist, Typist, Messenger, Call Centre agent, Switchboard Operator | 37 | 29 | 1 | 1 | | 4 | 1 | 1 | | |
| 3 | Administrator, Senior Administrators (Supervisors), Secretariat, PA to the CEO, Secretary | 16 | 12 | 1 | 1 | | 2 | | | | |
| 4 | Specialist, Bookkeeper, Practitioner, Officer, Professional | 22 | 11 | | | 1 | 9 | 1 | | | |
| 5 | Senior Specialist, Senior Practitioner, Senior Professional, Heads of Departments | 11 | | | 1 | 1 | 7 | 1 | | | 1 |
| 6 | Consultant, Adviser, | | | | | | | | | | |
| 7 | CEO and Senior Managers | 4 | 1 | | | | 3 | | | | |
| | Total | 92 | 54 | 2 | 3 | 2 | 26 | 3 | 1 | 1 | |

A African
 I Indian
C Coloured
 W White

Corporate Services Report (continued)

Information Technology Department

SASSETA's Information Technology has, over the last financial year, focused on improving its applications with regards to Skills Administration and ETQA. The system improvements included the capture of Workplace Skills Plans (WSP) per employer as well as problem determination and rectification.

There has been a numerous technological obstacles to overcome by both our stakeholders and our internal staff however harmonisation of systems have, in the past year, come some way to creating a more fluid system which will deliver good results in the months to come. Two examples of fluidity in the new system are ETQA that now processes learner skills details through the application, and the incorporation of learner provider and Assessor details.

The new modules maintain a high system availability of about 99 per cent. Another improvement is the Learnership System which has now acquired an online data processing capability. Throughout the IT transformation SASSETA have maintained an uncompromised security standard with zero electronic breaches on its systems.

The Information Technology department strives to improve its Information Systems through ongoing modular improvements driven in consultation with stakeholders. Going forward the Seta will adopt interfaces between its Project Management System and Financial Systems to improve management insight and reporting. An initiative to define a valuable Information Technology Strategy will be implemented in the new financial year.

Marketing and Communications Department

The Marketing and Communications Department consists of a strong team of ten dedicated individuals who are passionate about customer care, improving stakeholder relations and building brand equity. They are responsible for the enhancement of the SASSETA's corporate reputation through measureable

Integrated Marketing Communications (IMC) programmes and campaigns that grow corporate awareness, build brand equity, synergise return and address organisational objectives.

The department provides a comprehensive marketing and communications service that, over the past three years, evolved from offering primarily event and promotional gift co-ordination to supplying the Seta with strategic marketing direction structured to meet organisational objectives.

Regional awareness

Building corporate awareness with the Seta's various market sectors in the past year, Marketing project managed a variety of industry specific exhibitions that addressed corporate objectives. Events and exhibitions such as country-wide briefing sessions, national road shows, rural career exhibitions, chamber graduations, organised labour events and corporate functions such as Annual General Meetings are examples of how the department responds to internal and external stakeholder needs and finds opportunities within the target market sectors to increase organisational awareness.

Publications

Responsible for the design and print of all SASSETA literature, the department produced prominent publications such as the SASSETA quarterly newsletter, Montwedi, the 2011 Annual Report, the Learning Programmes Manual, the extremely successful and widely distributed Career Guide and the SASSETA Handbook. Publications are distributed widely to relevant audience sectors and are easily accessible from the SASSETA website www.sasseta.org.za.

Service improvement externally and internally

The SASSETA Call Centre continues to excel as an inbound and outbound facility that allows stakeholders to call in their queries and, in most cases, enjoy a single call resolution. More intricate queries are concluded in one working day. The Call Centre is the hub of stakeholder engagement and, to enhance customer satisfaction, call centre consultants freely share the knowledge gained through their area of organisational specialisation (ETQA, Skills Development and Administration, Projects and Learning Programmes) thus facilitating faster and more professional query resolution while improving overall company efficiency.

Corporate Services Report (continued)

Website and digital marketing

The website is continuously updated to provide the latest news and events such as WSP/ATR deadlines, Discretionary Grant closing dates, and application information, down loads useful links and publications. The new financial year will see the rationalisation of the site to the Deloitte platform resulting in, among other improvements, real time updates, more interaction, customer engagement, online video streaming, measurable real time questionnaires and much more. Digital marketing invites, and informs and is a rapid and inexpensive method of direct, targeted communication. During the past financial year 10 difference digital marketing campaigns were conducted using the continuously growing stakeholder database from 2,000 in 2010 to over 8,000 in 2011 for messages ranging from invitations to the AGM, CEO breakfast sessions, WSP/ATR submissions and Discretionary Grant applications.

Looking ahead

The new NSDSIII landscape offers opportunities to take SASSETA's Marketing and Communications Department to a more strategic level. The alignment of the existing IMC strategy to the NSDSIII escalates the level of stakeholder engagement and increases the geographical spread of national awareness and corporate reputation building campaigns. The NSDSIII aligned marketing strategy will be rolled out in the new financial year to meet the national and organisational priorities. Market research will play an increasingly important role in the determination of stakeholder needs, wants and perceptions of the organisation with the objective of improving stakeholder service levels. From August 2012 onwards stakeholders will be invited to attend focus groups, participate in online and face to face surveys and thus be involved in the shaping of the Seta's future service offerings.

SASSETA Board



Members of the SASSETA Board:

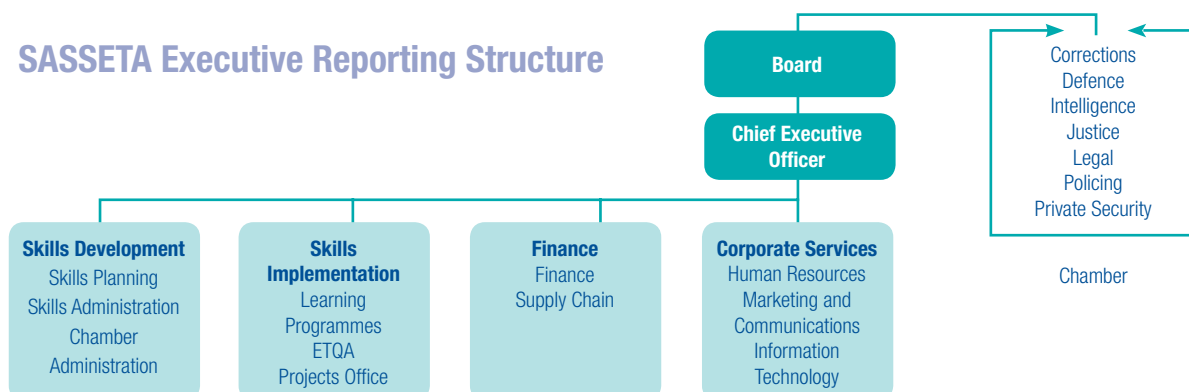
Front row left to right: Brig. Gen. Petra Mari, Ms Linda Bond, Ms Lena Marie Pieterse

Middle row from left to right: Mr Mpopolo Masekela, Ms Ntombekhaya Qamata (Acting CEO SASSETA), Mr Bhengkosi Mvovo, Mr Robert Nogumla

Back row from left to right: Mr Luvuyo Mboniswa (CFO SASSETA), Col.Charles Simonse, Ms Michelle Beatson, Dr. Barnet Delpont, Mr Zanoxolo Mpendu, Mr Abbey Witbooi (Chairperson of the Board), Mr Nicholus Maziya

Missing in picture: Mr George Ramotsoto, Mr Michael Makwayiba and Lt. Gen. Nobubele Mbekela

SASSETA Executive Reporting Structure





SASSETA Annual

Performance

Report: 2011 - 2012



SASSETA Annual Performance Report: 2011 - 2012

Goal 4.2: Increasing access to occupationally-directed programmes.

Outcome 4.2.1: Middle level skills needs are identified and addressed in all sectors.

Employed Learners

| NO | GOALS/OUTCOMES/ OUTPUTS | 2011/12 TARGET | 2011/12 PERFORMANCE | VARIANCE |
|---|--|-------------------|------------------------|----------|
| 4.2.1 | No of workers to enter learnerships. | 2,176 | 494 | (1,682) |
| | No of workers to enter internships. | 0 | 0 | 0 |
| | No of workers to receive bursaries. | 224 | 0 | (224) |
| | No of workers to enter skills programmes. | 3,754 | 2,788 | (966) |
| | No of workers certificated on learnerships. | 1,088 | 306 | (782) |
| | No of workers on internship certificated. | 0 | 0 | 0 |
| | No of workers on bursaries certificated. | 112 | 0 | (112) |
| | No of workers on skills programmes certificated. | 1,877 | 1173 | (704) |
| BUDGET R33,403,000.00 | | | | |
| ACTUAL R45,023,000.00 | | | | |
| COMMENT: | | | | |
| The underachievement was because of the late implementation of projects due to changes in the SETA environment. The late establishment of the boards and chambers resulted in projects being suspended until the governance structures were in place. | | | | |

Unemployed Learners

| NO | GOALS/OUTCOMES/ OUTPUTS | 2011/12 TARGET | 2011/12 PERFORMANCE | VARIANCE |
|---|--|-------------------|------------------------|----------|
| 4.2.1 | No of unemployed learners to enter learnerships. | 63 | 932 | 869 |
| | No of unemployed learners to enter internships. | 200 | 0 | (200) |
| | No of unemployed learners to receive bursaries. | 99 | 17 | (82) |
| | No of unemployed learners to enter skills programmes. | 0 | 1,531 | 1,531 |
| | No of unemployed learners certificated on learnerships. | 32 | 1,069 | 1,038 |
| | No of unemployed learners on internship certificated. | 100 | 0 | (100) |
| | No of unemployed learners on bursaries certificated. | 50 | 0 | (50) |
| | No of unemployed learners on skills programmes certificated. | 0 | 0 | 0 |
| BUDGET R2,132,000.00 | | | | |
| ACTUAL R5,003,000.00 | | | | |
| COMMENT: | | | | |
| There were many self-funded learnerships embarked on by the Private Security firms. The demand for this qualification was there and despite us not funding, employers went ahead and funded the implementation of the programme. Also, some projects which commenced the previous financial year were only completed within the current reporting period. | | | | |

SASSETA Annual Performance Report: 2011 - 2012 (continued)

Outcome 4.2.2: 10,000 artisans per year qualify with relevant skills and find employment.

| NO | GOALS/OUTCOMES/ OUTPUTS | 2011/12 TARGET | 2011/12 PERFORMANCE | VARIANCE |
|--|--|-------------------|------------------------|----------|
| 4.2.2 | Total artisan workers entered. | 225 | 0 | (225) |
| | Total artisan workers certificated. | 113 | 0 | (113) |
| | Total artisan unemployed entered. | 200 | 0 | (200) |
| | Total artisan unemployed certificated. | 100 | 0 | (100) |
| BUDGET R18,473,000.00 | | | | |
| ACTUAL R2,954,000.00 | | | | |
| COMMENT: | | | | |
| This target could not be achieved because of the late approval of projects and signing of contracts. The employers also preferred to deal directly with the Primary SETAs for specific qualifications, e.g MERSETA and Transport SETA. | | | | |
| The first group of artisan learners that we reported on will only complete their programmes in the year 2013/14 because these are 3 year programmes. | | | | |

Goal 4.3: Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities.

Outcome 4.3.2: Partnerships between DHET, SETAs, employers, private providers and public FET colleges are resulting in increased capacity to meet industry needs throughout the country.

| NO | GOALS/OUTCOMES/ OUTPUTS | 2011/12 TARGET | 2011/12 PERFORMANCE | VARIANCE | BUDGET | ACTUAL |
|---|---------------------------------|-------------------|------------------------|----------|--------|--------|
| 4.3.2 | No of FET college partnerships. | 0 | 0 | 0 | 0 | 0 |
| BUDGET R0.00 | | | | | | |
| ACTUAL R0.00 | | | | | | |
| COMMENT: | | | | | | |
| We took the initiative to liaise with the different FET Colleges and Universities. The following have been met and draft MOUs developed pending their signatures. It must be said that these institutions wants to first satisfy themselves that they are familiar with the contents and conditions of the agreements before signing hence long turn-around times signing: Ehlanzeni, Gert Sibande, Nkangala and MRTT in Mpumalanga . | | | | | | |

Goal 4.4: Addressing the low level of youth and adult language and numeracy skills to enable additional training.

Outcome 4.4.1: A national strategy is in place to provide all young people leaving school with an opportunity to engage in training or work experience, and improve their employability.

| NO | GOALS/OUTCOMES/ OUTPUTS | 2011/12 TARGET | 2011/12 PERFORMANCE | VARIANCE |
|--|---|-------------------|------------------------|----------|
| 4.4.1 | No of young learners receiving work experiencing. | 25 | 0 | (25) |
| | No of young learners received placement. | 13 | 0 | (13) |
| BUDGET R0.00 | | | | |
| ACTUAL R5,610,000.00 | | | | |
| COMMENT: | | | | |
| The target could not be reached due to late start of the projects. | | | | |

SASSETA Annual Performance Report: 2011 - 2012 (continued)

Goal 4.6: Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives.

Outcome 4.6.1: Cooperatives supported with skills training and development expands and contributes to sector economic and employment growth.

| NO | GOALS/OUTCOMES/ OUTPUTS | 2011/12 TARGET | 2011/12 PERFORMANCE | VARIANCE |
|--|---|-------------------|------------------------|----------|
| 4.6.1 | No of cooperatives supported with skills training. | 0 | 0 | 0 |
| 4.6.2 | No of small businesses supported with skills development. | 0 | 0 | 0 |
| 4.6.3 | No of NGO's supported. | 8 | 0 | (8) |
| | No of CBO's supported. | 4 | 0 | (4) |
| | No of CBC's supported. | 0 | 0 | 0 |
| BUDGET R0.00 | | | | |
| ACTUAL R775,000.00 | | | | |
| COMMENT: | | | | |
| The projects would be implemented during the next financial year due to SETA establishment challenges. | | | | |

Goal 4.8: Building career and vocational guidance.

Outcome 4.8.1: Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression.

| NO | GOALS/OUTCOMES/ OUTPUTS | 2011/12 TARGET | 2011/12 PERFORMANCE | VARIANCE | BUDGET | ACTUAL |
|---|------------------------------|-------------------|------------------------|----------|--------|--------|
| | Career guidance initiatives. | 0 | 0 | 0 | 0 | 0 |
| BUDGET R0.00 | | | | | | |
| ACTUAL R0.00 | | | | | | |
| COMMENT: | | | | | | |
| No target for the financial year in question. | | | | | | |

Report Of The Audit And Risk Committee

OF SASSETA IN RESPECT OF THE YEAR ENDED 31 MARCH 2012

Report of the Audit and Risk Committee

The Audit & Risk Committee is pleased to present its report for the financial year ended 31 March 2012.

Audit Committee Responsibility

The Audit & Risk Committee has complied with its responsibilities as stipulated in Section 77 of the Public Finance Management Act 1 of 1999 and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted, with approval from the Board, appropriate formal terms of reference as its Audit Committee Charter.

This Audit Committee Charter has been reviewed on an annual basis to ensure its continuing relevance and effectiveness. The Audit Committee has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Both the Audit & Risk Committee and Internal Audit terms of reference are reviewed and revised on annual basis.

Effectiveness of Internal Controls

The Audit & Risk Committee is of the opinion, based on the information and explanations given by management, the internal auditors, and discussions with the independent external auditors (Auditor-General of South Africa) on the results of its audits, that the internal accounting controls are operating to ensure that the financial records may be relied upon for preparing the Annual Financial Statements, and that accountability for assets and liabilities is maintained.

However, it must be reported that there were incidents where the control system was found to be lacking. More information relating to this can be found in the Accounting Authority's report, Auditor General of South Africa's (AGSA) and the financial statements.

Accordingly, we can report that the system of internal control for the period under review was efficient and effective, except for those areas which were raised by the Auditor General of South Africa.

Evaluation of Annual Financial Statements

The Audit Committee has reviewed and discussed:

- The audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Authority;
- Management letter and management's response thereto; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General South Africa's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General and has recommended these to the Board for adoption.

Conclusion

In our opinion, based on feedback to Audit & Risk Committee meetings, both general and specific controls have been identified with weak areas for urgent attention. These areas are being addressed and this corrective process must be on-going and conclusive to mitigate the risk of not achieving SASSETA's agreed strategic objectives. In our opinion, based on feedback to the Audit Committee meetings, the SASSETA's key performance indicators are being monitored within the environmental and cash flow constraints this SETA faces. The SASSETA is achieving in most key performance areas. However, in the under-achieving areas, urgent prioritized attention is needed in the new financial year.

Velile Kweyama

Chairperson of the Audit & Risk Committee

Report Of The Auditor General TO PARLIAMENT ON THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY (SASSETA) FOR THE YEAR ENDED 31 MARCH 2012

Introduction

1. I have audited the financial statements of the Safety and Security Sector Education and Training Authority (SASSETA) set out on pages 30 to 77 which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualified opinion

Employer grant and project expenses

I was unable to obtain sufficient appropriate audit evidence of the completeness and occurrence of project expenses reflected as R63 378 000. The entity's records did not allow me to perform alternative procedures. As a consequence, I was also unable to obtain sufficient appropriate audit evidence of the completeness and obligation of the related discretionary grant payable of R1 357 000 and commitments of R87 929 000, included in notes 13 and 17 respectively to the financial statements. Consequently I was unable to determine whether any adjustments were required to employer grant and project expenses, trade and other payable from exchange transactions and commitments in the financial statements was necessary.

Opinion

6. In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the SASSETA as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Report On Other Legal And Regulatory Requirements

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 18 to 21 of the annual report.

Report Of The Auditor General TO PARLIAMENT ON THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY (SASSETA) FOR THE YEAR ENDED 31 MARCH 2012 (continued)

9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.
- The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. The material findings are as follows on name of annual performance report concerning the usefulness and reliability of the information:

Usefulness of annual performance report

Presentation

11. The National Treasury Guide for the preparation of the annual report requires that explanations for major variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence. Adequate and reliable corroborating evidence could not be provided for 53% of under achievement and 3 619% of over achievement major variances as disclosed in the annual performance report. The institution's records did not permit the application of alternative audit procedures.

Consistency

Reported objectives and indicators not consistent with planned objectives and indicators

12. Treasury Regulation 30.1.3(g) requires that the strategic/annual performance plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 60% of the reported objectives and 100% indicators are not consistent with the objectives and indicators as per the approved strategic/ annual performance plan. This is due to lack of policies and procedures being aligned to the requirements of the Treasury Regulations and the National Treasury Framework for Managing Programme Information (FMPP) by the staff that are

responsible for compilation of the strategic and annual performance plans and the annual performance report.

Changes to targets in strategic plan not approved

13. Treasury Regulation 30.1.1 requires that the strategic and annual performance plan must be approved by the executive authority. Therefore, if the strategic and annual performance plan is significantly changed in-year, the updated plan has to be approved by the executive authority. A total of 100% of targets reported in the annual performance report were inconsistent with the targets as per the approved strategic plan.

Measurability

Performance targets not specific

14. The FMPP requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 82% of the targets relevant to all objectives were not specific in clearly identifying the nature and the required level of performance. This is due to lack of policies and procedures being aligned to the requirements of the Treasury Regulations and the FMPP by the staff that are responsible for compilation of the strategic and annual performance plans and the annual performance report.

Performance targets not measurable

15. The FMPP requires that performance targets be measurable. The required performance could not be measured for a total of 57% of the targets relevant to objectives. This is due to lack of policies and procedures being aligned to the requirements of the Treasury Regulations and the FMPP by the staff that are responsible for compilation of the strategic and annual performance plans and the annual performance report.

Performance measures not well defined

16. The FMPP requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the measures relevant to objectives were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This is due to lack of policies and procedures being aligned to the requirements of the Treasury Regulations and the FMPP by the staff that are responsible for compilation of the strategic and annual performance plans and the annual performance report.

Report Of The Auditor General TO PARLIAMENT ON THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY (SASSETA) FOR THE YEAR ENDED 31 MARCH 2012 (continued)

Indicators not verifiable

17. The FMPPi requires that it must be possible to validate the processes and systems that produce the indicator. A total of 100% of the indicators relevant to objectives were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This is due to lack of policies and procedures being aligned to the requirements of the Treasury Regulations and the FMPPi by the staff that are responsible for compilation of the strategic and annual performance plans and the annual performance report.

Reliability of selected objectives in the annual performance report

Validity and accuracy

16. A total of 77% of the actual reported measures relevant to middle level skills needs identified and addressed in all sectors were not valid and accurate when compared to source information. This was due to lack of a proper document management system.

Completeness

17. The FMPPi requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. Source information for 100% of the actual reported performance, for the selected objectives, was not completely recorded. This was due to lack of a proper document management system.

Compliance with laws and regulations

18. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Annual financial statements

19. The accounting authority submitted financial statements for auditing that were not prepared in all material aspects in accordance with SA Standards of GRAP as required by section 55(1) (b) of the PFMA. The material misstatements identified by the AGSA with regard to employer grants and projects expenses, receivables from non-exchange transactions, trade and other payables, provisions, administration expenditure, irregular expenditure and disclosure notes were subsequently corrected.

Expenditure management

20. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

Procurement and contract management

21. Goods and services with a transaction value between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers as per the requirements of TR 16A6.1 and National Treasury Practice Note 8 of 2007/08. Deviations were not approved by in the incorrect level of authority.
22. Goods and services with a transaction value of over R500 000 were not procured by means of a competitive bidding process as per the requirements of TR 16A6.1, TR 16A6.4 and National Treasury Practice Note 6 and 8 of 2007/08.
23. Invitations for competitive bidding were not always advertised for a required minimum period of 21 days, as required by Treasury Regulations 16A6.3(c).
24. Quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by Treasury Regulations 16A9.1 (d) and the Preferential Procurement Regulations.
25. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of Treasury Regulations 16A6.3 (b) and the Preferential Procurement Regulations.
26. Contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

Internal control

27. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis qualified opinion, the findings on the performance report and the findings on compliance with laws and regulations included in this report.

Report Of The Auditor General

TO PARLIAMENT ON THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY (SASSETA) FOR THE YEAR ENDED 31 MARCH 2012 (continued)

Leadership

- Action plans to address previously reported root causes resulting from previous year's findings were developed late. This resulted in some of the actions being implemented too late to resolve prior year's finding and some actions not being implemented at all.
- Policies and procedures were not developed and implemented to ensure effective performance management.

Financial and performance management

- The entity does not have a document management system in place. There are no controls in place to ensure that all required documentation that support financial and performance management are readily available for audit purposes.
- The entity does not have appropriate means of monitoring compliance with relevant laws and regulations.
- Financial statements were not supported and evidenced by reliable information. As a result accurate financial statements were not prepared, resulting in material corrections to the financial statements.

OTHER REPORTS

Investigations

28. An investigation is being conducted by an independent firm regarding the accreditation status of a training service provider in relation to providing and the procedures that were followed in awarding the contract to the service provider. The investigation was still going on at report date.
29. An investigation is being conducted by an independent firm regarding allegations of fraud that were reported to the accounting authority in relation to mandatory grants. This investigation was still going on at report date.

Auditor-General

Pretoria
31 July 2012



AUDITOR-GENERAL
SOUTH AFRICA



SASSETA Annual

Financial Statements

For the year ended
31 March 2012





Safety and Security Sector Education Training Authority

Annual Financial Statements For the year ended 31 March 2012

Audited

The Financial Statements for the year ended 31 March 2012, set out on pages 27 to 77 have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, and are signed on their behalf by:

Ms N. Qamata

Mr A. Witbooi



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Safety and Security Sector Education and Training Authority

Report Of The Accounting Authority For The Year Ended 31 March 2012

1. Composition Of SASSETA Board

The composition of non executive SASSETA Board is in line with the provision of section 11 of the Skills Development Act, 1998 which requires that SETAs should carry out their mandate in consultation and co-operation with stakeholders. SASSETA Board, in compliance with the said provisions and as the Accounting Authority, consists of the following members:

Representatives of Board

| NAME | TOTAL NUMBER OF MEETINGS ATTENDED | TOTAL NUMBER OF SCHEDULED MEETINGS |
|--------------------------|-----------------------------------|------------------------------------|
| A. WITBOOI - CHAIRPERSON | 13 | 13 |
| B. DELPORT | 12 | 13 |
| A. MVOVO | 13 | 13 |
| C. SIMONSE | 13 | 13 |
| G. RAMOTSOTO | 8 | 13 |
| L. PIETERSE | 10 | 13 |
| L. BOND | 9 | 13 |
| M. MASEKELA | 13 | 13 |
| M. MAKWAYIBA | 9 | 13 |
| M. BEATSON | 7 | 13 |
| N. MAZIYA | 11 | 13 |
| N. MBEKELA | 2 | 13 |
| P. MARI | 8 | 13 |
| R. NOGUMLA | 6 | 13 |
| Z. MPENDU | 13 | 13 |

2. PERFORMANCE INFORMATION

SASSETA's performance is measured by the Department of Higher Education and Training against the National Skills Development Strategy III. The Service Level Agreement and Scorecard were signed between SASSETA and the Department of Higher Education and Training. SASSETA has adequate infrastructure which it uses for record keeping and updating purposes, quality and assurance requirements as well as reporting to the Department of Higher Education and Training.

3. CORPORATE GOVERNANCE

SASSETA is committed to sound and transparent governance that will enhance its relationship with all its stakeholders, build a productive culture of good corporate governance and leadership and embrace corporate practices based on values, integrity, excellence and equity within the organization. SASSETA endorses the Code of Corporate Practices and Conduct as contained in the King III Report where appropriate.

A structured approach is followed for delegation, reporting and accountability, which includes reliance on Board Committees. The Board has approved a constitution that provides guidance to the members in discharging their duties and responsibilities.

SASSETA has eight (8) sub committees, which assist the Board in discharging its responsibilities. Each Committee operates within its terms of reference and delegated responsibilities. The Board sub-committees are:

Safety and Security Sector Education and Training Authority

Report Of The Accounting Authority

For The Year Ended 31 March 2012 (continued)

3.1. Audit and Risk Committee

- The Committee has an independent role with accountability to both the board and stakeholders.
- The Committee ensures that SASSETA has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives.
- The Committee ensures that the disclosure regarding risk is comprehensive, timely and relevant.
- The Committee does not assume the functions of management, which remain the responsibility of the chief executive officer and other members of senior management.

Representatives of Audit and Risk Committee

Meeting Dates

| NAME | TOTAL NUMBER OF MEETINGS ATTENDED | TOTAL NUMBER OF SCHEDULED MEETINGS |
|-----------------------------------|-----------------------------------|------------------------------------|
| T. BOLTMAN – FORMER CHAIRPERSON * | 5 | 5 |
| T. SIHLABA * | 3 | 5 |
| C.SIMONSE | 3 | 7 |
| M. BEATSON | 1 | 7 |
| V. KWEYAMA - CHAIRPERSON** | 3 | 3 |
| S. GOUNDEN ** | 2 | 3 |
| K. MDUTSHANE ** | 3 | 3 |

* Independent non-executive member – Term of Office ended on 31 August 2011

** Independent non executive member – Appointed on 02 November 2011

3.2. Finance & Remuneration Committee

The Finance Committee consists of five (5) non-executive members appointed by the Board and the Chief Executive Officer (CEO), Senior Manager: Corporate Services and the Chief Financial Officer (CFO), who are Ex-Officio members. It is chaired by a Board Member and:

- Must perform all functions referred or delegated to it by the Board to ensure that SASSETA meets the requirements of the Act, the SDLA, PFMA and Treasury Regulations that relate to finance and the remuneration of the CEO and staff.
- Must evaluate and make recommendations to the Board in respect of financial matters.
- Must advise the Board on any matters relating to remuneration to enable the Board to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its staff in order to attract, motivate and retain talented people.
- Advise the Board on any other finance governance issues.

Representatives of Finance & Remuneration Committee

Meeting Dates

| NAME | TOTAL NUMBER OF MEETINGS ATTENDED | TOTAL NUMBER OF SCHEDULED MEETINGS |
|------------------------|-----------------------------------|------------------------------------|
| B. MVOVO – CHAIRPERSON | 5 | 5 |
| A. MAOKO | 5 | 5 |
| G. RAMOTSOTO | 2 | 5 |
| L. BOND | 5 | 5 |
| A. SIGONYELA | 4 | 5 |

Safety and Security Sector Education and Training Authority

Report Of The Accounting Authority For The Year Ended 31 March 2012 (continued)

3.3. Executive Committee

The Executive Committee (Exco) consists of five (5) non-executive members appointed by the Board, consisting of one (1) ministerial appointee, two (2) representing the employer and two (2) representing organised labour, and Senior Management (Ex Officio). Exco is responsible for recommending and reporting business issues to the Board.

| NAME | TOTAL NUMBER OF MEETINGS ATTENDED | TOTAL NUMBER OF SCHEDULED MEETINGS |
|--------------------------|-----------------------------------|------------------------------------|
| A. WITBOOI - CHAIRPERSON | 18 | 18 |
| P. MARI | 13 | 18 |
| N. MBEKELA | 3 | 18 |
| G. RAMOTSOTO | 13 | 18 |
| N. MAZIYA | 13 | 18 |

3.4. Learning Programmes & ETQA Committee

The Learning Programmes & ETQA Committee consists of five (5) non-executive members appointed by the Board. Chairperson is independent, two (2) represent employers and two (2) represent organised labour. The CEO is the Ex-Officio member of this committee. The committee is responsible for recommending and advising on the identification and development of learning programmes and qualifications and coordination of learning programmes and qualifications in the safety and security sector. The committee is chaired by a Board Member

Representatives of Learning Programmes & ETQA Committee

Meeting Dates

| NAME | TOTAL NUMBER OF MEETINGS ATTENDED | TOTAL NUMBER OF SCHEDULED MEETINGS |
|-------------------------|-----------------------------------|------------------------------------|
| Z. MPENDU - CHAIRPERSON | | 5 |
| B. DELPORT | 2 | 5 |
| D. SIBISI | 5 | 5 |
| P. MARI | 2 | 5 |
| X. MASHUKUCA | 1 | 5 |
| N. LEBAKA | 3 | 5 |

3.5. Sector Skills Plan (SSP) Committee

The SSP Committee consists of five (5) non-executive members appointed by the Board. A Chairperson is independent, two (2) represent employers and two (2) who represent organised labour, the CEO and Senior Manager: Skills Planning and Administration who are Ex-Officio members of this committee. The Committee is responsible for determining education and training priorities in the safety and security sector. The committee is chaired by a Board Member.

Safety and Security Sector Education and Training Authority

Report Of The Accounting Authority

For The Year Ended 31 March 2012 (continued)

Representatives of SSP Committee

Meeting Dates

| NAME | TOTAL NUMBER OF MEETINGS ATTENDED | TOTAL NUMBER OF SCHEDULED MEETINGS |
|--------------------------|-----------------------------------|------------------------------------|
| B. DELPORT - CHAIRPERSON | 3 | 3 |
| C. MAPONYANE | 3 | 3 |
| L. PIETERSE | 1 | 3 |
| M.D KAYIYANE | 3 | 3 |
| M. NKGATI | 2 | 3 |

3.6. Bid Adjudication Committee (BAC)

BAC consists of five (5) non-executive members appointed by Board. CEO and CFO are Ex-Officio members of this committee. BAC is responsible for adjudication of bids of at least R500,000 in value and depending on the delegated powers make:

- a recommendation to the Board to make a final award; or
- make another recommendation to the Board on how to proceed with the relevant procurement.

The committee is Chaired by a Board Member

Representatives of Bid Adjudication Committee

Meeting Dates

| NAME | TOTAL NUMBER OF MEETINGS ATTENDED | TOTAL NUMBER OF SCHEDULED MEETINGS |
|-------------------------|-----------------------------------|------------------------------------|
| N. MAZIYA – CHAIRPERSON | 1 | 2 |
| M. MASEKELA | 2 | 2 |
| L. NGCWABE | 2 | 2 |
| E. MOGOTSI | - | 2 |
| P. NEPHAWE | 2 | 2 |
| P.H. MDINEKA | - | 2 |

3.7. Discretionary Grants Committee (DG)

DG Committee consists of five (5) non-executive members appointed by Board. CEO, CFO and Senior Manager: Skills Implementation and Monitoring are Ex-Officio members of this committee. DG Committee is responsible for evaluation of projects that address the NSDS III, by ensuring that:

- All necessary RFP documents have been submitted, which may include but not limited to: accreditation, programme approvals for the programme to be delivered, tax clearance, registration with Umalusi to offer a learnership or full qualifications.
- Disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over DG applications.
- Evaluations have been fair, and in line with the Discretionary Grants Guidelines as approved by the Board.

The committee is chaired by a Board Member

Safety and Security Sector Education and Training Authority

Report Of The Accounting Authority For The Year Ended 31 March 2012 (continued)

Representatives of Discretionary Grants Committee

Meeting Dates

| NAME | TOTAL NUMBER OF MEETINGS ATTENDED | TOTAL NUMBER OF SCHEDULED MEETINGS |
|---------------------------|-----------------------------------|------------------------------------|
| M. MASEKELA - CHAIRPERSON | 3 | 3 |
| N. MAZIYA | 3 | 3 |
| X. MASHUKUCA | 3 | 3 |
| M. LITHEKO* | - | 3 |
| R. SEKOTLONG** | - | 3 |
| L. GCWABE* | - | 3 |
| S. HALL ** | - | 3 |

* Resigned in November 2011

** Appointed on 23 March 2012

Risk Management And Internal Controls

SASSETA endeavours to minimize risk by maintaining appropriate systems, policies, personnel and controls throughout the organization. A risk assessment exercise was performed during the 2011/2012 financial period to identify areas of risk and to map appropriate controls over the past financial period. The process was facilitated to determine the material risks to which SASSETA was exposed and to evaluate the strategy for managing these risks. SASSETA relied on the outsourced internal audit function and external auditors for independent appraisal of the adequacy and effectiveness of the internal controls. The Audit and Risk Committee, with extensive input from the internal and external auditors, played a major role in assisting Board to assess the adequacy and effectiveness of the accounting system, records and internal controls.

Internal Audit

SASSETA has an internal audit function which has been outsourced to OMA Chartered Accountants who provides the Audit and Risk Committee and Management with reasonable assurance that internal controls are appropriate and effective. SASSETA has appointed OMA Chartered Accountant to provide internal audit services for 5 (five) year.

Materiality framework

SASSETA has in line with the Public Finance Management Act developed the materiality framework which the Board approved .

Record Of Meetings

1st April 2011 to 31th March 2012

| SASSETA Structure | Board | Audit and Risk Committee | Finance & Remuneration Committee | Chambers | Executive Committee | Learnship Programmes & ETQA Committee | SSP Committee | Discretionary Grant Committee | Bid Adjudication Committee |
|-------------------|-------|--------------------------|----------------------------------|----------|---------------------|---------------------------------------|---------------|-------------------------------|----------------------------|
| No. of meetings | 13 | 5 | 5 | 25 | 18 | 5 | 3 | 3 | 2 |

Safety and Security Sector Education and Training Authority

Report Of The Accounting Authority

For The Year Ended 31 March 2012 (continued)

Members of SASSETA Board are remunerated as follows:

A Chairperson is paid a meeting fee of R3, 929.00 and an ordinary Board member is paid a meeting fee of R3, 055.00 per meeting for attending Board and EXCO meetings. The Chairperson is paid a meeting fee of R3, 929.00 and other committee members are paid a meeting fee of R2,000.00 per meeting for attending other committee meetings. A further R49,494.85 is paid annually to the Chairperson of the Board as a board fee and a further R38,481.85 is paid annually to the ordinary board member as a board fee.. The following table outlines Board fees and travel claims paid to members of SASSETA only:

| NAME | CHAMBER | BOARD | | EXCO | | OTHER COMMITTEES (Learnership, ETQA, Finance, Audit, Discretionary, Remuneration Committee, SSP, BAC & Chambers | AMOUNT R'000 | TRAVEL R'000 | TOTAL R'000 |
|--------------|-----------------------|-------|-----------------|------|-----------------|---|-----------------|-----------------|----------------|
| | | NO. | AMOUNT R'000 | NO. | AMOUNT R'000 | NO. | | | |
| A. WITBOOI | MINISTERIAL APPOINTEE | 13 | 100 | 18 | 71 | 16 | 64 | 10 | 245 |
| B. DELPORT | PRIVATE SECURITY | 12 | 75 | - | - | 14 | 27 | 3 | 105 |
| B. MVOVO | MINISTERIAL APPOINTEE | 13 | 78 | - | - | 19 | 38 | 8 | 124 |
| C. SIMONSE | DEFENCE | 13 | 78 | - | - | 19 | 37 | 10 | 125 |
| G. RAMOTSOTO | CORRECTIONS | 8 | 53 | 13 | 40 | 14 | 27 | 2 | 122 |
| L. PIETRSE | POLICING | 10 | 69 | - | - | 8 | 15 | 21 | 105 |
| L. BOND ** | CORRECTIONS | 9 | - | - | - | 6 | - | 10 | 10 |
| M. MASEKELA | PRIVATE SECURITY | 13 | 78 | - | - | 17 | 34 | 58 | 170 |
| M. MAKWAYIBA | PRIVATE SECURITY | 9 | 66 | - | - | 7 | 13 | - | 79 |
| M. BEATSON | LEGAL | 7 | 60 | - | - | 5 | 9 | 8 | 77 |
| N. MAZIYA | PRIVATE SECURITY | 11 | 72 | 13 | 40 | 22 | 43 | 13 | 168 |
| N. MBEKELA * | POLICING | 2 | - | 3 | - | - | - | - | - |
| P. MARI ** | DEFENCE | 8 | - | 13 | - | 4 | - | 11 | 11 |
| R.Z NOGUMLA | MINISTERIAL APPOINTEE | 6 | 6 | - | - | 3 | 4 | 5 | 15 |
| Z. MPENDU | PRIVATE SECURITY | 13 | 78 | - | - | 11 | 22 | 4 | 104 |
| | | | 813 | | 151 | | 333 | 163 | 1,460 |

* Member of the Board that does not claim travelling, meeting fee and board fee.

** Members of the Board that do not claim the meeting fee and board fee.

Safety and Security Sector Education and Training Authority

Report Of The Accounting Authority For The Year Ended 31 March 2012 (continued)

Executive Management are remunerated as follows:

During the financial year (2011/12), the Seta Executive Management comprised of the Chief Executive Officer (Mr Z. Baloyi), Senior Manager: Skills Implementation and Monitoring (Mr Solly Ngoasheng), Senior Manager Corporate Services (Mrs. N. Qamata) and Chief Financial Officer (Mr L. Mboniswa). Executive Management team is compensated as follows:

2011/12

| Name | SALARY R'000 | MEDICAL R'000 | CAR ALLOWANCE R'000 | ENTERTAINMENT R'000 | SALARY PACKAGE R'000 |
|-----------------|-----------------|------------------|------------------------|------------------------|-------------------------|
| Z. Baloyi (CEO) | 862 | - | 96 | - | 958 |
| S. Ngoasheng | 794 | - | 60 | 2 | 856 |
| L. Mboniswa | 736 | 38 | 48 | - | 822 |
| N. Qamata | 771 | 38 | - | - | 809 |

2010/11

| Name | SALARY R'000 | PROVISION FOR PERFORMANCE BONUS R'000 | MEDICAL R'000 | CAR ALLOWANCE R'000 | ENTERTAINMENT R'000 | SALARY PACKAGE R'000 |
|-----------------|-----------------|---|------------------|------------------------|------------------------|-------------------------|
| Z. Baloyi (CEO) | 795 | 106 | - | 96 | - | 997 |
| S. Ngoasheng | 709 | 98 | - | 60 | 2 | 870 |
| L. Mboniswa | 669 | 89 | 36 | 48 | - | 842 |
| T. Mabuza* | 530 | - | 18 | 80 | - | 627 |
| N. Qamata ** | 536 | 67 | 29 | - | - | 632 |

* Resigned 31 January 2011

** Started on 1 July 2010.

Safety and Security Sector Education and Training Authority

Statement Of Financial Performance

For The Year Ended 31 March 2012

| | | 2011/12 | 2010/11 |
|---|----------|------------------|------------------|
| | Note | R'000 | R'000 |
| REVENUE | | | |
| Non-exchange Revenue | | 252,597 | 194,455 |
| Skills Development Levy: income | 2 | 249,135 | 192,884 |
| Skills Development Levy: penalties and interest | | 3,462 | 1,571 |
| Exchange Revenue | | 6,887 | 10,390 |
| Investment Income | 3 | 6,887 | 8,263 |
| Other Income | 4 | - | 2,127 |
| Total Revenue | | 259,484 | 204,845 |
| EXPENSES | | | |
| Employer grant and project expenses | 5 | (150,337) | (201,835) |
| Administration expenses | 6 | (64,719) | (66,287) |
| Total expenses | | (215,056) | (268,122) |
| NET SURPLUS / (DEFICIT) FOR THE YEAR | 1 | 44,428 | (63,277) |

Safety and Security Sector Education and Training Authority

Statement Of Financial Position

As at 31 March 2012

| | Note | 2011/12 R'000 | 2010/11 R'000 |
|--|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Trade and Other Receivable – Exchange | 9 | 1,301 | 1,631 |
| Trade and Other Receivable – Non exchange | 9 | 7,614 | 2,049 |
| Inventories | 10 | 261 | 493 |
| Cash and Cash Equivalents | 11 | 166,559 | 131,249 |
| | | 175,735 | 135,422 |
| Non-current assets | | | |
| Property, Plant and Equipment | 7 | 3,176 | 2,572 |
| Intangible Assets | 8 | - | 124 |
| | | 3,176 | 2 696 |
| TOTAL ASSETS | | 178,911 | 138,118 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and Other Payable – Non exchange | 13 | 20,798 | 22,863 |
| Trade and Other Payable – Exchange | 13 | 6,572 | 10,618 |
| Current portion of finance lease obligations | 12 | 533 | - |
| Provisions | 14 | 4,039 | 2,768 |
| | | 31,942 | 36,249 |
| Non-current liabilities | | | |
| Finance Lease Obligations | 12 | 673 | - |
| TOTAL LIABILITIES | | 32,616 | 36,249 |
| NET ASSETS | | 146,296 | 101,869 |
| Represented by: | | | |
| Funds and Reserves | | | |
| Administration reserve | | 3,176 | 2,696 |
| Discretionary reserve | | 143,120 | 99,173 |
| Employer grant reserve | | - | - |
| TOTAL | | 146,296 | 101,869 |

Safety and Security Sector Education and Training Authority

Statement Of Changes in Net Assets

For The Year Ended 31 March 2012

| | Administration reserve R'000 | Employer grant reserve R'000 | Discretionary reserve R'000 | Unappropriated surplus R'000 | Total R'000 |
|--|------------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------|
| Balance at 1 April 2010 | 3,925 | - | 161,220 | - | 165,145 |
| Net Deficit per Statement of Financial Performance | - | - | - | (63,277) | (63,277) |
| Adjustment against Reserves | | | | | |
| Allocation of unappropriated surplus | 2,696 | 20,581 | (86,554) | 63,277 | - |
| Excess reserves transferred to Discretionary reserve | (3,925) | (20,581) | 24,506 | - | - |
| Balance at 31 March 2011 | 2,696 | - | 99,172 | - | 101,868 |
| Net Deficit per Statement of Financial Performance | - | - | - | 44,428 | 44,428 |
| Allocation of unappropriated surplus | 21,555 | 29,086 | (6,213) | (44,428) | - |
| Excess reserves transferred to Discretionary reserve | (21,075) | (29,086) | 50,161 | - | - |
| Balance at 31 March 2012 | 3,176 | - | 143,120 | - | 146,296 |

Safety and Security Sector Education and Training Authority

Cash Flow Statement

As at 31 March 2012

| | Note | 2011/12 R'000 | 2010/11 R'000 |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating activities | | | |
| Cash receipts from stakeholders | | 247,362 | 195,120 |
| Levies, interest and penalties received | | 247,362 | 192,993 |
| Other cash receipts from stakeholders | | - | 2,126 |
| Cash paid to stakeholders, suppliers and employees | | (216,619) | (260,581) |
| Grants and project payments | | (148,134) | (203,701) |
| Special projects | | - | - |
| Compensation of employees | | (29,283) | (25,813) |
| Payments to suppliers and other | | (39,434) | (31,160) |
| Inventory | | 232 | 93 |
| Cash utilised in operations | 15 | 30,743 | (65,461) |
| Investment income | 3 | 6,887 | 8,263 |
| Finance Cost | | (337) | - |
| Net cash outflow from operating activities | | 37,293 | (57,198) |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment and investment properties | 7 | (2,544) | (853) |
| Proceed from disposal of property, plant and equipment | | - | - |
| Net cash outflow from investing activities | | (2,544) | (853) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Grants, transfers and funds received | | - | - |
| Finance lease payments | 15 | 561 | (778) |
| Increase/(decrease) in reserves | | - | - |
| Increase/(decrease) in others | | - | - |
| Net cash inflow/(outflow) from financing activities | | 561 | (778) |
| Net decrease in cash and cash equivalents | | 35,310 | (58 830) |
| Cash and cash equivalents at beginning of period | | 131,249 | 190,078 |
| Cash and cash equivalents at end of period | 11 | 166,559 | 131,249 |

Safety and Security Sector Education and Training Authority

Accounting Policies to the Annual Financial Statements For The Year Ended 31 March 2012

Statement Of Compliance

The Annual Financial Statements have been prepared in accordance with Generally Recognized Accounting Practices (GRAP) issued by the National Treasury.

Summary Of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis Of Preparation

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act no. 29 of 1999).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies are disclosed below.

1.1. Revenue Recognition

Revenue from non exchange transactions

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

Recognition

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

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

Measurement

Revenue from a nonexchange transaction is measured at the amount of the increase in net assets recognised by SASSETA.

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No. 29 of 1999) and is recognised when the recovery thereof from the responsible board members or officials is virtually certain.

Levies Transferred from DHET

The accounting policy for the recognition and measurement of skills development levy income was further interpreted in line with the Skills Development Act, Act no. 97 of 1998 and the Skills Development Levies Act No. 9 of 2001.

The interpretation allows SETA's to recognise revenue on the receipt of the funds from the Department of Higher Education in the bank account of the SETA or on allocation by Department of Higher Education and Training, whichever comes first.

The revision was completed and issued by National Treasury on the 27th July 2007 and was effective from 1 April 2007.

Safety and Security Sector Education and Training Authority

Accounting Policies to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

Levies Received from Government

Levy income from government departments is recognised on an accrual basis.

However, the following is taken into account on recognition:

- Definition of an asset as per GRAP 1, when recognising asset (receivables) relating to Levy Income from Government Departments.
- Recognition of an asset arising from non-exchange transaction when SASSETA gains control of resources that meet the definition of an asset and satisfy the recognition criteria.
- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

1.1.1. Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), 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).

80% of skills development levies are paid over to the SETA (net of the 20% contribution to the National Skills Fund). A net receivable/payable is recognised for levies accrued as well as estimated SARS adjustments. An estimate due to retrospective adjustments by SARS and outstanding levies due at period-end is based on grant overpayments to employers.

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

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 Standard Operating Procedure issued by the Department of Labour issued June 2001.

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

1.1.2. Interest and penalties

Interest and penalties on the skills development levy are recognised on the receipt of the funds from the Department of Higher Education in the bank account of the SETA or on allocation by Department of Higher Education, whichever comes first.

1.1.3. Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the Financial Statements of SASSETA as a liability until the related eligible special project expenses are incurred, when the liability is utilised the revenue that is recognised as income in the statement of financial performance.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the Financial Statements of SASSETA, as SASSETA controls such assets for the duration of the project. Such assets are disposed of in terms of an agreement and specific written instructions by the NSF.

1.1.4. Other donor income

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that SASSETA has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met a liability is recognised.

1.1.5. Investment income

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

1.1.6. Firearm income

SASSETA charges a nominal fee for the administration of the firearm certificates. Revenue received is recognised as income received in advance and only recognised as income on issue of certificates.

Safety and Security Sector Education and Training Authority

Accounting Policies to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

1.2. Grants And Project Expenditure

A registered company may recover a maximum of 50% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Levies Act 1999 (Act No 9 of 1999).

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the agreed cut-off period. The grant is equivalent to 50% (2009/10: 50%) of the total levies paid by the employer during the corresponding financial period for the skills planning grant of the total levies paid by the employer during the corresponding financial period for the skills planning grant and the skills implementation grant respectively.

Discretionary grants

A Seta may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved and certain performance conditions have been achieved.

Project expenditure

Project expenditure comprise of the following:

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

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics. Project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

1.3. Irregular, Fruitless And Wasteful Expenditure

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

- The PFMA,
- The Skills Development Act,

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

All irregular, fruitless and wasteful expenditure are charged against income in the period in which they are incurred.

1.4. Property, Plant And Equipment

SASSETA recognises assets when it has a control of the resource as a result of the past events and from which future economic benefits or service potential are expected to flow to the entity.

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

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

Plant and equipment is initially measured at cost.

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Depreciation of property, plant and equipment is calculated to write off the cost of the asset to its residual value, on the straight-line basis, over its expected useful life as follows:

| | |
|--------------------------|---------------------|
| • Computer Equipment | 3 years to 10 years |
| • Computer Server | 3 years to 10 years |
| • Furniture and Fittings | 5 years to 10 years |
| • Office Equipment | 5 years to 10 years |
| • Vehicles | 5 years to 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

When an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to SASSETA and the cost of the item can be measured reliably.

Safety and Security Sector Education and Training Authority

Accounting Policies to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

Repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred. Borrowing costs are capitalised in accordance with SASSETA policy. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Items of plant and equipment are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

Useful lives and residual values of Property, plant and equipment

- The useful lives of property, plant and equipment are reviewed at each balance sheet date. These useful lives are estimated by management based on historic analysis and other available information.
- The residual values of property, plant and equipment are reviewed at each statement of financial position date. The residual values are based on the assessment of useful lives and other available information.
- The carrying amounts of the assets are disclosed in note 7.
- Depreciation rates are limited to the life of the SETA, which in the year under review has been extended by 1 year.

1.5. Intangible Assets

Acquired computer software licences and computer application packages are capitalised on the basis of the costs incurred and bring to use the specific software. These costs are amortised over their estimated useful lives. Amortisation on these costs is provided to write down the intangible assets, on a straight line basis, over their useful lives as follows:

- Computer software 2 years to 10 years

Expenditure on research is recognised as an expense when it is incurred. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Authority, and that will probably generate economic benefits or service potential exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an

appropriate portion of relevant overheads. Amortisation commences when the intangible asset is available for use. Computer software development costs recognised as assets are amortised over their estimated useful lives. Internally generated brands are not recognised as intangible assets.

Surplus or deficit on the retirement or disposal of intangible assets, being the difference between the actual proceeds and the carrying amounts of the assets, are recognised in the surplus or deficit in the period in which they occur. The disposal date is determined as the date in which SASSETA has transferred all the significant risk and rewards of ownership, SASSETA does not retain either continuing managerial involvement to the degree associated with ownership or effective control over the goods sold, proceeds on the sales can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to SASSETA and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Amortisation commences when the intangible asset is ready for its intended use. Depreciation of an intangible asset ceases at an earlier of the day the asset is classified as held-for-sale in accordance with GRAP 100 or the date the asset is derecognised. All intangible assets that arise from development are recognised SASSETA can demonstrate that the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it, its ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits or service potential, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method is changed to reflect the changed pattern.

The residual value of an intangible asset with a finite useful life are assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and such residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life. An intangible asset is derecognised on disposal of such intangible asset or when no future economic benefits or service potential are expected from its use or disposal.

Safety and Security Sector Education and Training Authority

Accounting Policies to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

1.6. Impairment Of Non-Financial Assets

The carrying amount of assets stated in the statement of financial position, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated at the higher of the selling price (less costs to sell) and its value in use. An impairment loss is recognised in the statement of financial performance whenever the carrying amount exceeds the recoverable amount.

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing value in use, the expected future cash flows are discounted to their present value using a discount rate, that reflects current market assessments of the time value of money and the risk specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in previous years.

1.7. Leasing

Finance lease as per the Treasury Regulations 32.2 refer to a contract that transfer the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases. Operating leases with fixed escalation rates are written off over the term of lease agreement.

The Seta as a lessee

Assets held under finance leases and the corresponding liability is recognised at their present value of the minimum lease payments at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a

finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the estimated present value of the assets acquired, are charged to the statement of financial performance over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

1.8. Retirement Benefit Costs

Short Term Employee Benefits

The entity operates a defined contribution plan, the assets of which are generally held in separate trustee-administered funds. The plan is generally funded by payments from the entity and employees, taking account of the recommendations of independent qualified actuaries.

The Seta carries no financial obligations after retirement of the employee.

1.9. Liabilities

SASSETA recognises a liability when it has a present obligation as a result of past events and the settlement of which will be expected to lead to an outflow of resources embodying economic benefits or service potential.

1.10. Contingent Assets

SASSETA discloses a contingent asset where, as a result of past events, it is highly likely that economic benefits will flow to it but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Authority.

1.11. Provisions

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

Various assumptions are applied in arriving at the carrying value of provisions that are recognized in terms of the requirements of GRAP 19 specific to Provisions, Contingent Liabilities and Contingent Assets. The carrying amounts of the provisions are disclosed in note 14.

Management further relies on input from the Group's lawyers in assessing the probability of matters of a contingent nature. Contingent liabilities are disclosed in note 16.

Safety and Security Sector Education and Training Authority

Accounting Policies to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

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

1.11.1. Provision for employee entitlements

The cost of other employee benefits (not recognised as retirement benefits – see note VIII above) is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees as at the reporting date. Provision included in the statement of financial position is provision for bonuses.

1.11.2 Provisions for grants

Grant payments

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 has been complied with by member companies and it is probable that the SETA will approve the payment. The measurement of the obligation involves an estimate, based on the established pattern of past practice of approval for each type of grant.

Projects

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

1.12 Contingent Liabilities

The contingent liability is disclosed as a contingent liability when SASSETA has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or it has a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources will be required to settle an obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Financial Instruments

Recognition

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

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are measured at fair value on the date of acquisition, including directly attributable transaction costs and thereafter at amortised costs, unless through profit/loss.

Currency

These Financial Statements are presented in South African Rands since that is the currency in which the majority of the entity transactions are denominated.

Financial liabilities

The SETA's principal financial liabilities are interest bearing borrowings, accounts and other payables and bank overdrafts.

All financial liabilities are measured at amortised cost, comprising original debts less principal payments and amortisations, except for financial liabilities held-for trading and derivative liabilities, which are subsequently measured at fair value.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments are included in net surplus or deficit in the period in which it arises.

De-recognition

A financial asset or a portion thereof is derecognised when Seta realises the contractual rights to the benefits specified in the contract, the rights expire, the Seta surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On de-recognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net profit or loss for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharge, cancelled, or expires. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortized costs, and the amount paid for it is included in the net profit or loss for the period.

Safety and Security Sector Education and Training Authority

Accounting Policies to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

Fair value considerations

The fair values at which financial instruments are carried at the statement of financial position date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the Seta could realise in the normal course of business.

Off-setting

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

1.10. Comparative Figures

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

1.11. Consumable Inventory

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of the acquisition. Subsequently inventories are measured at the lower of cost or net realisable value.

1.12. Reserves

Equity is sub-classified in the statement of financial position between the following funds and reserves:

| | 2011/12 | 2010/11 |
|------------------------|----------------|----------------|
| | R'000 | R'000 |
| Administrative Reserve | 3,176 | 2,696 |
| Employer Grant Reserve | - | - |
| Discretionary Reserve | 143,120 | 99,173 |
| Capitalisation Reserve | - | - |
| Revaluation Reserve | - | - |
| Unappropriated surplus | - | - |
| | 146,296 | 101,869 |

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

Safety and Security Sector Education and Training Authority

Accounting Policies to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

| | 2011/12 | 2010/11 |
|---|-----------|-----------|
| | % | % |
| Administration costs of the Seta | 10 | 10 |
| Employer Grant Fund Levy | 50 | 50 |
| Mandatory Workplace Skills Planning Grant | 50 | 50 |
| Mandatory Workplace Skills Implementation Grant | - | - |
| Discretionary grants and projects | 20 | 20 |
| | 80 | 80 |

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs. Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received. The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above (include basis of movement).

1.13. Related Parties Transactions

SASSETA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of SASSETA, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. SASSETA regards all individuals at senior management as key management per the definition of the financial reporting standard.

Close members of the family of key management personnel are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with SASSETA.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012

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

| | Total per Statement of Financial Performance | Administration reserve | Employer grants reserve | | | Discretionary grants | Special projects | SETA Projects | Total discretionary |
|---|--|------------------------|---------------------------------|---------------------------------------|----------------|----------------------|------------------|-----------------|---------------------|
| | | | Mandatory skills planning grant | Mandatory skills implementation grant | Total | | | | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Total revenue | 259,484 | 86,274 | 29,447 | 88,340 | 117,787 | 45,074 | - | 10,349 | 55,423 |
| Skills development levy: income | | | | | | | | | |
| Admin levy income (10%) | 86,274 | 86,274 | - | - | - | - | - | - | - |
| Grant levy income (70%) | 162,861 | - | 29,447 | 88,340 | 117,787 | 45,074 | - | - | 45,074 |
| Skills development levy: penalties and interest | 3,462 | - | - | - | - | - | - | 3,462 | 3,462 |
| Investment Income | 6,887 | - | - | - | - | - | - | 6,887 | 6,887 |
| Other income | - | - | - | - | - | - | - | - | - |
| Total expenses | 215,056 | 64,719 | | 88,701 | 88,701 | | - | 61,636 | 61,636 |
| Administration expenses | 64,719 | 64,719 | - | - | - | - | - | - | - |
| National Skills Fund Expenses | - | - | - | - | - | - | - | - | - |
| Employer grants and project expenses | 150,337 | - | - | 88,701 | 88,701 | - | - | 61,636 | 61,636 |
| | 44,428 | 21,555 | 29,447 | (361) | 29,086 | 45,074 | - | (51,287) | (6,213) |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

2. SKILLS DEVELOPMENT LEVY INCOME

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

| | 2011/12 R'000 | 2010/11 R'000 |
|--|------------------|------------------|
| Levy income: Administration | 86,274 | 66,856 |
| Levies received | 86,274 | 66,856 |
| Levies transferred from DHET | 24,008 | 17,868 |
| Government levies received | 62,249 | 48,864 |
| Inter-SETA transfers in | 17 | 124 |
| Inter-SETA transfers out | - | - |
| | - | - |
| Levy income: Employer Grants | 117,787 | 90,031 |
| Levies received | 117,787 | 90,031 |
| Levies transferred from DHET | 117,700 | 89,449 |
| Inter-SETA transfers in | 87 | 582 |
| Inter-SETA transfers out | - | - |
| | - | - |
| Levy income: Discretionary Grants | 45,074 | 35,997 |
| Levies received | 45,074 | 35,997 |
| Levies transferred from DHET | 45,039 | 35,745 |
| Inter-SETA transfers in | 35 | 252 |
| Inter-SETA transfers out | - | - |
| | - | - |
| | 249,135 | 192,884 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

| | 2011/12 | 2010/11 |
|---|----------------|----------------|
| | R'000 | R'000 |
| 3. INVESTMENT INCOME | | |
| Interest received on bank deposits | 6,887 | 8,263 |
| | 6,887 | 8,263 |
| 4. OTHER INCOME | | |
| Other income comprises: | | |
| Revenue from supporting services rendered by | | |
| SASSETA | - | 2,055 |
| Losses recovered | - | 18 |
| Donations Income | - | 1 |
| Discount Received | - | 53 |
| | - | 2,127 |
| 5. EMPLOYER GRANT AND PROJECT EXPENSES | | |
| Mandatory grants | 88,701 | 69,450 |
| • Disbursed | 90,766 | 68 836 |
| • Movement in Provisions and Accruals | (2,065) | 614 |
| Project Expenditure | 61,636 | 132,385 |
| • Disbursed | 66,493 | 132,363 |
| • Movement in Provisions and Accruals | (4,857) | 22 |
| | 150,337 | 201,835 |
| 5.1 Project expenditure consists of: | | |
| • Direct project costs | 61,636 | 132,385 |
| | 61,636 | 132,385 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

6. ADMINISTRATION EXPENSES

| | 2011/12 R'000 | 2010/11 R'000 |
|--|------------------|------------------|
| Depreciation | 1,937 | 1,749 |
| Amortisation | 124 | 319 |
| Loss on disposal of property, plant and equipment | 3 | 14 |
| Impairment losses on property, plant and equipment | | - |
| Operating lease rental (minimum lease payments) | 3,199 | 2,548 |
| Buildings | 3,199 | 2,548 |
| Maintenance, repairs and running costs | 3,958 | 2,165 |
| Property and buildings | 298 | 555 |
| Machinery and equipment | 3,605 | 1,545 |
| Other | 55 | 65 |
| Advertising, marketing and promotions, communication | 7,359 | 5,888 |
| Entertainment | 84 | 170 |
| Consultancy and service provider fees | 338 | 3,276 |
| Legal fees | 1,091 | 2,432 |
| Cost of employment | 26,514 | 25,936 |
| Travel and subsistence | 3,222 | 4,594 |
| Staff training and development | 663 | 629 |
| Remuneration to members of the accounting authority | 1,426 | 966 |
| Remuneration to members of the audit committee | 250 | 713 |
| Remuneration to members of other committees | 383 | 480 |
| External auditor's remuneration | 2,239 | 1,626 |
| Audit fee | 2,239 | 1,626 |
| Bad Debts | 12 | - |
| Other : | 11,917 | 12,782 |
| Other expenses | 2,863 | 2,198 |
| Telephone and Fax | 939 | 830 |
| Insurance | 177 | 178 |
| Meetings and Workshops | 2,336 | 3,684 |
| Interest Paid | 337 | - |
| Recruitment | 417 | 329 |
| Stationery and Printing | 1,267 | 1,044 |
| Subscriptions and Publications | 170 | 91 |
| Secretarial Fees | 538 | 255 |
| Fire arm Expenses | 334 | 1,019 |
| Accommodation & Meals | 1,871 | 1,991 |
| Administrative Expense | 416 | 445 |
| Internal Audit Fees | 252 | 718 |
| | 64,719 | 66,287 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

6.1. Cost of employment

| | 2011/12 | 2010/11 |
|---|---------|---------|
| Salaries and wages | 22,468 | 22,130 |
| Basic salaries | 22,145 | 19,005 |
| Performance Bonuses | - | 2,765 |
| Other non-pensionable allowance | | - |
| Leave payments | 273 | 359 |
| Overtime payments | 50 | 1 |
| Social contributions | 4,046 | 3,806 |
| Medical aid contributions | 1,381 | 1,321 |
| Pension contributions: defined contribution plans | 2,536 | 2,364 |
| UIF | 129 | 121 |
| | 26,514 | 25,936 |
| Allocation of cost of employment | | |
| Administration expenses | 6 | |
| | 26,514 | 25,936 |
| | 26,514 | 25,936 |
| Average number of employees | 90 | 89 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

| | Cost R'000 | Accumulated depreciation/ impairment R'000 | Closing carrying amount R'000 |
|---|---------------|---|----------------------------------|
| For the year ended 31 March 2012 | | | |
| Computer Server | 2,022 | (1,660) | 362 |
| Computer equipment | 5,357 | (4,537) | 820 |
| Office furniture and fittings | 3,679 | (2,804) | 875 |
| Office equipment | 3,816 | (2,728) | 1,088 |
| Motor vehicles | 487 | (456) | 31 |
| Balance for the year ended | 15,361 | (12,185) | 3,176 |
| Made up as follows: | | | |
| - Owned assets | 11,545 | (9,457) | 2,088 |
| - Lease assets | 3,816 | (2,728) | 1,088 |

| | Cost R'000 | Accumulated depreciation/ impairment R'000 | Closing carrying amount R'000 |
|---|---------------|---|----------------------------------|
| For the year ended 31 March 2011 | | | |
| Computer server | 1,872 | (1,280) | 592 |
| Computer equipment | 4,987 | (4,234) | 753 |
| Office furniture and fittings | 3,501 | (2,400) | 1,101 |
| Office equipment | 2,184 | (2,184) | - |
| Motor vehicles | 487 | (359) | 128 |
| Balance at end of period | 13,031 | (10,457) | 2,574 |
| Made up as follows: | | | |
| - Owned assets | 10,847 | (8,273) | 2,574 |
| - Lease assets | 2,184 | (2,184) | - |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

Movement summary 31 March 2012

| | Opening Carrying Amount 2010 | Additions | Disposals | Depreciation/ Amortisation charge | Impairment Losses (recognised) / reversed | Accumulated Depreciation on disposals | Closing Carrying amount 2011 |
|-----------------------------------|------------------------------|--------------|--------------|-----------------------------------|---|---------------------------------------|------------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Computer Server | 591 | 150 | - | (379) | - | - | 362 |
| Computer equipment | 752 | 571 | (200) | (502) | - | 199 | 820 |
| Office furniture and fittings | 1,100 | 191 | (14) | (414) | - | 12 | 875 |
| Office equipment | - | 1,632 | - | (544) | - | - | 1,088 |
| Motor vehicles | 129 | - | - | (98) | - | - | 31 |
| Balance for the year ended | 2,572 | 2,544 | (214) | (1,937) | - | 211 | 3,176 |

Movement summary 31 March 2011

| | Opening Carrying Amount 2009 | Additions | Disposals | Depreciation/ Amortisation charge | Impairment Losses (recognised) / reversed | Accumulated Depreciation on disposals | Closing Carrying amount 2010 |
|-----------------------------------|------------------------------|------------|-------------|-----------------------------------|---|---------------------------------------|------------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Computer Server | 965 | - | - | (374) | - | - | 591 |
| Computer equipment | 901 | 474 | (56) | (611) | - | 14 | 752 |
| Office furniture and fittings | 1,252 | 379 | (17) | (529) | - | 15 | 1,100 |
| Office equipment | 138 | - | - | (138) | - | - | - |
| Motor vehicles | 226 | - | - | (97) | - | - | 129 |
| Balance for the year ended | 3,482 | 852 | (72) | (1,749) | - | 59 | 2,572 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

8. INTANGIBLE ASSETS

| For the year ended 31 March 2012 | Historical Cost R'000 | Accumulated amortisation/ impairment R'000 | Closing carrying amount R'000 |
|---|----------------------------------|---|--|
| Computer Software | 2,553 | (2,553) | - |
| Balance at end of period | 2,553 | (2,553) | - |
| Made up as follows: | | | |
| - Owned assets | 2,553 | (2,553) | - |

| For the period ended 31 March 2011 | Cost R'000 | Accumulated amortisation/ impairment R'000 | Closing carrying amount R'000 |
|---|-----------------------|---|--|
| Computer Software | 2,553 | (2,429) | 124 |
| Balance at end of period | 2,553 | (2,429) | 124 |
| Made up as follows: | | | |
| - Owned assets | 2,553 | (2,429) | 124 |

Movement summary 31 March 2012

| | Opening Carrying Balance R'000 | Additions R'000 | Disposals R'000 | Amortisation charge R'000 | Accumulated amortisation on disposals R'000 | Closing Carrying amount 2012 R'000 |
|---|---|----------------------------|----------------------------|--|--|---|
| Computer Software | 124 | - | - | (124) | - | - |
| Balance for the year ended 31 March 2012 | 124 | - | - | (124) | - | - |

Movement summary 31 March 2011

| | Opening Carrying Balance R'000 | Additions R'000 | Disposals R'000 | Amortisation charge R'000 | Accumulated amortisation on disposals R'000 | Closing Carrying amount 2011 R'000 |
|---|---|----------------------------|----------------------------|--|--|---|
| Computer Software | 443 | - | - | (319) | - | 124 |
| Balance for the year ended 31 March 2011 | 443 | - | - | (319) | - | 124 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

9. TRADE AND OTHER RECEIVABLE

| | Note | 2011/12 R'000 | 2010/11 R'000 |
|---------------------------------|------|------------------|------------------|
| Exchange | | | |
| Irregular Expenditure debtors | 20 | 981 | 981 |
| Operating Debtors | | 320 | 650 |
| Interest receivable | | 290 | 624 |
| Staff debtors | | 30 | 26 |
| | | 1,301 | 1,631 |
| Non exchange | | | |
| Skills development levy debtors | | 16 | - |
| Admin levy debtors | | 2 | - |
| Employer grants levy debtors | | 10 | - |
| Discretionary levy debtors | | 4 | - |
| Employer receivables | 9.1 | 7,598 | 2,049 |
| | | 7,614 | 2,049 |
| | | 8,915 | 3,680 |

9.1 Employer receivable

| | | |
|--|--------------|--------------|
| Employer Receivable | - | - |
| Overpayment to employers | 7,598 | 2,049 |
| Net effect of SARS retrospective adjustments on affected employers | 7,598 | 2,049 |

During the year, R7, 598,000 was recognised as a receivable relating to the overpayment to the employer in earlier periods, and is based on the amount of such grant over payments.

10. INVENTORIES

| | | |
|-------------------------|------------|------------|
| Opening carrying amount | 493 | 586 |
| Amounts utilised | (1,340) | (1,038) |
| Purchases | 1,108 | 945 |
| Inventories at year-end | 261 | 493 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

11. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

Cash at bank

Cash on hand (Petty cash)

Short term investment/instrument

Cash and cash equivalents as at year end

| | 2011/12 R'000 | 2010/11 R'000 |
|--|------------------|------------------|
| | 62,081 | 32,521 |
| | 62,078 | 32,519 |
| | 3 | 2 |
| | 104,478 | 98,727 |
| | 166,559 | 131,249 |

As required in Treasury Regulation 31.2, National Treasury approved financial institutions where the bank accounts are held. The weighted average interest rate on short term bank deposits was 6% (2011:6%).

12. FINANCE LEASE OBLIGATIONS

Reconciliation between the total of the minimum lease payments and the present value

Up to 1 Year

Future minimum lease payments

Finance cost

Present value

1 to 5 Years

Future minimum lease payments

Finance cost

Present value

Analysed for financial reporting purposes:

Non-current finance lease liability (payable after a year)

Current finance lease liability (payable during next financial year)

Finance lease liability

| | | |
|--|-------|---|
| | 764 | - |
| | (231) | - |
| | 533 | - |
| | 764 | - |
| | (91) | - |
| | 673 | - |
| | 673 | - |
| | 533 | - |
| | 1,206 | - |

Finance Leases

- The first finance lease relates to the PABX system. It was entered into on 1 April 2011. The contract is valid for a period of three years, expiring on 31 March 2014. It does not have an escalating rate.
- The second finance lease is for Photocopiers. It was entered into on 1 April 2011. The contract is valid for a period of three years, expiring on 31 March 2014. It does not have an escalating rate.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

13. TRADE AND OTHER PAYABLE

| | 2011/12 | 2011/10 |
|---|---------------|---------------|
| | R'000 | R'000 |
| Exchange | 6,572 | 10,618 |
| Discretionary grant payables | 1,357 | 6,214 |
| Leave accrual | 1,336 | 957 |
| 13 th Cheque Bonus Accrual | 347 | 299 |
| Sundry payable | - | 113 |
| Service provider fees outstanding | 2,754 | 2,959 |
| Income Received in advance | 778 | 76 |
| Non Exchange | | |
| Exempt employers | 3,498 | 3,498 |
| Opening balance | 3,498 | 3,362 |
| Additions | - | 1,146 |
| Reversals | - | (1,010) |
| Skills Development Grants Payable – Mandatory | 17,300 | 19,365 |
| | 20,798 | 22,863 |
| | 27,370 | 33,481 |

14. PROVISIONS

| | Exempt Employers | Mandatory Grants | Employee Performance Bonus | Total | Employee Performance Bonus |
|--------------------------|------------------|------------------|----------------------------|--------------|----------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Balance at 01 April 2011 | - | - | 2,769 | 2,769 | 2,645 |
| Change in estimate | 1,127 | 2,912 | (1,655) | 2,384 | 1,406 |
| Amount utilised | - | - | (1,114) | (1,114) | (1,282) |
| Closing carrying amount | 1,127 | 2,912 | - | 4,039 | 2,769 |
| Current | 1,127 | 2,912 | - | 4,039 | 2,769 |
| Total | 1,127 | 2,912 | - | 4,039 | 2,769 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

| | 2011/12 R'000 | 2011/10 R'000 |
|--|------------------|------------------|
| Net deficit/ surplus as per Statement of Financial Performance | 44,428 | (63,277) |
| Adjusted for non-cash items: | | |
| Depreciation | 1,937 | 1,749 |
| Amortisation | 124 | 319 |
| Loss on disposal of property, plant and equipment | 3 | 14 |
| Straight lining of lease payments | 112 | 779 |
| Impairment losses on property, plant and equipment | - | - |
| NSF grant received not recognised as revenue | - | - |
| Government grant received/used | - | - |
| Increase in provisions | 1,267 | 123 |
| Relating to employment | 4,037 | 123 |
| Relating to other | (2,769) | - |
| Adjusted for items separately disclosed | | |
| Interest received | (6,887) | (8,263) |
| Special project income recognised | - | - |
| Interest paid | 337 | - |
| Adjusted for working capital changes : | | |
| (Increase)/ Decrease in receivables | (5,236) | (1,189) |
| Increase/ Decrease in payables | (5,574) | 4,192 |
| Increase in inventory | 232 | 93 |
| Cash utilised in operations | (30,743) | (65,461) |

16. CONTINGENCIES

- There is an employee who resigned and took SASSETA to the CCMA and the case is still pending. The total exposure to SASSETA is R150, 000.
- There is a civil claim by a company that took SASSETA to court and the estimated amount is R50, 000.
- There is an employee who took SASSETA to the CCMA and the case is pending.
- The total exposure to SASSETA is R420, 000.
- There is also the pending CCMA case of the ex CEO. The total exposure to SASSETA is R778, 000.

The possibility of an outflow of resources embodying economic benefits is remote in the above cases.

- There is an investigation initiated by EXCO regarding the accreditation status of a certain provider and the procedures followed in awarding this provider a training project. The amount paid to the provider for this project was R766, 900.00.
- There is an amount of R3,357,000, which is a contingent liability arising from performance bonuses yet to be paid. The timing and the actual amount to be paid could not be determined at the time of reporting.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

17. COMMITMENTS

Discretionary reserve

The projects will be funded from the Discretionary Reserve. Out of the balance of R143.1 million available in the discretionary reserves at the end of 31 March 2012, R76.7 million has been allocated for future projects and skills priorities as set out below. Amounts for expenses that have already been contracted or incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation of these funds has been submitted to National Treasury.

| Commitments Approved and contracted | Nsds Objectives And Indicators | Opening balance 2010/11 | Utilised - 2010/101 | Closing Balance - 2010/11 | Funds Re-allocated | Approved and contracted | Approved but not yet contracted | Total Commitments | Utilised – 31 March 2012 | Total Commitments at 31 March 2012 |
|---|--------------------------------|-------------------------|---------------------|---------------------------|--------------------|-------------------------|---------------------------------|-------------------|--------------------------|------------------------------------|
| | | R'000 | R'000 | R'000 | R,000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| ABET | 4.4 | 15 356 | (9 007) | 6 350 | - | 201 | - | 6 551 | (5 610) | 941 |
| ABET Research - Private Security | 4.4 | 72 | - | 72 | - | - | - | 72 | - | 72 |
| Accreditation of Language Services | n/a | 44 | - | 44 | - | - | - | 44 | - | 44 |
| Accreditation of Providers | n/a | 617 | - | 617 | - | - | - | 617 | - | 617 |
| Air conditioning & Refrigeration | n/a | - | - | - | - | - | - | - | - | - |
| Ambulance - Defence | 4.2 | 74 | - | 74 | - | - | - | 74 | - | 74 |
| Ambulance Emergency Assistant Training | 4.2 | 350 | - | 350 | - | - | - | 350 | - | 350 |
| Artisan Training | 4.2 | 13 334 | (7 896) | 5 438 | (300) | 4 955 | 1 420 | 11 513 | (2 876) | 8 637 |
| Assessment Criteria & database | n/a | - | - | - | - | - | - | - | - | - |
| OD-ETDP Programmes | 4.2 | 7 404 | (6 752) | 652 | - | 660 | - | 1 312 | (2 483) | 1 312 |
| Auxiliary Social Workers - Correction | 4.2 | 628 | (153) | 475 | - | - | - | 475 | - | 475 |
| Bursary Schemes | 4.2 | 4 546 | (4 330) | 216 | (690) | 2 961 | 1 775 | 4 262 | (1 826) | 2 436 |
| Candidate Attorney NQF 7 | 4.2 | 5 873 | (2 665) | 3 208 | (1 869) | 3 744 | 792 | 5 875 | (2 108) | 3 767 |
| Career Briefing | n/a | 100 | (40) | 60 | - | - | - | 60 | - | 60 |
| Caring and Socialisation of service dogs - SAPS | 4.2 | 180 | (180) | - | - | - | - | - | - | - |
| Close Protection Skills Programmes | 4.2 | 2 681 | (1 786) | 896 | - | - | - | 896 | (468) | 428 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

| Commitments Approved and contracted | Nsds Objectives And Indicators | Opening balance 2010/11 | Utilised - 2010/101 | Closing Balance - 2010/11 | Funds Re-allocated | Approved and contracted | Approved but not yet contracted | Total Commitments | Utilised – 31 March 2012 | Total Commitments at 31 March 2012 |
|--|---|-------------------------------|------------------------|---------------------------------|-----------------------|-------------------------------|---------------------------------------|----------------------|--------------------------------|---|
| | | R'000 | R'000 | R'000 | R,000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Contact Centre Learn-ership | 4.2 | 480 | (432) | 48 | - | - | - | 48 | - | 48 |
| Court Interpretation Learnership | 4.2 | 4 659 | (908) | 3 751 | - | - | - | 3 751 | (1 000) | 2 751 |
| Court Services Man-agement L/Ship NQF 5 | 4.2 | 328 | | 328 | - | - | - | 328 | - | 328 |
| Crime Resolving NQF 5 | 4.2 | 1 488 | (787) | 701 | - | - | - | 701 | (400) | 301 |
| Customise Existing EPM | n/a | 175 | - | 175 | - | - | - | 175 | (35) | 140 |
| Design & Develop E-Learning Material | n/a | 208 | - | 208 | - | - | - | 208 | - | 208 |
| Develop Learning Path for Defence | n/a | 2 | - | 2 | - | - | - | 2 | - | 2 |
| Develop Assessments - ETQA | n/a | 959 | (573) | 386 | (386) | - | - | - | - | - |
| Develop Moderation & Verifiers Systems | n/a | 2 415 | (1 198) | 1 217 | (1 217) | - | - | - | - | - |
| Development of Training Material | n/a | 1 409 | (849) | 560 | (600) | 405 | - | 365 | (200) | 165 |
| Document Archiving Management System | n/a | 2 904 | - | 2 904 | - | - | - | 2 904 | - | 2 904 |
| Drafting Modules - SANDF College Programme | n/a | 409 | (363) | 46 | - | - | - | 46 | - | 46 |
| Driving Skills Programme - Defence | 4.2 | 509 | (394) | 115 | - | - | - | 115 | (90) | 25 |
| Electronic Security | 4.2 | 4 909 | (1 614) | 3 295 | (136) | - | - | 3 159 | | 3 159 |
| Establishment of ETDP Centres | n/a | 200 | (86) | 115 | - | - | - | 115 | - | 115 |
| Events Management - Private Security | 4.2 | 177 | - | 177 | - | - | - | 177 | - | 177 |
| Family Law Learnership | 4.2 | - | - | - | - | - | - | - | - | - |
| Forensic Science NQF 5 | 4.2 | 1 353 | (787) | 565 | - | - | - | 565 | - | 565 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

| Commitments Approved and contracted | Nsds Objectives And Indicators | Opening balance 2010/11 | Utilised - 2010/101 | Closing Balance - 2010/11 | Funds Re-allocated | Approved and contracted | Approved but not yet contracted | Total Commitments | Utilised – 31 March 2012 | Total Commitments at 31 March 2012 |
|--|--------------------------------|-------------------------|---------------------|---------------------------|--------------------|-------------------------|---------------------------------|-------------------|--------------------------|------------------------------------|
| | | R'000 | R'000 | R'000 | R,000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Forensic/Internal Auditing | 4.2 | 1 213 | - | 1 213 | (190) | - | - | 1 023 | - | 1 023 |
| Forensic Investigation | 4.2 | 600 | - | 600 | - | - | - | 600 | (139) | 461 |
| GSO Practises | 4.2 | 21 090 | (15 542) | 5 548 | - | 2 176 | - | 7 724 | (7 537) | 187 |
| Helicopter Pilots | 4.2 | 3 266 | (1 775) | 1 491 | - | 1 500 | - | 2 991 | | 2 991 |
| HRM Learnership | 4.2 | 4 599 | (3 120) | 1 479 | - | - | - | 1 479 | (661) | 818 |
| Information Technology L/ship | 4.2 | 4 178 | (925) | 3 253 | - | 548 | 250 | 4 051 | (2 293) | 1 758 |
| Internal Auditing Learnership Development | 4.2 | 106 | (63) | 43 | - | - | - | 43 | - | 43 |
| Workplace Experience / Internship Programme | 4.2 | 17 916 | (13 242) | 4 674 | - | 4 620 | 1 050 | 10 344 | (8 590) | 1 754 |
| ISOE Support | n/a | 1 129 | (191) | 938 | (50) | - | - | 888 | (39) | 848 |
| Labour Relations Skills Programme | 4.2 | 4 160 | (3 769) | 390 | - | 800 | - | 1 190 | (210) | 980 |
| Learnership Implementation / Placements | 4.5 | 58 | - | 58 | - | - | - | 58 | - | 58 |
| Learning Material - Corrections | n/a | 160 | (160) | - | - | - | - | - | - | - |
| Learning Material ECT Military Electives | n/a | 124 | (124) | - | - | - | - | - | - | - |
| Locksmiths | 4.2 | 2 815 | (1 556) | 1 260 | - | - | - | 1 260 | - | 1 260 |
| Management Development Programme | n/a | 750 | - | 750 | - | 600 | - | 1 350 | (1 258) | 92 |
| Maritime - Defence | n/a | 714 | - | 714 | - | - | - | 714 | (323) | 390 |
| Marketing and Communication - Private Security | 4.2 | 53 | (53) | - | - | - | - | - | - | - |
| Nat Cert in Navigation | 4.2 | 200 | - | 200 | - | - | - | 200 | - | 200 |
| Nat Cert in Public Sector - Accounting Learnership | 4.2 | 1 650 | (850) | 800 | - | - | - | 800 | - | 800 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

| Commitments Approved and contracted | Nsds Objectives And Indicators | Opening balance 2010/11 | Utilised - 2010/101 | Closing Balance - 2010/11 | Funds Re-allocated | Approved and contracted | Approved but not yet contracted | Total Commitments | Utilised – 31 March 2012 | Total Commitments at 31 March 2012 |
|---|---|-------------------------------|------------------------|---------------------------------|-----------------------|-------------------------------|---------------------------------------|----------------------|--------------------------------|---|
| | | R'000 | R'000 | R'000 | R,000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| NGO/CBO/NPLE/Co-Operatives/SMME/BEE | 4.6 | 25 611 | (11 924) | 13 687 | - | - | - | 13 687 | (1 671) | 12 016 |
| Paralegals/Family Law Learnership NQF 5 | 4.2 | 7 653 | (3 519) | 4 133 | - | - | - | 4 133 | (2 441) | 1 692 |
| Short Courses | 4.2 | 31 763 | (23 095) | 8 668 | (735) | 450 | 225 | 8 608 | (8 514) | 94 |
| Public Administration Learnership | 4.2 | 7 325 | (7 178) | 147 | 3 292 | - | - | 3 439 | (3 439) | - |
| RPL Assessment - Policing | 4.2 | 2 080 | (54) | 2 026 | - | - | - | 2 026 | (108) | 1 918 |
| RPL Private Security | 4.2 | 1 977 | (522) | 1 455 | - | 2 160 | 90 | 3 705 | (801) | 2 904 |
| SAAF Artisan RPL Programme | 4.2 | 1 394 | (120) | 1 274 | - | - | - | 1 274 | - | 1 274 |
| SAAF Aviation Protection Training | n/a | 709 | - | 709 | - | - | - | 709 | - | 709 |
| SAAF Technical Training | 4.2 | 210 | - | 210 | - | - | - | 210 | - | 210 |
| SAPS Skills Programme | 4.2 | 45 | - | 45 | - | - | - | 45 | - | 45 |
| Service Combat Support | 4.2 | 200 | - | 200 | - | - | - | 200 | - | 200 |
| SGB Facilitation | n/a | 210 | - | 210 | - | - | - | 210 | - | 210 |
| Skills Audit GSO Learners | n/a | 99 | - | 99 | - | - | - | 99 | - | 99 |
| Specialised legal writing for the NPA - Justice | 4.2 | 160 | - | 160 | - | - | - | 160 | - | 160 |
| Stop Fire Emergency Care Service | 4.2 | 299 | (200) | 100 | - | - | - | 100 | - | 100 |
| Strategic Intelligence Qualification | 4.2 | 50 | - | 50 | - | - | - | 50 | - | 50 |
| Structured Learning Programme | n/a | 48 | - | 48 | - | - | - | 48 | - | 48 |
| Title Matrix for SA Army | n/a | 600 | - | 600 | - | - | - | 600 | - | 600 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

| Commitments Approved and contracted | Nsds Objectives And Indicators | Opening balance 2010/11 | Utilised - 2010/101 | Closing Balance - 2010/11 | Funds Re-allocated | Approved and contracted | Approved but not yet contracted | Total Commitments | Utilised – 31 March 2012 | Total Commitments at 31 March 2012 |
|--|--------------------------------|-------------------------|---------------------|---------------------------|--------------------|-------------------------|---------------------------------|-------------------|--------------------------|------------------------------------|
| | | R'000 | R'000 | R'000 | R,000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Trade Test Training - SAPS | 4.2 | 2 849 | (66) | 2 783 | - | - | - | 2 783 | (78) | 2 705 |
| Training 100 Policing: HRM (NQF4) Learnership | 4.2 | 1 000 | - | 1 000 | - | - | - | 1 000 | - | 1 000 |
| Unit Standards Workshop | n/a | 60 | - | 60 | - | - | - | 60 | - | 60 |
| Defence & Security Management | n/a | 638 | (638) | - | - | - | - | - | - | - |
| Analyst Notebook - Police | 4.2 | 1 000 | (600) | 400 | - | - | - | 400 | (400) | - |
| Specialist Security Practise and National Key Point L/Ship - P. Security | 4.2 | 2 195 | (953) | 1 242 | - | - | - | 1 242 | (660) | 582 |
| National Diploma in Police | 4.2 | 480 | (312) | 168 | - | - | - | 168 | (120) | 48 |
| Grade A & B Management | n/a | 840 | - | 840 | - | - | - | 840 | - | 840 |
| Family Court | 4.2 | 200 | - | 200 | - | - | - | 200 | - | 200 |
| Company Law | 4.2 | 450 | - | 450 | - | - | - | 450 | (208) | 242 |
| Workshops | n/a | 2 052 | (991) | 1 061 | - | 3 500 | - | 4 561 | (1 810) | 2 751 |
| Labour Law | 4.2 | 440 | (47) | 393 | - | - | - | 393 | - | 393 |
| Accreditation of NPA & Learning Programme | n/a | 230 | - | 230 | - | - | - | 230 | (115) | 115 |
| New Manager Programme | 4.2 | 600 | - | 600 | - | - | - | 600 | - | 600 |
| Early Childhood Development | n/a | 100 | - | 100 | (100) | - | - | - | - | - |
| Fraud/Risk Management | 4.2 | 350 | - | 350 | - | - | - | 350 | (200) | 151 |
| Emotional Intelligence | 4.2 | 525 | - | 525 | - | - | - | 525 | (473) | 52 |
| Auctioneering, Civil & Criminal Techniques | 4.2 | 690 | - | 690 | - | - | - | 690 | (508) | 182 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

| Commitments Approved and contracted | Nsds Objectives And Indicators | Opening balance 2010/11 | Utilised - 2010/101 | Closing Balance - 2010/11 | Funds Re-allocated | Approved and contracted | Approved but not yet contracted | Total Commitments | Utilised – 31 March 2012 | Total Commitments at 31 March 2012 |
|---|---|-------------------------------|------------------------|---------------------------------|-----------------------|-------------------------------|---------------------------------------|----------------------|--------------------------------|---|
| | | R'000 | R'000 | R'000 | R,000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Corrections Science Learnership - Corrections | 4.2 | - | - | - | - | 1 500 | - | 1 500 | (922) | 578 |
| OFO Mapping - Defence | n/a | - | - | - | - | 285 | - | 285 | (285) | - |
| OQDF - Defence | n/a | - | - | - | - | 510 | - | 510 | (470) | 40 |
| SSP Review | n/a | - | - | - | 268 | - | - | 268 | (268) | - |
| TOTAL | | 233 752 | (132 385) | 101 367 | (2 713) | 31 575 | 5 602 | 135 831 | (61 637) | 76 677 |

18. LEASES

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

| | Operating Lease | Finance Lease | 2011/12 R'000 Total | 2010/11 R'000 Total |
|--|-----------------|---------------|---------------------------|---------------------------|
| Not later than one year | - | 533 | 533 | 425 |
| Later than one year and not later than five years | - | 673 | 673 | - |
| | - | 1,206 | 1,206 | 425 |

SASSETA has one operating lease and three finance leases in operation namely:

Operating Leases

- a) The first operating lease relates to Premises used for office accommodation. The lease agreement was entered into effective from 01 October 2005 and initially for a period of four years, expiring on 31 March 2009. Provision was made for an option to renew the lease for a further two periods on expiry. This lease was revised because we took up more additional space as from 01 February 2008. On 01 April 2010 more office space was acquired. The revised lease period commenced from 01 February 2008 to 31 May 2011. The contract was further renewed from 1 April 2011 to 30 November 2011 and it was renewed monthly after that. The revised annual rental is R3,199,080.71 and it escalates by 8% annually.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

19. FINANCIAL INSTRUMENTS

In the course of the SETA's operations it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of Treasury Regulations (TR) 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Interest rate risk

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

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

| Year ended 31 March 2012 | Floating rate | | Non-interest bearing | |
|---------------------------------|-----------------|-------------------------|----------------------|----------------|
| | Amount R'000 | Effective interest rate | Amount R'000 | TOTAL R'000 |
| Assets | | | | |
| Cash | 166,559 | 6% | | 166,559 |
| Trade and other receivable | | | 8,915 | 8,915 |
| Total financial asset | 166,559 | 6% | 8,915 | 175,474 |
| Liabilities | | | | |
| Trade and other payable | - | | 27,372 | 27,372 |
| Total financial liabilities | - | | 27,372 | 27,372 |
| Year ended 31 March 2012 | | | | |
| Total financial asset | 166,559 | 6% | 8,915 | 175,474 |
| Total financial liabilities | - | 11% | 27,372 | 27,372 |
| | 166,559 | | 36,287 | 202,846 |

The Seta limits its counter-party exposure by only dealing with well established financial institutions approved by National Treasury. The Seta's exposure is continuously monitored by the Accounting Authority. Credit risk in respect of South African Revenue Services (SARS) is limited as it is a government entity of sound reputation.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

Credit Risk With Respect to Levy Paying Employers

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The Seta's concentration's of credit risk is limited to the Safety and Security sector in which it operates. No events occurred in the Safety and Security industry during the financial period that may have an impact on the accounts receivable that has not been adequately provided for. The Seta is exposed to a limited concentration of credit risk, as significant amounts are owed by SARS. This concentration of risk is limited, as SARS is a government entity with a good reputation.

The ageing of other receivables from exchange transactions:

| | 2011/12 | | 2010/11 | |
|--------------|---------|------------|---------|------------|
| | Gross | Impairment | Gross | Impairment |
| 0 – 30 days | 290 | - | 624 | - |
| 31 – 90 days | 30 | - | 1,007 | - |
| 91 and above | 981 | - | - | - |

The Seta managed to limit its Treasury counter-party exposure by only dealing with well established financial institutions approved by National Treasury through the approval of our investment policy in terms of Treasury Regulations. The Seta's exposure is continuously monitored by the Finance Committee.

The Seta does not have any material exposure to any individual or counter-party. The Seta's concentration of credit risk is limited to the industry (Safety and Security and related industries) in which the Seta operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivables that has not been adequately provided for.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

Liquidity risk

The Seta manages liquidity risk through proper management of working capital and capital expenditure.

| 2011/12 | Carrying Amount R'000 | 6 months or less R'000 | 6 – 12 months R'000 | More than 2 years |
|---|----------------------------------|-----------------------------------|--------------------------------|--------------------------|
| Trade and other payable from non-exchange transactions | | | | |
| Skills development grants payable – mandatory | 17,300 | 17,300 | - | - |
| Exempt employers | 3,498 | 3,498 | - | - |
| Trade and other payable from exchange transactions | | | | |
| Discretionary grant payable | 1,357 | 1,357 | - | - |
| Sundry payables | 1,683 | 1,683 | - | - |
| Service provider fees outstanding | 2,754 | 2,754 | - | - |
| Income Received in advance | 779 | 779 | - | - |

| 2010/11 | Carrying Amount | 6 months or less | 6 – 12 months | More than 2 years |
|---|------------------------|-------------------------|----------------------|--------------------------|
| Trade and other payable from non-exchange transactions | | | | |
| Skills development grants payable – mandatory | 19,365 | 19,365 | - | - |
| Exempt Employers | 3,498 | 3,498 | - | - |
| Discretionary grant payable | 6,214 | 6,214 | - | - |
| Trade and other payable from exchange transactions | | | | |
| Sundry payables | 1,369 | 1,369 | - | - |
| Service provider fees outstanding | 2,959 | 2,959 | - | - |
| Income received in advance | 76 | 76 | - | - |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

Credit risk

Financial assets which potentially subject SASSETA to the risk of non performance by counter parties and thereby subject the SETA to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable. SASSETA manages its investment with institutions that have a grade rating and it is in line with its investment policy.

Liquidity risk

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

Market risk

The SETA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates.

Fair values

The SETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

- **Cash and cash equivalents**

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

- **Trade and other receivable**

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

- **Trade and other payable**

The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

20. IRREGULAR EXPENDITURE

| | | 2011/12 | 2010/11 |
|---|---|---------------|------------|
| | | R'000 | R'000 |
| Irregular expenditure - Current year | | 27,045 | 981 |
| | | 27,045 | 981 |
| Incident | Not Condoned by Accounting Authority (Board) | | |
| SASSETA entered into joint venture agreements with employers and training providers where employers were paid R12 149 056 in excess of the amounts paid to training providers for training purpose | Not yet condoned | 12,149 | - |
| Irregular expenditure incurred was as a result of the contravention of SCM legislation. | Not yet condoned | 14,896 | - |
| Included in the Project Expenses are payments relating to a service provider that was improperly accredited. This accreditation was subsequently revoked by the Board. Board is intending to pursue the recovery of the paid amounts. The matter is under appeal. | Not yet condoned | - | 981 |

21. WORLD CUP EXPENDITURE

| | | 2011/12 | 2010/11 |
|--|-----|----------|-----------|
| | | Quantity | R'000 |
| | | R'000 | R'000 |
| Purchase of other world cup apparel – T-shirts | 128 | - | 80 |
| | | - | 80 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

22. Comparison of Budget and Actual Amounts For SASSETA for the Year ended 31 March 2012 Budget on Cash Basis

Note: The Budget and the accounting basis are different. This Statement of Comparison of Budget and Actual Amounts are prepared on the budget basis.

| | Approved | Final | Actual Amounts on Comparable Basis | Difference: Final Budget and Actual |
|---|------------------|------------------|---------------------------------------|--|
| REVENUE | | | | |
| Non-exchange Revenue | | | | |
| Skills Development Levy: Income | 204,287 | 204,287 | 249,135 | (44,848) |
| Skills Development Levy: Penalties and Interest | - | - | 3,462 | (3,462) |
| Exchange Revenue | | | | |
| Investment Income | 8,000 | 8,000 | 6,887 | 1,113 |
| Other Income | 4,180 | 4,180 | - | 4,180 |
| Total Revenue | 216,467 | 216,467 | 259,484 | (43,017) |
| EXPENSES | | | | |
| Employer Grants and Project Expenses | (143,339) | (143,339) | (150,337) | 6,998 |
| Administration Expenses | (73,128) | (73,128) | (64,719) | (8,409) |
| Total expenses | (216,467) | (216,467) | (215,056) | (1,411) |
| Net Surplus/ (deficit) | - | - | 44,428 | (44,428) |

(SASSETA presents its approved budget on a cash basis and the financial statements on the accrual basis)

- The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 April 2011 to 31 March 2012.
- The over-recovery of actual income from Skills Development Levy over the final budget of 23.6% was due to salaries from both government and private companies being better than expected. As well the SETA landscape resulted in some companies moving over to SASSETA.
- The under-recovery of actual Investment Income over the final budget of 13.9% was due to a higher payout rate of suppliers resulting in lower cash reserves in the bank.
- The under-recovery of actual Other Income over the final budget of 100% was due to change in the recognition of fire-arm income.
- There was an over-recovery of actual Employer Grants and Project Expenditure over the final budget of 4.9%. This is due to better than expected collection on Mandatory Grants based on higher submission of WSP's.
- There was an under-spending on Administrative Expenses of 11.5%. This was mainly due to a reduction of Board members from 28 to 15 members, as well the current Board membership consist of people that are around Gauteng and surrounding areas thus saving on flights and accommodation. There was as well some vacancies that were filled late in the year.

There were no other material differences between the final budget and the actual amounts.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

- The budget and the accounting bases differ. The financial statements for SASSETA are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis.
- The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements for timing differences associated with continuing appropriation and differences in SASSETA were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified below.
- A reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the Year ended 31 March 2012 is presented below. The financial statements and budget documents are prepared for the same period. There is a bases difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

| | Operating R'000 | Financing R'000 | Investing R'000 | Total R'000 |
|---|--------------------|--------------------|--------------------|----------------|
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | - | - | - | - |
| Basis Differences | 37,293 | 561 | (2,544) | 35,310 |
| Timing Differences | - | - | - | - |
| | 37,293 | 561 | (2,544) | 35,310 |

23. RELATED PARTY TRANSACTIONS

The executive authority of SASSETA is the Department of Higher Education and Training (DHET). There were no transactions with the DHET.

Key Management:

During the financial year (2011/12), the Seta Executive Management comprised of the Chief Executive Officer (Mr Z. Baloyi), Senior Manager: Skills Implementation and Monitoring (Mr Solly Ngoasheng), Senior Manager Corporate Services (Mrs. N. Qamata) and Chief Financial Officer (Mr L. Mboniswa). Executive Management team is compensated as follows:

2011/12

| Name | SALARY R'000 | MEDICAL R'000 | CAR ALLOWANCE R'000 | ENTERTAINMENT R'000 | SALARY PACKAGE R'000 |
|-----------------|-----------------|------------------|------------------------|------------------------|-------------------------|
| Z. Baloyi (CEO) | 862 | - | 96 | - | 958 |
| S. Ngoasheng | 794 | - | 60 | 2 | 856 |
| L. Mboniswa | 736 | 38 | 48 | - | 822 |
| N. Qamata | 771 | 38 | - | - | 809 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

2010/11

| Name | SALARY | PROVISION FOR PERFORMANCE BONUS | MEDICAL | CAR ALLOWANCE | ENTERTAINMENT | SALARY PACKAGE |
|-----------------|--------|---------------------------------|---------|---------------|---------------|----------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Z. Baloyi (CEO) | 795 | 106 | - | 96 | - | 997 |
| S. Ngoasheng | 709 | 98 | - | 60 | 2 | 870 |
| L. Mboniswa | 669 | 89 | 36 | 48 | - | 842 |
| T. Mabuza* | 530 | - | 18 | 80 | - | 627 |
| N. Qamata** | 536 | 67 | 29 | - | - | 632 |

* Resigned 31 January 2011

** Started on 1 July 2010.

Transactions with other SETAs:

Interseta transactions arise due to the movement of employers from one SETA to another. No other transaction occurred during the year with other SETAs. There were no interseta balances at year-end.

Movements during the year included in levy income:

| | 2011/12 R'000 | 2010/11 R'000 |
|---------------|---|---|
| | Transfers in/(out) during the year | Transfers in/(out) during the year |
| ISETT | - | 2 |
| W&R Seta | 123 | 26 |
| Services Seta | - | 854 |
| H&W Seta | - | - |
| FASSET | - | 76 |
| BANKSETA | 16 | - |
| Total | 139 | 958 |

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

24. NEW ACCOUNTING PRONOUNCEMENTS

Various revisions have been made to the statements of GAAP which become effective in future years. None of these revisions will have an impact on the financial statements of the SETA.

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

| | | Effective date, commencing on or after |
|----------|---|--|
| GRAP 20 | Related Party Disclosures | Not yet effective |
| GRAP 21 | Impairment of Non-cash-generating Assets | 1-Apr-12 |
| GRAP 23 | Revenue From Non-exchange Transactions | 1-Apr-12 |
| GRAP 24 | Presentation of Budget Information in the Financial Statements | 1-Apr-12 |
| GRAP 25 | Employee Benefits | Not yet effective |
| GRAP 26 | Impairment of Cash-generating Assets | 1-Apr-12 |
| GRAP 103 | Heritage Assets | 1-Apr-12 |
| GRAP 104 | Financial Instruments | Not yet effective |
| GRAP 105 | Transfer of Functions Between Entities Under Common Control | Not yet effective |
| GRAP 106 | Transfer of Functions Between Entities Not Under Common Control (Not Yet Effective) | Not yet effective |

An entity shall apply Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

GRAP 20

GRAP 20 – The standard prescribes the accounting and disclosure of related party transactions.

The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

GRAP 21

GRAP 21 - Standard prescribes the accounting and disclosure for impairment of non-cash-generating assets.

Entities are required to annually assess, by considering internal and external factors, whether there is an indication that a non-cash-generating asset may be impaired. If any such indications are triggered, the entity is required to estimate the recoverable service amount of that asset.

GRAP 23

GRAP 23 - Standard prescribes the accounting and disclosure of revenue from non-exchange transactions

- An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow.
- As an 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 will reduce the carrying amount of the liability recognised and recognise an amount equal to that reduction.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

GRAP 24

GRAP 24 - Standard prescribes the presentation of budget information in the financial statements

Entities are appropriated resources through the annual budget process. These resources are granted to entities by Parliament, the legislatures or municipal councils so that entities can execute their mandate. Budgets effectively provide entities with the authority to incur expenditure in order to fulfil the various programmes operated by government. It is often necessary to revise the original budgets during the year for a number of reasons. Entities themselves are also allowed to make certain amendments within the budgetary limits set by Parliament, the various legislatures or municipal councils.

GRAP 25

GRAP 25 - Standard prescribes the accounting and disclosure for employee benefits. The standard requires the entity to recognize:

a liability when an employee has provided services in exchange for employee benefits to be paid in future; and
an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP 26

GRAP 26 - Standard prescribes the accounting and disclosure of impairment of cash-generating assets.

Impairment is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss through depreciation or amortisation. These losses may arise from physical damage or from internal or external factors such as not regularly performing maintenance or a decline in the asset's market value.

Entities are required to annually assess whether there is an indication that a cash-generating asset may be impaired. If any such indications exist, the entity must estimate the recoverable amount of the relevant asset. Entities must, however, annually compare the carrying amounts of intangible assets with indefinite useful lives or intangible assets not yet available for use with their recoverable amounts.

This impairment test may be performed at any time during the reporting period, but the entity must then perform this test at the same time every year.

GRAP 103

GRAP 103 - Standard prescribes the accounting treatment for heritage assets and related disclosure requirements.

An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in the recognition, measurement and disclosure of all assets that meet the definition of a heritage asset, except heritage assets classified as held for sale.

GRAP 104

GRAP 104 - Standard establishes principles for recognising, measuring, presenting and disclosing financial instruments.

GRAP 105

GRAP 105 - Standard establishes accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

Transfers of individual or groups of assets and/or liabilities are excluded from the scope of this Standard as these arrangements result in the acquisition or transfer of an asset or a group of assets and/or the assumption or transfer of a liability or a group of liabilities by an entity rather than the transfer of functions. For example, when a national roads agency takes control of a provincial road from various provincial departments from time to time, it is a transfer of individual assets.

Safety and Security Sector Education and Training Authority

Notes to the Annual Financial Statements For The Year Ended 31 March 2012 (continued)

GRAP 106

GRAP 106 – The standard prescribes the accounting and disclosure of transfer of functions between entities not under common control.

The standard establishes accounting principles for the transferor in a transfer between entities not under common control. The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

25. GOING CONCERN

Significant reliance was placed on voluntarily contributed government levies which in the absence thereof, will compromise normal day to day running expense and would exceed the legal limit. The government departments have however committed themselves to contribute in the future via service level agreement with SASSETA.

26. SUBSEQUENT EVENTS

- The contract of the Chief Executive Officer came to an end on the 31 March 2012 and this vacancy has been advertised. Ms. Ntombekhaya Qamata has been appointed Acting Chief Executive officer until the post is filled.
- There was an allegation of fraud that was reported through our hotline after the financial year-end. The Accounting Authority has initiated steps to deal with the matter.

Glossary Of Terms And Abbreviations

| | |
|------------|---|
| ABET | Adult basic Education & Training |
| AFS | Annual Financial Statements |
| AGSA | Auditor General of South Africa |
| ASGISA | Accelerated Shared Growth Initiative for South Africa |
| BANK SETA | Bank Sector Education and Training Authority |
| CETA | Construction Education and Training Authority |
| CRM | Customer Relationship Management |
| DCS | Department of Correctional Services |
| DHET | Department of Higher Education and Training |
| DoL | Department of Labour |
| ESSA | Employment Services South Africa |
| ETQA | Education & Training Quality Assurance |
| FASSET | Financial and Accounting Services |
| FOODBEV | Food and Beverages Education and Training Authority |
| GAAP | Generally Accepted Accounting Practices |
| GRAP | Generally Recognised Accounting Practices |
| GSO | General Security Officer |
| H&W | Health and Welfare Education and Training Authority |
| HSRC | Human Science Research Council |
| IMC | Integrated Marketing Communications |
| ISETT SETA | Information Systems, Electronics and Telecommunication Technologies |
| ISOE | Institute of Sectoral or Occupational Excellence |
| JIPSA | Joint Implementation Plan for Skills Acquisition |
| NPA | National Prosecution Authority |
| NQF | National Qualifications Framework |
| NSDS | National Skills Development Strategy |
| NSF | National Skills Fund |
| W&R SETA | Wholesale and Retail Sector Education & Training Authority |
| UIF | Unemployment Insurance Fund |
| SSP | Sector Skills Plan |
| SETA | Sector Education & Training Authority |
| SERVICES | Services Sector Education & Training Authority |
| SDLA | Skills Development Levies Act, 1999 (Act No. 9 of 1999) |
| SDA | Skills Development Act, 1998, (Act No. 7 of 1998) |
| SASSETA | Safety and Security Sector Education & Training Authority |
| SARS | South African Revenue Services |
| SAQA | South African Qualifications Authority |
| SAPS | South African Police Service |
| SABC | South African Broadcasting Corporation |
| PSIRA | Private Security Industry Regulatory Authority |
| PFMA | Public Finance Management Act, 1999 (Act No. 1 of 1999) |

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ISBN 978-0-621-37812-2

RP: 84/2009