

ANNUAL INTEGRATED REPORT 2016/2017

*Changing
Lives*

Make the future count



GENERAL INFORMATION

Registered name

Finance and Accounting Services Sector Education and Training Authority (Fasset)

Registration number

01/Fasset/1/04/11

Registered office address

Building 3, Ground Floor
299 Pendoring Road
Blackheath
2118

Postal address

PO Box 6801
Cresta
2118

Contact telephone number

Switchboard: 011 476 8570
Call Centre: 086 101 0001
Fasset Tip-off Hotline: 080 020 5054

Email address

fassetcallcentre@fasset.org.za

Website address

www.fasset.org.za

External auditor's information

Auditor-General of South Africa
300 Middel Street
New Muckleneuk
Pretoria

Banker's information

- First National Bank
4 First Place, 3rd Floor, Bankcity, Johannesburg
PO Box 1153, Johannesburg, 2000
Tel: 011 352 5601
- Corporation for Public Deposits
PO Box 427
Pretoria
0001
Tel: 012 313 4137

Company Secretary

Gugu Moetanalo
gugu.moetanalo@fasset.org.za

Publisher

Fasset, Chief Executive Officer
PO Box 6801
Cresta
2118

RP

RP158/2017

ISBN

978-0-621-45512-0

Editing and Distribution

Marketing and Communications Department

Stakeholder feedback on this report

fassetcallcentre@fasset.org.za



fasset.org



[financial-and-accounting-services-seta-fasset](https://www.linkedin.com/company/financial-and-accounting-services-seta-fasset)



[fasset_sa](https://twitter.com/fasset_sa)



[fasset_sa](https://www.instagram.com/fasset_sa)



**Dr Bonginkosi
'Blade' Nzimande**
*Minister of Higher
Education and Training*



Mr Shahied Daniels
Acting Chairman



Ms Lesego Lebuso
*Acting Chief Executive
Officer*

LETTER TO THE MINISTER

The 2017 Annual Integrated Report for the Finance and Accounting Services Sector Education and Training Authority (Fasset) is presented to provide an account of Fasset's financial and non-financial performance for the year under review. This includes detail on the manner in which we created value for stakeholders and contributed to the facilitation of skills development across the Post-school Education and Training (PSET) pipeline. We achieved this by continuing to partner with our stakeholders and various delivery partners to change the personal and professional lives of hundreds of South Africans.

Combined assurance was provided by the Auditor-General of South Africa (AGSA) who audited the annual financial statements and performance information, as well as Internal Audit and management, taking into account critical risk areas.

The Fasset Board endorses this Annual Integrated Report and remains committed to building a strong legacy in skills development with the objective of facilitating the attainment of world-class finance and accounting skills for the Fasset sector and the broader economy.

A handwritten signature in black ink, appearing to read 'Shahied'.

Shahied Daniels
Acting Chairman

A handwritten signature in black ink, appearing to read 'Lesego'.

Lesego Lebuso
Acting Chief Executive Officer

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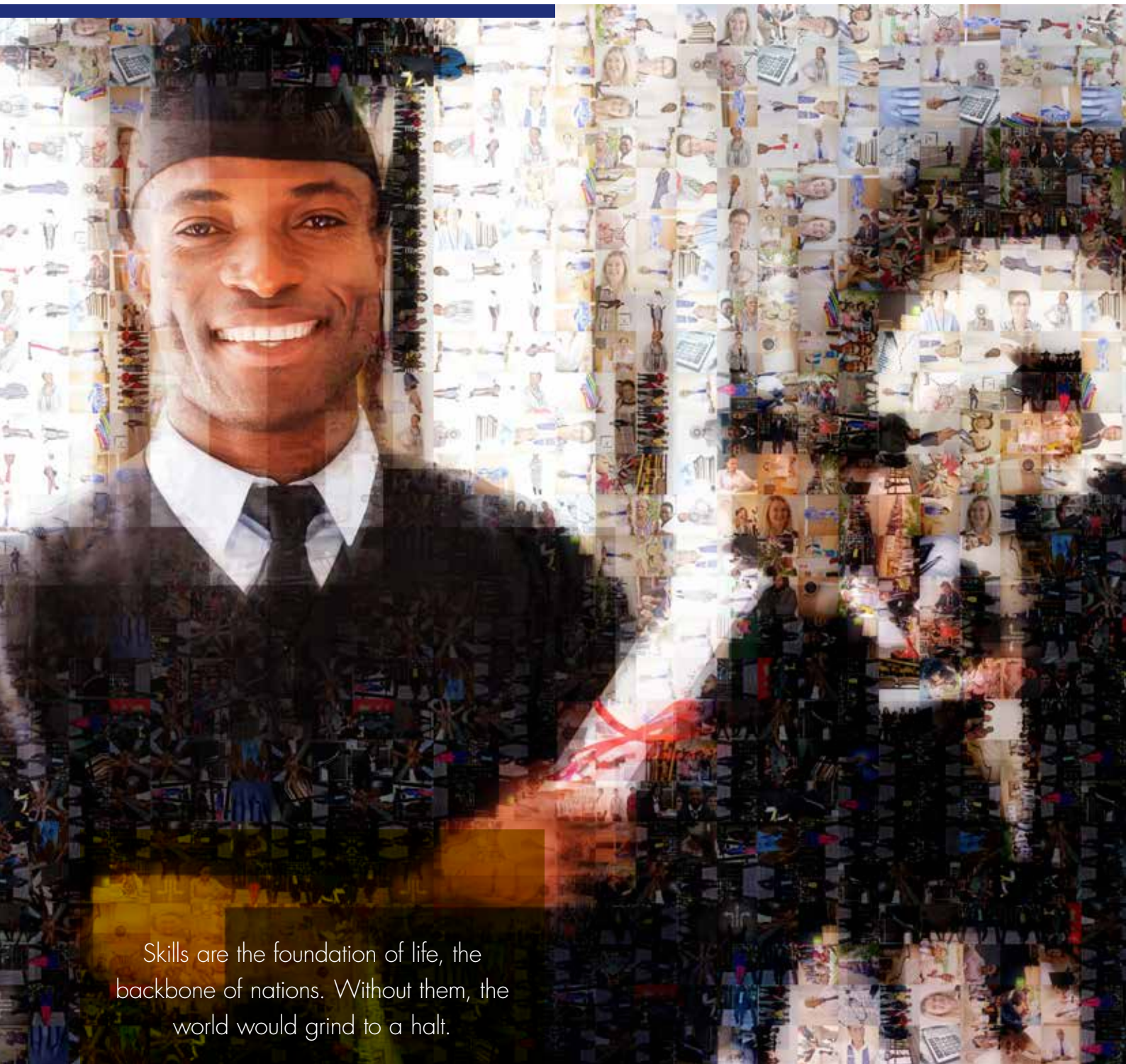
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Skills are the foundation of life, the backbone of nations. Without them, the world would grind to a halt.

For 17 years, Fasset has been an integral part of the skills revolution initiated to put South Africa on the global competitiveness map.

A INTRODUCTORY REPORT


ABOUT THIS REPORT

This Annual Integrated Report provides an account to the Minister of Higher Education and Training, Dr Blade Nzimande, in his capacity as the Executive Authority of the Seta. It covers the period 1 April 2016 to 31 March 2017 and sets out how Fasset has delivered on its skills development mandate. The purpose for which Fasset was established is to provide an institutional framework to devise and implement national, sectoral and workplace strategies that are aligned with the objectives of national economic and social development priorities.

As a custodian of public funds and a responsible corporate citizen, we also account to our various stakeholders – the employers who contribute levies to increase investment in skills development; delivery partners such as Professional Bodies, Higher Education and Training institutions and other training providers; the employed and unemployed people who are recipients of Fasset-funded programmes, as well as other interested and affected stakeholders, including our staff, without whom we would not have the social licence to operate.

Under the theme of ‘changing lives’, the 2016/2017 Annual Integrated Report reflects on the progress we made in implementing our organisational strategy #LastingLegacy, how we dealt with governance matters, our approach to managing enterprise-wide risks, our engagements with stakeholders and how we ultimately delivered on skills development programmes for the benefit of the Fasset sector and the broader economy.

In this period we have adopted the National Treasury Annual Report Guideline for Public Entities for the first time to align to the prescribed standard in the public sector. We have, however, continued to be guided by the International Integrated Reporting Committee (IIRC) Framework and the Global Reporting Initiative (GRI) principles of transparency, inclusiveness, auditability, completeness, relevance, sustainability, context, accuracy, neutrality, comparability, clarity and timeliness to ensure best practice reporting on environment, social and governance (ESG) matters. Only matters deemed to be material to us and of material impact to our stakeholders have been included in this report.

The annual financial statements were prepared in accordance with the standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board (ASB) and in accordance with the Skills Development Act and the Skills Development Levy Act (Act No 9 of 1999), as amended (SDLA). The annual financial statements are available on our website www.fasset.org.za 

The IIRC Framework’s capitals model has been adopted as a guideline to report on the value created for stakeholders, namely financial capital, human capital, social and relationship capital, intellectual capital (manufactured and natural capital are not included as these are not applicable to our environment). The capitals model has enabled us to identify the resources and relationships required to deliver on our mandate.

Table 1: Fasset’s capitals model

Capitals	What they mean for the Seta	Report section
Financial	The funding received from 1% Skills development levy (SDL) collected from employers in the Fasset sector in order to fund skills development interventions	Refer to website for the full annual financial statements
Human	The value we have added to beneficiaries of Fasset-funded programmes to facilitate their entry into the sector, enhance employability prospects for the unemployed as well as continuous professional development opportunities for employees in the sector Enhancing our employment proposition for our staff in creating an enabling environment that maximises individuals’ potential to deliver their best in achieving organisational performance and their professional well-being	Page 58 of this report
Social and relationships	The delivery partners that we collaborate with such as employers in the sector, suppliers, professional bodies and other stakeholder groups	Annexure B on page 78
Intellectual	The innovative skills development interventions that address the needs of the sector	Page 30-41 of this report

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY


FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

It has been prepared in accordance with the guidelines on the annual report issued by National Treasury (NT).

The Annual Financial Statements have been prepared in accordance with GRAP applicable to the public entity. Refer to the Fasset website for the full set of annual financial statements. 

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made on this information.

The Accounting Authority is furthermore responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance on the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

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

In our opinion, the Annual Integrated Report fairly reflects the operations, performance information, human resources information and the financial affairs of the entity for the financial year ended 31 March 2017.



Shahied Daniels
Acting Chairman



Lesego Lebuso
Acting Chief Executive Officer

ABOUT FASSET

Who we are

Fasset is a schedule 3a public entity reporting to the Minister of Higher Education and Training (MHET) as the Executive Authority of the Seta. We are accountable to Parliament and are also under the oversight of NT in terms of performance management and financial administration. We engage with a broad range of stakeholders to fulfil our mandate, which requires us to uphold principles of good governance to make a meaningful contribution in skills development for the benefit of the Fasset sector and the country. We are currently licensed for the period 1 April 2016 to 31 March 2018, with a further extension granted to 31 March 2020.

Our mandate

The Skills Development Act (SDA), Act No 97 of 1998, as amended, and Skills Development Levies Act (SDLA) provide the institutional framework for the Seta. It serves as our mandate to develop and implement national, sectoral and workplace strategies in order to develop and improve the skills of the national workforce, resulting in improvements in employability and productivity, while contributing to the competitiveness of the country.

Since Fasset started operations in 2000, there has been a significant shift in its mandate. The initial focus was specifically on training for employees in the workplace and has broadened to now include unemployed youth, learners at Technical and Vocational Education and Training (TVET) colleges, rural development projects and the placement of unemployed graduates into employment.

Vision, mission and shared values

Vision

'To facilitate the achievement of world-class finance and accounting services skills.'

Mission

'Increase the flow of new finance and accounting services entrants to employment; develop and grow skills required in the sector and facilitate the transformation of the finance and accounting services sector.'

Shared Values

Our shared values articulate what we stand for, what we value as an organisation and inform how we interact with our stakeholders.

Values

What our values mean to us

Professionalism and accountability

We are a high performance, professional team; we strive for excellence through hard work and by taking responsibility and being accountable within an accepted and agreed code of conduct.

Ethics

We work with integrity and honesty and respect internal and external stakeholders at all times.

Making a difference

We make a difference to the lives of all our stakeholders by identifying their needs and exceeding expectations.

Valuing people

We strive to create a motivating and supportive culture by understanding, respecting, developing and valuing each other.

Innovation

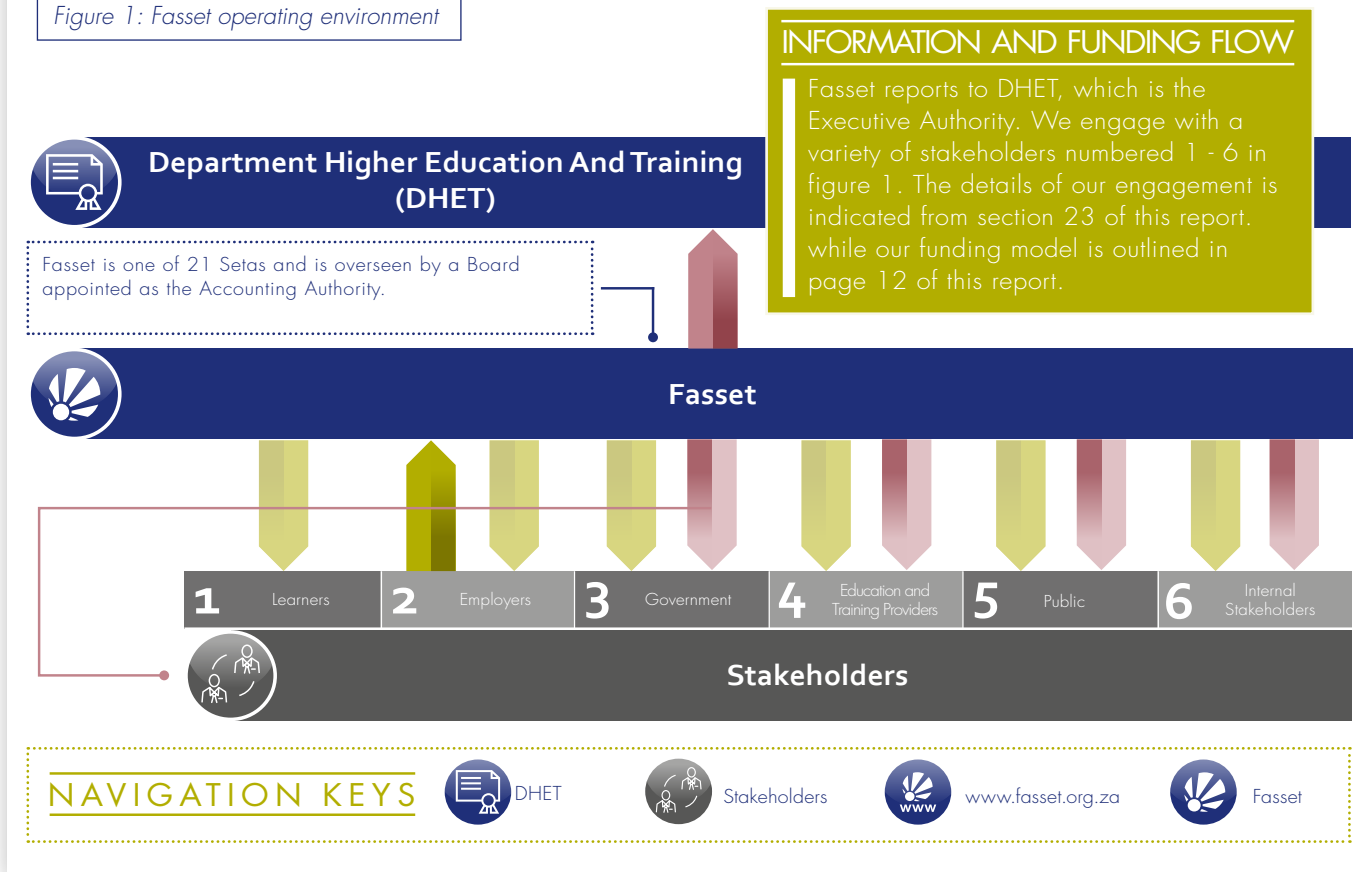
We continuously innovate and improve to add value to all our stakeholders.

Operating context

In responding to these imperatives, we have aligned our strategies and skills development initiatives to national imperatives. These include the Human Resources Development Strategy for South Africa (HRDS-SA), the Medium Term Strategic Framework (MTSF), National Skills Development Strategy (NSDS III), the National Development Plan (NDP) and the White Paper for Post-School Education and Training (White Paper).

Furthermore, we have taken into account the profile of the finance and accounting sector, which is not reflective of the demographics of the country. We have, therefore, aligned our strategy and skills development priorities to transformation charters such as the Financial Sector Charter and the Chartered Accountancy Charter, which seek to increase the participation of Black people and people with disabilities in our sector.

Figure 1: Fasset operating environment




Our sector profile

During the period under review, 7 171 organisations paid skills development levies to Fasset, compared to 4 006 in 2015/2016. A further 171 levy-exempt organisations registered with us as employers in the sector. In addition, there are a number of proprietorships or professionals with very small (often one-person) practices that are not registered with us as non-levy payers (NLPs).

Our sector consists of the following sub-sectors:



The services rendered by organisations in the sector are mainly specialised and professional; consequently, the sector tends to employ large numbers of professionals. A special feature of the sector is the presence and influence of a number of professional associations whose roles have become ingrained in the sector's qualification structure, in the organisation of education and training, and in the professional designations used in the sector. The professional bodies play a very important role in skills development in the sector and are closely involved in our initiatives and activities.

Full details on the profile of our sector in terms of race, gender, age, occupation levels and provincial representation are available on the Fasset website. 

Our strategy – #LastingLegacy

To deliver on our mandate, while remaining effective and relevant, we went back to the drawing board to develop a strategic plan that would ensure positive results. This was done in consideration



of stakeholders' needs, and in response to the changing Seta landscape proposed by the MHET, Dr Blade Nzimande. Fasset introduced its new strategy – #LastingLegacy, to the sector for implementation with effect from 1 April 2016.

This new strategy represents a more focused approach, rather than a change in direction. It hinges on two pillars aimed at achieving high success rates for programmes funded:

- Facilitating placements and enhancing employability prospects for sustained employment; and
- Supporting academic achievement through Professional, Vocational, Technical and Academic Learning (PIVOTAL) programmes.

In preparation for this implementation, we engaged with stakeholders and took into account their feedback. As we monitored the execution of this strategy, we have sharpened the Seta's focus to ensure impactful delivery. This was done to ensure

that public funds are best served when directed towards the gaps and niche areas that are currently not being adequately addressed by the various stakeholders in the PSET system. In light of this, further enhancements were made to the #LastingLegacy strategy in July 2016, whilst retaining the primary objectives of focusing on placement and academic programmes. This has necessitated a revision to some of the Seta's discretionary-funded programmes.

Fasset operations

We operate from our head office in Johannesburg, Gauteng; and our satellite office at the Waterberg TVET College in Limpopo where Fasset is the lead Seta. Our skills development interventions have a national footprint, and we work in partnership with other Setas and the Provincial Premier's Office to provide a regional presence in all provinces of South Africa.

In line with integrated thinking, the Board and management team carefully consider the relationships among various departments, the capitals deployed and the impact that decisions have on mandate delivery. It is recognised that each capital offers benefits and risks and that there is always a trade-off in capital deployment.

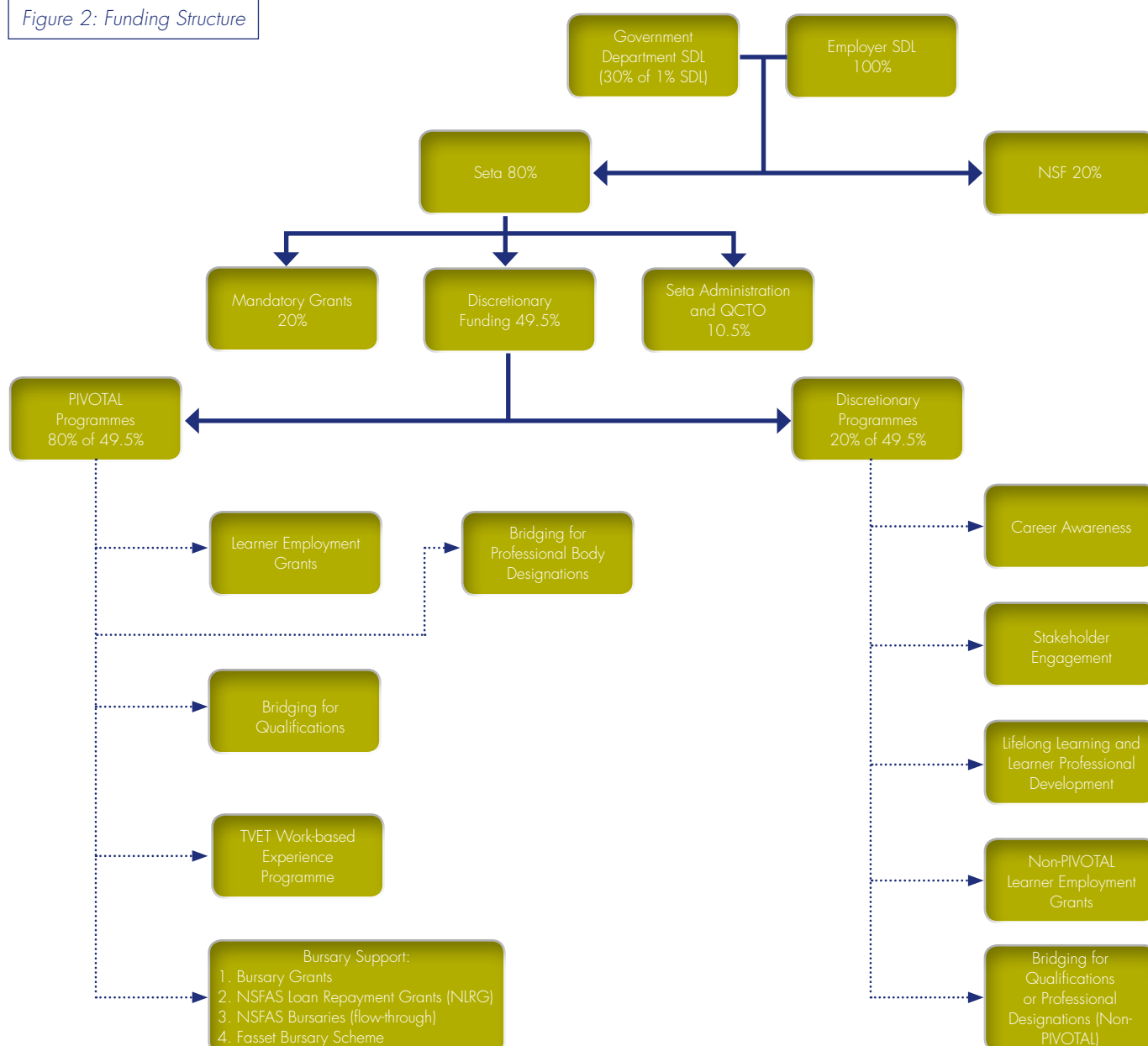
The drivers of value in the Seta are performance areas that benefit employers or learners and include mandatory grants, discretionary

grants, bridging programmes and lifelong learning interventions. Our business enablers include our people, intellectual capital, systems and processes, information technology (IT), supply chain management (SCM) and partnerships with a range of stakeholders.

Our funding model

We receive a monthly SDL from employers who pay SDL based on 1% of their payroll for that month. The levy contribution is dependent on the number of employees employed by SDL contributors. We are allocated 80% of the levies of employers registered with us (in line with the Standard Industrial Classification (SIC) codes that have been demarcated to us) and the balance (20%) is allocated to the National Skills Fund (NSF). Government departments may contribute 30% of 1% of their payroll as additional income to us in line with a directive from the Department of Public Service and Administration (DPSA) that SDL may be contributed by government departments to their line Seta. In terms of the Seta grants regulations, Setas retain 10.5% of the levy for administration, with an additional 0.5% set aside for transfer to Quality Council for Trades and Occupations (QCTO). Any savings or surplus administrative money is transferred to the discretionary fund to be used for strategic projects such as bridging programmes and the Lifelong Learning project.

Figure 2: Funding Structure



Our strategic-oriented outcomes

Our strategic outcome-oriented goals were set taking into account the needs of the sector outlined in the Fasset Sector Skills Plan (SSP), as well as the objectives set by NSDS III, the MTSF, HRDS-SA, NDP, Industrial Policy Action Plan (IPAP), National Growth Plan (NGP) and National Skills Accord (NSA).

- Goal 1** Establish a credible institutional mechanism for skills planning
- Goal 2** Support skills development initiatives to produce middle-level skills, transform the sector and enable employability in the broader economy

- Goal 3** Support skills development initiatives to produce high-level skills, transform the sector and enable employability in the broader economy
- Goal 4** Engage with TVET colleges
- Goal 5** Encourage better use of workplace-based skills development
- Goal 6** Encourage and support co-operatives, small enterprises, worker-initiated non-governmental organisation (NGOs), NLP firms and community training initiatives
- Goal 7** Increase public sector capacity for improved service delivery and support the building of a developmental state
- Goal 8** Build career and vocational guidance

Our material issues

Material issues, the associated risk and potential impact, and how the risks of these material issues are being managed, are outlined in the Table 2 below. We have identified seven material issues informed by our strategic goals and skills development priorities. An explanation has been provided on how these material issues are addressed.

Table 2: Fasset's material issues

Material issues	Risk and potential impact	Managing the risk	Section and page reference
Compliance with general regulatory and Seta-specific legislative frameworks to ensure good governance	Failure to comply with regulatory and Seta-specific legislative framework could result in the loss of our operating licence, legal breach or failure to meet objectives	We ensure compliance and good governance through relevant legislative frameworks	Legislative and other mandates on page 14
Delivering on Seta mandate	Failure to deliver on our Seta mandate could result in shortages of finance and accounting services skills in the Fasset sector and the economy as a whole	We sign an annual service level agreement with DHET, which commits us to deliver against NSDS III goals and objectives	Performance overview page 42
Driving transformation in the Fasset sector	The sector does not transform and does not meet the country's demographic profile	Historically, we used discretionary funding to support African Black learners only to drive the transformation agenda. Our funding policies have been reviewed to now include Coloured learners in the Western Cape and Northern Cape on our discretionary-funded programmes	Table 9b on page 39
Ability to attract and retain appropriate skills (human capital and intellectual capital)	Fasset does not have the requisite skills, knowledge, competence, experience or intellectual capital to deliver on its mandate	We rely on our employees' knowledge and skills to fulfil our mandate. The Education and Training Policy ensures that staff are upskilled and capacitated to deliver against our strategic objectives	Human resources management on page 58
Producing high-quality skills research that is relevant and enables effective strategic planning and execution of the skills development mandate	A credible institutional mechanism for skills planning is not in place, the impact of which would be misallocation of financial resources	Our dedicated Research Department conducts research in pertinent areas, based on the Board-approved annual research agenda	Performance overview page 29
Tracking the impact of skills development interventions in the sector	A credible institutional mechanism for skills planning is not in place, thus impacting on ability to deliver on mandate	The Research Department was tasked with completing a monitoring and evaluation report on the impact of our projects	Performance overview page 29
Effective stakeholder engagement	Stakeholders are not engaged and the Seta is not informed of stakeholder needs, concerns and expectations. This could negatively impact our social licence to operate and result in misallocation of resources	A Stakeholder Engagement Plan is in place and being implemented	Annexure B on page 78

LEGISLATIVE AND OTHER MANDATES

We remain focused on delivering on our mandate as a Seta, which is to facilitate skills development in the Fasset sector and the broader economy. Full details of how this has been addressed in terms of our strategy, and the programmes supported are available on our website. 

Legislatively, we are governed by the Skills Development Act, (SDA), Act No 97 of 1998, as amended, the Public Finance Management Act (PFMA), the Skills Development Levy Act (SDLA) of 1999 (as amended) and the Fasset Seta Standard Constitution.

The SDA and SDLA provide an institutional framework for us to develop and implement national, sectoral and workplace strategies to develop and improve the skills of the national workforce, resulting in improvements in employability and productivity, whilst contributing to the competitiveness of the country.

The PFMA promotes good financial management to maximise delivery through the efficient and effective use of financial resources.

The National Qualifications Framework (NQF), Act 67 of 2008, provides for the regulation of qualifications and professional

bodies, and establishes the quality councils with which we interact. Our strategic planning process has taken cognisance of a number of government policy frameworks and sector-specific charters such as the Financial Sector Charter and the Chartered Accountancy Charter that have a direct bearing on our skills development mandate.

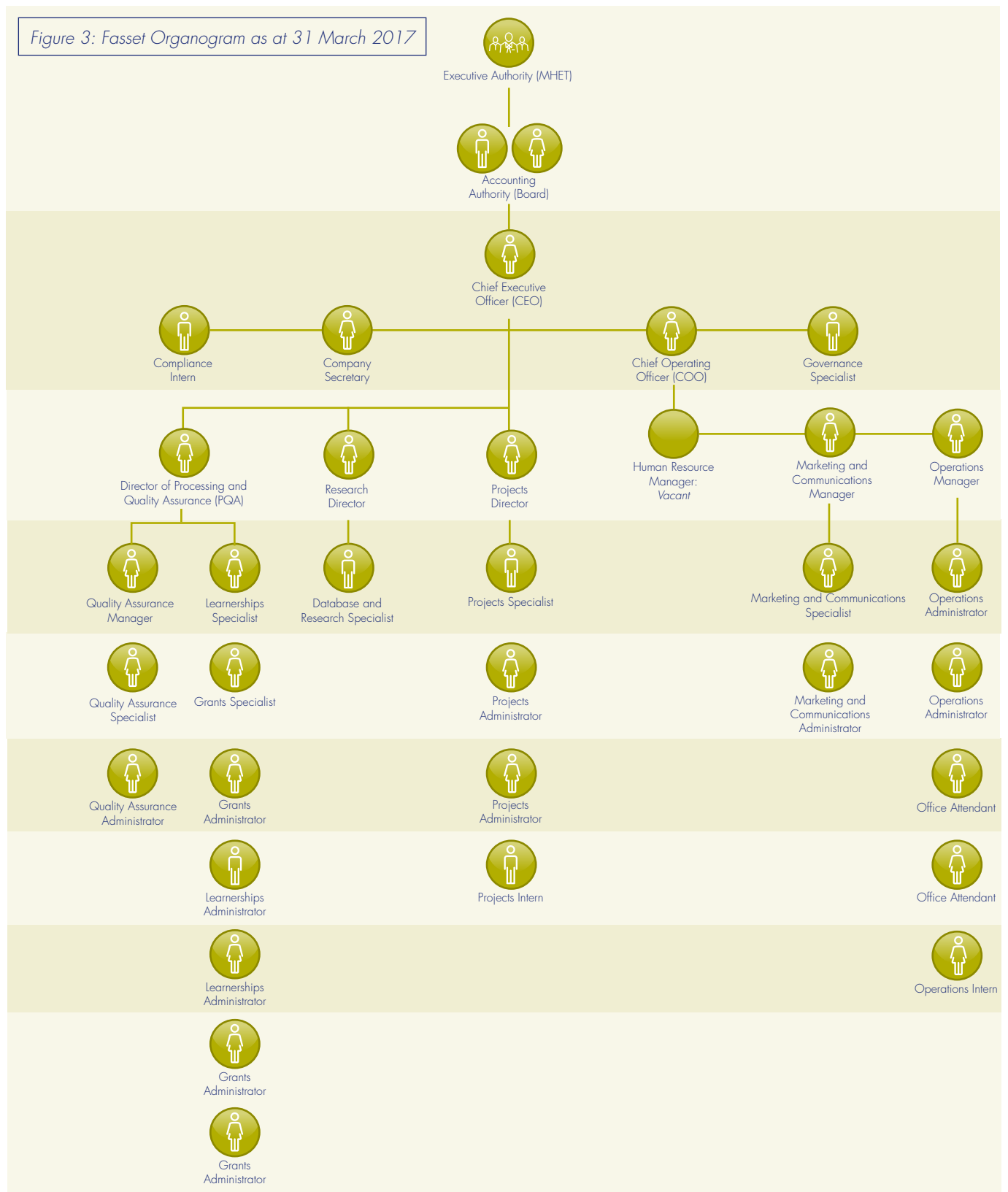
We support the aims and objectives of the HRDS-SA, which outlines the human resources development strategy for the country; the MTSE, which is a broad government framework that indicates economic growth drivers; as well as NSDS III, which outlines the five-year NSDS and serves as our roadmap.

In addition to legislative and policy mandates, we are focused on addressing imperatives identified by the MHET and the Portfolio Committee on Higher Education and Training (PCHET). These imperatives have been incorporated into the programmes and interventions that we will implement in the realisation of the NSDS III goals and outcomes.

Our scope of coverage is the finance and accounting services sector determined by the MHET in terms of Section 9(2) of the SDA read in conjunction with Government Gazette No 33756, RG 9417, No R1055 of 11 November 2010. As a public entity listed in Part A of Schedule 3 of the PFMA, Fasset is established in accordance with Section 9 of the SDA and has all the powers granted to it in terms of the Act.

ORGANISATIONAL STRUCTURE

Figure 3: Fasset Organogram as at 31 March 2017



Female



Male



CHAIRMAN'S FOREWORD

I am privileged to present this foreword for an organisation that has engendered so much loyalty and goodwill in the finance and accounting services sector over its 17 years. It started out changing lives in 2000 and it is still doing so today.

From day one of its establishment, Fasset has made a difference to people and their life paths – individuals whose names may now be consigned to the archives, but whose dreams still live large because of the opportunities afforded to them by Fasset.

It is our impact on the lives of learners that is at the heart of everything we do. Over the years, 137 998 individuals have encountered Fasset at different stages of their career journey and have been left stronger and better prepared for sustained success through the experience. Among these are 134 338 learners who have successfully completed learnerships, 15 331 who have completed internships and work-experience programmes and 1 953 graduates who have been placed with employers for workplace experience.

Employers, too, have felt the benefit of aligning with Fasset – in the skills development of their people and in their motivation, which enables them to make a lasting contribution to organisational growth, productivity and prosperity.

The figures also speak of our contribution to the three pillars that underlie all our activities: transformation, work-readiness and learner support.

In Fasset's second year of operation (2001/2002), 29% of learners in the finance and accounting services sector were African Blacks. In 2016, 39% of the 145 000-strong workforce were African Blacks, 12% were Coloured and 9% Indian. By the end of the 2014/2015 year, the number of African Black learners on learnerships stood at 72%. The most up-to-date figures indicate that the sector now boasts a 41% growth rate of African Black professionals in the sector.

Gender transformation is an important element of our strategy and the sector's strategy. In 2015, the sector employed 80 155 females, which equated to 57% of the workforce, an increase from 54% in 2001. The number of African Black females increased from 8 550 in 2001 to 31 327 in 2015, compared to 26 548 in 2001 to 29 253 in 2015 for White females.

In 2015, women occupied 40% of managerial positions. Female African Blacks' share of professional positions in the sector was 9%, Coloureds 4%, Indians 5%, Whites 22% and foreign nationals 1%. African Black women occupied 18% of professional positions, with, Coloureds 5%, Indians 6%, Whites 23% and foreign nationals 1%. More than half (52%) of all professionals were females.

While this representation is still inadequate in the South African context in that it is not representative of the national profile, the figures, are encouraging and are a good foundation for achieving a more equitable demographic profile for the sector.

Seta uncertainty

The 2016/2017 financial year has been like no other in the history of Fasset. We were still feeling the effects of the previous year, when all role-players were on tenterhooks waiting for a decision on the future of the skills revolution, which started with so much hope and enthusiasm in 2000.

Towards the end of that year, we received the news that the MHET had decided to extend the Setas' licence beyond the five-year licence period to March 2018. But the uncertainty still hung in the air as 2016 edged closer, with no word about the longer-term future of the Seta fraternity.

The long-awaited decree finally came in a gazetted announcement in December 2016, when the Minister announced a further extension to the end of March 2020.

With #LastingLegacy, Fasset had already enacted an innovative plan to ensure that its influence would endure beyond the 2018 deadline, should that have proved to be the end of Setas, as we know them. Internally, it had also acted decisively to counteract the uncertainty of staff through the introduction of programmes such as a wellness and support programme and, more importantly, a plan to fund industry-related training for staff to better their opportunities for employment elsewhere, should this prove necessary.

The announcement gave us some more breathing space to bed down our current programmes and ensure that they achieve maximum impact in terms of employee upskilling and sector professionalism.

Unforeseen challenges

The year under review has presented challenges that none of us could have imagined at the start of 2016/2017. Sadly for a Seta that had always prided itself on integrity and professionalism, it was necessary to suspend two senior staff members following irregularities in supply chain management procedures and the awarding of contracts to a preferred service provider.

This followed a case of irregular expenditure identified in the previous financial year, where supply chain management processes were discovered to not have been followed correctly. The contravention led to the award of a contract that flew in the face of our governance practices. On further investigation, additional worrying factors were uncovered.

Having noted these shortfalls in the governance system of the Seta, the Board appointed a firm of forensic investigators to assess areas of concern. This process led to a disciplinary process being initiated against the two senior officials and further action against the service provider. The process was ongoing at the time of writing this report.

In every difficult situation lies an opportunity to act decisively, to ensure the light penetrates the dark cloud. The Fasset Board certainly proved this, immediately putting into place measures that would ensure that skills development momentum was maintained, that staff were reassured and that, in the eyes of our stakeholders, it was business as usual, and of the standard they had come to expect of Fasset.

Governance

Fasset has always lived by sound corporate governance practices, as is evident in its structures, policies and procedures and its adherence to standards such as the King Code of Governance. We are now continuing our focus on information technology (IT) governance and are completing phase three of implementation of the Department of Public Service and Administration (DPSA) Information and Communications Technology (ICT) Governance Framework.

We have also formed a Governance and Strategy Committee to oversee vital processes and liaise with the Board. The terms of reference of the committee are to develop policies, principles, criteria and guidelines that are necessary for the governance and strategy function of the Seta; to promote good governance; to report to the Accounting Authority on such matters as it deems necessary; and to develop the skills development strategy for the sector.

Strategy change

The developments necessitated a change of strategic direction midway through the year under review, the move deemed necessary to continue serving stakeholders, the sector and the country optimally. The original projects planned for the year under review had not yet started in earnest, so we were able to effect the changes with minimum disruption.

Although there was, naturally, some sector negativity at first, we impressed upon stakeholders the necessity for the move and, through meetings and open communication, we were able to preserve the valued relationships forged over many years, which are pivotal to the successful implementation of our interventions.

The proposals to switch direction mid-stream, almost unheard of in the Seta environment, were understood by the Minister, as the Executive Authority, as he realised we were not prepared to compromise on meeting our ministerial imperatives, mandate and targets by continuing down a non-productive road when a new route would yield better results.

Appreciation

The year has brought a reminder that business is never static. Conditions change and those affected must adapt. This year has proved that Fasset is a resilient, resourceful and resolute organisation that can hold its own under any circumstances. The entire team – Board, management and staff – banded together to ensure that not a minute of skills development energy and success expended in the past would be wasted, but that each would be built on, for the sake of the very deserving beneficiaries whom we live to serve.

My sincere thanks go to my fellow Board members for proving more than equal to the task under adverse conditions and to the staff of Fasset, who remain steadfast in their belief that skills development must go on and remain as necessary to life as breathing.

My gratitude, particularly, goes to Lesego Lebuso, who took the baton in October 2016 and ran with it while wearing two weighty hats that would have had lesser individuals buckling under the strain: those of Chief Operations Officer and acting Chief Executive Officer. We demanded much of you at short notice and we will

continue to give you all the support you and the team need to ensure the smooth running of the Seta in the months to come.

Regrettably, certain Board members resigned during the year, citing other commitments, but, vacancies notwithstanding, the Board remains adequately capacitated to perform its duties of strategic decision-making and oversight.

Conclusion

We cannot predict what lies ahead, but I know with certainty that Fasset has what it takes to remain at the forefront of human resource and skills development in South Africa, for the good of the finance and accounting services sector's people, the sector in its entirety and our beloved, oft-beleaguered, country.

It is possible to change many lives in three years and, thus, there is much to be done in the run-up to 2020. With the support of, and in partnership with our employers, providers, suppliers and learners, and with the spirit of hope and enthusiasm of the early Seta days enduring, there is nothing to stop us.

In the words of Minister Blade Nzimande, voiced during his budget speech of 2016: 'Together, we will move South Africa forward, through the provision of quality and affordable post-school education and training.'



Shahied Daniels
Acting Chairman



CHIEF EXECUTIVE OFFICER'S OVERVIEW

The year under review can probably best be described as a fine balancing act performed amid significant change. But, as George Bernard Shaw said: 'Progress is impossible without change, and those who cannot change their minds cannot change anything'. And change our minds we certainly had to.

With the change in focus of our organisational strategy to realign priorities, a number of new programmes were introduced while others were discontinued. Added to that was the suspension of two senior staff members; the resultant delays with programme implementation and the impact on beneficiary completion rates due to #FeesMustFall, all of which led to what can only be summed up as a turbulent 2016/2017. All these factors thrust the Seta into a period of disruption, uncertainty, capacity constraints and, understandably, depleted staff morale.

Notwithstanding these challenges, the team rallied to ensure that the recipients of our skills development efforts would continue to receive the support they needed to derive maximum benefit from Fasset's life-changing programmes.

#LastingLegacy

The year started with the launch of a new approach that would enable us to leave a lasting legacy in South Africa, no matter what direction the Seta and skills development journeys take in the

future. The decision to implement #LastingLegacy was made in the wake of the Minister's decision to extend the current NSDS (III) to 31 March 2018, and addressed our need to ensure that our efforts over 17 years would live on in the talent and skills of the finance and accounting stars of the future, and in their role in preserving and perfecting the professionalism of the sector.

From the outset, Fasset's work has never been an event for an event's sake – every initiative, every programme and every campaign is a link in the lifelong learning chain. With each intervention, we seek to influence the journey that our beneficiaries take through their career by equipping them with the skills and knowledge that will enable them to become productive, professional members of society and to fulfil their work and personal dreams.

The #LastingLegacy strategy places strong focus on partnerships and skills development initiatives that have an impact. The core pillars of the strategy are learner placement and academic support that lead to the completion of qualifications and/or the attainment of professional designations.

The 2016/2017 financial year was the first year of that strategy, which was implemented on the back of a solid foundation that has been laid over the Seta's lifespan.

Skills pipeline

We recognise that if we are to leave a truly lasting legacy, a robust and sustainable skills pipeline must be built. Our skills development pipeline is explained on pages 28-29 under Part B of this report.

In the 2016/2017 financial period, research again provided the foundation for all other initiatives. It is imperative that we remain at the forefront of research into skills needs and scarce skills in the sector, and we make a sizeable investment in this area each year.

As part of our commitment to ensuring that the usage of our funding has impact on the lives of learners, enhances employability prospects and the South African economy and society at large, we conduct ongoing research to ensure that our performance against our objectives can be measured. The research outputs achieved for the year under review are provided on page 29 of this report.

Another connection in our skills pipeline, the career awareness programme, continued apace during the year, with the production and dissemination of an updated career guide, and the launch of a comprehensive career portal that is an invaluable tool for youngsters considering their career choices or preparing for the challenges of the job market. Among other services, the portal connects job seekers with prospective employers.

We also introduced the Fasset Alumni Programme, which is an extension of our career awareness initiative aimed at encouraging beneficiaries of Fasset-funded programmes to 'pay it forward' by volunteering their time to support and mentor learners in their immediate communities. The alumni are encouraged to promote career awareness especially in rural areas, to coach or mentor a student or to tutor maths and accounting to grade 10 to 12 pupils.

A pilot programme was run in the 2016/2017 financial year in Gauteng and 43 alumni were enlisted, achieving a total of 23 interventions, eight of which were in rural areas in KwaNdebele and KwaNongoma.

Registering as a volunteer is not to be taken lightly, as it involves helping to pave another's path, so we thank our alumni for their commitment to paying it forward to strengthen the sector.

On the other side of the coin, our mid-year strategy change delayed performance in certain areas, as funds and focus were redirected to new priorities. And #FeesMustFall, with its disruptions to course completion and deferred examinations, impacted particularly on our 24 discretionary grants projects designed to assist university students to progress and complete their tertiary education.

Our normally exemplary record of performance against NSDS targets agreed with DHET took a knock this year in light of the

developments, but we recorded over-achievements in certain areas, most notably in the number of individuals subscribing to our lifelong learning events, and in those entering and completing bridging programmes en-route to qualifications. The performance table in Part B on page 42 of this report provides a full account of how we have performed against our targets.

Strategy revisited

#FeesMustFall certainly took us, as facilitators of skills development, back to the drawing board to examine the issues that are obviously very real to the youth and future professionals of our country. We firmly believe that education is a fundamental right that all must be able to access, thus we spent considerable time debating and defining the concept of the 'missing middle'.

The process led to the introduction of the comprehensive Fasset bursary scheme, an end-to-end solution tailored to the needs of deserving students. The bursary covers not only tuition fees, but living expenses, educational support courses and coaching and/or mentoring. More than 700 learners are set to benefit from the scheme in the coming year.

Although a strategy change midway through a financial year is an unconventional move for a Seta, it was deemed essential to bring our activities more in line with Ministerial imperatives and the needs of the sector, and to ensure that our interventions would create sustainable opportunities for beneficiaries.

Inevitably, certain projects were replaced by others that were felt to be more appropriate. The work-readiness programme, for example, was discontinued in favour of a work-based programme focused more on workplace-based experiential learning.

As a result of the shift in direction, we introduced new grants such as the Learner Employment Grants (LEG) that incentivises employers to support learners so that they can continue their learnerships, and the Non-PIVOTAL LEG (NLEG) to encourage employers to place learners on an internship or into permanent employment.

During the year, we also pioneered the Learner Professional Development (LPD) programme, which operates side-by-side with our lifelong learning initiative. The objectives of both are to ensure continuous professional development for those working in the sector by keeping skills and knowledge current. While our lifelong learning events keep delegates up to date on issues such as legislation, budget and tax changes, LPD focuses on soft skills such as presentation, communication and teamwork, and allows learners the opportunity, if they so choose, to start studying towards a management qualification.

Although the changes affected certain employers' ability to claim grants, generally the sector understood and supported our decisions, and thus we can look forward to continuing the long-standing and mutually beneficial relationships forged over many years of collaboration with stakeholders.

Financial review

In the 2016/2017 financial year, Fasset received R487 million in skills development levies as compared to R449 million received in the previous period. The 8% increase can be attributed to inflation. We disbursed R73 million in mandatory grants compared to R56 million in 2015/2016, while R263 million was ploughed into discretionary grants projects, compared to R316 million in the previous period.

In spite of delays in project implementation, all budgeted funds for 2016/2017 were allocated. However, project expenditure decreased by 17% due to implementation of projects later during the financial year. As NT granted us permission to roll over funds for projects not targeted for completion, amounts committed during the review year will be spent in 2017/2018.

The audited financial statements reflect R6 million in irregular expenditure and R22 million in fruitless and wasteful expenditure due to non-compliance with regulations and processes in certain instances related to prior years. This revealed weaknesses in the supply chain management system, which led to an overhaul of procurement processes and procedures during the year.

Supply chain management

Decisive steps have been taken to close gaps identified in the supply chain management system and to create a more robust monitoring and evaluation process for projects by introducing more stringent measures and providing additional guidance for procurement staff. The system of internal controls has been reviewed and a number of processes have since been put in place to strengthen our controls. The subsequently revamped system also makes provision for penalties for supplier non- or poor performance.

Internal focus

Circumstances prompted us to look internally far more than in previous years. We demanded much of our staff in the past year, but we have held open and frank discussions with them on the challenges faced and the opportunities that exist to ensure we continue our meaningful contribution in the sector.

As the outlook post-March 2020 is unclear, we examined our approach to staff development. Traditionally, we have funded programmes that allowed staff to acquire skills in core Seta areas, which would enable us to enhance our proficiency and efficiency. During 2016/2017, however, we extended our training support for staff to non-core studies that would equip individuals with marketable skills across numerous industries should it be necessary in due course for them to seek employment outside the skills development environment.

A 'Good-to-Great' workshop held towards the end of the year helped to refocus all Fasset staff and enabled us to explore where we have come from and where we need to go in the years ahead. This session has given us a launch pad for renewed excellence in delivery against our mandate and targets over the next three years.

Opportunities for 2017/2018

With several projects gaining momentum and due for completion in the coming months, the 2017/2018 financial year is set to be characterised by over-achievements across a number of performance targets.

In line with the new legislative requirement that each Seta has an internal financial infrastructure rather than an outsourced service, we are recruiting a new chief financial officer to enhance control over expenditure and financial performance. A human resource manager will take office in June. We are also looking at increasing our capacity in critical areas such as projects and SCM as well as support our governance and compliance functions. We should also see the conclusion of the disciplinary process underway against the suspended staff members. We are actively working to address some of the challenges identified internally and also those raised in the various audit processes. Doing so will enable us to close the door on an unfortunate chapter in an otherwise blemish-free history.

There is no reason to believe that Fasset will remain anything but a going concern in the years ahead, with the capacity and funding necessary to continue forging our lasting legacy and changing the lives of South Africans for the good of the sector and the country.

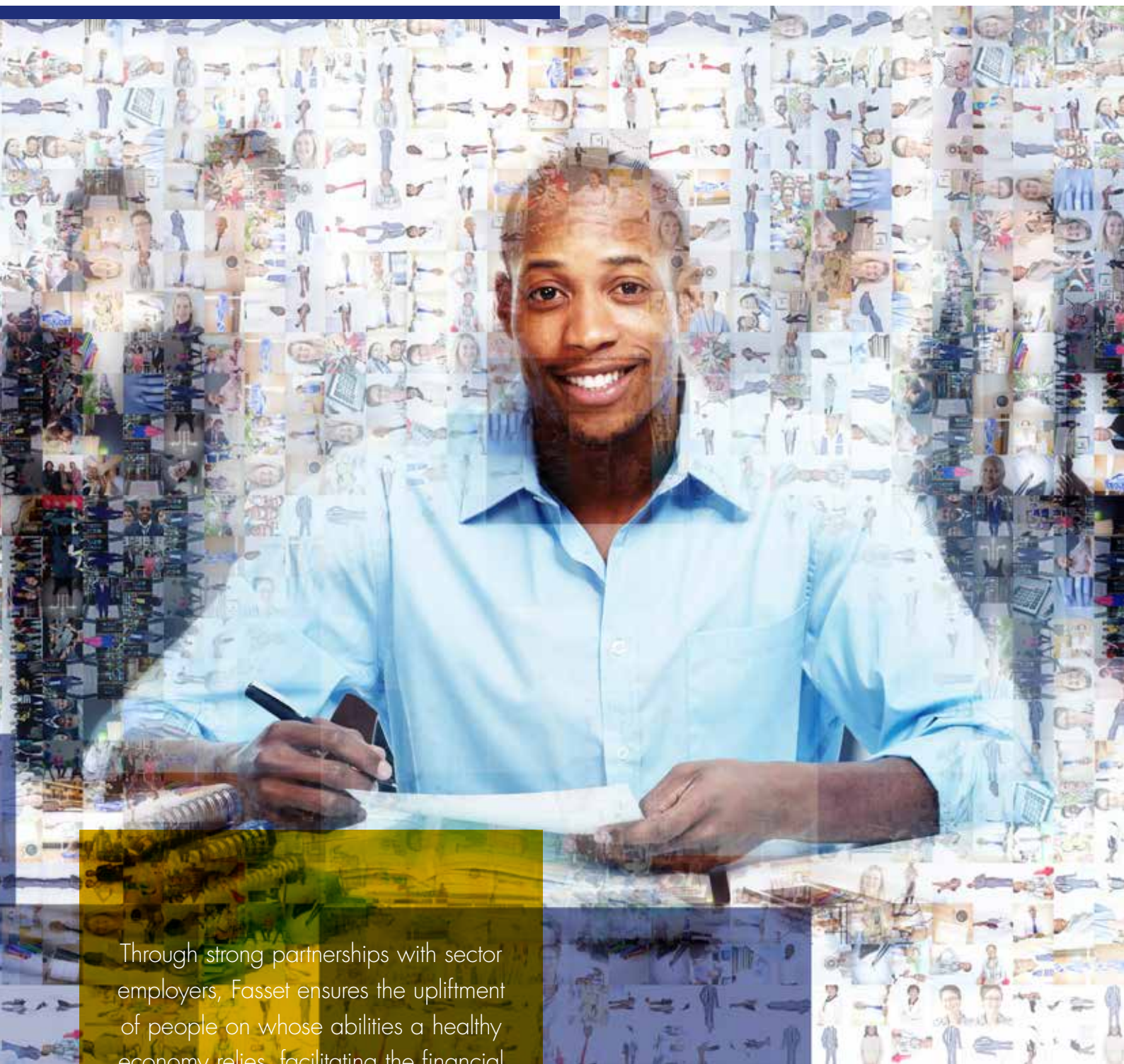
Appreciation

My sincere thanks go to all Fasset staff for their hard work and dedication during these turbulent times. You have proved that skills development is not just your job, but your passion and vocation.

My gratitude also goes to the Board and its sub-committees for their leadership and strategic guidance, to the DHET for providing direction and to our employers, professional bodies and other delivery partners who adapted to the realignment of our strategy and switch in priorities, and partnered with us to give young talent a foot in the finance and accounting services door.



Lesego Lebuso
Acting Chief Executive Officer



Through strong partnerships with sector employers, Fasset ensures the upliftment of people on whose abilities a healthy economy relies, facilitating the financial and accounting skills that balance the country's books and allow it to respond to the ever-changing demands required to progress in modern life.



PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

for the year ended 31 March 2017

The CEO is responsible for the preparation of Fasset's performance information and for the judgments made on this information.

The CEO is also responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion as the Acting CEO of Fasset, the Annual Integrated Report fairly reflects Fasset's operations, performance and financial affairs for the financial year ended 31 March 2017.

As far as is reasonably possible, and to the best of my knowledge, I confirm the following:

- All information and amounts disclosed in the Annual Integrated Report are consistent with the Annual Financial Statements audited by the AGSA;
- The Annual Integrated Report is complete, accurate and free of omissions;
- The Annual Integrated Report has been prepared in accordance with NT guidelines;
- The Annual Financial Statements have been prepared in accordance with the GRAP; and
- The AGSA is engaged to express an independent opinion on the Annual Financial Statements.

Furthermore, the Fasset Board has reviewed and approved the Annual Financial Statements and performance information contained in this report.



Lesego Lebuso
Acting Chief Executive Officer

PERFORMANCE OVERVIEW

An overview of our performance during 2016/2017 is outlined in table 3 below. This should be read in conjunction with NSDS performance targets report on page 42 of this report, on Fasset's performance against deliverables.

Table 3: Fasset's performance

Success	Challenges	Opportunities for 2017/18
<ul style="list-style-type: none"> • Successfully launched our career portal • Successful launch of our Alumni Programme • Supported 1 62 learners on the academic support and the completion of qualifications and/or professional designations • Introduction of a comprehensive Fasset bursary scheme • Emphasis in focus on workplace-based experience as part of the move to make every workplace a training space • SSP updated and research agenda for the year fully executed • 3 637 learners registered on high-level (NQF 6 –10) learnerships • 278 Technical, Vocational Education and Training (TVET) College learners entered the programme and 114 completed in-service training for the purposes of completing a national diploma qualification • Embraced the transformation principles of the Preferential Procurement Policy Framework Act (PPPFA) to encourage greater participation of emerging African Black providers in Fasset procurement 	<ul style="list-style-type: none"> • Performance targets not achieved due to delayed implementation • Changes in strategy mid-year, which required realignment of programmes and performance targets • Loss of key staff during the review period, and low staff morale • The small pool of Grade 12 learners with good results in 'pure' Mathematics, impacting the eligibility of post-matric learners entering our sector • Complex inter-Seta learnerships registration processes, which results in delays and impacts target achievement 	<ul style="list-style-type: none"> • Continue to work very closely with our employers to place work-ready beneficiaries from our TVET work-based experience programme • Continue to implement discretionary-funded programmes aimed at driving the Seta's transformation agenda • An opportunity to gauge customer satisfaction levels following the mid-year strategy change • Achievement of 2016/2017 deliverables

SITUATIONAL ANALYSIS

Service-delivery environment

We have contributed positively to the learning landscape in South Africa over the past 17 years. Individuals in the finance and accounting services sector who may not otherwise have received training or may have been overlooked in the training budget of their employers, including the unemployed, historically marginalised individuals and support staff, have been trained and upskilled as a direct result of our work.

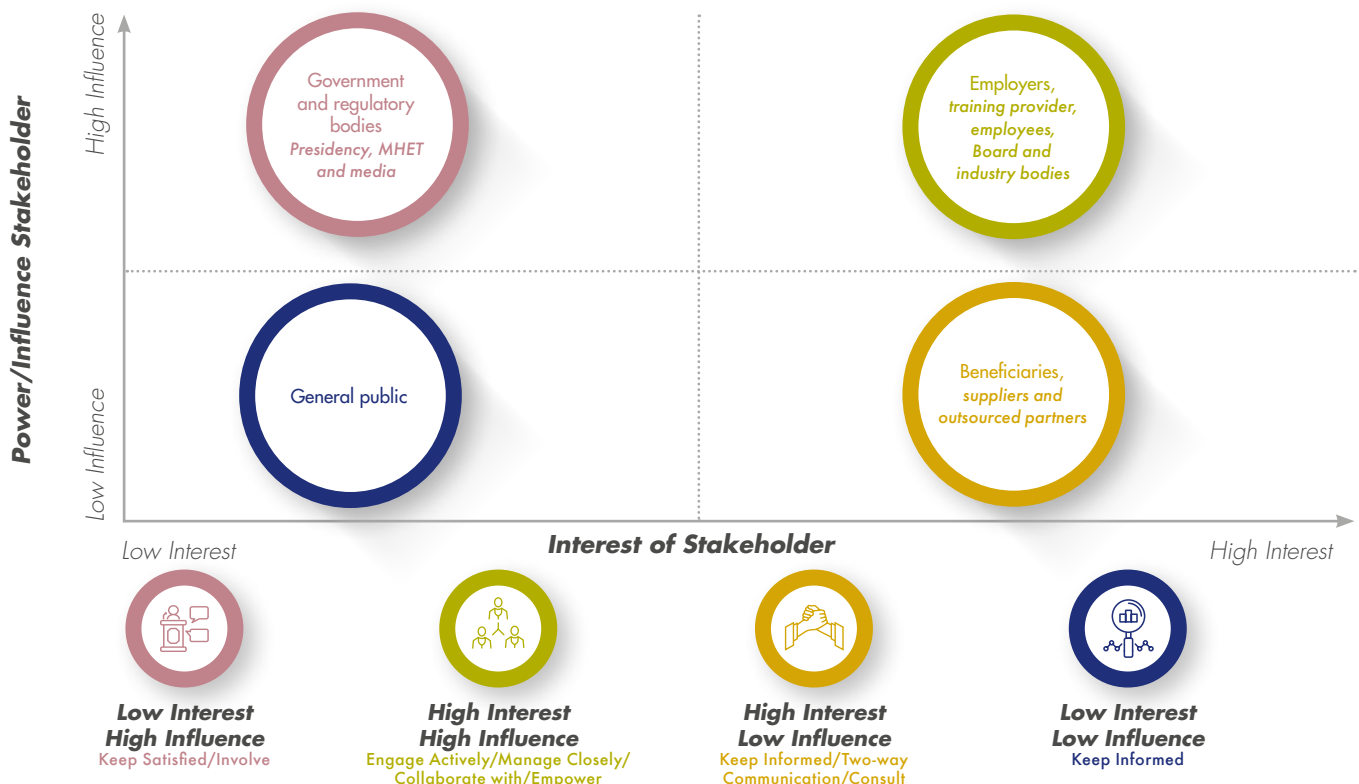
The lasting legacy of Fasset's work is not conveyed by Rand, beneficiary and volunteer numbers, however impressive these are. It is found in people such as Karabo Phoku, a financial assistant at Medscheme. It is in Stewart Smith, the youngest person in South Africa to become a business accountant in practice, who is also a tax practitioner and owner of his own venture capital firm. It is in Boifang Tshweneyagae, a marketing intern at KPMG, following completion of the TVET Work-based Experience (WBE) programme. And it is in Keketso Joubert, a programmer at the Financial Services Board; Mike Chidi, a rising star at Colourtech Holdings; and Onke Mkizwana, a risk administrator at KPMG, all of whom have benefited from structured, on-the-job experience.

These youngsters embody the spirit of South Africa, its greatness and its promise. They will be among the financial sector's greatest assets going into the future, and Fasset is proud to have walked with them on the first leg of their exciting journey.

Servicing our stakeholders

It is our intent to develop sustainable relationships based on mutual trust. Sustainable relationships form the foundation of our ability to create value in the short, medium and long-term. We believe that building strong stakeholder partnerships is key to building a more sustainable future. Our stakeholders, their interests and level of influence in our operations vary according to geographical location, nature of their business and nature of their interest. We recognise that there is a broad range of stakeholders with an interest in us, our training interventions, activities and initiatives and also on whom the Seta has an impact. These relationships are depicted in Figure 4 below:

Figure 4: Fasset's Stakeholder Matrix



We proactively engage with all of our stakeholder groups and have an ongoing commitment to working closely with them, learning from past engagement experiences and continuing to improve and respond to social expectations. These relationships help foster an environment that helps us build on our growth and prosperity.

Our approach to stakeholder engagements is based on an adaptation of the King III Code of Governance. Principle 6.1 of King III states that effective communication with stakeholders is essential. Fasset has always subscribed to this principle, with interaction, monitoring and implementation of stakeholder engagement initiatives being the responsibility of management at Fasset, overseen by the Board, which is, itself, committed to stakeholder engagement.

Based on the #LastingLegacy strategy adopted in the review year, we have sought to embed strategic engagement and collaboration in a number of business areas, such as lobbying for support from our stakeholders in the implementation of our new strategy.

Our philosophy is to engage authentically, openly and inclusively with stakeholders so that we can better understand them and benefit from their insights, concerns and priorities, seek areas of potential partnership, mitigate risks to the business and create mutual trust and respect. Understanding that the opportunity now exists for a more effective Seta voice, we ensure that our engagements are based on issues that are both salient for the Seta and aligned to national priorities.

Annexure B on page 78 lists the wide range of stakeholders across the skills development spectrum with whom Fasset interacts, and details the diverse channels and approaches used to engage with them.

Working with government entities

The government stakeholder group includes DHET, PCHET, South African Qualifications Authority (SAQA), the QCTO, SARS, NT, the AGSA, Parliament and inter-Seta forums.

We engage with these stakeholders by submitting reports, attending meetings and discussion forums, and responding to requests for information.

Annexure C on page 82 demonstrates how Fasset engages with government entities.

Education and training providers and professional bodies

Our education and training stakeholders include professional bodies, private education and training providers, universities, universities of technology and TVET colleges. Refer to Annexure B on page 78 of the report for details of engagements with these stakeholders during the year under review.

High schools are also included in this group of stakeholders. We engage with schools through our career awareness programme and representatives from this group are members of various Fasset committees.

Engaging with the general public

There remains a low level of awareness of the Fasset brand among the public. However, the public has been identified as an important target audience in communicating the Fasset story and creating awareness of the good work being done in this vital sector.

Engagement with the general public is achieved nationally through media coverage, project showcases, learner graduations, career exhibitions and corporate social responsibility initiatives. We embarked on a radio advertising campaign in the year under review to extend our reach to more members of the public.

Working with suppliers

We continue to support the development of emerging African Black providers through our procurement processes. In terms of the implementation plan developed in 2015/2016, emerging suppliers are capacitated through partnerships with established businesses. Through these partnerships they gain valuable knowledge and experience that will enable them to eventually submit tenders independently.

In September 2016, we introduced a new pre-qualification criteria on all bids. Service providers that do not have at least 51% Black ownership are required to subcontract at least 30% of the value of the contract to emerging black-owned providers. Bidders who do not comply are eliminated and their proposals not considered. These pre-qualification criteria were subsequently included in the Preferential Procurement Regulations of 2017 gazetted by NT.

In line with PFMA stipulations, we continued to pay suppliers within 30 days of the date of receiving an invoice.

Quality assurance

Professional bodies in our sector became officially responsible for quality assuring most qualifications in the Fasset sector on 1 August 2016. This was the result of a revised delegation of quality assurance functions by the QCTO. We remain responsible for issuing certificates for these qualifications, once the relevant professional body has confirmed a learner's competence. We are also responsible for uploading learner registrations and results to the National Learner Records Database (NLRD) hosted by SAQA. The various professional bodies are responsible for the accreditation and monitoring of skills development providers, and for managing the process of assessment and moderation.

Qualifications realignment

The QCTO has launched a new process for the realignment of current outcomes-based and unit standards-based qualifications to curriculum-based occupational certificates. The current qualifications are due to expire on 30 June 2018, with 30 June 2019 being the final date of enrolment and 30 June 2022 the final date of achievement. This is a unique opportunity for the complete revitalisation of qualifications. All occupational certificates will contain a compulsory work experience component of a minimum of 20% of qualification credits. Consequently the increased participation of employers in the delivery of education and training will be imperative. We are committed to providing assistance and support to all stakeholders in this process, and beyond.

Skills development providers accredited against unit standards will, however, be affected. Unit standards will not be realigned and will expire on 30 June 2018. This is applicable to all NQF unit standards and is not unique to the Fasset sector. Commencing on 1 July 2019, Setas and employers will no longer be able to register learners for skills development on unit standards or skills programmes based on unit standards. Learners may be enrolled for part-qualifications, but these will comprise a minimum of 24 credits and require six weeks of learning. Skills development providers accredited to offer shorter courses based on unit standards will need to consider this in their future planning. Setas and employers will also have to factor this in when planning skills development initiatives.

Registration of private skills development providers with DHET

In 2012, a joint communique was issued by DHET, SAQA, the Council on Higher Education (CHE), Umalusi and QCTO that exempted accredited private providers of occupational qualifications from the requirement to register as such with DHET. In the year under review, another communique was sent out.

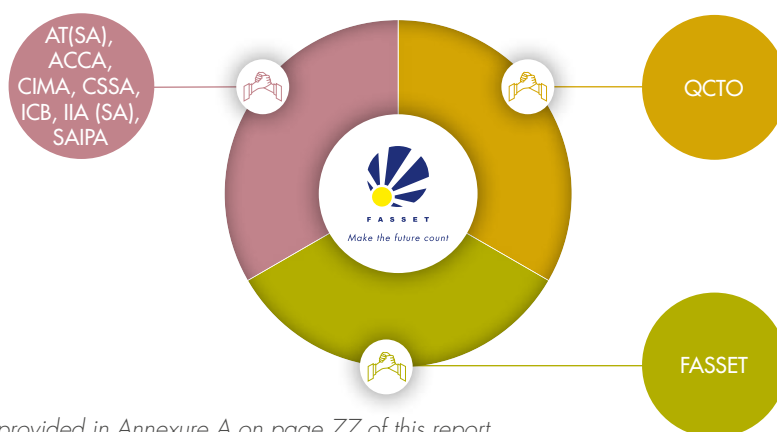
Below is a summary of updated requirements for skills development providers of occupational qualifications and part-qualifications (including unit standards):

- All private skills development providers accredited, or being accredited, for full qualifications and part-qualifications (including unit standards) must be registered with DHET.
- Applications for registration must be submitted by 30 June 2017.
- Registrations must be completed by 1 January 2018.
- Providers offering qualifications and part-qualifications at NQF levels 1 and 6 must submit their applications to the Directorate: Private Colleges.
- Providers offering qualifications and part-qualifications at NQF levels 7 and 8 must submit their applications to the Directorate: Private Higher Education Institutions.
- Providers already registered should amend their registration to include the occupational qualifications and part-qualifications for which they are accredited.

The QCTO has delegated accreditation of skills development providers to various quality assurance partners, including the Setas and the professional bodies. A provider accredited by a Seta is, therefore, deemed to be accredited by the QCTO and is obligated to register with DHET.

Some of the requirements for registration are a challenge for the majority of smaller providers, but the feedback on DHET assistance to date has been positive. The QCTO has also been proactive in requesting lists of accredited skills development providers from all quality assurance partners, which should assist in the process.

Figure 5: Fasset's Quality Assurance Partners (QAPs)



A list of acronyms has been provided in Annexure A on page 77 of this report.

Engagements with the Board and committees

Details on the effectiveness of the Board and Committee engagements are provided under Part C from page 51.

Organisational environment

Due to the investigations conducted in the review period, staff morale has impacted our organisational environment. The temporary loss of key staff during the financial year, staff uncertainty due to the Seta landscape developments reported, and Board resignations were among some of the factors that impacted our environment.

Key policy developments and legislative changes

We complied with all new legislation introduced by NT during the period under review. NT issued a number of practice notes on supply chain management geared towards the adoption of best practice and/or the implementation of cost containment measures.

Our skills pipeline approach

We focus on a skills pipeline approach, which provides support to learners at school level, throughout their university or professional body studies, and current employees, through Fasset-funded programmes and lifelong learning events. Figure 6 provides more information.

Figure 6: Pipeline Approach to Skills Development



Research

As a starting point for this and as part of our commitment to ensuring that the usage of our funding has impact on the lives of learners, enhances employability prospects and the South African economy and society at large, we conduct ongoing research to ensure that our performance against our objectives can be measured.

The SSP annual update was completed and submitted to DHET and the required 10 research outputs were achieved in line with the approved research plan. The research outputs include a range of reports designed to provide strategic information to Fasset management on scarce skills in the sector, for which we should focus our involvement. The research outputs have been taken into account to review our processes and interventions to improve our performance in current and future areas. In addition, the research traces the successes of learners who have completed Fasset-funded interventions and looks at models for funded interventions to be considered in future.

During the year under review, the research outputs comprised the following reports:

- Employer customer satisfaction survey
- Learner placement challenges report
- Education tariffs report
- Sector trends report
- Training benchmarks for the finance and accounting services sector
- Employer beneficiaries' work readiness – tracer study
- Learner work readiness – tracer study
- Learnerships readiness pack
- Transformation of the employment profile in the Fasset sector
- Annual monitoring and evaluation review

Key performance information

We enter into an annual Service Level Agreement (SLA) with DHET. Targets are set for specific learning programmes that are linked to NSDS III outputs. The Seta reports on performance in accordance with the pipeline approach. The indicators and targets, achievement and reason for deviation are provided in the performance report.

Learner interventions

The learner stakeholder group includes employed (referred to as 18.1) and unemployed (18.2) learners. We support this stakeholder grouping through the career awareness programme.

FASSET INTERVENTIONS FOR UNEMPLOYED LEARNERS

Career awareness

Learners often struggle to make informed career choices due to a lack of proper career guidance. Our career awareness programme raises awareness about the various career options available, from accounting technician through to accounting professional level delivered in urban and rural areas across the country. We

encourage learners to align their career choices with scarce skills and skills shortages to enhance their employability as well as assist them in making the correct subject choices.

For the year under review, we participated in 31 career awareness events nationally. Table 4 below shows how many learners we were able to reach during the period under review:



For the year under review, we participated in 31 career awareness events nationally.

Table 4: Career awareness events

Province	Number of events	Reach achieved
Eastern Cape	1	10 990
Gauteng	3	932
Free State	1	5 200
KwaZulu-Natal	1	798
Limpopo	7	3 259
Mpumalanga	1	5 000
Northern Cape	1	5 000
North West	2	3 400
Western Cape	14	4 775
Total	31	23 364

Fasset career portal

During the year, we compiled and launched a comprehensive career portal. The portal addresses the needs of a range of audiences in its role as repository for a wealth of information on selecting a career and securing employment. It offers youngsters valuable career advice, including guidelines on choosing school subjects; equips parents and educators to dispense useful information and walk with youngsters on the career choice journey, and provides employers with a platform to advertise their positions and to view potential candidates.

The site also has a #LastingLegacy gallery, which invites young professionals to upload their photographs and motivational stories under the theme 'You are the next big thing'.

The site – www.fassetcareers.co.za – went live in September 2016 and by the end of March 2017, had hosted 2 625 visitors. Some 80 employers have registered and 609 youngsters seeking employment have created a talent profile using the site's resume builder. 37 individuals are showcased in the #LastingLegacy gallery.

Alumni Programme

Our Alumni programme gives current and past Fasset-funded project beneficiaries an opportunity to 'pay it forward' by delivering motivational and career awareness talks to learners at schools and institutions of higher learning.



Success Story

Paying it forward to change young lives

Those whose lives have been changed by Fasset's interventions have a unique opportunity to 'pay it forward' and touch the lives of emerging talent in the finance and accounting services sector. The response to the Seta's Alumni strategy has been heartwarming, with many beneficiaries offering to spread the word about the exciting opportunities the sector offers.

Neo Khasake is a proud Alumni volunteer who earned her Bachelor of Accounting degree from University of Johannesburg (UJ) in 2012 and is currently enrolled for a Certificate in Theory of Accounting (CTA). She encountered Fasset in her second year at UJ when the Seta provided extra classes on Fridays and Saturdays

for Chartered Accountant (CA) candidates, funding transport and textbooks. The intervention changed her life as she was at risk of not completing her qualification at the time.

'As a Fasset Alumni, I provide career advice to high school pupils in rural and disadvantaged areas, creating awareness of the Seta and the benefits it offers, introducing the youngsters to the different finance and accounting services occupations and providing guidance on selecting tertiary courses,' she says.

'These sessions are attended by 40 or more pupils, but also attract parents and educators. We also participate in career expos whenever possible.'

Neo has been struck by her audiences' lack of knowledge on occupations and options for post-school study, but she is happy to have the opportunity to change that, and to influence young brains.

'Knowing that I have shared knowledge that helps to inform a scholar's choice is an extremely fulfilling feeling,' she says.

Fasset is still changing her life too, she states, as she is gaining interpersonal skills and bolstering her knowledge of the sector through her Alumni activities. As a full-time student who will soon join the job market, these attributes are invaluable.

'I will volunteer for Fasset until I qualify as a Chartered Accountant,' she concludes, 'after which I plan to create a foundation that will provide funding for tertiary studies.'

Neo is certainly *paying it forward*.



Steven Maluleke

Success Story

Steering Soweto scholars to success

A love of numbers awakened in Steven Maluleke a dream to become a tax technician and, with Fasset's assistance, he is getting closer to fulfilling that goal. Having already achieved a Certificate in Management Development with Milpark Business School and the Graduate Programme in Principles and Practical

Application of Taxation from the University of Pretoria (UP), he went on to complete the South African Institute of Tax (SAIT) exam for assessment of knowledge and competency in taxation, an initiative funded by Fasset.

'Thanks to Fasset, I am about to become a certified tax technician and I want others to know that there are opportunities to learn and succeed out there,' he says. Steven steers scholars in various Soweto schools towards wise career choices, but believes that career guidance needs to start early in high school. 'I often come across youngsters who want to become Chartered Accountants, but who are doing Maths literacy. Schools often encourage this so that they can achieve 100% matriculation pass rate, but what about the future of these children? Time wasted cannot be regained.

'I feel I have been able to make a difference to the pupils and many approach me outside the awareness sessions to ask for advice.'

Steven, whose goal is to be the best auditor at whichever firm he joins and, ultimately, establish his own tax consultancy, says he will continue to provide invaluable career advice 'as long as I breathe'.

FASSET INTERVENTIONS FOR POST-SCHOOL LEARNERS

Academic Support Programmes

In addition to placement, we are very strong in academic support, which we facilitate through bridging programmes linked to the top 10 scarce skills in the sector. During the year under review, we offered academic bridging programmes support to learners at NQF levels 6 and above along the road to achieving their qualifications, whether through university or professional body. The aim for universities is to increase the university throughput rate and assist learners to move on to the next level of their studies. For professional body qualifications, the goal is for learners to succeed in their board and other certification exams.

Similar programmes are run in non-PIVOTAL areas, also to assist learners to achieve professional designations or non-PIVOTAL qualifications. These programmes include funding for tuition, academic mentoring and study skills.

Due to the change in our strategy, the bridging programme that caters for learners seeking access into employment was discontinued. However, learners who were already participating in the programme during the 2016/2017 financial year were allowed to continue and complete the programme.



Programme beneficiaries at a graduation ceremony at the University of Western Cape (UWC)



Success Story

Achievers every one

The designation Professional Accountant is a badge of honour for South African accountants and, through Project Achiever, around 3 000 individuals are now wearing it.

Project Achiever, a partnership between the South African Institute for Professional Accountants (SAIPA) and Fasset, was created to promote the advancement of black accountants and assist them to complete their professional evaluation examination, thus assisting the industry to meet its transformation goals.

The initiative is an intensive, 13-week whirlwind of facilitated sessions aimed at developing lifelong skills in candidates and encouraging them to apply the knowledge they have acquired in their careers, efficiently and effectively in the workplace.

While the facilitators are key to the project, their students do the lion's share of the work, and put in the extra hours of effort, to do justice to the project name. As one of the first to enrol on the project three years ago, Obakeng Matlhoko, was taken aback at the approach. 'You are not giving us knowledge,' he told

Project Achiever driving force, Professor Rashied Small. 'You're forcing us to think.'

Think Obakeng definitely did, and he became a force to be reckoned with in the world of technology, having pioneered the Afta Robot platform for the minibus taxi industry.

'The programme teaches one to think out of the box,' says the last class of 2016's top-performing student, Mohammed Ali. 'There is no correct answer. Even one plus one is what you want it to be,' he states.

A fellow top performer, Rachel Khoza, had to pull out all the stops to excel at Project Achiever. As a single mother of four whose divorce coincided with her Professional Examination (PE), Rachel credits her mother with making sure she didn't give up. 'Sometimes, you don't realise your potential until you're pushed,' she says. 'The programme gave me self belief and the ability to put all the knowledge I had amassed to work in a way that I had never previously done.'

As a quality assurance partner to Fasset, SAIPA has enjoyed a positive relationship with Fasset over many years, but, says SAIPA training manager, Carmen Wright, Project Achiever has strengthened their alliance. 'We rely on Fasset's support to ensure the project's success and, Seta landscape permitting, we hope it will continue long into the future.'

TVET WBE programme

The TVET WBE project, now in its fourth year, places TVET College learners with N6 qualifications in financial management, business management, marketing, management assistance and human resources management with employers for 18 months practical experience as a gateway to obtaining their national diploma.

This initiative is also adding value to Fasset employers who now have an additional pool of learners from which to recruit. Once they have completed their internship, learners are available to employers in the broader economy.

Table 5: TVET WBE programme

Financial year	Number of learners recruited	Number of learners completed
2015/2016	234	132
2016/2017	287	128



Lesego Madibeng

Success Story

Internships inspire TVET students and impress employers

Lesego Madibeng couldn't be happier with the change she is seeing in her life, as her experience of the world of work and on-the-job training are preparing her well for future professional success.

Sello Moabi is relishing the opportunity to be exposed to the work environment, as it enables him to acquire the experience needed to receive his national diploma.

Lesego and Sello are two of 19 TVET interns working at North West Provincial Government (NWPG) as part of Fasset's TVET WBE programme. The programme places TVET students with employers for 18 months to enable them to undergo the workplace experience component of their diplomas and earn their qualifications. The group were taken on in 2016 and will complete their internships in January 2018.

The interns are placed in different units in the department, including accounting, financial systems, supply chain management, human resources and assets management, explains Aubrey Kgabo of the Human Resource Unit.

'The programme has opened the doors to internships for TVET students in a government environment that usually prefers to hire graduate interns who need a shorter internship to be work-ready,' says Aubrey.

'Our interns highly appreciate the initiative and tend to be far more hard-working and dedicated as they realise their qualification rests on their performance. Their commitment is reflected in their attendance at meetings, submission of workplace attendance registers and workplace assessment forms and in the completion of logbooks.

'This, in turn, benefits the department in increased capacity and in the energy students bring to their tasks, which are achieved with greater effectiveness and efficiency. In the SCM unit, for example, the interns' efforts result in fewer delays in processing of orders and payments to service providers. These youngsters have proved themselves able to work independently and show professionalism at all times, regardless of the pressure they frequently experience.'

The programme is particularly valuable for students who hail from disadvantaged rural areas across North West Province, Aubrey continues. 'They are able to sustain not only themselves, but are able to help their family. They are also learning how to be budget-conscious and manage the stipend responsibly.'

In the words of Sello, 'This experience is teaching me professionalism, work ethic and valuable skills. In addition, it has also given me a chance to attend several skills-building interventions, including computer training, Batho Pele and ICT security awareness session workshops.

'Working with NWPG is a life-changer. I have grown personally and professionally because I have been working with one of the best-performing departments in the province and I have the best team-players in my unit.'

Although this is the first time NWPG has partnered with Fasset, it plans to increase its intern intake to 30 in 2018. 'Minister Blade Nzimande has declared that every workplace must become a training place. Our participation with Fasset will contribute to the Seta achieving its vision of leaving a lasting legacy in South Africa. And it will encourage the youth to never underestimate TVET colleges as tertiary institutions, as their qualifications, too, enable youngsters to reach their career goals and contribute meaningfully to the economic and social development of the country.'

** Sello Moabi's picture was not available when the Annual Integrated Report went to print.*

WHAT WE DO FOR EMPLOYERS

Over 17 years, we, working with employers, have made learning and development a part of daily life among the firms that are members of the finance and accounting services sector. Through skills and mutually beneficial partnerships, we are changing the lives of young South Africans throughout the country.

Employers accessed a number of benefits during the financial year. These included grants that provided employers with support to take on a learner for the first time and see the learner through to the end of a learnership. Grants were also available to employers in more specialised areas that have no learnerships and to those who took individuals into permanent employment.

We also provided soft skills and technical skills training through lifelong learning and LPD events throughout the year.

Our target to support large and medium firms targets was achieved, but those related to small companies and NLPs fell short of expectations, as smaller employers do not regard the mandatory grants as sufficient motivation to submit an annual skills development plan and NLPs are tardy in annually renewing their registration with Fasset.

Learnerships

Many of the learnerships offered in our sector are linked to professional bodies. In some instances, these professional bodies are global, affording learners access to world-class qualifications.

Employees can improve their skills levels incrementally, as qualifications range from NQF levels 3 to 8. Qualifications, many of which are linked to learnerships, include certificates, advanced certificates, TVET certificates and diplomas, and postgraduate diplomas.


At 31 March 2017, we had 32 registered learnerships (a full list of learnerships is available on the website ). Learnerships offer various entry and exit points for accounting technicians and professionals alike.

Table 6 provides information about the number of learners signed onto learnerships, and the number who completed our learnerships during the year under review; as well as the achievements over the last five years.

Table 6: Learners on learnerships

Fasset Learnerships	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Number of learners registered on Fasset Learnerships	4 102	4 322	4 093	4 273	5 123
18.1 learnerships (previously employed)	291	176	338	792	509
18.2 learners (previously unemployed)	3 811	4 146	2 681	3 481	4 614
Number of learners who completed Fasset learnerships	2 601	2 183	2 941	3 934	3 404
18.1 learners (previously employed)	272	232	583	453	356
18.2 learners (previously unemployed)	2 329	1 951	2 908	3 481	3 048

Although the number of learners registering on learnerships has remained relatively constant (barring an anomaly in the 2012/2013 financial year), completion rates appear to be declining. This needs further research. On average, over the last five years there was a 68% completion rate. As we operate in a professional sector, the majority of learners are on learnerships at NQF level 6 and above. Some 33% of employees hold a minimum of a first degree.

Table 7: Learners per NQF level

Learnerships NQF level	Learners entered target	Learners entered	Learners completed target	Learners completed
NQF levels 6 and above	3 330	3 637	2 360	2 344
NQF levels 3 to 5	700	416	450	241

In relation to our achievement of performance targets, when viewed in the context of mid-level skills (NQF levels 3 to 5), Fasset did not achieve either the entered or completed target. However, where high-level skills are concerned, the performance was significantly better. This further underscores the professional nature of the sector and the need for skills at NQF levels 6 and above.



Brendon Joseph

Success Story

Learnership came calling at the right time

If it hadn't been for Fasset, Brendon Joseph is convinced he would not be where he is today – enjoying the rewards of a fulfilling legal enquiries consultant position at Capitec Bank and broadening his horizons by studying part-time through the UWC for an honours degree in business management.

Brendon was selected to take part in a Fasset call centre Learnerships on NQF level 2 at a time when all the cards seemed stacked against him. 'I was at the lowest point of my life,' he remembers. 'I was unemployed, frustrated and desperate to become a better man and father, as I had two children.'

Enter Fasset and the opportunity to acquire life-changing skills at a call centre, named MDB Incorporated.

'Through the learnership, I managed to find myself again,' Brendon explains. 'I gained invaluable computer, customer service and leadership skills, which opened the door to permanent employment at MDB.'

Having worked initially as a collections agent, Brendon was soon promoted to query clerk and then became a team leader at the call centre.

It set the tone for continued achievement and he decided to join one of the country's fastest-growing banks, while quenching his thirst for more knowledge.

'Now nothing will stop me from progressing to more senior roles with greater responsibilities and richer rewards,' he says.

Lifelong learning programme

Our lifelong learning interventions are offered nationally and are presented by world-class facilitators. They ensure that Skills Development Facilitators (SDFs), human resource professionals and middle and senior managers remain up-to-date on all legislative developments pertinent to their professional functions. The sessions also create value as they enable us to engage one-on-one with our stakeholders. In addition, they provide a marketing and branding opportunity for disseminating our information.



Stay Skills Fit

Keep your professional skills current. Register to attend the Lifelong Learning training events.

FASSET
Make the future count

Lifelong learning events for the period under review were reduced from 10 topics to three, namely the 'Budget and Tax Update for 2017', 'Management and Leadership Skills' and 'Changes to and Implications of Legislation such as the National Credit Act and Consumer Protection Act'.

Table 8: Attendance of Fasset lifelong learning events

Name of event	Number of delegates who attended
Compliance with changes in legislation	2 349
Management and leaderships skills	1 667
Budget and tax update 2017	6 873

Learner Professional Development

We had to balance the needs and interests of small, medium and micro enterprises (SMMEs) with those of large organisations, as 92% of employers in the sector are smaller organisations, employing fewer than 50 people. With them in mind, the LPD project was launched during 2016/2017 to train new entrants to employment on soft skills.

The concept, based on our lifelong learning model, but concentrating more on personal development skills such as emotional intelligence and managing teams, benefited 2 883 candidates during the year. Some 1 086 delegates attended the business writing and presentation skills sessions in November 2016 and 1 815 delegates enrolled for the time and stress management workshops in January and February 2017.

The programme is linked to the completion of a learnership and each individual must complete three soft skills sessions over the duration of the Learnerships in order to qualify for the LEG and NLEGs.

Grants

Our grants mechanism incentivises employers to train and allows SDL-paying members to claim back a portion of their SDL. NLP members also have access to grants.

The driver for all our interventions is transformation. Due to the over-representation of White and Indian learners in the sector and the appropriate representation of Coloured learners, we had funded only African Black learners and learners with disabilities since the 2012/2013 financial year. However, in the 2016/2017 financial year, grants were made available to companies with Coloured learners in the Western Cape and Northern Cape.

Fasset's mid-year strategy change resulted in two sets of targets. As the targets in the Annual Performance Plan (APP) and the Strategic Plan (SP), as agreed with DHET, could not be changed, two sets of targets were monitored internally by Fasset. The ones agreed with the DHET in the APP and SP (see table 9a) and the second set of internal targets. The internal targets were set based on the funding allocated to the new interventions (see table 9b).

Table 9a: Fasset grants as per APP and SP





Grants	Objective	SDL-paying employers	Non-SDL paying employers	Eligible employees	Target achieved
Mandatory Grants	To incentivise employers to train their staff. The submission of an Annual Training Report (ATR) combined with a skills development plan allows employers to claim 20% of the SDL paid to Fasset	 Yes	 No	All	 Yes
Placement Grants	To incentivise employers to place learners on learnerships	 Yes	 Yes	African Blacks, learners with disabilities	 No
Bursary Grants	To incentivise employers to support learners in obtaining a qualification relevant to the Fasset sector	 Yes	 Yes	African Blacks, learners with disabilities	 No
NLRG	To incentivise graduate African Black learners and learners with disabilities to complete their learnerships by assisting them to repay their NSFAS loans	 Yes	 Yes	African Blacks, learners with disabilities	 Yes

Table 9b: Fasset grants post mid-year strategy change
















Grants	Objective	SDL-paying employers	Non-SDL paying employers	Eligible employees	Target achieved
Mandatory Grants	To incentivise employers to train their staff. The submission of an ATR combined with a skills development plan allows employers to claim 20% of the SDL paid to Fasset	 Yes	 No	All	 Yes
LEG	To incentivise employers to place learners on learnerships and to continue in their learnerships	 Yes	 Yes	African Blacks, learners with disabilities and Coloured learners in the Western Cape and Northern Cape	 No
NLEG	To incentivise employers to place learners on an internship or in permanent employment	 Yes	 Yes	African Blacks, learners with disabilities and Coloured learners in the Western Cape and Northern Cape	 No
Bursary Grants	To incentivise employers to support learners in obtaining a qualification relevant to the Fasset sector	 Yes	 Yes	African Blacks, learners with disabilities and Coloured learners in the Western Cape and Northern Cape	 No
NLRG	To incentivise graduate African Black learners and learners with disabilities to complete their learnership by assisting them to repay their NSFAS loans	 Yes	 Yes	African Blacks, learners with disabilities and Coloured learners in the Western Cape and Northern Cape	 Yes

Table 10 provides more information about the number of grants applications received and the related target achievement for grants that were available after the mid-year strategy change.

Table 10: Approved grants applications

Grants	Target	Achievement
LEG	860	1 260
Bursary Grants	500	495
NLRG	150	391

The LEG places learners with at least an NQF 6 qualification in a scarce skill on a learnership, with the objective that they be retained by the participating employer. A total of R30 000 is paid

to the employer for every year that the learner is on the learnership.

The NLEG also carries a R30 000 incentive, but places unemployed learners with an NQF 6 or higher qualification on internships or in permanent employment. The programme covers four scarce skills, namely computer network and systems engineer, management consultant, financial investments adviser and economist.

The achievement of these targets is dependent on when the employers receive payment. Employers only received payment subsequent to the financial year end, resulting in the achievement of these targets rolling over to the following financial year.

Our bursary scheme



Glynis Farrell

Success Story

Fasset LEG opens up opportunities for Octagon eight

Training is a priority at Octagon Chartered Accountants and Fasset's LEG is currently providing a welcome training boost for

Octagon's eight article clerks as they work towards achieving prestigious CA (SA) status.

Trainees are given instruction by both internal experts and external companies to ensure that they are fully prepared to operate efficiently in an audit environment, explains Octagon Human Resource Manager, Glynis Farrell. 'We incentivise them to pass their PIVOTAL studies by reimbursing their study costs once they have passed,' she says. 'We also arrange for internal and external experts to go over in full examination papers so that students learn from past mistakes.'

Octagon has benefited, too, she adds. 'We have taken inexperienced students who generally haven't worked before and, through education and training, have produced good CAs capable of delivering high-quality work to our firm's clients,' she explains.

Through the opportunity afforded by the LEG, students not only learn and are rewarded financially for success, but emerge from inexperience with a suite of skills that sets them on the road to becoming partners at Octagon or establishing their own businesses.

A combination of comprehensive bursary schemes has been introduced to provide end-to-end support to learners. In addition to African Black learners and learners with disabilities, Coloured learners studying at institutions in the Western Cape and Northern Cape are eligible for bursaries.

The Fasset bursary scheme for second year, third year and

postgraduate students covers tuition, books and accommodation, while also facilitating work-readiness skills, extra tuition where required and coaching sessions.

The Fasset bursary grant is for employers who have provided a bursary to a learner who has successfully completed a qualification or a year of study towards a qualification.

The NLRG is designed for learners who have completed a three-

year qualification aligned to a scarce skill and contributes to the repayment of the learner's outstanding NSFAS study loan. The NSFAS bursary is available to learners who previously have received a Fasset-funded bursary through the NSFAS.



Boitumelo Khosi

Success Story

Repaying the loan lightens the load

On completion of their studies, graduates are understandably excited to get out there and make their mark in the world. Yet, those who have been funded by the NSFAS face the daunting prospect of having to repay their grants, while often earning a low salary and, in many cases, having to support not only themselves, but their families.

Recognising this, Fasset introduced its NLRG in 2012, which has benefited 754 graduates to date. About 100 of those who applied in 2016/2017 were trainee auditors at the AGSA,

where the grants has proved invaluable, says Senior Manager: Learning and Development, Charley Cain.

'The grants reduce our trainees' financial burden and allows them to concentrate more fully on the learnerships they are completing with us,' he explains. 'This has resulted in more motivated team members who are more productive because they have been relieved of the worry of having to repay their debt.'

One grateful recipient is Boitumelo Khosi, a second year trainee auditor at the firm. She would have been hard put to cover both her living expenses and her NSFAS repayments for her undergraduate studies in BCom Accounting from the University of Witwatersrand, she says.

Boitumelo also has an honours degree in BCom Accounting from the University of Johannesburg (WITS) and is currently working towards a CTA degree through Unisa. She has set her sights on becoming a Chartered Accountant and her journey is far less stressful now that she doesn't have the spectre of an unpaid loan clouding her vision. She can now concentrate on completing her learnership, which she describes as 'very important to me, as it will accelerate my growth and enhance my skills set'.

'My salary would never have covered everything,' she confirms. 'I'm immensely grateful. The grants has allowed me to be more flexible financially. I am not starting my life on the back foot with a low income, a high debt and no assets to my name. The lack of debt will allow me to choose employment that provides the most growth and the greatest impact, rather than the highest-paying position.'

PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/OBJECTIVE

Setas deliver against NSDS III objectives. An SLA is signed with DHET every year, committing us to deliver against specific NSDS III goals and objectives. During 2016/2017, we had 27 targets, 17 of which were achieved.

Table 11: NSDS targets and achievements

No	Strategic Outcome-oriented Objective	Programme Performance Indicator	Programme Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Variance	Reason for Deviation
1.1	Establish a credible institutional mechanism for skills planning	Research that enables skills planning	Produce research, such as the SSP and the annual grants analysis, that is professionally researched, provides a sound analysis of the sector and articulates an agreed sector strategy to address skills needs	11	Commission and conduct 10 research interventions on relevant areas such as the annual grants analysis and others identified in Fasset's research agenda as approved by the Fasset Board	10 research interventions were conducted and the outputs are as follows: 1. Transformation of employment in the Fasset sector 2. Learnership readiness pack 3. Customer satisfaction survey (employers) 4. Employer beneficiary work readiness tracer study 5. Learner beneficiary work readiness tracer study 6. Trends in employment and training in the Fasset sector 7. Study fees at South African educational institutions 2015 8. Training benchmarks for the finance and accounting services sector 9. Annual monitoring and evaluation review 10. Placement challenges for learners	0	The target was achieved
1.2				1	Produce annual SSP update for submission to DHET	Produced SSP update for the 2016/2017 financial year for submission to DHET by the due date	0	The target was achieved

No	Strategic Outcome-oriented Objective	Programme Performance Indicator	Programme Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Variance	Reason for Deviation
2.1	Increasing access to occupationally directed programmes: middle-level skills	Number of learners (employed and unemployed) who enter learning programmes (learnerships)	Identify and address middle-level skills needs.	468	700 learners (280 employed; 420 unemployed)	416 learners (175 employed; 241 unemployed)	-284	The target was not achieved. The shift in the funding strategy to focus only on learnerships at NQF 6 and higher had an impact. Employers who typically would have claimed grants for learnerships at NQF levels 1 to 5, were excluded from claiming grants. They, therefore, registered fewer employed and unemployed learners on learnerships at this level than previously.
2.2		Number of learners (employed and unemployed) who complete learning programmes (learnerships)		197	450 learners (135 employed; 315 unemployed)	241 learners (154 employed; 87 unemployed)	-209	The target was not achieved. The mid-level learnerships are those mainly from other Setas. The yearly target was not achieved due to delays in other Setas' QA processes. The target for employed learners was over-achieved and for unemployed learners, it was under-achieved. Learnership completion levels tend to be higher among employed learners. This may be due to perceived loss of status, monetary consequences and levels of occupational maturity
2.3		Number of workers who enter skills programmes – lifelong learning		13 569	4 000 workers (4 000 employed; 0 unemployed)	6 110 workers (6 110 employed; no unemployed)	+2 110	The target was achieved. The additional LPD events hosted resulted in an over-achievement
3.1	Increasing access to occupationally directed programmes: high-level skills	Number of learners (employed and unemployed) who enter learning programmes (learnerships)	High-level national scarce skills needs are being addressed by work-ready graduates from higher education institutions	4 322	3 330 learners (360 employed; 2970 unemployed)	3 686 (116 employed; 3 570 unemployed)	+356	The target was over-achieved, due to more SAICA registrations than expected. The increase in registration numbers was due to normal annual variances, which cannot be predicted. The sub-target for employed learners was not achieved. The registration of learners on learnerships is not in Fasset's control, as employers are free to register learners as and when business needs dictate

No	Strategic Outcome-oriented Objective	Programme Performance Indicator	Programme Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Variance	Reason for Deviation
3.2		Number of learners (employed and unemployed) who complete learning programmes (learnerships)		2 183	2 360 learners (95 employed; 2 265 unemployed)	2 360 learners (118 employed; 2 242 unemployed)	0	The target was achieved. The sub-target for employed learners was achieved, while the sub-target for unemployed learners was slightly under-achieved
3.3		Number of learners (employed and unemployed) on learnerships funded via placement grants		233	860 learners (50 employed; 810 unemployed)	1 260 learners (0 employed; 1 260 unemployed)	+400	The target was achieved. The sub-target for employed learners was not achieved due a strategic shift in focus on unemployed learners. The sub-target for unemployed learners was over-achieved in line with an increased budget allocation for the grants
3.4		Number of workers who enter skills programmes – lifelong learning		6 907	6 500 workers (6 500 employed; 0 unemployed)	6 873 workers (6 873 employed; 0 unemployed)	+373	The target was over-achieved due to increased demand from employers. The budget and tax annual update presented after the Minister of Finance's budget speech is Fasset's flagship event and is normally well-supported. More delegates registered to attend the event during the year under review
3.5		Number of workers who complete skills programmes – lifelong learning		6 907	6 500 workers (6 500 employed; 0 unemployed)	6 873 workers (6 873 employed; 0 unemployed)	+373	The target was over-achieved due to an increased demand from the employers in the sector. This is Fasset's flagship event and it is often well supported by the sector
3.6		Number of learners who enter bridging programmes: Qualifications/ designation support		2 096	1 300 learners (0 employed; 1 300 unemployed)	1 621 learners (0 employed; 1 621 unemployed)	+321	The target was over-achieved. More service providers with the expertise to deliver this programme were appointed, which enabled a greater number of learners to be supported
3.7		Number of learners who complete bridging programmes: Qualifications/ designation support		841	910 learners (0 employed; 910 unemployed)	2 056 learners (0 employed; 2 056 unemployed)	+1 146	The target was over-achieved. More service providers with the expertise to deliver this programme were appointed. This enabled a greater number of learners to progress to the next level, thereby confirming the positive results of this programme

No	Strategic Outcome-oriented Objective	Programme Performance Indicator	Programme Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Variance	Reason for Deviation
3.8		Number of learners who enter bridging programmes into employment		1 992	2 000 (0 employed; 2 000 unemployed) learners	184 (0 employed; 184 unemployed) learners	-1 816	The target was not achieved. The bridging into employment programme was discontinued due to a mid-year shift in strategy. The 184 records reported in quarter 1 relate to late recruitment of learners from the 2016 financial year
3.9		Number of learners who complete bridging programmes into employment		1 098	1 400 learners (0 employed; 1 400 unemployed)	1 162 learners (0 employed; 1 162 unemployed)	-238	The target was not achieved. The majority of learners successfully completed the theory and practical training, but failed to secure placement to complete the work experience component of the programme
3.10		Number of learners funded on bursary grants		551	500 learners (75 employed; 425 unemployed)	495 learners (0 employed; 495 unemployed)	-5	The target was not achieved. The sub-target for employed learners was not achieved due to a change in focus on unemployed learners only to address the challenges faced by learners at higher education institutions. The sub-target for unemployed learners was over-achieved
3.11		Number of learners entered and funded on Fasset bursary scheme		NA	330 learners (0 employed; 330 unemployed)	69 learners (0 employed; 69 unemployed)	-261	The target was not achieved. A reduced number of learners were recruited as academic results for the 2016 year, a requirement for selection, was delayed by the impact of the #FeesMustFall movement
3.12		Number of learners completed and funded on bursary scheme		NA	330 learners (no employed; 330 unemployed)	No learners (no employed; no unemployed)	-330	The target was not achieved. The original intention was to fund learners for the 2016 academic year, but this changed to focus on the 2017 academic year. Learners thus did not complete at the time originally expected
3.13		Number of learners funded on NLRG		142	150 learners (150 employed; 0 unemployed)	391 learners (391 employed; 0 unemployed)	+241	The target was over-achieved. Additional funding was made available and additional learners were supported

No	Strategic Outcome-oriented Objective	Programme Performance Indicator	Programme Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Variance	Reason for Deviation
3.14		Number of learners assisted on NSFAS bursary		196	300 learners (0 employed; 300 unemployed)	199 learners (0 employed; 199 unemployed)	-101	The target was not achieved. Additional learners have been approved for funding by NSFAS but these records were still outstanding
4.1	Engage with TVET institutions	Number of learners placed in workplace experience	Partnerships among DHET, the Seta, employers, private providers and public TVET colleges are resulting in increased capacity to meet industry needs throughout the country	234	300 learners (0 employed; 300 unemployed)	287 learners (0 employed; 287 unemployed)	-13	The target was not achieved. An approved employer withdrew from the project at the last minute, resulting in fewer learners being supported than originally approved
4.2		Number of learners placed in workplace experience		132	100 learners completed (0 employed; 100 unemployed)	128 learners completed (0 employed; 128 unemployed)	+28	The target was over-achieved as more learners were recruited into the programme in the previous financial year, while other learners completed later than initially planned as a result of maternity leave
5.1	Encouraging better use of workplace-based skills development	Number of large firms that submit WSPs/ATRs and attend lifelong learning events	Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the workforce to adapt to change in the labour market	61	60 firms in the sector submit WSPs	62 firms	+2	This target was over-achieved as two firms above target were approved
5.2		Number of medium firms that submit WSPs/ATRs and attend lifelong learning events		89	80 firms in the sector submit WSPs	95 firms	+15	This target was over-achieved as more medium firms than expected submitted WSPs, possibly as a prerequisite for submitting discretionary grants applications (before mid-year shift in strategic focus)
5.3		Number of small firms supported		849	600 firms in the sector submit WSPs	513 firms	-87	This target was not achieved. Most small firms are not obligated to submit an annual SDP. The mandatory grants also tend to be an insignificant motivation for submission

No	Strategic Outcome-oriented Objective	Programme Performance Indicator	Programme Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Variance	Reason for Deviation
5.4	Encouraging and supporting cooperatives, small enterprises, worker-initiated NGOs and community training initiatives	Number of small firms supported		304	200 NLPs	313 firms	+113	This target was over-achieved. The target in the DHET Fasset SLA is 320 and not 200, a discrepancy of which DHET was notified. The corresponding DHET quarterly management report (QMR) target, therefore, reflects an under-achievement of 313 against a target of 320. Fewer NLPs renewed their registration, but an increase in participation in discretionary grants is noted
5.5	Increase public sector capacity for improved service delivery and support the building of a developmental state	Number of government departments supported	Thorough analysis and reflection are conducted on provision of education and training in the public sector and the contribution of the various role-players	5	5 departments	6 departments	+1	The target was over-achieved. One additional government department submitted a mandatory grants application, which was approved
6.1	Build career and vocational guidance	Develop career guide and position finance and accounting services through various platforms as the sector of career choice	Career paths are mapped to qualifications in the sector and sub-sectors, and communicated effectively, contributing to improved relevance of training, and greater mobility and progression	<ul style="list-style-type: none"> - Career guide developed - National learner print and online campaign updated - 32 learner marketing print media and online update done - 264 career events/ exhibitions held in rural areas and townships - 4 relationships established with career guidance /student offices at HETs/TVETs and offices upskilled - 4 learner e-zine's produced - 20 brand ambassadors appointed 	Develop career guide and learner marketing campaign to include exhibitions and regional presence in rural areas and townships	<ul style="list-style-type: none"> - Career guide developed - National learner print and online campaign updated - 34 learner adverts placed on various print media and online platforms - 31 career events held in rural areas and townships - 5 relationships established with career guidance/ student offices at HETs/TVETs and offices upskilled - 4 quarterly learner e-zines produced - Career portal developed 	0	The target has been achieved

REVENUE COLLECTION

Table 12: Revenue

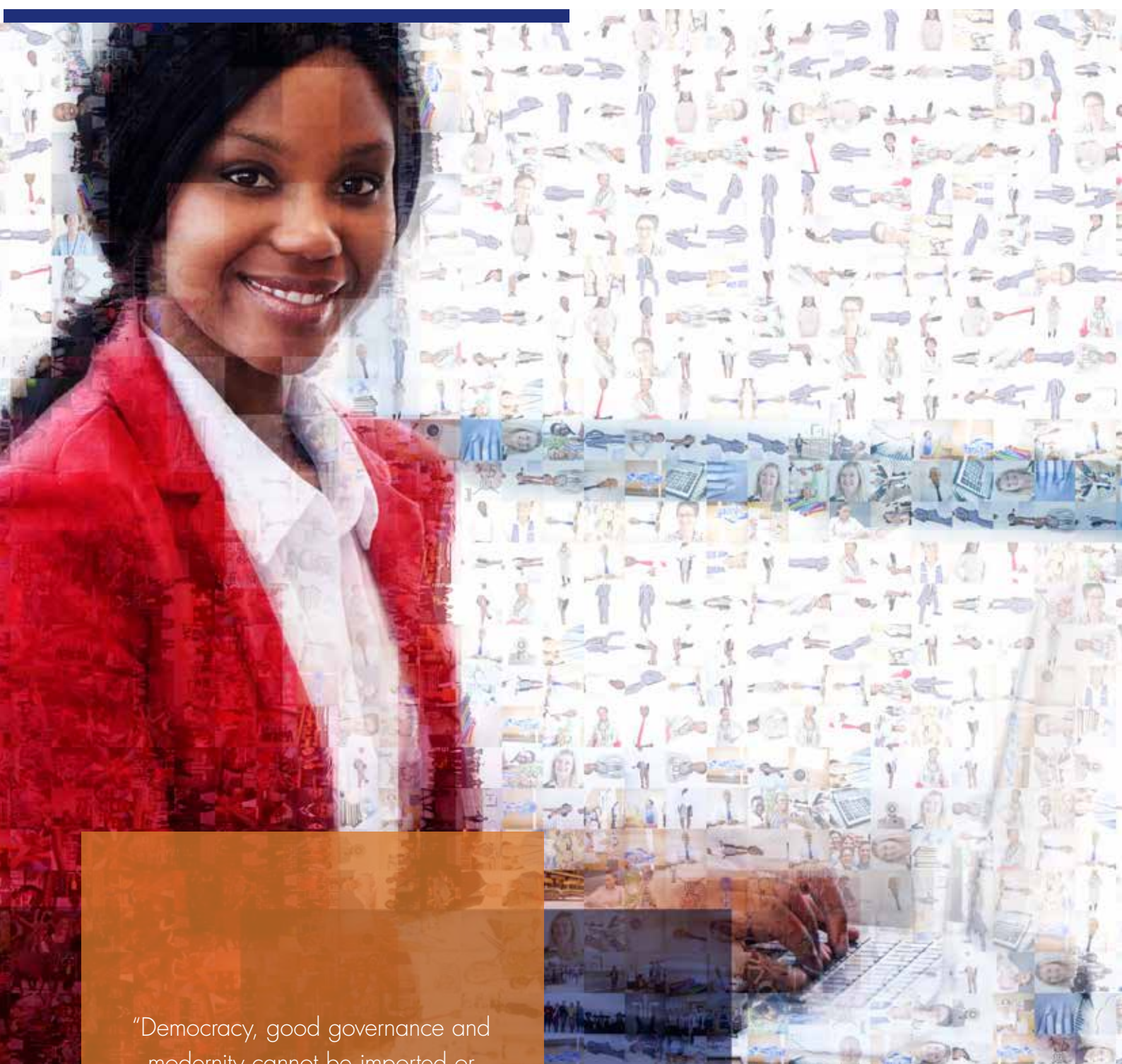
Sources of revenue	2016/2017			2015/2016		
	Estimate	Actual amount collected	(Over)/undercollection	Estimate	Actual amount collected	Over-/under-collection
	R'000	R'000	R'000	R'000	R'000	R'000
Government department	13 800	20 428	(6 628)	25 433	19 742	5 690
Interest revenue	16 788	23 900	(7 112)	14 850	16 679	(1 829)
SARS/DHET levies	429 412	466 766	(37 354)	447 886	453 576	(5 690)
Total	460 000	511 094	(51 094)	488 169	490 032	(7 553)

An increase in levies was due to a correction that was done by the levies administrator (SARS) on the contributions that were done by an employer in the previous scheme years.

Capital investment

We acquired additional tangible and non-tangible assets during the 2016/2017 financial year. The costs of repairing and maintaining the assets were minimal, and no loss or theft was experienced during the year. Physical verifications of the assets are conducted bi-annually as part of asset management.

We received levies from SARS and provincial government departments during the year. As per Treasury Regulations, these levies were invested with the approved banks and interest was, therefore, received. High balances were experienced on investments due to most discretionary projects being implemented from the last quarter of the year.



"Democracy, good governance and
modernity cannot be imported or
imposed from outside a country." Emile
Lahud

C GOVERNANCE

INTRODUCTION

At Fasset, we are committed to good governance practices, which seek to promote transparency and accountability to all our stakeholders and also promote our ability to create value in the short to medium-term.

We comply with all applicable regulations, standards and frameworks. In addition, robust governance structures and processes are in place to ensure the execution of our strategy and the management of risks. Our commitment to internal controls includes a code of conduct, SLAs, declarations of conflict of interest, and a gifts and hospitality register.

EXECUTIVE AUTHORITY

We report on our financial and non-financial performance to the MHET, in his capacity as the Executive Authority.

ACCOUNTING AUTHORITY

The Accounting Authority (Fasset Board) governs and manages the Seta in accordance with applicable legislation and provides strategic direction. As the King III Code of Corporate Governance articulates, the essence of good governance emanates from effective leadership; thus the Accounting Authority and management of Fasset have a critical role to play in ensuring that we fulfil our strategic and operational objectives towards sustainable performance and meet the needs of our stakeholders.

The Board assesses Fasset's performance, assesses risks and reviews Fasset's strategic direction.

Board Members



Shahied Daniels
Acting Chairman



Bongani Mathibela



Corné Karsten



Kate Hlongwane



Mopo Mushwana



Nyameka Macanda



Patricia Stock



Stadi Mngomezulu



Samantha Louis



Sathie Gouden



Amanda Dempsey



Holger Fischer



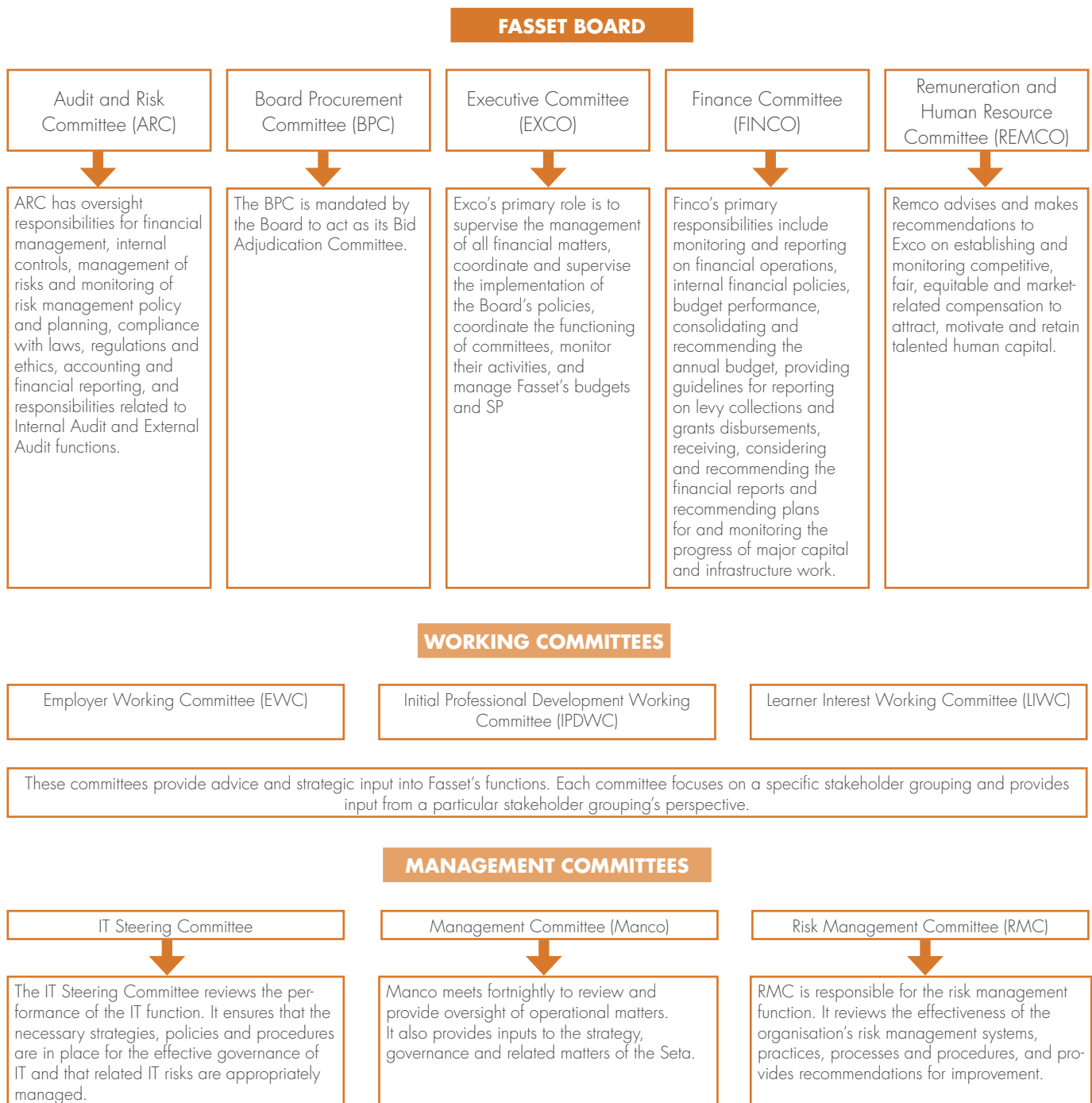
Mauwane Kotane



Shirley Mashaba

The Board and sub-committee responsibilities are outlined below.

Figure 7: Board and Sub-committee Responsibilities



RISK MANAGEMENT

The changes to Fasset's strategy introduced in the middle of the reporting period changed the Seta's risk profile, creating risks relating to stakeholders accessing information timeously to enable them to implement new programmes aligned to the revised strategy, and affecting the achievement of targets.

Fasset remains committed to the optimal management of all risks associated with the performance of functions and delivery in line with its vision, mission, objectives and strategic plans. To meet this commitment, the management of risks is integrated into strategy, planning, budgeting and operational processes and is fully recognised in funding and reporting processes on the basis of evaluation of the level of risk and Fasset's risk appetite.

The Fasset Board has overall responsibility for risk management. The ARC provides oversight of this function and an executive RMC is responsible for risk management. The Board recognises that risk management is an integral part of the Seta strategy-setting process. The responsibility for designing, implementing and monitoring the risk management plan is delegated to management.

The Enterprise-wide Risk Management Framework deploys three lines of defence as follows:

- Board and Exco accountability and involvement in business management, supported by appropriate internal control, risk management and governance structures;
- Regular monitoring of risks and performance across all business processes, and
- Independent assurance provided by Internal Audit and the AGSA.

The details of the Risk Management Plan are contained in the suite of documents that includes the Risk Management Framework, Risk Management Policy, Risk Appetite and Risk Register. These documents are reviewed fortnightly by the RMC and reported to ARC and the Board every quarter. An annual risk assessment is also held to review the entire risk universe of the Fasset environment.

As part of managing its risk, the Seta also defines the material issues that can potentially impact on its ability to deliver on its mandate, the associated risk and potential impact, and how the risks of these material issues are being managed. This is detailed on page 13 of this report.

The key risks are tabled and reviewed quarterly by the ARC. Risk metrics and indicators are clearly defined for all risks, with the risk management process embedded in the Seta's operations. During the period under review, risks relating to the Seta landscape continued. These were allayed towards the end of the year by the extension of the Seta licence period. Other risks addressed during the period included those related to the mid-year strategy changes, and to ensuring the delivery of discretionary-funded projects being completed on time, within budget and in line with set requirements.

Controls relating to the adherence of all policies, processes, legislation and standards in areas such as SCM, IT and reporting of performance information were also reviewed to ensure that all strategic and operational risks were effectively managed. The effective management of inherent and emerging risks will continue to be managed through the governance structures, with the Fasset Board, as the Accounting Authority, remaining ultimately responsible for the risk management function.

INTERNAL CONTROL UNIT

The ARC monitors audit reviews and all internal controls implemented by Fasset management. The Seta's systems and internal controls include a delegation of responsibilities within a clearly defined framework, effective accounting system and adequate segregation of duties. In addition, all the necessary structures, policies and procedures are in place to ensure compliance with various requirements, frameworks and standards, including compliance with the King IV Code of Corporate Governance, which includes placing greater emphasis on IT governance in recognition of the increasingly prominent role of IT as a strategic enabler for organisations.

The Board is of the opinion, based on the information and explanations given by management, ARC and AGSA, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial

control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

COMPLIANCE WITH LAWS AND REGULATIONS

Fasset's legislative compliance framework is reviewed quarterly by the ARC and the Board.

FRAUD AND CORRUPTION

To assist Fasset to give effect to its fraud prevention plan, stakeholders are encouraged to make use of the Fasset Tip-offs Hotline to notify Fasset of any suspected fraudulent activities impacting on the Seta. The hotline is monitored monthly and all activities are reported at management meetings. No fraud nor corruption was reported in the period under review.

MINIMISING CONFLICT OF INTEREST

Fasset abides by the following principle:

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

- Declare such interest or potential conflict of interest;
- Disclose, in writing, to the Board and CEO (in the case of an employee) any conflict of interest or duties, or possible perception of such, as soon as practicable after they become aware of the relevant facts, and shall not participate in the discussion or decision taken, and
- Not take part in any transaction between Fasset and any company, firm or enterprise in which he/she, or any member of his/her family, has an interest, without declaring such interest and having been specifically authorised by the Board to do so.

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

CODE OF CONDUCT

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

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The pressing need to address the growing pressure on resources, and rising emissions and global temperatures is almost universally accepted. Fasset subscribes to the philosophy that small, sustainable actions make a big impact and this belief forms the basis of the Fasset Environmental Policy and its implementation plan, enacted during the year under review.

In spite of the relatively low environmental impact of the Seta, the policy seeks to ensure that its business is conducted in a responsible, fair and honest manner, in keeping with regulations and codes of practice related to environmental protection.

The policy concentrates on energy and water usage and on printing, while encouraging a culture of recycling and of managing and disposing of all waste responsibly.

During the year, an internal environmental poster-based campaign was launched to encourage staff to be mindful of their environment. It also provided tips to implement at home on the use of reusable shopping bags, water and electricity saving measures, responsible travel, and sensible pool care and gardening practices.

In line with this policy, Fasset discontinued the production and distribution of its newsletter Facts in favour of an electronic version, and some of the training material for lifelong learning events was made available online rather than printed. These measures have reduced the Seta's carbon footprint as they have reduced reliance on courier services for delivery of documents. Some savings were realised.

These efforts will continue into 2017/2018, along with other initiatives identified during the annual review of the Environmental Policy.

COMPANY SECRETARY

The Board is cognisant of the duties of the Company Secretary and an environment exists in which the Company Secretary is able to ensure full adherence to Board procedures and relevant regulations. The Company Secretary's role entails:

- Recording minutes of the Board and its committees;
- Determining the annual calendar for Board meetings in consultation with the Board Chairman and the CEO;
- Preparation and distribution of Board packs for meetings;
- Maintenance of statutory records;
- Facilitating the annual performance evaluation process for the Board and its committees;

- Managing the nomination process of new Board members;
- Facilitating the induction of new Board members and developing mechanisms for providing continuous education and training for Board members to improve and maintain Board effectiveness;
- Providing guidance on Board members' fiduciary responsibilities and duties;
- Providing guidance to Board members on governance, and
- Managing conflicts of interest.

These duties were discharged accordingly.

SOCIAL RESPONSIBILITY

The PFMA precludes public entities from using public funds to support corporate social responsibility (CSR) initiatives. Fasset's CSR initiatives are, therefore, staff driven and voluntary in line

with its commitment to making a difference, however slight, in the communities in which it operates.

As a good corporate citizen, Fasset is mindful of its responsibility to help some of the most vulnerable people in South Africa. Apart from assisting learners to make informed career choices, it has adopted Eyethu Centre in Soweto, which caters for mentally and physically impaired persons.

A box is kept permanently at the Seta's reception for donations of clothes, non-perishable goods, books for school libraries, shoes and the like. The items collected are donated to various social initiatives. During the year under review, a multifunction printer was donated to Eyethu Centre to assist with administration work. Eyethu also benefited from donations of clothes, disposable nappies, non-perishable and other essential items.

REPORT OF THE AUDIT AND RISK COMMITTEE

Report of the ARC in terms of Regulations 27 (1) (10) (B) and (C) of the PFMA.

We are pleased to present our report for the financial year ended 31 March 2017.

Audit and risk committee responsibility

The Audit and Risk Committee has adopted appropriate terms of reference as its ARC charter.

The charter is updated regularly and complies with the principles of good governance and with the requirements of the PFMA. The ARC is accountable to the Board and has an oversight function for:

- Financial management;
- IT governance;
- Risk management and internal audit;
- Compliance with laws, regulations and good ethics;
- Reporting practices; and
- External Audit.

The ARC has satisfied its responsibilities for the year, in compliance with its terms of reference and charter.

REPORT ON THE OPERATIONS OF THE AUDIT AND RISK COMMITTEE

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

- Reviewed quarterly management accounts;
- Updated ARC charter;
- Considered the risk management process;
- Considered the Internal Audit plans and reports and made recommendations as appropriate;
- Monitored progress with the Internal Audit coverage plans as well as management's follow-up on matters requiring attention;
- Monitored compliance with Fasset policies and applicable legislation;

- Conducted separate informal meetings with management, internal and external audit;
- Reviewed External Audit plans, reports and management's follow-up of matters requiring attention;
- Provided guidance to the Board on IT governance issues and alignment to applicable legislation, and
- Conducted self-assessment during the year. Results concluded that the ARC is effective in the execution of its duties. Minor areas of improvement were identified and action plans were put in place.

The effectiveness of internal control

The ARC is satisfied that:

- The risk management process is in place and Fasset's major risks are managed properly;
- The internal control systems are effective;
- The internal auditors are operating objectively and independently, and
- Matters requiring management's attention have been addressed adequately.

Evaluation of Financial Statements

The ARC has:

- Reviewed and discussed with the AGSA the audited financial statements to be included in the Annual Integrated Report;
- Reviewed the AGSA's management letter and management's response thereto;
- Reviewed significant adjustments resulting from the audit;
- Reviewed and discussed the AGSA's report; and
- Reviewed and confirmed the independence of the external auditors with respect to non-audit services.

The ARC concurs and accepts the conclusions of the AGSA 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 AGSA.

Table 13: Audit and Risk Committee attendance and remuneration 2016/2017

Member	Shirley Machaba ¹ (Chairman)	Amanda Botha ²	Veronica du Preez	Patricia Stock	Edson Ragimana	Mdu Zakwe
Position	Board Member	Independent Member	Independent Member	Board Member	Independent Member	Independent Member
Meetings						
20 May 2016	✓	✓	✓		✓	✓
29 June 2017	✓	✓	✓	✓	✓	✓
22 July 2017		✓	✓	✓	✓	✓
28 Oct 2017	✓	✓	✓	✓	✓	✓
21 Feb 2017		✓	✓	✓	✓	✓
Meetings Attended	3	5	5	4	5	5
Remuneration during year for financial year ending 31 March 2017	R29 916.00	R40 000.00	R40 000.00	R31 032.00	R40 500.00	R40 500.00
Travel reimbursement	R802.76		R2 171.40	R927.78	R1 598.94	R454.02

¹Committee fees paid to: PricewaterhouseCoopers (PWC): Shirley Machaba

²Committee fees paid to: Accounting Standards Board (ASB): A Botha

Remuneration Rate

Independent member = R8 000 per meeting
 Chairman (Board member) = R9 972 per meeting
 Board member = R7 750 per meeting
 Independent Chairman = R8 500 per meeting



Shirley Machaba
Audit and Risk Committee Chairman



"Human capital will go where it is wanted, and it will stay where it is well treated. It cannot be driven; it can only be attracted." Walter Wriston



HUMAN RESOURCE MANAGEMENT

INTRODUCTION

Fasset's human capital is the engine of its skills development activities and employees' knowledge, experience, expertise and commitment enable the Seta to meet its annual objectives. The Fasset team has remained relatively stable since the organisation's inception, with additional resources brought on board as new priorities and legislative requirements dictate.

At 31 March 2017, Fasset's staff complement stood at 29, an increase of one position over last year. No additional staff members were taken on during the period.

Recruitment and selection

Capacitation of staff is integral to the Seta's ability to deliver on its mandate and skills development for staff has always been a priority.

During the year under review, the Seta continued to keep its permanent team to a minimum, with sufficient resources to perform the core functions defined by the SDA and implement the strategies and policies approved by the Fasset Board. This approach ensures that the highest possible proportion of the SDL is allocated to the Seta's core business – skills development.

Non-core functions such as Internal Audit, IT, call centre and finance are outsourced, and external suppliers are contracted as required.

Training and development

In the 2015/2016 year, with the Setas' licence having been extended by the MHET to the end of March 2018, Fasset's staff training was focused on core functions and on enabling its team members to enhance their proficiency in key functional areas. However, in the 2016/2017 financial year, with the announcement of a further two-year licence period to the end of March 2020, but with the uncertainty of the Setas' future, Fasset started funding staff training in non-core disciplines to enhance staff members' employability in the general economy, should alternative employment be necessary after March 2020.

During the year, R367 000 was spent on staff training, compared to R265 000 in the previous year. Some 28 staff members attended 20 training initiatives, in core areas ranging from Quality Management to MBA studies and in non-core areas including LLB and human resource (HR) qualifications.

Table 14: Staff Training cost

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No of employees trained	Average training cost per employee (R'000)
Executive office	4 337	77	2%	4	19
Research	1 929	10	1%	1	10
Processing and Quality Assurance	4 644	189	4%	11	17
Projects	2 302	20	1%	4	5
Operations	2 518	44	2%	5	8
Marketing and Communications	1 481	26	2%	2	13

Talent management and succession planning

With the uncertainty that surrounds the future of Seta after March 2020, the risk exists that employees may leave Fasset at any time, particularly during key periods of delivery. A transitional plan is in place, which outlines the manner in which operational matters will be dealt with during this period. By year-end, work was underway on the recruitment of a human resources manager, whose initial duties will include assisting with a number of HR processes, among which are talent management and succession planning.

Measuring people practices

Fasset is an Investors in People (IiP) organisation. The IiP standard provides a well-respected benchmark for people development initiatives. It allows all staff to keep people development top of

mind and to be directly involved in improving standards. Finally, it enables the Seta to benchmark against other best-practice organisations and to learn from their experiences.

Recognition and reward

An integrated performance management system is in place, which includes individual performance contracts, personal learning and development plans and three performance reviews a year. Also in place, to reward exceptional performance, are a performance management system and an incentive scheme with a maximum value of 14% of the annual remuneration package. These are aligned to and support the attainment of the strategic priorities, goals and outcomes outlined in the SP and APP. The incentive scheme is paid annually at the discretion of Exco and Remco.

Performance rewards

Table 15: Performance rewards

Programme activity/objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	Bonuses	117	0.6%
Senior management	Bonuses	155	0.8%
Professional qualified	Bonuses	160	0.8%
Skilled	Bonuses	131	0.7%
Semi-skilled	Bonuses	204	1.0%
Unskilled	Bonuses	10	0.1%

The CEO and COO remuneration is disclosed in the financial statements on page 68.

Personnel cost by salary band

Table 16: Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	4 194	21.3%	2	2 097
Senior management	3 639	18.4%	3	1 213
Professional qualified	3 150	16.0%	4	788
Skilled	2 287	11.6%	6	381
Semi-skilled	3 148	16.0%	12	262
Unskilled	312	1.6%	2	156

Employee wellness

Healthy employees reduce health care costs, decrease the likelihood of illness and injuries and reduce absenteeism. Fasset regards employee wellness as a priority and as such, various wellness initiatives and awareness days are held to ensure that employees are aware of health risks.

Fasset's wellness programme is facilitated by staff and organised the following celebratory events in the year under review:

- June 16 to commemorate the Class of 1976
- Doek Friday to mark Women's Month
- Heritage Day
- Valentine's Day.

Employee relations

An employee forum established in 2015/2016 to facilitate communication between employees and senior management and provide an opportunity for employees to participate and contribute constructively to operations continued to meet in the year under review. At these meetings, pertinent matters were raised with senior management on areas such as reward and recognition, training and development as well as issues that impact the Seta's operations and strategic matters.

Based on the outcomes of the employee forum sessions held, we have now embarked on a process of reviewing our HR policies and processes with the view of addressing some of the concerns raised by staff.



FASSET TEAM as at 31 March 2017.**Executive Office****Cheryl James**
Chief Executive
Officer**Lesego Lebuso**
Chief Operations
Officer**Gugu Moetanalo**
Company Secretary**Sello Malatsi**
Governance
Specialist**Research****Lauren Derman**
Director of Research**Biggie Chidzondo**
Database and
Research Specialist**Processing and Quality Assurance****Natércia Faustino**
Director of Processing
and Quality
Assurance**Marlie Spencer**
Quality Assurance
Manager**Molly Rabaloi**
Quality Assurance
Specialist**Nomadlozi Buthelezi**
Learnerships
Specialist**Mando Mahlangu**
Grants Specialist**Maphuti Setati**
Grants Administrator**Unathi Nkosiyan**
Grants Administrator**Berlinda Melamane**
Learnerships
Administrator**Desireé Rikhotso**
Grants Administrator**Simon Mokete**
Learnership
Administrator**Khomotso Phetla**
Quality Assurance
Administrator**Operations****Bomkazi Mnombeli**
Operations Manager**Glodinah Moleko**
Operations
Administrator**Queen Maphoto**
Operations
Administrator**Projects****Tania Lee**
Director of Projects**Amos Nokoane**
Projects Specialist**Nomandla Mtetwa**
Projects Administrator**Thandiswa Nduna**
Projects Administrator**Marketing and Communications****Zandile Skosana**
Marketing and
Communications
Manager**Ludwe Matanzima**
Marketing and
Communications
Specialist**Thabiso Sebashe**
Marketing and
Communications
Administrator

Executive Office: The Executive Office drives the strategy, positioning, development, operations and governance of Fasset.

Research: The Research Department is involved in the strategic planning for Fasset by generating and coordinating research in the sector.

Processing and Quality Assurance: The Processing and Quality Assurance Department is responsible for registering assessors and moderators, accrediting providers and registering learnership agreements as well as assisting SDFs in the Fasset sector, through grants administration (mandatory and discretionary grants).











Projects: The Projects Department is responsible for managing the programmes funded from discretionary funding such as bridging programmes, TVET projects and lifelong learning programme.

Marketing and Communications: The Communications Department is responsible for leading, developing and implementing integrated communication strategies so that stakeholders are regularly informed regarding Fasset, its service offerings and brand.

Operations: The Operations Department manages the office infrastructure and provides general office support, including the development and implementation of SCM policies and procedures, for the effective and efficient operations of Fasset.

Table 17: Human resource oversight statistics

Staff member	Position	Race	Disability	Gender	Date Joined
Nomadlozi Buthelezi	Learnerships Specialist	Black	Non-Disabled		Oct-03
Berlinda Chidi	Learnerships Administrator	Black	Non-Disabled		Sep-08
 Lauren Derman	Director of Research	White	Non-Disabled		Apr-01
 Natércia Faustino	Director of PQA	White	Non-Disabled		Mar-08
 Cheryl James	Chief Executive Officer	White	Non-Disabled		May-00
 Lesego Lebuso	Chief Operating Officer	Black	Non-Disabled		Aug-11
 Tania Lee	Projects Director	Coloured	Non-Disabled		Mar-04
Mando Mahlangu	Grants Specialist	Black	Non-Disabled		Nov-07
Annah Maseko	Office Attendant	Black	Non-Disabled		Sep-03
 Bomkazi Mnombeli	Operations Manager	Black	Non-Disabled		Apr-08
 Gugu Moetanalo	Company Secretary	Black	Non-Disabled		Jun-00
Glodinah Moleko	Operations Administrator	Black	Non-Disabled		May-08
Nomandla Mtetwa	Projects Administrator	Black	Non-Disabled		Jun-09
Thandiswa Nduna	Projects Administrator	Black	Non-Disabled		Apr-07
 Marlie Spencer	Quality Assurance Manager	White	Non-Disabled		Apr-13
Desireé Rikhotso	Grants Administrator	Black	Non-Disabled		Oct-05
Thabiso Sebashe	Communications Assistant	Black	Disabled		Sep-03
Pearl Thomo	Office Attendant	Black	Non-Disabled		Sep-05
Maphuti Setati	Grants Administrator	Black	Non-Disabled		Jun-10
Amos Nokoane	Projects Specialist	Black	Non-Disabled		May-13

Staff member	Position	Race	Disability	Gender	Date Joined
Molly Rabaloi	QA Specialist	Black	Non-Disabled		May-13
Simon Mokete	Learnerships Administrator	Black	Non-Disabled		April 2013
Unathi Nkosiyanane	Learnerships Administrator	Black	Non-Disabled		April 2013
Queen Maphoto	Operations Assistant	Black	Non-Disabled		May 2013
Sello Malatsi	Governance Specialist	Black	Non-Disabled		Apr 2014
Biggie Chidzvondo	Database and Research Specialist	Black	Non-Disabled		January 2015
Khomotso Petla	Quality Assurance Administrator	Black	Non-Disabled		November 2015
 Zandile Skosana	Marketing and Communication Manager	Black	Non-Disabled		July 15
Ludwe Matanzima	Marketing and Communication Manager	Black	Non-Disabled		April 16



Executives



Senior Managers



Middle Managers

Employment changes

There were no changes to the previous year's staff complement; there was a vacancy for the HR manager position.

Reasons for staff leaving

There were no staff movements in the period under review.

Labour relations: Misconduct and disciplinary action

Table 18: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	1
Written warning	0
Final written warning	1
Dismissal	0

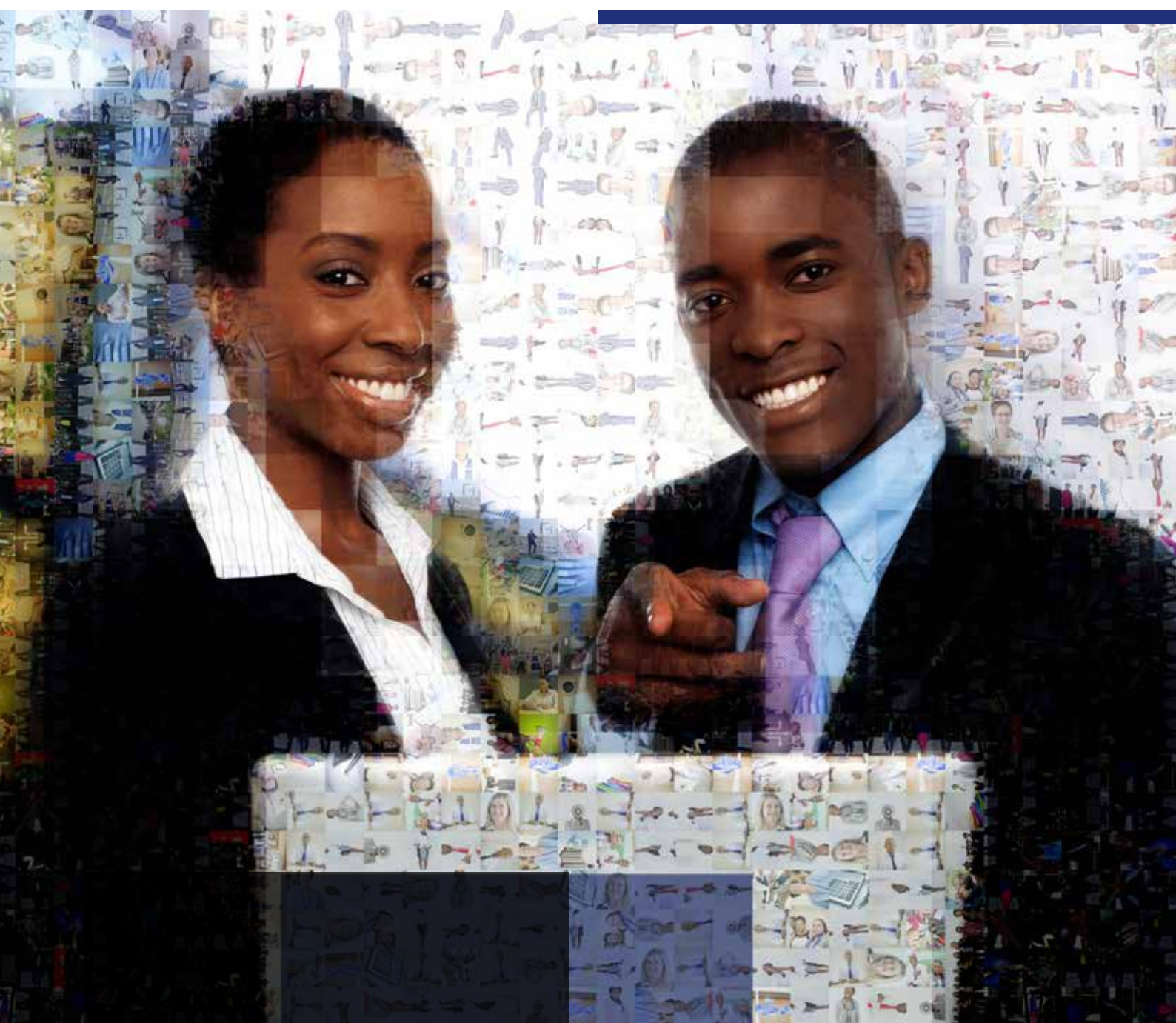
Equity target and employment equity status

Table 19: Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0
Professional qualified	0	0	0	0	0	0	0	0
Skilled	3	4	0	0	0	0	0	0
Semi-skilled	1	2	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	4	6	0	0	0	0	0	0

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	1	1
Senior management	0	1	1	1	0	0	2	3
Professional qualified	3	3	0	0	0	0	1	0
Skilled	5	4	0	0	0	0	0	0
Semi-skilled	8	9	0	0	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0
TOTAL	19	20	1	1	0	0	4	4

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
TOTAL	0	0	1	1



"It is always important to invest in young talents of tomorrow." Delphine Arnault

E FINANCIAL INFORMATION

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Accounting Authority is responsible for the preparation of Fasset's financial statements and for judgments made in compiling this information.

It is responsible for establishing and implementing a system of internal control to provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements.

In our opinion, the Annual Financial Statements fairly reflect the operations of Fasset for the financial year ended 31 March 2017.

The external auditors have a statutory duty to express an independent opinion on Fasset's Annual Financial Statements for the year ended 31 March 2017. The AGSA's report is on page 70.

The Annual Financial Statements of Fasset have been approved. The full set of statements can be found on the website. 



Shahied Daniels
Acting Chairman

REPORT OF THE ACCOUNTING AUTHORITY

The Board is Fasset's Accounting Authority. As the highest governing structure, it retains full and effective control over Fasset. It monitors the CEO's performance and ensures that decisions on material issues are addressed and that the Board carries out its fiduciary duties.

The Board has scrutinised the preparation and presentation of this Annual Integrated Report. In its view, it provides insights into Fasset's organisational strategy and how this relates to Fasset's ability to create value for the Fasset sector. The report also provides a holistic picture of the combination, interrelatedness and dependencies among the factors that affect the Seta's ability to deliver on its mandate. All material matters, both positive and negative, have been included in the report in a balanced manner.

It is the considered opinion of the Board, as the Accounting Authority, that the Annual Integrated Report provides a fair representation of Fasset's financial and non-financial performance for the year ending 31 March 2017 and that it has been prepared in accordance with reporting requirements. Appropriate accounting policies, supported by reasonable and prudent judgment and estimates, have been applied on a consistent, going-concern basis and the Annual Financial Statements comply with GRAP and the PFMA.

Fasset complies with all other applicable legislation and the Board discharges its responsibilities of:

- Providing strategic direction to the organisation;
- Determining strategic objectives, goals and policies; and
- Monitoring performance against these objectives and goals as well as annual performance plans.

The Board instituted a forensic investigation into SCM processes and requirements for the current year under review, as well as prior ten years. It is with regret that the findings of these forensic audit investigations revealed irregularities as well as fruitless and wasteful expenditure. This led to disciplinary action being brought against two senior executives of the Seta as well as investigative procedures against a service provider. The outcome of these cases was undetermined at 31 March 2017. This issue and its related findings have been addressed in the AGSA's report and included in the Annual Financial Statements under irregular and fruitless and wasteful expenditure.

It is the opinion of the Board, as the Accounting Authority, that Fasset will continue as a going concern for the ensuing year as it has met its budgetary requirements for the year under review and will continue to do so in the future.

Remuneration

The CEO and COO are traditionally separate functions. However, during the second half of the year under review, the Fasset COO performed the role of Acting CEO. Both the CEO and COO roles are full-time positions and remuneration was in line with the approved salary bands and remuneration policy for the period. Details of senior management remuneration for the year under review are as follows:

CEO's remuneration

	2016/2017	2015/2016
Basic remuneration	2 371	2 180
Allowances	42	42
Bonuses	-	382 ¹
Other benefits	77	71
	2 490	2 675

COO's remuneration

Basic remuneration	1 602	1 479
Bonuses	117 ¹	239 ¹
Acting allowance	297	-
Other benefits	57 ²	53
Total Guaranteed and Non-Guaranteed Remuneration	2 073	1 771

Directors remuneration*

Basic	3 411	3 140
Allowances	49	49
Bonuses	155	532
Other benefits	190	128
Total Guaranteed and Non-Guaranteed Remuneration	3 805	3 849

*The directors' remuneration comprises three key staff members: Director - Projects, Director - PQA and Director - Research.

¹ Remuneration relates to a performance and retention bonuses being paid in the period.

² Remuneration relates to an acting allowance being paid as a result of the suspension of the CEO.

Board members are remunerated for attending Board and sub-committee meetings in accordance with National Treasury Guidelines Level S. The amount paid to each Board member is detailed on the page 69.

Fassel's Board and sub-committee meeting attendance and remuneration (excludes costs and expenses for meetings) 2016/2017

Composition of the Board

Name	Chairman	Board meetings attended	ARC meeting attended	BPC meeting attended	Exco meeting attended	Remco meetings attended	Finco meetings attended	Total # of meetings attended	Total amount paid R '000
Prabir Badal ¹		2/3						2/3	16
Shahied Daniels	Board; Exco	9/9			4/4			13/13	770
Amanda Dempsey	Finco	7/9				2/2	7/7	15/18	70
Holger Fischer ²	Remco	6/6			2/2	2/2		10/10	53
Sathie Gounden		7/9		3/3				10/12	75
Kate Hlongwane		8/9		3/3	3/4			14/16	83
Corné Karsten		9/9		2/3	1/1		5/7	19/23	74
Mauwane Kotane	EWC	7/9						7/9	47
Samantha Louis ³		4/4			0/1			4/5	29
Shirley Machaba	ARC	4/9	2/4			1/4		8/17	26
Patricia Stock	Remco; IPDWC	8/8	3/3			2/2		13/13	125
Bongani Mathibela		9/9			4/4	4/4		16/16	234 ⁵
Stadi Mngomezulu		5/9		2/3				7/12	34
Mopo Mushwana	BPC	5/9		3/3			4/7	12/19	57
Nyameka Macanda									16

¹ Resigned July 2016

² Resigned November 2016

³ Resigned June 2016

- Meeting Fees: R108 000
- Board Ad-hoc Committee Fees: R663 000
- Meeting Fees: R94 000
- Board Ad-hoc Committee Fees: R141 000
- Paid to National Treasury

*Paid to PricewaterhouseCoopers



Shahied Daniels
Acting Chairman

REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA

Report of the auditor-general to Parliament on Finance and Accounting services Sector Education and Training Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Financial and Accounting Sector Education and Training Authority (Fasset) set out on the Fasset website, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Fasset as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No 97 of 1998) (SDA).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Irregular expenditure

7. As disclosed in note 29 to the financial statements, irregular expenditure to the amount of R6.3 million was incurred. This relates to proper tender processes not being followed and payments being made on expired contracts.
8. As disclosed in note 29 to the financial statements, irregular expenditure to the amount of R7.4 million incurred in previous years is being investigated.

Fruitless and wasteful expenditure

9. As disclosed in note 28 to the financial statements, fruitless and wasteful expenditure to the amount of R22 million was incurred during 2006-07, as a result of payments made twice to a supplier for the same project.

Responsibilities of the accounting authority

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

Auditor-General's responsibilities for the audit of the financial statements

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

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings

on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

15. My procedures address the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2017:

Objectives	Pages in the annual performance report
Objective 1: establish a credible institutional mechanism for skills planning	42
Objective 2: increasing access to occupationally directed programmes middle-level skills	43
Objective 3: increasing access to occupationally directed programmes high-level skills	43-46
Objective 4: engage with TVET institutions	46
Objective 5: encouraging better use of workplace-based skills development	46-47

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Objective 2: increasing access to occupationally directed programmes: middle-level skills

Various indicators

19. The performance achieved in respect of the following indicators was not fully recorded in the annual performance report, which resulted in misstatements of the reported performance.

No	Indicator	Strategic objective	Reported achievement
2.1	Number of learners (employed and unemployed) who enter learning programmes (learnerships)	Increasing access to occupationally directed programmes: middle-level skills	416 learners (175 employed; 241 unemployed)
2.2	Number of learners (employed and unemployed) who complete learning programmes (learnerships)	Increasing access to occupationally directed programmes: middle-level skills	241 learners (154 employed; 87 unemployed)
2.3	Number of workers who enter skills programmes – lifelong learning	Increasing access to occupationally directed programmes: middle-level skills	6 110 workers (6 110 employed; no unemployed)

Objective 3: increasing access to occupationally directed programmes: high-level skills

20. The performance achieved in respect of the following indicator was not fully recorded in the annual performance report, which resulted in misstatement of the reported performance.

No	Indicator	Strategic objective	Reported achievement
3.2	Number of learners (employed and unemployed) who complete learning programmes (learnerships)	Increasing access to occupationally directed programmes: high level skills	2 360 learners (118 employed; 2 242 unemployed)

Objective 4: engage with TVET institutions

21. The performance achieved in respect of the following indicators was not fully recorded in the annual performance report, which resulted in misstatement of the reported performance.

No	Indicator	Strategic objective	Reported achievement
4.1	Number of learners placed in workplace experience	Engage with TVET institutions	287 learners (0 employed; 287 unemployed)
4.2	Number of learners placed in workplace experience	Engage with TVET institutions	128 learners completed (0 employed; 128 unemployed)

Objective 5: encouraging better use of workplace-based skills development

Various indicators

22. I was unable to obtain sufficient appropriate evidence that clearly defined the predetermined evidence and method of collection to be used when measuring the actual achievement for the indicator, as required by the Framework for Managing Programme Performance Information (FMPP). This was due to a lack of clear technical indicator descriptions that clearly defined how the indicator would be measured. I was unable to test whether the indicator was well defined by alternative means. The affected indicators are as follows:

- 5.1 Number of large firms that submit WSPs/ATRs and attend lifelong learning events
- 5.2 Number of medium firms that submit WSPs/ATRs and attend lifelong learning events
- 5.3 Number of small firms supported

- 5.4 Number of small firms supported
- 5.5 Number of government departments supported.

23. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objective:

- Objective 1: establish a credible institutional mechanism for skills planning.

Achievement of planned targets

24. Refer to the annual performance report on [pages 42 to 47] for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of the material findings reported on the usefulness and reliability of the reported performance information in paragraph(s) [39] of this report.

Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of increasing access to occupationally directed programme: middle-level skills; increasing access to occupationally directed programme: high-level skills; engagement with TVET institutions, and encouraging better use of workplace-based skills development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the material findings reported on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

27. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Procurement and contract management

28. In certain instances, goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1. Certain deviations were approved by the accounting officer and Board Procurement Committee even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.

29. Contracts were awarded to bidders based on functionality criteria that did not include the respective applicable values in the tender invitation, in contravention of Preferential Procurement Regulation 4.

Annual financial statements

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of the disclosure note on commitment and related parties identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

31. Effective steps were not taken to prevent irregular expenditure amounting to R6.3 million as disclosed in note 29 to the Annual Financial Statements, in contravention of section 51(1)(b)(ii) of the PFMA.

Other information

32. Fasset's Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the chief executive officer's report, the audit committee's report and human resource management section. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.

33. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation. However, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

36. Deficiencies in the control environment, mainly in the areas of the preparation of financial statements that are free from material misstatements, procurement of training services and accurate and complete performance reporting, were noted.

These deficiencies were a consequence of inadequate monitoring by management.

37. Oversight monitoring in respect of the procurement of training services and performance reporting was also inadequate. The entity's oversight was ineffective in detecting matters of non-compliance by training providers. Oversight control of performance reported in the annual performance report will need to be strengthened to ensure reliable and credible performance reporting. As a result, a number of findings were again raised in this regard.

38. Documented policies and procedures relevant to the environment for key areas of the entity were not adequately adhered to in order to comply with relevant legislation.

Financial and performance management

39. The Annual Financial Statements and annual performance report contained material misstatements which were not prevented and detected by the entity's internal controls. As a result, material adjustments were made to the Annual Financial Statements and annual performance report submitted for auditing. Although the entity has developed and approved policies and procedures for the preparation of the financial statements, performance reporting and compliance with procurement regulations, these policies were not strictly adhered to. As a result, misstatements were identified by the audit.

Other reports

40. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements,

reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

41. Forensic investigations into allegations of irregularities relating to supply chain management; human resource management and management of training projects were commissioned by Fasset's Accounting Authority and were performed by independent consulting firms. The reports on these investigations were concluded and the Accounting Authority is considering the recommendations made in the reports.

Auditor-General

Pretoria

31 July 2017




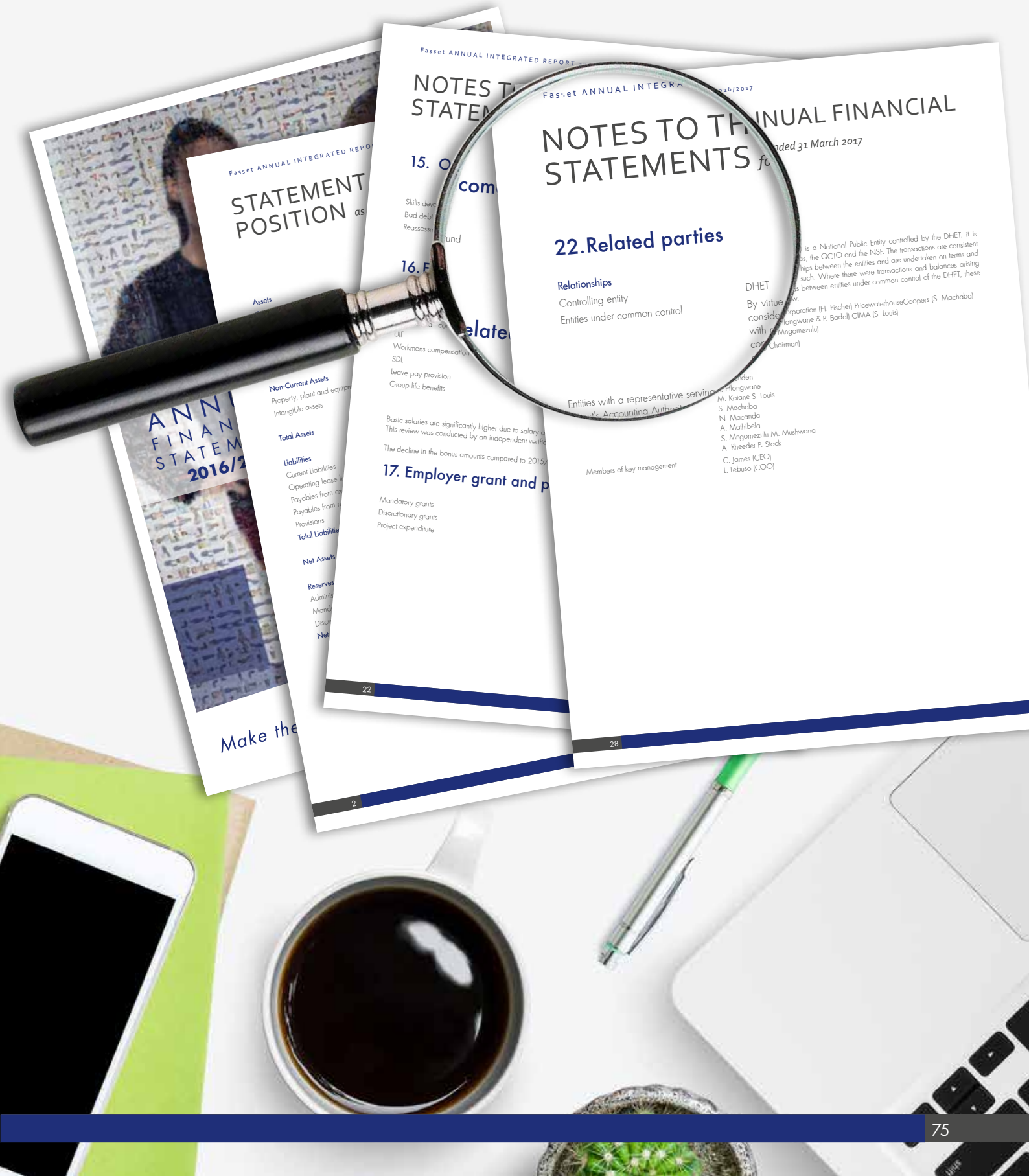
AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

The full set of Annual Financial Statements can be viewed electronically on the Fasset website.  (www.fasset.org.za)





Fasset keeps the doors to learning and development wide open, so that all can create their lasting legacy through skills, knowledge and expertise.

F
ANNEXURE

ANNEXURE A: ACRONYMS

AAT (SA)	Associate Accounting Technician	MoU	Memorandum of Understanding
ABP	Academic Bridging Programme	MTSF	Medium-term Strategy Framework
ACCA	Association of Certified Chartered Accountants	NC	Northern Cape
AGSA	Auditor-General of South Africa	NDP	National Development Plan
APP	Annual Performance Plan	NGO	Non-governmental Organisation
AQP	Assessment Quality Partner	NGP	National Growth Plan
ARC	Audit and Risk Committee	NLEG	Non-PIVOTAL Learner Employment Grant
ASB	Accounting Standards Board	NLP	Non-levy Paying
ATR	Annual Training Report	NLRD	National Learner Records Database
BAC		NLRG	NSFAS Loan Repayment Grants
BPC	Board Procurement Committee	NQF	National Qualifications Framework
CA (SA)	Chartered Accountant South Africa	NSA	National Skills Accord
CAS	Central Application System	NSDS	National Skills Development Strategy
CEO	Chief Executive Officer	NSF	National Skills Fund
CHE	Council on Higher Education	NSFAS	National Student Financial Aid Scheme
CIMA	Chartered Institute of Management Accountants	OECD	Organisation for Economic Cooperation and Development
COO	Chief Operating Officer	PCHET	Portfolio Committee on Higher Education and Training
CPA (SA)	Chartered Professional Accountant South Africa	PFMA	Public Finance Management Act
CSD	Central Supplier Database	PIVOTAL	Professional, Vocational, Technical and Academic Learning Programme
CSR	Corporate Social Responsibility	PPL	Preferred Provider List
CSSA	Chartered Secretaries Southern Africa	PPPFA	Preferential Procurement Policy Framework Act
CTA	Certificate in Theory of Accounting	PSET	Post-school Education and Training
DHET	Department of Higher Education and Training	QA	Quality Assurance
DoL	Department of Labour	QAP	Quality Assurance Partner
DPSA	Department of Public Service and Administration	QCTO	Quality Council for Trades and Occupations
DQP	Development Quality Partner	REMCO	Remuneration and Human Resource Committee
EWC	Employee Working Committee	RMC	Risk Management Committee
EXCO	Executive Committee	ROI	Return on Investment
Fasset	Finance and Accounting Services Sector Education and Training Authority	SAICA	South African Institute of Chartered Accountants
FBS	Fasset Bursary Scheme	SAIPA	South African Institute of Professional Accountants
FINCO	Finance Committee	SAIT	SA Institute of Tax Professionals
GRAP	Standards of Generally Recognised Accounting Practice	SAQA	South African Qualifications Authority
GRI	Global Reporting Initiative	SARS	South African Revenue Service
HET	Higher Education and Training	SCM	Supply Chain Management
HR	Human Resources	SDF	Skills Development Facilitator
HRDS-SA	Human Resources Development Strategy for South Africa	SDL	Skills Development Levy
ICB	Institute of Certified Bookkeepers	SDLA	Skills Development Levy Act (Act No 9 of 1999)
ICT	Information and Communications Technology	SETA	Sector Education and Training Authority
IIA (SA)	Institute of Internal Auditors	SIC	Standard Industrial Classification
IiP	Investor in People	SLA	Service Level Agreement
IIRC	International Integrated Reporting Committee	SMME	Small, Medium and Micro Enterprises
IPAP	Industrial Policy Action Plan	SP	Strategic Plan
IPDWC	Initial Professional Development Working Committee	SSP	Sector Skills Plan
IT	Information Technology	TVET	Technical, Vocational Education and Training
King III	King III Code of Governance Principles for South Africa	UIF	Unemployment Insurance Fund
King IV	King IV Code of Governance Principles for South Africa	UNISA	University of South Africa
LCG	Learnerships Cash Grants	UJ	University of Johannesburg
LEG	Learner Employment Grants	UP	University of Pretoria
LIWC	Learner Interest Working Committee	UWC	University of Cape Town
LPD	Learner Professional Development	WBE	Work-based Experience
Manco	Management Committee MTSF Medium Term Strategic Framework	WC	Western Cape
MHET	Minister of Higher Education and Training	White Paper	White Paper for Post-school Education and Training
MoA	Memorandum of Agreement	WSP	Workplace Skills Plan

ANNEXURE B

How we engage with stakeholders

Key Stakeholder	Fasset Communication Objective	Communication Intervention(s)	Engagement Level(s)	Desired Engagement by Stakeholder	Measurement
1. Employers					
a) Levy-paying members	Communicated the benefits and incentives available to Fasset-registered employers under the #LastingLegacy strategy: <ul style="list-style-type: none">Grants (placement and bursary) schemeLifelong learning programme (both learner and employee)AccreditationCommunicated Fasset's change in funding policies (inclusion of coloured learners in WC and NC)	<ul style="list-style-type: none">AdvertisingPublicityEventsOne-on-one engagementRoundtable discussionsSDF	<ul style="list-style-type: none">InformConsult	<ul style="list-style-type: none">Uptake of grantsApplications for accreditationParticipation in the lifelong learning and LPD programmesEndorsement of Fasset's new strategyUptake of learners into learnerships/ internships or permanent employmentIncreased throughput rate of employable and suitably qualified learners	<ul style="list-style-type: none">Grants analysisMonitoring of accreditation applicationsAttendance at lifelong learning, LPD and other events
b) NLP					
2. Learners					
a) Employed learners	Communicate the benefits available to employed learners in the sector; and promote Fasset interventions under the #LastingLegacy strategy: <ul style="list-style-type: none">LearnershipsNLRGFasset bursariesLPDCareer portalCareer path informationOpportunities through other entities, eg Department of Labour (DoL)TVET WBE	<ul style="list-style-type: none">Learner advertisingCareer guideCareer awareness volunteersCareer portalFacebook, Twitter and InstagramCareer eventsRegional presencePromotional material	<ul style="list-style-type: none">Inform	<ul style="list-style-type: none">Uptake of learnershipsUptake of the NLRG and other bursary schemesAssist in communicating the Fasset messages (alumni/volunteers programme)	<ul style="list-style-type: none">Grants analysisMonitoring of learnership registrations and related throughput rate
b) Secondary school learners				<ul style="list-style-type: none">Entrance into the sectorAssist in communicating the Fasset messagesSkilled and qualified candidates entering the sector.	<ul style="list-style-type: none">Monitoring of the Fasset-funded NSFAS bursaryMonitoring of learnership registrations and related throughput rateMonitoring of employer uptake of the TVET learners
c) Undergraduates					
d) Unemployed graduates					

Key Stakeholder	Fasset Communication Objective	Communication Intervention(s)	Engagement Level(s)	Desired Engagement by Stakeholder	Measurement
3. Government					
a) Supporting departments: • NT • Department of Basic Education (DBE) • DPSA • Parliament • DoL • Other Setas • SARS • AGSA	<ul style="list-style-type: none"> Determine various opportunities to support national imperatives Communicate the changes to Fasset's strategy 	<ul style="list-style-type: none"> Publicity Events Meetings 	<ul style="list-style-type: none"> Inform Consult Involve 	<ul style="list-style-type: none"> Invitations to participate on joint interventions Requests for sector specific information Supporting information about Fasset intervention implementation Assist in communicating Fasset messages 	<ul style="list-style-type: none"> Attendance at Fasset initiatives Interaction with Fasset information
4. Public					
a) General public (national)	<ul style="list-style-type: none"> Communicate core function of the Seta and showcase various Seta projects Counter the negative perception of Setas 	<ul style="list-style-type: none"> Advertising Publicity Facebook Career awareness volunteers 	<ul style="list-style-type: none"> Inform 	<ul style="list-style-type: none"> Participation in Fasset interventions dependent on applicable criteria Positive perception and understanding of the Seta 	<ul style="list-style-type: none"> Media analysis
b) Provincial	<ul style="list-style-type: none"> Determine various opportunities to support national imperatives Creating accessibility to Fasset information 				
c) Limpopo Province	<ul style="list-style-type: none"> Facilitate facilitate TVET institute interaction Creating accessibility to Fasset information 				

Key Stakeholder	Fasset Communication Objective	Communication Intervention(s)	Engagement Level(s)	Desired Engagement by Stakeholder	Measurement
5. Internal Stakeholders					
a) Staff	<ul style="list-style-type: none"> Build constructive and mutually beneficial relationships Engage on issues around changes in Seta landscape Engage on strategy changes and updates Engage on communication interventions 	<ul style="list-style-type: none"> Meetings Advertising Publicity Intranet Events 	<ul style="list-style-type: none"> Inform Consult Involve Collaborate 	<ul style="list-style-type: none"> Active participation in Fasset interventions Understanding of strategic direction Support and buy-in for new strategy and interventions Trust in management Assist in communicating the Fasset messages 	<ul style="list-style-type: none"> Attendance at Fasset initiatives Internal surveys
b) Working and sub-committees of the Board	<ul style="list-style-type: none"> Determine various opportunities to support skills development imperatives Facilitate information-sharing and determine opportunities to support skills development imperatives in line with the applicable terms of reference 			<ul style="list-style-type: none"> Partner with and support Fasset initiatives Participation in Fasset interventions 	<ul style="list-style-type: none"> Attendance at Fasset initiatives Interaction with Fasset information Surveys
c) Board	Inform the strategic direction communication activities through: <ul style="list-style-type: none"> Performance Reporting Illustrating the impact of Seta imperatives Sharing strategic information 		<ul style="list-style-type: none"> Inform Consult Involve Collaborate Empower 	<ul style="list-style-type: none"> Set the strategic direction Empower management to implement the approved strategic direction Assist in communicating the Fasset messages 	<ul style="list-style-type: none"> Impact of set strategy Attendance at Fasset initiatives Interaction with Fasset information Surveys
d) DHET	Communicate Seta activities and opinions through: <ul style="list-style-type: none"> Performance monitoring Evaluation/validation visits Reporting Showcasing Seta projects Lobbying 		<ul style="list-style-type: none"> Inform Consult Involve Collaborate 	<ul style="list-style-type: none"> Partner with and support Fasset initiatives 	<ul style="list-style-type: none"> Validation visit reports Monitoring of the implementation of memorandum of agreement (MoA) Attendance at Fasset initiatives
e) Career awareness volunteers	<ul style="list-style-type: none"> Educate the general public about Fasset and its offerings Encourage learners and new entrants to the labour market to pursue a career in finance and accounting services 	<ul style="list-style-type: none"> Career events 	<ul style="list-style-type: none"> Collaborate 	<ul style="list-style-type: none"> Assist in communicating Fasset messages 	<ul style="list-style-type: none"> Number of successful career interventions hosted

Key Stakeholder	Fasset Communication Objective	Communication Intervention(s)	Engagement Level(s)	Desired Engagement by Stakeholder	Measurement
6. Education and Training Providers					
a) HETs	<ul style="list-style-type: none"> Communicate core function of the Seta and showcase various Seta projects 	<ul style="list-style-type: none"> Advertising Publicity Events Facebook Sponsorships Promotional material Tenders Memoranda of understanding (MoUs/MoAs) 	<ul style="list-style-type: none"> Inform Consult Involve 	<ul style="list-style-type: none"> Participation in Fasset interventions dependent on applicable criteria Invitations to participate on joint interventions 	<ul style="list-style-type: none"> Monitoring of partnership agreements
b) TVET Colleges	<ul style="list-style-type: none"> Encourage partnerships among education and training institutions across South Africa Determine opportunities to advance skills development Create accessibility to Fasset information 				
c) Professional bodies	<ul style="list-style-type: none"> Provide additional support and quality assurance 		<ul style="list-style-type: none"> Inform Consult 	<ul style="list-style-type: none"> Partner with and support Fasset initiatives 	<ul style="list-style-type: none"> Monitoring of partnership agreements Monitoring of contracts against SLAs Attendance at Fasset initiatives Support of the career awareness programme
d) Private training providers	<ul style="list-style-type: none"> Extend opportunities 		<ul style="list-style-type: none"> Inform 	<ul style="list-style-type: none"> Participation in Fasset interventions 	
e) Secondary schools (addressed through the DBE)	<ul style="list-style-type: none"> Communicate core function of the Seta Create accessibility to Fasset information Communicate the importance of pure Mathematics, Science and Accounting subjects in the economy 				

ANNEXURE C

Fasset engagements with government stakeholders

Type of engagement	Participation	Stakeholder(s)
Strategic and financial reporting	Participated in the NSA roundtable on the future Seta landscape	DHET, government entities and other departments
Quality assurance	Fasset participates in and contributes to DHET's planning of the implementation of a Central Application System (CAS) for access to PSET	DHET
	The NLRD Forum aims to optimise reporting and contributing to the credibility and validity of the NQF	SAQA
	Assessment quality partner (AQP) forums are in place to discuss the processes and requirements related to accreditation, assessment and certification of newly developed occupational qualifications	QCTO
	Development quality partner (DQP) forums are in place to discuss the processes and requirements related to the development of occupational qualifications as per the updated curriculum-based model	QCTO
	Fasset assisted with developing a process for skills development provider accreditation for newly developed QCTO model qualifications	QCTO
Research	Small working group Annexure 2	DHET
	Post-School Education and Training Research Forum	DHET
	OECD Seminar 'Adapting to Changing Skills Needs in South Africa'	DHET and OECD
	Occupations in High Demand Steering Committee	DHET and NSA
	NSDS III Evaluation Project	DHET
Regional coordination	Numerous forums are convened to discuss province- or region-specific projects. Fasset has contributed to these, but has been most active in the following provinces: <ul style="list-style-type: none"> • Free State • Northern Cape • Western Cape • Mpumalanga • Eastern Cape • KwaZulu-Natal 	Provincial Skills Development (PSDF), Human Resource Development Council (HRDC), Setas
Parliament	Responded to requests for information	Setas
	Submitted the SP, APP and Annual Integrated Report for tabling	

ACKNOWLEDGEMENTS

The compilation of our Annual Integrated Report is a collaborative effort. The reporting team acknowledges the constructive input and involvement of the following:

- The Fasset Board, Exco, Finco and ARC for providing the necessary guidance and leadership on Fasset's integrated reporting journey, conducting the necessary reviews and signing off the report
- The various assurance teams, including management, Internal Audit and External Audit as well as the Fasset Board
- Fasset staff, who contributed to the content and provided editorial inputs
- Project beneficiaries who participated in the case studies
- The production and editorial team for writing and proofreading the content as well as for design and printing of the report.

NOTES

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RP: RP158/2017
ISBN: 978-0-621-45512-0



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REPUBLIC OF SOUTH AFRICA

