

2015/16

SASSETA ANNUAL REPORT



YOUR PARTNER IN SKILLS DEVELOPMENT



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

REGISTERED NAME

[Safety and Security Sector Education and Training Authority \(SASSETA\)](#)

REGISTRATION NUMBER

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SASSETA
SAFETY & SECURITY

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LIST OF ABBREVIATIONS

AGSA	Auditor General of South Africa
APP	Annual Performance Plan
ATR	Annual Training Report
BAC	Bid Adjudication Committee
BBBEE	Broad Based Black Economic Empowerment
BCEA	Basic Conditions of Employment Act
CA-SA	Chartered Accountant South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Certified Internal Auditor
CJS	Criminal Justice System
CORBIT	Control Objectives for Information and Related Technology
CPF	Community Policing Forum
DHET	Department of Higher Education and Training
DoJCD	Department of Justice and Constitutional Development
DQP	Degree Qualification Profile
ERM	Enterprise Risk Management
ETQA	Education and Training Quality Assurance
GTAC	Government Technical Advisory Centre
HRD-SA	Human Resources Development Strategy for South Africa
ICT	Information and Communications Technology
JCPS	Justice Crime Prevention and Security cluster
LPQA	Learning Programmes Quality Assurance
MEC	Member of Executive Council
MERSETA	Manufacturing Engineering and related Services Seta
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NC	National Certificate
NDP	National Development Plan
NGO	Non-government organisation
NMMU	Nelson Mandela Metropolitan University
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NQFA	National Qualifications Framework Act
NSDSIII	National Skills Development Strategy III
NT	National Treasury
PFMA	Public Finance Management Act
QALA	Quality Assurance of Learner Achievements
QCTO	Quality Council for Trades and Occupations
QDF	Qualification Development Facilitator
RPL	Recognition of Prior Learning
SAPS	South African Police Services
SAQA	South African Qualifications Authority
SASSETA	Safety and Security Sector Education and Training Authority
SCM	Supply Chain Management
SDF	Skills Development Facilitator
SDLA	Skills Development Levy Act
SETA	Sector Education and Training Authority
SMME	Small Medium and Micro Enterprises
SSP	Sector Skills Plan
TAU	Technical Assistance Unit (National Treasury)
TID	Technical Indicator Description
TR	Treasury Regulations
TVET	Technical Vocational and Educational Training Institutions
WIL	Workplace Integrated Learning
WSP	Workplace Skills Plan

2015/16

SASSETA

ANNUAL REPORT



DR BLADE NZIMANDE
Minister of Higher
Education and Training
*The Republic of South
Africa*



MR MDUDUZI MANANA
Deputy Minister of Higher
Education and Training
*The Republic of South
Africa*



**MS JENNIFER J.
IRISH-QHOBOSHEANE**
Administrator
SASSETA

*Honourable Minister it is
my pleasure and privilege
to present to you the
Annual Report of the
SASSETA for the financial
year ended 31 March 2016*



MS MANANA MOROKA
Chief Executive Officer
SASSETA

ADMINISTRATOR'S

Ms Jennifer J. Irish-Qhobosheane
Administrator



On 12 February 2015, the Department of Higher Education placed SASSETA under Administration and appointed an administrator for a period of 12 months (Government Gazette No 38469 12 February 2015). In February 2016, the administration period was extended by 12 months to 13 February 2017 (Government Gazette No 10555, 3 February 2016).

This decision of placing SASSETA under administration was considered and taken by the Minister of Higher Education and Training following some of the identified systemic strategic and operational challenges, including:

- Inadequacies in the planning and reporting processes within SASSETA (including SSP, the Sector Skills Planning, Strategic Planning and Annual Performance Planning)
- Issues regarding the overall performance of the body and ability to report on achievements.
- Lack of formal proper decision-making processes and documentation linked to this decision-making.
- Mismanagement of the Discretionary Fund and serious irregularities in a number of contracts entered, as well as non-compliance with the Skills Development Act and prescripts related to this.
- Inadequacy of policy and procedures within the body and non-adherence to those policies and procedures that exist.

- Non-compliance with the Public Finance Management Act (PFMA) and other related National Treasury requirements.

At the end of the 2014/15 financial year, SASSETA seriously under-performed by achieving less than 40% of its planned targets. In addition, this under-performance was accompanied by reckless financial spending and irregular contractual commitments resulting in the SASSETA not only recording an operational deficit of over R170.3 million, but also a contractual over commitment of more than R292 million. Furthermore, SASSETA reported in excess of R139 million in irregular expenditure and R25 million in fruitless and wasteful expenditure.

During the first eight months of assuming strategic leadership of SASSETA, the Administrative Team identified an additional R138 million that linked to irregular contracts entered into during the 2014/15 financial year. This then brought the amount of irregular expenditure incurred during the 2014/15 year to more than R270 million.

Addressing recklessness in the management of SASSETA finances, the low levels of performance across SASSETA and the extent of irregular and fruitless and wasteful expenditure became the major priorities during the first 12 months of the administration.

Key measures that were put in place included the corporate governance and restructuring of SASSETA, redrafting of the

FOREWORD

SASSETA Sector Skills Plan (SSP), initiating forensic audits on contracts entered into by SASSETA during the 2014/15 year, handling the resultant internal disciplinary processes as well as instituting criminal investigations.

The Administrative Team further reconstituted properly functioning Bid Evaluation and Adjudication Committees, appointed new staff at management level, implemented new policies and procedures linked to legislative requirements and instituted proper budgeting processes across the organisation.

For the year under review, various cost-cutting measures were developed and implemented to ensure that the organisational finances are efficiently utilised. In addition, effective implementation of the Skills Development Act was introduced and monitored in various ways including the establishment of a management quarterly performance review process and an overhaul of both the mandatory and discretionary grant processes.

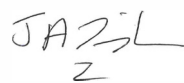
As a result of the above strategic and operational interventions, SASSETA's financial and non-financial performance improved significantly during the 2015/16 financial year. With regard to non-financial performance, SASSETA achieved 64% scorecard of its planned targets. Whilst this shows significant improvement over the previous financial year's achievement, we are under no illusion of the task ahead of us. The improvement is encouraging however a lot of work still needs to be done to improve the organisation's performance above 64%.

From a financial perspective, SASSETA was able to turnaround from the significant operational deficit to record an operational surplus during the 2015/2016. In addition, the R292 million over-commitment recorded during 2014/15 financial year, declined to R13.2 million. Irregular expenditure incurred in the 2015/16 year also declined to below R500 thousand, fruitless and wasteful dropped to below R850 thousand.

Whilst the financial and non-financial performance showed a marked improvement compared to the previous year, there are still a number of areas that require attention in order for SASSETA to move towards a clean audit. These areas include:

- Finalisation of all outstanding disciplinary cases.
- Finalisation of SASSETA restructuring processes.
- Finalising and addressing internal control deficiencies in the financial arena.
- Revitalisation of Human Resource Management in SASSETA.
- Aligning SASSETA Technical Indicators with the SMART principals.
- Improving SASSETA Information and Communication Technology environment.
- Ensuring greater focus and emphasis on SASSETA's internal monitoring and evaluation systems and processes.
- Finalisation and implementation of all new policies and procedures.
- Finalisation of a revised constitution of SASSETA with public comments occurring in September 2016 and final version being submitted in October 2016.
- Ensuring the performance of the ETQA section of SASSETA is able to improve both its performance and service delivery.

As part of the ongoing turnaround strategy and re-engineering of the SASSETA, the administration team in conjunction with management have put in place various interventions and process aimed at addressing and improving both financial and operational systems. Critical to this process has been improving SASSETA skills planning capacity, improving data integrity and management processes. As the Administrator of SASSETA, I am confident that the implementation of the above-mentioned processes will enable SASSETA to successfully impact withing the sector in relation to its mandate.



Administrator
Jennifer J Irish-Qhobosheane (Ms)
SASSETA 29 July 2016

STATEMENT OF RESPONSIBILITY & CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Principles and standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control, and has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2016.

Yours faithfully,



Administrator
Jennifer J Irish-Qhobosheane (Ms)
SASSETA
29 July 2016

STRATEGIC OVERVIEW

1.1 VISION

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

1.2 MISSION

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

1.3 VALUES

At SASSETA we strive to conduct ourselves and our business activities according to the following values:

Value	Behaviour
Leadership	SASSETA values leadership in directing performance of others in the sector and leading the way.
Decisiveness	SASSETA is decisive in making decisions that are firm and beyond doubt, leading to conclusions.
Diversity	SASSETA embraces difference, variety or multi-formity within skills development of the various services in the sector.
Transparency	SASSETA programmes and services are easy to access and understand. Our decisions and actions are clear, reasonable and open to examination.
Professionalism	SASSETA employees are professionals, well trained in our specialities committed to service excellence.
Quality	SASSETA constantly seek opportunities to improve our services and products. Quality and continuous improvements are an integral part of our daily operations.
Teamwork	Employees work as a team and value the contributions of each individual. We know that our people are our most important resource.
Integrity	SASSETA strives to be honest in our operations, conduct and discipline in the organisation's actions.
Equity	SASSETA commits to treat all its stakeholders equally and in an equitable way.

1.4 LEGISLATIVE AND OTHER MANDATES

SASSETA is established in terms of the Skills Development Act, 1998 (Act No 97 of 1998) as amended. It is also required to operate within the following legislative mandates:

1.4.1 Constitutional Mandates

The following sections within the Constitution of the Republic of South Africa, 1996 (Act no. 108 of 1996) are also used as a basis for operations of the SASSETA:

- Rendering an accountable, transparent and development-orientated administration;
- Responding to people's needs;
- Providing service impartiality, fairly, equitably and without bias;
- Promoting and maintaining high standards of ethics.

1.4.2 Key policy developments and legislative matters

The major changes in legislation that took place in the year under review were that SASSETA was placed under Administration (Section 15 of Skills Development Act 1998). The other legislations and mandate that impact on SASSETA operations are as follows;

Legislation	Responsibility according to the legislation
Skills Development Act 1998 (Act No. 97 of 1998) as amended	<ul style="list-style-type: none">• Develop and implement sector skills plan.• Establish and promote learning programmes.• Register agreements for learning programmes.• Perform any functions delegated by the QCTO.• Collect and disburse skills development levies.
Section 14 A of Skills Development Act Section 15 of Skills Development Act	<ul style="list-style-type: none">• Deliver written instruction to the SETA.• Take over the Administration of the SETA
Public Finance Management Act 1999, (Act No. 29 of 1999)	<ul style="list-style-type: none">• The SETA submits its strategic plan and annual performance plan within the framework of the Act.• The SETA appoints internal auditors.
Skills Development Levies Act, 1999 (Act No. 09 of 1999)	<ul style="list-style-type: none">• Receive and distribute levies paid into its account by constituencies.
Grants Regulations Act	<ul style="list-style-type: none">• Implements Grant Regulations to manage the disbursement of Discretionary and Mandatory grants.• Controls expenditure and encourages the retention of surplus.• Stipulates the percentage that has to be transferred to QCTO on an annual basis.
National Qualifications Framework Act 2008, (Act No. 67 of 2008)	<ul style="list-style-type: none">• Register learners on the National Database.• Learning programmes are accredited and outcome based.

Legislation	Responsibility according to the legislation
Employment Equity Act, 1998 Act No. 55 of 1998	<ul style="list-style-type: none"> • Establish an Employment Equity Committee. • Develop and implement an Employment Equity Plan. • Submit the Employment Equity Report to the Department of Labour. • Prohibit unfair discrimination in the workplace. • Promote advancement of job opportunities for previously disadvantaged people. • Implement Affirmative Action measures. • Ensure equal pay for work of equal value.
Labour Relations Amendment Act No. 26 of 2014	<ul style="list-style-type: none"> • Ensure fair labour practices for all employees. • Ensure existence and functioning of a collective bargaining forum. • Create awareness to employees about dispute resolution mechanisms. Settle disputes arising during the employment relationship.
Basic Conditions of Employment Act No. 75 of 1997	<ul style="list-style-type: none"> • Comply with regulated hours of work. • Comply with minimum leave provision. • Retain particulars of employment and remuneration. • Not employing children and practicing forced labour. • Not exchange employment for a bribe. • Not make unauthorised deductions from the remuneration of an employee.
Occupational Health and Safety Act No. 85 of 1993	<ul style="list-style-type: none"> • Ensure health and safety awareness of all workers in the workplace. • Appoint health and safety representatives and establish a Health and Safety Committee.



There are also a number of policies that impact on the work of SASSETA and these are detailed below:

The National Development Plan (NDP): The National Development Plan (NDP) envisages the building of the state's capabilities to achieve an expansive national development agenda so that South Africans can attain a decent living standard. Among the key objectives are to build safer communities where people feel safe, live without the fear of crime, and have confidence in the police and criminal justice system.

Another key intervention area highlighted by the NDP is the professionalization of the public service and the strengthening of the public service skills base with additional technical and managerial skills. There is a need to develop and make available to the public sector key technical and specialist professional skills to enhance public service provision. The NDP also requires improving education, training and skills planning as well as the capacity for skills production to ensure that relevant skills are supplied to the labour market.

The Medium-term Strategic Framework (MTSF) 2014 – 2019: The South African government has adopted a strong national planning framework which seeks to drive coherence and impact throughout the education and training system. MTSF outlines government's key strategic priorities for economic growth and social development for the period 2009-2014. The MTSF provides a guide for planning and resource allocation across all spheres of government. SASSETA will support and align its programmes (Annual Performance Plan and Strategic Plan) with MTSF priority outcome "A skilled and capable workforce to support an inclusive growth path."

The seven-point plan to strengthen the criminal justice system: Following the Review of the Criminal Justice System, Government adopted a seven-point plan in 2008. The plan outlined a framework to establish a single, integrated, seamless and modern criminal justice system, while also addressing critical issues of public trust and confidence.

White Paper for Post-schooling Education and Training in South Africa: The White Paper for Post-School Education and Training (DHET, November 2013) a vision for integrated post-school education and training system in South Africa. It asserts that "if the provision of education and training is to be better coordinated with the needs of society and the economy, central information about skills needs is required". It suggests that "identifying current and future skills demand as accurately as possible is extremely important if the goals of the National Development Plan, the New Growth Path and the Industrial Policy Action Plan are to be achieved".

National Skills Development Strategy (NSDS) III: The National Skills Development Strategy III is the key policy driver that has to be implemented by all the SETAs. The SETA has adopted the NSDS III goals as its strategic outcome oriented goals. The sector skills plans for the SETA is aligned with the NSDS III outcomes, government imperatives and industry development initiatives on education and skills development. The NSDS III is the key policy driver that has to be implemented by all education and training bodies such as SASSETA.

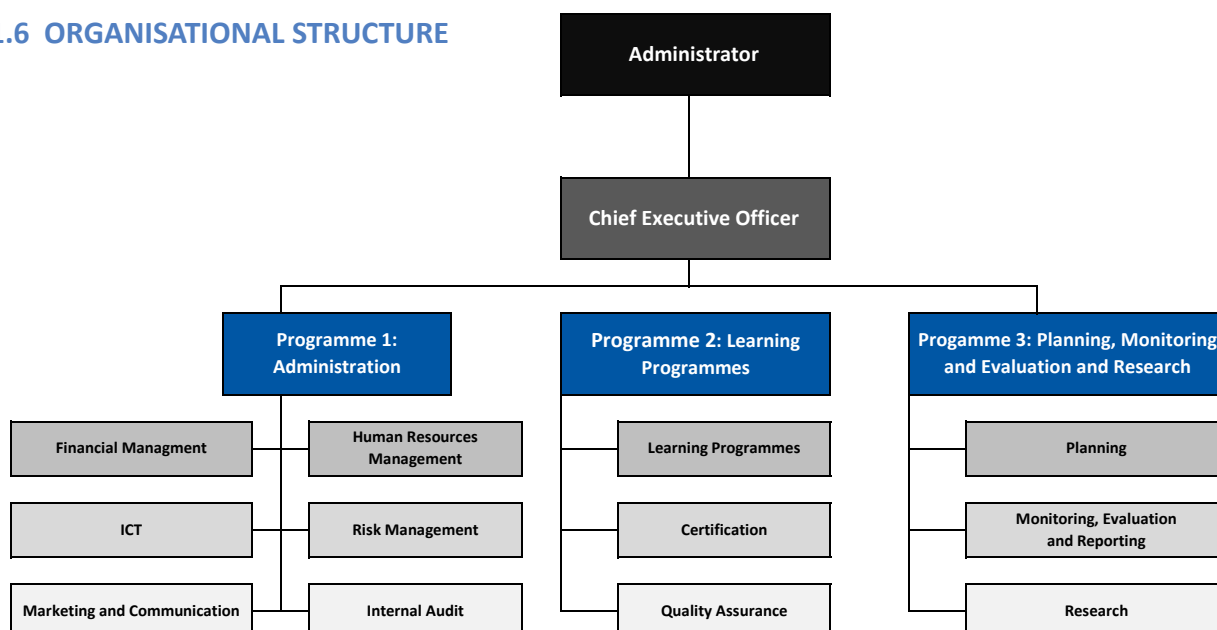
The New Growth Path (NGP): The New Growth Path is a bold, imaginative and effective strategy to create the millions of new jobs South Africa needs. The strategy sets out critical markers for employment creation and growth and identifies where viable changes in the structure and character of production can generate a more inclusive and greener economy over the medium to long term.

The Human Resource Development Strategy of South Africa (HRDSA) 2010 - 2030 (RSA, 2009): The Human Resource Development Strategy for South Africa (HRDS-SA) (2010-2030) is a macro-overarching strategy which seeks to locate education and training within the broader developmental agenda of the country and building a capable and stable citizenry. It also drives the alignment of various government programmes in addressing human capital and skills shortages. It emphasises the need for a national "scarce skills list" which is aligned to South Africa's social and economic priority goals.

1.5 STRATEGIC OUTCOME ORIENTATED GOALS

Strategic Outcome Oriented Goal 1	Optimally functioning institutional mechanism
Goal Statement	<p>The goal is to ensure that the SASSETA is fully established, well-resourced and is a high performance institution by 2020. The goal will be measured annually through the following:</p> <ul style="list-style-type: none"> • Implementation of effective policies, strategies and plans that comply with legislation, good corporate governance principles and improved organisational performance standards. • Efficient and effective fiscal, infrastructure and human resource planning and management to support the sustainability of the SETA. • Optimal functioning institutional mechanism for skills planning in the safety and security sector.
Strategic Outcome Oriented Goal 2	A capable and skilled workforce.
Goal Statement	<p>The goal is to ensure that the learning programmes and services of the SASSETA are relevant and adequate to address the needs and the skills gaps across the safety and security sector. The goal will be measured through the following:</p> <ul style="list-style-type: none"> • The design and quality of accredited programmes through a curriculum framework responding to safety and security needs, career pathing and lifelong learning. • Implementation of learning programmes – learnerships, artisanship, internships, skills programmes and bursaries with the aim to increase a capable and skilled workforce in the safety and security sector.
Strategic Outcome Oriented Goal 3	Improved learning and development opportunities influenced by impactful research, strategic diagnosis and monitoring and evaluation.
Goal Statement	<p>The goal is to improve the learning and development opportunities offered by the SASSETA responding to the skills gaps identified in the sector. This will be done through:</p> <ul style="list-style-type: none"> • The implementation of effective research, knowledge management and skills planning strategies to inform needs and opportunities across the sector. • The implementation of an effective monitoring and evaluation framework to monitor the quality of the different interventions and evaluate the effectiveness of interventions on performance based on set norms and standards

1.6 ORGANISATIONAL STRUCTURE



PERFORMANCE INFORMATION

1.1 AUDITOR’S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General SA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance - against predetermined objectives - is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor’s report. The Report of the Auditors Report is published as Part E: Financial Information.

1.2 OVERVIEW OF PUBLIC ENTITY’S PERFORMANCE

The Safety and Security Services Sector Education and Training Authority (SASSETA) are one of the 21 sector education and training authorities. It is responsible for skills development and implementation within the safety and security sector. Its mandate is drawn from the Skills Development Act, the National Skills Development Strategy and other subsidiary legislative frameworks.

1.2.1 Breakdown of the Safety and Security Sector

The security sector in which SASSETA operates comprises of government departments within the Criminal Justice Cluster, the private security industry and the legal profession. 56% of the workforce is employed in the private sector and 44% in the public sector. The sector employs 797 152 people, of which more than half (406 618) are employed in Private Security sub-sector.

Policing is the largest employer in the public/state safety and security departments employing just less than a quarter of the public sector’s employees (194 284).

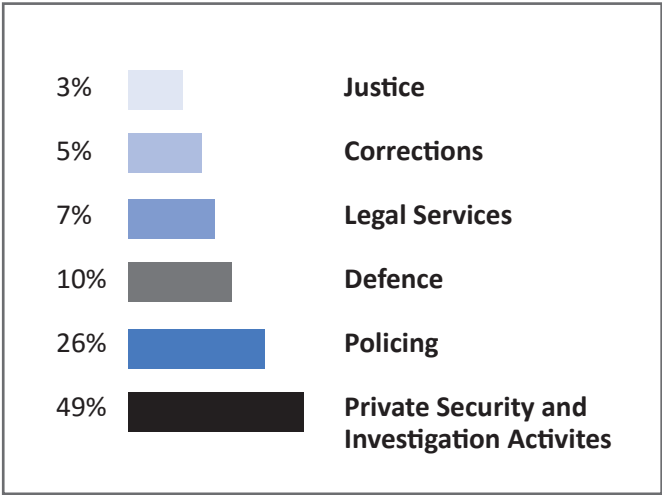
Defense is the third largest employer with 78 707 staff members. Corrections employs 41 476 people.

Justice is the smallest sub-sector employing 23 741 people of the total sector employment.

The South African government spent R158 692.8 million on its defence, public order and safety function skills development in the 2014/2015 financial year.

The private security sector which also forms part of the security sector comprises of 991 levy paying companies who employ 487 058 people. In addition, there are 1381 340 private security guards registered with the Private Security Industry Regulatory Authority (PSIRA) as having been trained and accredited. The vast majority of people employed in the industry are in the guarding environment which accounts for almost 50% of the estimated R40 billion annual turnover of the industry. The electronic environment within this industry has also experienced significant growth over the last couple of years. The industry has a high turnover rate and a report by the labour department identified the need for security companies to focus on improving training and development to up-skill workers. Post 1994 the comprehensive transformation of the private security industry remains an area that requires attention. This transformation also requires specific training interventions that need to be regularly assessed in terms of impact.

Figure 1: Breakdown of employment per sub sector



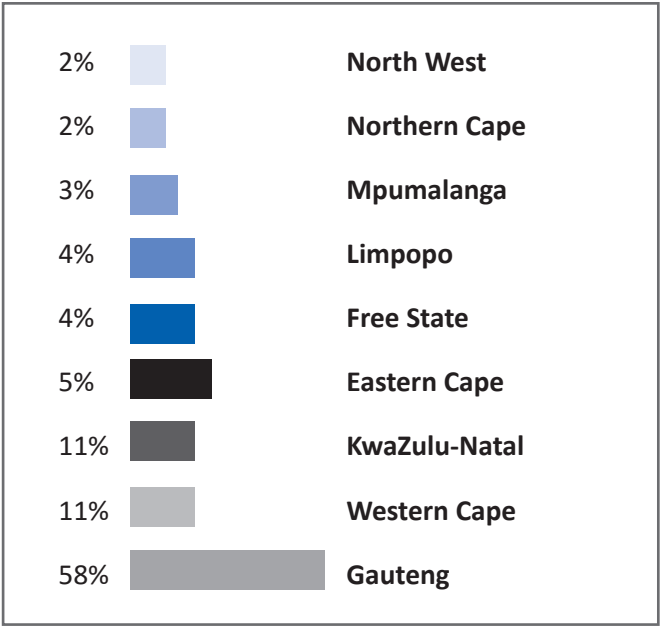
The Legal practitioner sector comprises various associations such as the South African Law Society, National Association of Democratic Lawyers (Nadel) and the Black Lawyers Association (BLA). This sector also comprises of the Legal Aid Board and the Board of Sheriffs. Some of the key training requirements of this sector have been paralegal learnerships and

training regarding legal updates. In 2006, the legal services sub-sector generated R11 428 million which represented 0.66% of the South African Gross Domestic Product (GDP) in that year. In 2010 the legal services sub sector generated a total income of R17 244 million which represented a similar 0.65% of GDP.

SASSETA has grouped its constituencies into seven sub-sectors: Policing, Corrections, Defence, Justice, Intelligence Activities, Legal Services, and Private Security and Investigation Activities. A large number of trade unions represent the interests of workers in the safety and security sector.

The data suggests that over half the employees in the safety and security sector (58%) are employed in Gauteng, with KwaZulu-Natal and the Western Cape also have concentrations of employment with each employing 11%. Of the remaining provinces, Eastern Cape has the highest proportion of sector employment (5%) while the Northern Cape has the lowest (2%). Gauteng figures are however affected by the fact that all the government departments, many of the public organisations as well as many private sector companies have their head offices in Gauteng. Additionally, the companies in Gauteng are often larger, with higher numbers of employees.

Figure II: Provincial distribution of employment



1.2.2 Key Policies affecting the sector

The White Paper for Post-School Education and Training (DHET, November 2013) a vision for integrated post-school education and training system in South Africa. It asserts that “if the provision of education and training is to be better co-ordinated with the needs of society and the economy, central information about skills needs is required”. Its suggests that

“identifying current and future skills demand as accurately as possible is extremely important if the goals of the National Development Plan, the New Growth Path and the Industrial Policy Action Plan are to be achieved”.

The White Paper (DHET, November 2013) notes further that the identification of skills needs can be used to inform human resource planning, funding allocations, programme development, and immigration strategies. The roles of SETAs are re-defined to “mediate between educations and work”, with their main focus on developing the skills of the existing workforce and to provide the skills pipeline to existing workplaces.

The National Skills Development Strategy III is the key policy driver that has to be implemented by all the SETAs. The NSDS III is the key policy driver that has to be implemented by all education and training bodies such as SASSETA.

The National Development Plan (NDP) identifies the need for expanded systems of further education and training to offer clear meaningful education and training opportunities particularly for young people. The National Development Plan (NDP) envisages the building of the state’s capabilities to achieve an expansive national development agenda so that South Africans can attain a decent living standard. Among the key objectives are to build safer communities where people feel safe, live without the fear of crime, and have confidence in the police and criminal justice system.

The South African government has adopted a strong national planning framework which seeks to drive coherence and impact throughout the education and training system. The Medium Term Strategic Framework (MTSF) outlines the government’s key strategic priorities for economic growth and social development for the period 2009-2014. The MTSF provides a guide for planning and resource allocation across all spheres of government. SASSETA will support and align its programmes (APP and Strategic Plan) with the MTSF priority outcome “A skilled and capable workforce to support an inclusive growth path.”

The government has identified 2015/20 MTSF cycle Outcome 3: All people in South Africa are and feel safe, which incorporates the following outputs:

- Reduce overall levels of serious crimes and in particular contact crime.
- An effective Criminal Justice System (CJS).
- Corruption within the Justice Crime Preventions and Security (JCPS) cluster combated to enhance its effectiveness and its ability to serve as a deterrent against crime.
- Perceptions of crime among the population managed and improved.
- Levels of corruption reduced improving investor per-

- ception, trust and willingness to invest in South Africa.
- vi. Effective and integrated border management.
- vii. Cybercrime combated.

Following the Review of the Criminal Justice System, Government adopted a seven-point plan in 2008. The plan outlined a framework to establish a single, integrated, seamless and modern criminal justice system, while also addressing critical issues of public trust and confidence. A central feature of the plan was multi-agency and multi-department cooperation, through a coordinating and management structure at every level, from national to local. In particular, the plan calls for greater cooperation between the judiciary and the magistracy, the SAPS, prosecutors, correctional services and Legal Aid South Africa.

In essence, the seven-point plan spans and integrates the core mandate of four departments (Police, DoJCD, the Judiciary and Corrections), the NPA and several other role-players (e.g. Legal Aid South Africa) (DoJCD. 2008: 3-21). In 2012, the NDP endorsed the vision of the seven-point plan to render a more efficient and effective criminal justice system, and recommended that renewed efforts be made to implement the plan.

1.2.3 Key Change Drivers in the sector

Continuous population growth, and increasing migration of people from neighbouring countries and the rest of Africa result in a greater demand for justice, safety and security services in South Africa. This in turn drives the need for service infrastructure and skills for effective service provision by both departments in Government's Justice, Crime Prevention and Security (JCPS) Cluster and the private security sector.

High crime levels, the growth of transnational organised crime as well as multiple national policies and national policy mandates shape planning and service provision in both public and private sector components of the Safety and Security Sector.

Factors such as globalisation and technological advancements are also changing the patterns of crime, which impact on safety and security in South Africa. This compels the role players in the criminal justice system and in the broader Safety and Security Sector to re-define their focus to address the changing face of crime and re-aligning their objectives to serve national imperatives.

The South African safety and security sector has identified the need to deal effectively with complex crimes including cybercrime and other organised crime which often involve cross-border and trans-national activities.

Equally, the need to professionalise the sector as highlighted

in the NDP is also influencing the way services are delivered, and the skills base required for the sector such as criminologists, detectives/investigators, and specialised skills i.e. medical services, linguistics, forensic services, electronic security services, investigation, cybercrime skills, management and leadership skills.

In addition, crime needs to be managed comprehensively which means going beyond an exclusive focus on policing and the Justice system. It means problem-solving to address the causal factors which provide opportunities for crime and limit the likelihood of detection (NCPS: 1996). International research over the last 50 years has highlighted the need for states to introduce methods to prevent crime based on the premise that crime cannot be reduced using only law enforcement and criminal justice responses (Rauch, 2012).

Crime prevention models need to invoke partnerships with other government departments (including provincial and local government, communities, and civil society organisations. However in many instances partners outside the traditional defined security sector, lack the capacity and resources required to effectively partner with the actors within the security sector.

1.2.4 SASSETA's role

SASSETA is responsible for the facilitation of skills development within the safety and security sector. Its mandate is drawn from the Skills Development Act, the National Skills Development Strategy and other subsidiary legislative frameworks.

SASSETA was recertified on 1 April 2011 by the Department of Higher Education and Training for five years up to 31 March 2016. The Department of Higher Education has released a discussion document on the future of the SETA landscape and, in 2010 -2015, the life span of SASSETA was extended until 31 March 2018 to allow the department to consult and finalise the future landscape for all SETAs.

In the development of the Sector Skills Plan (SSP), considerations were given to the changes in national policies and strategies: The National Development Plan (NDP), New Growth Path (NGP), HRD-SA, National Skills Development Strategy (NSDS) III. Skills development is strongly embedded in government legislation and policy.

In terms of the White Paper for Post Schooling (November 2013), a key role of SASSETA is to bridge the gap between education and work with a major focus on the development of the skills of the existing workforce, and the provision of the skills pipeline to existing workplaces. SASSETA must also support training programmes that lead to qualifications and awards recognised by industry.

Work-based learning such as learnerships and internships in

the non-artisan fields must also be expanded, and SASSETA is expected to facilitate work-based partnerships between employers and educational institutions. In order to increase the training capacity of workplace providers, SASSETA is required to support the education and training system as a whole. SASSETA must also support and align its programmes (Annual Performance Plan and Strategic Plan) with the MTSF priority outcome: A skilled and capable workforce to support an inclusive growth path.

During the 2015/16 financial year SASSETA redrafted its Sector Skills Plan and, aligned it to the National Skills Development Strategy III outcomes and aligned it to the National Skills Development Strategy III outcomes, government imperatives and industry development initiatives on education and skills development. The plan identifies seven key skills issues related to the safety and security sector:

1. Enhancing the capacity of training institutions;
2. Supporting the restructuring and revamp of the criminal justice system;
3. Supporting professionalization of the sector;
4. Supporting technology, technical and specialised skills;
5. Ensuring the transformation agenda is adequately addressed and supported;
6. Enhancing the capacity of existing training institutions within the sector. (This refers to employer organisation and government department who have their own training institutions and facilities);
7. Supporting programmes that will build an active citizenry.

1.3 SERVICE DELIVERY PERFORMANCE ENVIRONMENT

On 12 February 2015, SASSETA was placed under Administration (Government Gazette No 38469 12 February 2015). The Minister and Director General of Higher Education took this decision based on the overall poor performance of SASSETA, irregularities identified, and non-compliance with the Skills Development Act, 1998 (Act 97, 1998) and other relevant legislation. On 3 February 2016, the Director General of Higher Education extended the period of Administration for an additional 12 months to terminate on 13 February 2017.

After the body was placed under administration a number of key problem areas were identified. These included:

- Serious gaps and weaknesses in SASSETA's planning processes resulting in the misalignment of SASSETA's Strategic Business Plan and Annual Performance Plans;
- Overspending by SASSETA which resulted in the body being over committed by R292 million at the end of the 2014/15 financial year;
- High levels of financial mismanagement and non-

compliance resulting in irregular expenditure of R278.3 million (139 710 + 138 622) and fruitless and wasteful expenditure of R25.6million in the 2014/15 financial year;

- Non-compliance with legislative requirements including the PFMA, the Skills Development and Skills Levies Act;
- Low levels of performance across the organisation;
- The absence of systems and procedures to support the work of SASSETA across all sections of the body;
- Backlogs in the certification of learners;
- Serious irregularities in the awarding and management of Discretionary Grants;
- Widespread dissatisfaction from learners funded by SASSETA and who were being seriously affected by the mismanagement occurring at SASSETA;
- High levels of frustration among SASSETA stakeholders about the manner in which SASSETA was operating;
- An absence of management controls in place and the flouting of prescripts and policies that were in place.
- The dysfunctionality of ICT systems within SASSETA.
- Lack of clarity on the organisational structure of the body;
- Lack of proper job descriptions in all functions of the SETA.

During the 2015/16 financial year a number of initiatives were introduced and developed in an attempt to turn-around the body. These included:

- A revision of all planning processes within SASSETA including revisions to the Skills Sector Plan (SSP), the 2015/16 Strategic Plan and the Annual Performance Plan (APP). The revision also included the introduction of operational plans for all sub-programmes linked to the revised APP as well as a quarterly performance management forum where managers (APP) were required to report on progress made in the implementation of operational plans;
- The appointment of forensic auditors to audit 39 Discretionary Grant Contracts and, linked to the outcome of the audits on these contracts, to institute disciplinary action against staff and legal action related to the rectification and where necessary the cancellation of irregular and unlawful contracts.;

It should be noted where contracts were cancelled, plans were put in place to accommodate learners. Learners were also provided with direct access to the Administrator so that their frustrations could be adequately addressed. Through this process SASSETA instituted plans to accommodate more than 3 000 learners who were jeopardised by the irregular contracts entered into by SASSETA;

- To overhaul the entire Discretionary Grant process including the appointment of new acting managers in the Discretionary Grant section.
 - The revision of SASSETA Discretionary Grant policies and procedures and the implementation of stricter procedures for the implementation of these projects. New measures implemented included the;
 - Tightening up of the awarding of contracts ;
 - Ensuring projects awarded were linked to skills needs identified in the Skills Sector Plan;
 - Ensuring due diligence was done on all service providers before contracts are awarded;
 - Ensuring full implementation of monitoring procedures for contracts awarded to Service Providers;
 - Holding workshops with all stakeholders who benefit from the Discretionary grant process and agreements with these stakeholders that SASSETA will embark on co-funding initiatives with large employer organisations;
 - The appointment of Forensic auditors to audit 39 contracts and based on the outcome of these audits contracts were cancelled and internal action taken against staff. Criminal charges related to fraud and corruption is currently being investigated by the Anti-Corruption Task.
- The budget of SASSETA has also been aligned to the different programmes and the costing of the outputs identified in the Annual Performance Plan;
- The development of a turnaround strategy to address the certification process (the impact of this is detailed in programme 2 of this report);
- The implementation of severe cost cutting measures to reduce spending in SASSETA (detailed in Part E of this report);
- The overhaul of all supply chain policies, processes;
- The development of new policies and procedures for both the Information and Communication Technology and Human resource environments;
- Appointment of new members to the Audit and Risk Committee (ARC) to guide and inform the Administrator's decisions;
- Creation of a new organogram to enable the achievement of the SETA's Annual Performance Plan and business objectives.

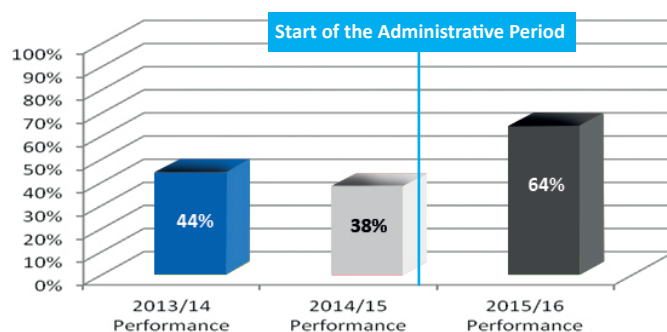
While some of the initiatives and developments have had a direct impact on SASSETA financial and non-financial performance in the 2015/16 financial year, other areas, where new policies and procedures were only properly implemented in the last two

quarters of the financial year, will show concrete evidence of success in the 2016/17 financial year. In addition, there are some areas that will still require concerted attention in the 2016/17 financial year such as Information and Communication Technology and Human Resources Management systems and Human Resource management and development.

1.3.1 Comparative service delivery improvements in the 2015/16 financial

Although there has been a significant improvement in SASSETA's non-financial performance during the 2015/16 financial year compared to the previous two financial years, there are still performance issues that need to be addressed particularly with regards to the SASSETA (Evaluation, Training Quality Assurance (ETQA) sub programme. In addition, there is a need for SASSETA to focus on reviewing the Technical Indicator Descriptions (TID) to ensure its properly aligned to the indicators and target and compliances with the Framework for strategic plans and annual performance plans, Annexure E. Furthermore to ensure that indicators are well defined and targets met the SMART principles as prescribed by the Framework for Managing programme performance information. The graph below shows SASSETA performance against it APPs targets for the financial year under review.

Figure III: Percentage of APP targets achieved 31 March 2013 to 31 March 2016.



The financial performance of SASSETA also improved dramatically during the 2015/16. In the 2014/15 financial year questions were raised by the AGSA regarding SASSETA's financial viability due to the recorded operational deficit and the extensive over commitment. During the past financial year SASSETA was able to record an operational surplus and was able to reduce it over commitment; from R292 million in 2014/15 to R13.2 million.

Despite the positives in the overall financial performance, there is still a need for SASSETA to work on automating SASSETA financial systems to ensure seamless integration.

1.4 ORGANISATIONAL PERFORMANCE ENVIRONMENT

During 2015/16 SASSETA realigned its programme budget structure to ensure compliance with the SETA Grant Regulations regarding monies received by the SETA and other related matters (Gazette 35940, December 2013) and to ensure greater transparency and alignment with Public Sector requirements. In this regard SASSETA reduced its programme and budget structure from six programmes to just three programmes and the new programme and budget structure comprises of:

- **Programme 1:** Administration,
- **Programme 2:** Learnerships and Skills Development programme, and
- **Programme 3:** Planning, Monitoring and Evaluation and Research.

SASSETA also overhauled its staff performance system which links individual performance to the Annual Performance Plan of the organisation and to the operational plans developed by each programme.

As part of the organisational reforms introduced after administration, the organisational structure of SASSETA was reviewed and a new organisational structure developed with clear job definitions. A skills audit of all staff was conducted linked to the proposed structure. The new structure has been costed and will be implemented in the 2016/17 financial year.

After the body was placed under administration a number of senior managers resigned and, in other instances, SASSETA implemented disciplinary action against three other senior managers. This left the organisation with a number of vacancies at a senior management level which will be addressed in the 2016/17 financial year and be linked to the implementation of the new organisational structure.

A review of Human Resource policies undertaken post administration revealed serious gaps and weaknesses in the Human Resource and Development policies of the body. A process was put in place to review and redesign these policies which are currently being finalised with the union representing SASSETA employees, and will be implemented during the 2016/17 financial year.

During the second half of the 2015/16 financial year, the Administrator requested SASSETA Internal Auditors to conduct a full and comprehensive audit of SASSETA human resource systems and processes.

This audit was requested after the identification of serious irregularities relating to appointments, overtime claims and the payments of salaries. The audit is currently being final-

ised and its findings will be implemented in the 2016/17 financial year.

1.5 PROGRAMME 1: ADMINISTRATION

The Administration programme provides management and strategic and administrative support services to ensure effective delivery for leaning programmes, skills planning, research monitoring and evaluation.

The programme is aimed at accelerating delivery of programmes and comprises the sub-programmes of:

- Supply Chain Management,
- Procurement;
- Information and Communication Technology (ICT);
- Communication and Marketing;
- Human Resources Management and Development;
- Risk Management and
- Logistics Management.

The purpose of the Administration programme is to provide efficient and effective fiscal, infrastructure and financial resource planning and management, monitored on a quarterly basis to support the sustainability of the SASSETA.

1.5.1 Financial and Supply Chain Management

SASSETA started the financial year off carrying forward an over commitment of R292 million which had to be budgeted for in the 2015/16 financial year. During 2014/15 SASSETA also reported an operational deficit of R173.3 million.

During SASSETA's budgeting processes for the 2015/16, SASSETA budgeted for increased revenue being the skills development levies from the Government Departments. When it became apparent that this increased revenue would not be possible, the budget was then revised to an approximate deficit of R34 million.

During the 2014/15 financial year SASSETA also incurred more than R278.3 million (139 710 + 138 622) in irregular expenditure (for more detail see "irregular expenditure" noted on page 85. This irregular expenditure related to overspending on the administration budget leading to a non-compliance finding with regard to the Skill Development Levies Act, as well as non-compliance with the Skills Development Act and the PFMA and National Treasury pre-scripts.

A key challenge faced by the Administration was to address the financial mismanagements that existed at SASSETA at the end of the 2014/15 financial year, and to find ways of

drastically improving SASSETA's overall financial management. A number of steps were taken in the 2015/16 financial year that have resulted in SASSETA being on a more sound financial footing as it moves into the 2016/17 financial year. These include:

- i. **The Appointment of a new CFO:** In November 2015 a new Chief Financial Officer was appointed on a contract basis to assist in the turnaround of SASSETA's financial management.
- ii. **The implementation of cost cutting measures:** SASSETA implemented serious cost saving measures and as a result of these measures, SASSETA was able to reduce its administrative spending by R12.9 million when compared to 2014/15 financial year.
- iii. **The review of all Discretionary Grant and Supply chain contracts in place:** SASSETA reviewed all contracts related to supply chain and a number of contracts where SASSETA was not receiving value were cancelled. The review of contracts also involved the appointment of forensic auditors who reviewed 39 contracts. Based on this review, contracts valued at over R100 million were cancelled. The review also resulted in SASSETA identifying additional irregular expenditure linked to contracts entered in the 2014/15 financial year.
- iv. **New financial management policies and procedures:** New financial procedures were introduced that included ensuring proper segregation of duties of financial staff and ensuring that this segregation of duties complied with internal controls and proper review of all documentation prior to payments being made.
- v. **New supply chain policies and procedures:** At the start of the 2015/16 financial year, serious weaknesses were identified in the end-to-end supply chain processes. As a result new policies and procedures were developed and implemented. The policies and procedures were only finalised in the third quarter of 2015/16 and therefore were not in place during the first two quarters of the current year. This means that the real impact of these improvements will be evident during the 2016/17 financial year.
- vi. **Stricter budgeting and budget monitoring:** SASSETA was not complying with proper sign-off of monthly financial as well as with budgeting requirements of the PFMA and National Treasury. During the 2015/16 financial year SASSETA implemented quarterly reviews of both financial and non financial performance as well as proper monthly financial reporting. This is an area that SASSETA can build on during the

2016/17 year.

- vii. **The review of the commitment register:** Alongside the forensic audits and the cancellation of contracts, the commitment register was also reviewed. Contracts entered into in previous financial years that were still in place due to performance issues with the service provider, were also cancelled.
- viii. **The proper implementation of an irregular expenditure register:** SASSETA was placed under administration on 12 February 2015 and, given the problems occurring in SASSETA and the forensic audits conducted, SASSETA identified irregular expenditure of R138.7 million (additional to the R139 710 million declared at the end of 2014/15) that related to 2014/15 contracts. SASSETA has now put in place a proper irregular expenditure register and condonement processes that are in line with PFMA requirements. While a significant amount of irregular expenditure that occurred in prior years was able to be condoned during the 2015/16 financial year, there is still some previous year irregular expenditure that had not been condoned by 31 March 2016. This was largely due to condonements that were sent to DHET and where no response was received, or irregular expenditure which the Administrator would not condone until all PFMA requirements had been met.

At the close of the 2015/16 financial year, SASSETA's financial turn around resulted in SASSETA being able to reduce its over commitment (after cash on hand) to R13.2 million and was able to record an operational surplus of R43 million.

Irregular fruitless and wasteful expenditure

Measures were also put in place to address irregular expenditure and fruitless and wasteful expenditure in the body.

During the 2014/15 financial year, the irregular expenditure declared was R139 710 million. However during 2015/16, as a result of forensic audits initiated by the Administrator, an additional R138.7 million in irregular expenditure was identified relating to the 2014/15 financial year. This brought the total amount of irregular expenditure incurred during the 2014/15 financial year to R278.3 million. Comparatively, irregular expenditure incurred relating to the 2015/16 financial year declined to R282 thousand.

During the 2014/15 financial year the amount of expenditure declared fruitless and wasteful was R25.6 million compared to the R596 thousand in 2015/16.

Proper processes were also put in place to deal with condonement of irregular expenditure. In accordance with the

PFMA before any irregular or fruitless and wasteful expenditure could be process for condonation three process had to be put in place. These were;

- Proper investigations conducted;
- Where necessary action taken regarding the irregular expenditures, and
- Measures being put in place to prevent re-occurrence of such expenditure.

Based on compliance with the above R194.3 million in irregular expenditure was condoned and R23 million in fruitless and wasteful expenditure. R64.5 million in irregular was not condoned at the year end, as well as R3.1 million in fruitless and wasteful expenditure.

Over Commitment

The graphs below show the financial improvements in SASSETA during the 2015/16 financial year

Figure IV: SASSETA Deficit vs. surplus 2014/15 vs. 2015/16

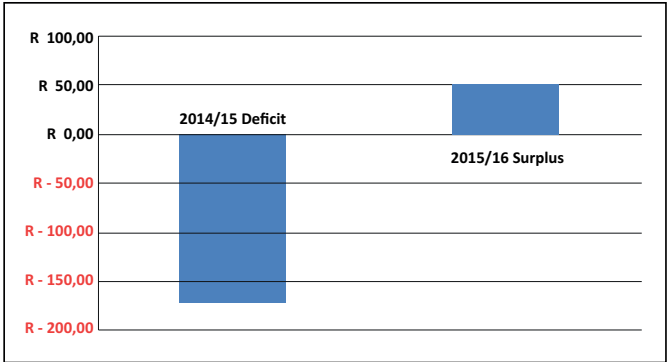
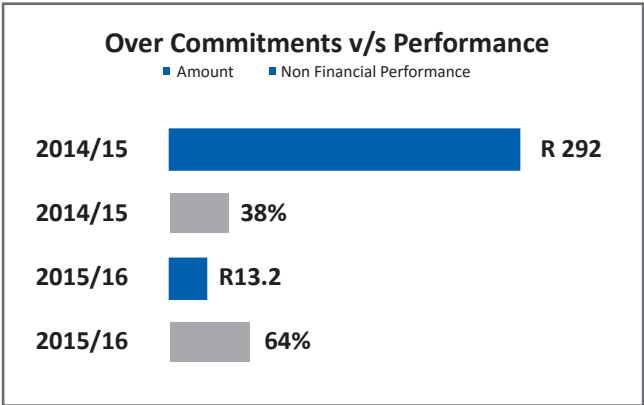
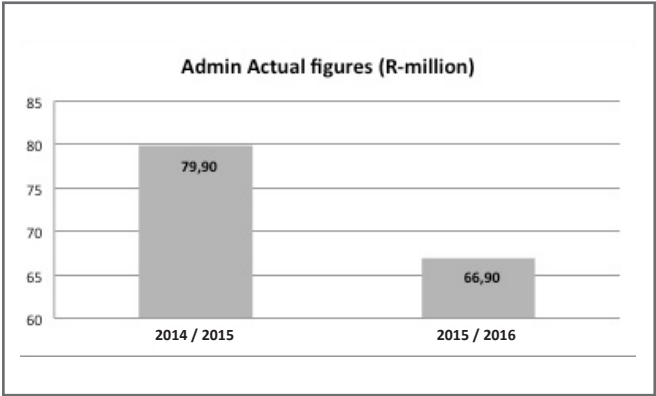


Figure V: 2014/15 and 2015/16 SASSETA Commitment after considering cash on hand at year end



The drop in SASSETA’s administration expenditure resulted in SASSETA being compliant with the Skills Levies Act and not incurring irregular expenditure linked to overspending.

Figure VI: SASSETA comparative spending on administration



Despite the improvement in the overall financial performance of SASSETA work is still required on the following areas:

- Automation of all SASSETA financial systems to prevent manual errors in the financial statements
- Capacitation of SASSETA finance section to address deficiencies in the finance department
- Ensuring internal compliance with GRAP and other National Treasury requirements

The above will be become a major focus of the administration during the 2016/17 financial year as part of our clean audit initiative.

PROGRAMME 1: Administration

Key performance indicators, planned targets and actual achievements

Ref	Strategic Objectives	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on Deviations
Improved financial management across the SASSETA						
1.	Number of non-compliances reported in the internal audit report	-	-	-	-	None
2.	Percentage of budget spent against the APP targets	-	95%	74%	-26%	The reason for the under-spending was the over-statement of the budget using 30% of the departments' contributions instead of 10%. The adjustment was made to the previous years and not the current year. However despite this, our operational efficiency resulted in a surplus as reflected in the AFS
3.	Percentage compliance to SCM policies and procedures	-	100%	25%	-75%	Based on the internal assessment there has been a significant improvement on issues arising in this area related predominantly to SCM contracted in 2015/16 financial year and provisional findings by AGSA relate to prior financial year before SASSETA went under Administration. Given the process in place to address these issues by the end of financial year. SASSETA will be able to meet this target.
Strategic Objective: Productivity levels across SASSETA						
4.	Percentage compliance with the performance management policies and procedures	-	100%	100%	-	None
5.	Percentage of ICT systems enabled	-	100%	55%	-45%	The analysis of the ICT infrastructure has commenced, the final report will be ready end of April 2016, which will inform the infrastructure upgrade. The analysis of ICT governance inclusive of all ICT policies drafted has commenced, the final report will be ready end of April 2016, which will inform the approval or any amendments necessary. The implementation of short-term measures to address SASSETA ICT issues has commenced with the advertising for a management post.

Ref	Strategic Objectives	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on Deviations
Strategic objective: Improved strategic oversight across the SASSETA						
6.	SASSETA Governance rating/ maturity level	-	Level 1	Level 1	None	None
7.	Percentage compliance with internal controls across SASSETA	-	100%	77%	-23%	Complete overhaul of ICT and organisational restructuring resulting in delayed implementation of internal controls identified.
8.	Risk Management maturity level	-	Level 3	Level 4	+ Level 1	Independent assessment conducted by NT on maturity.
9.	Percentage implementation of audit action plans	-	70%	73%	+3%	Stringent monitoring and monthly reported on progress made.



1.5.2 Corporate Services

Corporate Services provides strategic and operational support to SASSETA in achieving its mandate. This is attained through providing efficient ICT governance framework and infrastructure, well capacitated Human Capital, and Marketing and Communications that improves the organisations' image, communication, and stakeholder engagement.

SASSETA's Corporate Services embarked on a complete overhaul when the organisation was placed under administration. The ICT operations were in total collapse with the governance framework and infrastructure not aligned to or supporting the organisation's business units. Furthermore the Human Resources within the organisation were not assisting or enabling the SETA.

Being placed under administration for the year under review prompted a new approach that would ensure that the mandate of the organisation would be supported by Corporate Services, through efficient support by ICT, Human Resources and Communication and Marketing.

1.5.2.1 Information and Communication Technology

An independent team of Information and Communication Technology (ICT) experts were appointed to conduct a thorough analysis on SASSETA's ICT, inclusive of its strategic framework and infrastructure. This approach was deemed necessary to ensure that the provision of solutions and support to the business is not that of a remedial action of symptomatic issues, but rather that of analyzing the SASSETA's holistic ICT environment (inclusive of its Corporate Governance and Systems) in order to pro-actively support the business in improving efficacy. A report on the analysis conducted is due to be presented in the new financial year. This report will inform the ICT strategy and operational plan going forward.

The Human Resource department, in conjunction with the Administration and the National Treasury GTAC team, overhauled its approach in supporting the achievement of the SASSETA mandate. The SASSETA organisational strategy was reviewed to determine whether it sufficiently supported the achievement of the mandate.

The review highlighted critical areas not clearly aligned to support the business mandate which led to a new functional structure being put in place, which has informed the new resource structure. The resource structure will be implemented in the new financial year in line with the appropriate costing. This method has necessitated the entire staff complement of SASSETA undergoing a skills audit, and a job matching and placing process, to ensure that SASSETA is well resourced with competent human capital. It also

compelled a review of all policies and procedures, and the development of new relevant policies and procedures not catered for.

1.5.2.2 Human Resources Management

The focus in HR for this period under review was on laying the correct foundation to improve the capacity of the Human Capital within SASSETA. This included ensuring that a revised Performance Management System was implemented, and that a new Functional Structure was approved and informs the Resource Structure critical to capacitating SASSETA.

The revised Performance Management System linked to SASSETA's APP and the operational plans to ensure alignment to the overall strategy. SASSETA staff underwent comprehensive training on the revised Performance Management System. The training improved staff confidence in the revised system by addressing the initial concerns that were raised on whether the system would improve fairness. The outcome of the performance appraisals will inform areas of staff development.

The development of the new Resource Structure prompted a moratorium on staff appointments however exceptions were made for positions which were critical to the functionality of SASSETA. A skills audit will ensure that the organisation is equipped with the appropriate competencies in the correct positions, and that it affords the opportunity for development of staff where necessary. Furthermore, Job profiles/Job Descriptions for all positions have been developed.

The new Resource Structure will be costed, approved and implemented during the 2016/2017 financial year. The analysis of the governance structures led to the review, amendment and development of policies, procedures and process.

The Human Resources Development (HRD) Committee will be re-established in the 2016/17 financial year to ensure that staff development links to the overall organisational strategy. Employee education and study assistance will, for example, be aligned to the employees' personal development plans (PDPs), to ensure increased knowledge in their particular work environments. The new SASSETA HRD plan will also serve to simplify the implementation of Affirmative Action measures in SASSETA.

1.5.2.3 Marketing and Communications

The Marketing and Communications department is responsible for the enhancement of the SASSETA's Corporate Reputation through measurable Integrated Marketing Communications (IMC) programmes and campaigns aimed at enhancing and communicating SASSETA's strategic business objectives.

For the year under review, the marketing and communications focus was on the organisation's Sector Skills Plan, Strategic Plan, Annual Performance Plan and the Service Level Agreement between SASSETA and the Department of Higher Education, via the following interventions:

I. Digital marketing

SASSETA's stakeholder base has seen an increase as some of the emerging role-players, who traditionally were not serviced by SASSETA, came on board. These included stakeholders such as the Road Traffic Management, Criminal Justice Cluster as well as an increase in levy-paying organisations. This growth in clientele necessitated SASSETA to improve its marketing and communications approach, with particular emphasis on customer relations. One of the approaches was the development of a holistic digital marketing strategy that encompassed online registration of events, email and SMS correspondence. Digital marketing promotions increased market response to newspaper advertisements (Mandatory Grants, WSP deadlines) and provided cost effective, personal communication with our target markets. In the new financial year the unit will, using applicable software enhance the SETA's digital marketing reach to learners nationwide.

II. Social media

The advent of social media has prompted many organisations to rethink how they expand and communicate with their stakeholders, by adopting communication channels that were predominantly perceived as social and not corporate. SASSETA is no exception. For the year under review, SASSETA maintained a presence in Facebook as one of the mediums to reach a wider range of stakeholders, particularly learners. SASSETA's Facebook page currently has in excess of 4000 'friends' and through the marketing and communications team's management of the platform, valuable and ongoing information is shared on a regular basis. Plans are currently afoot to integrate and promote the SASSETA presence in other social media platforms such as LinkedIn to ensure that we promote the SASSETA brand to the business sectors.

III. Website

The current SASSETA website provides ongoing update of information around events, downloads and customer engagements. However, as part of improving the SASSETA website functionality and improvement, an internal audit in partnership with our ICT service provider was conducted and various gaps were identified. To this end, a website revitalisation process has begun and a new and improved website will be launched in the 2016/17 financial year.

IV. Customer and service improvement

The SASSETA Call Centre is an inbound and outbound client-care facility that receives and resolves client queries. To enhance customer satisfaction, call centre consultants freely share their knowledge gained through interaction with the knowledge experts in the organisation, thus facilitating faster and more professional query resolution while improving overall company efficiency.

The measurement of query resolution was an initiative of the Administrator in Q3 2015. During that time the call centre successfully resolved more than 500 client queries. In the new financial year, SASSETA will introduce and implement dedicated Customer Relationship software that will enable call centre agents to track client call history and query resolution in real time and escalate Intricate problems to top management more efficiently. This will greatly enhance service levels not only in the call centre but throughout the organisation. To this end Customer care education will be conducted throughout the organisation in the new financial year to impress upon employees their service responsibility towards SASSETA clients.

V. Stakeholder Engagement

The Marketing and Communications department conceptualised various stakeholder programmes aimed at strengthening relations that were mutually-beneficial to SASSETA and its stakeholders, and which aligned with Government's skills development agenda. At the end of the financial year SASSETA embarked on a series of Workplace Skills Programmes (WSP) and Annual Training Report (ATR) road shows to familiarise Skills Development Facilitators with the new online WSP template. More workshops will be scheduled in the new financial year that will address the client needs identified in the service gap analysis that will be conducted in Q2 of 2016/17.

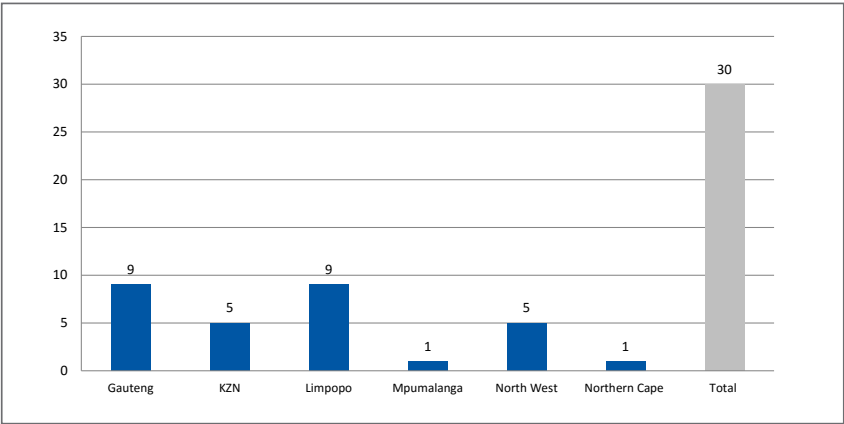
VI. Skills Development Programmes

The Marketing and Communications unit achieved its target of 30 events as set out in the 2014/2015 DHET Service Level Agreement. SASSETA's career guidance focused on promoting the advantages of education through Technical Vocational and Educational Training Institutions (TVETs) and the consideration of Artisan Programmes which aligns to the Minister of Higher Education and training's directive to offer learners alternatives to university education. During the sessions the requirement of various career opportunities available in the safety and security sector, specifically concentrating on the identified scarce and critical skills in the sector, were outlined. Information on bursaries and learnerships, internships and apprenticeships were welcomed by learners who, in many cases had not been exposed to any SETA.

SASSETA visited 15 urban, rural and deep rural schools in different provinces to assist learners with the selection of the subjects they need to gain the qualifications that are required for their chosen career. A total of 13 rural and 2 urban schools received career guidance during the past financial year. Young people were given the assistance they needed to decide on

their future careers starting with the subjects they have to select to provide them with the outcome they want in Grade 12. A total of 4905 learners were guided for the year under review. This figure will increase significantly in the new financial year when a more aggressive career guidance marketing plan will be entered into.

Figure VII. Breakdown of Career guidance Events



VII. Internal Communication

The Marketing and Communications team developed and implemented various internal strategies aimed at improving staff morale and productivity.

Mindful of some of the corporate challenges facing SASSETA, it became imperative that more attention be given to internal communications. The Administrator regularly addressed staff on new developments, service initiatives, organisational improvements and the monthly performance of the SETA. In addition, newsletters were circulated to inform employees in writing of the new developments taking place.

The challenges around the implementation of digital communication plan links to Information and Communication Technology (ICT) inhibitors which will be rectified in the new financial year when the unit will implement an electronic communications strategy that will enable the SETA to expand its communication capabilities.

A detailed Internal Communication plan, centred on digital communication tactics, will be implemented in the new financial year with the aim of improving employee morale and commitment through the dissemination of organisational knowledge.

VIII. Capability

The implementation of the new resource structure in 2016/2017 will alleviate capacity challenges in the marketing and communications unit to offer increased stakehold-

er service on a variety of communications platforms. Plans are in place to conduct an independent industry-perception marketing audit to measure SASSETA's brand impact within the safety and security sector in order to determine and address some of the gaps highlighted above.

1.6 PROGRAMME 2: LEARNING PROGRAMMES

Learning Programmes comprises programmes and projects funded through the discretionary grant processes (including bursaries, learnerships, work integrated learnerships, Internship, Graduate placements, Skills programmes and artisan training) as well as the Education Quality and Training Assessment (ETQA) systems (including certification, material development, accreditation, verification and moderation).

The programme has two distinct sub programmes namely sub programme skills and learning implementation and sub programme ETQA.

The purpose of Programme 2 is to execute the functions delegated by the Quality Council for Trades and Occupations (QCTO) with regards to the curriculum of the occupational qualification or part qualification of learnerships. Learning programmes is responsible for the accreditation of training providers, registration of assessors, facilitators, moderators, the evaluation of assessments and the facilitation of moderation including certification of learners as proof of successful completion of the qualification.

1.6.1 Sub-programme ETQA

Key performance indicators, planned targets and actual achievements

Ref	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on Deviations
Strategic objective: Increased efficacy in SASSETA's discharge of the QA function						
10.	Percentage of assessors in compliance with SASSETA ETQA Assessor Policy	-	80%	-	-	Target not achieved. This was a new target with no baseline against which to measure 2015/16 performance. The target was based on the capacity of the ETQA unit, the feasibility of Assessor accreditation and the normalisation of ETQA processes driven by the establishment of the ETQA Accreditation Committee. ETQA accredited 62% of the registered assessors but the target could not be reported because the required information could not be made available to AGSA for verification. The manner in which ETQA receives and stores information is currently being addressed to ensure the provision of the required information for quarterly assessment and audit purposes.
11.	Percentage of moderators in compliance with SASSETA ETQA Moderator Policy	-	60%	60% Received moderators: 86. Accredited moderators: 52	-	None
12.	Percentage of Providers in compliance with SASSETA ETQA Accreditation Policies	-	60%	-	-	Target not achieved. This was a new target with no baseline against which to measure 2015/16 performance. The target was based on the capacity of the ETQA unit, the feasibility of assessor accreditation and the normalisation of ETQA processes driven by the establishment of the ETQA Accreditation Committee.

Ref	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on Deviations
Strategic objective: Increased efficacy in SASSETA's discharge of the QA function						
13.	Number of Public TVETs with SASSETA approved programs	-	5	-	-	Target not achieved. SASSETA approved and accredited three TVET colleges during 2015/16 this achievement could not be reported on because the indicator was not based on SMART principles. The set target of five TVETs was also not achievable because the TVETs were unable to submit accreditation documentation within the designated time frames. This target will be addressed in the new financial year.
14.	Percentage of the certification backlog addressed	-	100%	-	-	Target not achieved. SASSETA successfully addressed its certification backlog by delivering 19 500 certificates to training providers. The evidence of actual delivery was however archived off-site, and SASSETA was unable to retrieve the information within the AGSA time frame, which resulted in a limitation of scope finding. In the next financial year an overhaul of the archive system will ensure that AGSA requirements are met.
15.	Turnaround Times to Deliver Learner Certificates from receipt of complete and correct documentation	-	60 days	-	-	Target not achieved. SASSETA significantly reduced its certification turnaround time from the stated 60 days to 32 days. The manner in which SASSETA filed some of the certification documents for example SPO2, resulted in documents not being accessible to AGSA during final audit and could not be verified. In the next financial year an overhaul of the archive system will ensure that AGSA requirements are met.
16.	Number of new qualifications aligned to skills priorities	3	4	4	-	None

I. Accreditation

SASSETA ETQA continued to perform quality assurance of all qualifications as delegated by the QCTO. In the year under review, the accreditation of providers ensured that SASSETA's quality standards were adhered to and maintained. These activities included moderation of assessments, monitoring visits, verification of learner results and capacity building of providers.

During the 2015/2016 financial year the pool of SASSETA providers increased as a result of the improvement of accreditation requirements that ensure adherence to accreditation processes. Accredited providers, participating in the provision of SASSETA learning programmes, are now more compliant with Quality Assurance processes including the Government Departments. SASSETA's ETQA sub-programme department will apply stringent accreditation methods when evaluating the competencies and credentials of Training Providers.

The vast majority of TVETs do not offer SASSETA learning programmes. The SETA however accredited the TVET colleges listed below, with full approval as Education and Training Providers for qualifications within the SASSETA scope.

- 1) Ekurhuleni East TVET College
- 2) Ekurhuleni West TVET College
- 3) Letaba TVET College

In the next financial year ETQA will continue to protect learners from poor quality programmes through promoting SASSETA accredited institutions.

II. New Occupational Qualifications Developed through QCTO

The ETQA sub-programme co-ordinated and managed the development of new occupational qualifications through the Quality Council for Trades and Occupations (QCTO) process, in respect of stakeholder(s) communication and the provision of administrative support. SASSETA was also approved and certified as a Development Quality Partner (DQP) for four occupational qualifications aligned to the safety and security sector:

In the next financial year ETQA will focus on increasing the number of new occupational qualifications to cover a wide spectrum of qualifications as per SASSETA's scarce and critical skills.

III. Certification

The certification catch-up turnaround strategy that was developed in Quarter 1 of 2014/ 2015 was implemented. It needs to be pointed out that, ETQA certification section is still working in progress and SASSETA started. In 2015/16 the turnaround strategy was implemented to improve service to training providers and learners. This process will continue during 2015/2016 with a keen focus on the reliability of reported information. ETQA had new indicators that were set on the APP. Therefore this was the first time SASSETA certification was being executed as per APP. ETQA managed to perform its duties however the evidence that were produced to substantiate its performance was not adequate and did not align with technical indicator definition.

The certification information was archived before the AGSA audit was completed which resulted in the late retrieval of pertinent information and a negative audit result. Going forward the SETA will appoint new internal auditors who will verify the quality of the TID and information submitted. It will also improve collection of evidence and storage of information for reporting.

1.6.2 Sub-programme: Skills and learning implementation

Key performance indicators, planned targets and actual achievements

Ref	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on Deviations
Strategic objective : Reduced critical and scarce skills gap in the safety and security sector through the provisioning of quality learning programs						
17.	Number of unemployed learner entering learner-ships	1849	2500	2528	+28	Target exceeded. Some of the learners who were initially entered dropped out during the year. The over achievement is due to the SETA reporting on the replacement learners.
18.	Number of workers entering learnerships:	1474	1500	1553	+53	Target exceeded. Out of seven Service providers that were awarded discretionary grant projects , SAS-SETA had co-funded five of those to minimise cost for maximum output.
19.	Number of unemployed learners entering bur-saries	357	380	382	+2	Target exceeded. Some learners were irregularly approved in the prior financial year and was therefore not reported in 2014/15. In the current financial year the BAC regularised these learners and signed new contracts for the current financial year. These learners had to be counted into the reporting target for the current financial year.
20.	Number of workers entering bur-saries	161	300	309	+9	Target exceeded. Learners who were irregularly approved in the prior financial year could not be funded and be reported on. The BAC, entered into new contracts with the learners and this number will be reported on in the new financial year.
21.	Number of unemployed learners entering skills Programme	1763	1500	-	-1500	Target not achieved. SASSETA advertised Discretionary Grants so that CPF and Military Veterans could benefit. No qualifying applications were received from CPFs, and it was too late to re-advertise the programmes. Military Veterans project learners were still being recruited by the Department of Military Veterans hence could not be reported on.

Ref	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on Deviations
Strategic objective : Reduced critical and scarce skills gap in the safety and security sector through the provisioning of quality learning programs						
22.	Number of workers entering skills Programme	5286	2500	-	-2500	Target not achieved. The SETA entered 2046 workers into skills programmes but as the TID was not SMART, the target was not reported as achieved. In addition SASSETA did not implement 110 employed learners due to the delay in SAPS approval processes and their late levy payments.
23.	Number of Artisans Entered	470	500	503	+3	Target exceeded. Some of the learners initially entered dropped out and were replaced. The replaced learners had to be reported on which resulted in the over achievement.
24.	Number of Artisans completed	111	100	0	-100	In the past SASSETA implemented artisan programmes as a one year learnership and reported those as completed. After this programme was reviewed in 2015/16 the SETA aligned its programmes with the DHET requirements and artisans will in future be reported as completed upon receipt of a trade certificate.
25.	Number of Unemployed Learners Entering Internships	1849	300	306	+6	Target Exceeded. Some of the learners initially entered dropped out and were replaced. The replaced learners had to be reported on and this is why there is an over achievement.
26.	Number of TVET Student Placements	1269	1700	1810	+110	Target exceeded. This is due to learners regularized from the prior year on 1 April 2015 and with whom new contracts were entered into in the current financial year hence they had to be reported in the current financial year.

Ref	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on Deviations
Strategic objective : Reduced critical and scarce skills gap in the safety and security sector through the provisioning of quality learning programs						
27.	Number of University Student Placements	21	100	102	+2	Target exceeded. Some of the learners initially entered dropped out and were replaced. The replaced learners had to be reported on and this is why there is an over achievement.

Learning Programmes achieved 55% of its programme indicators which is significantly higher than in previous financial years. It is evident that SASSETA did a substantial amount of work to approve and implement programmes.

SASSETA made provision in its Discretionary Grant Policy for the implementation of learning programs in partnership with Public Training Institutions. Educational institutions such as the University of Witwatersrand, University of Pretoria, and UNISA Graduate School of Business, provided training to employees of the various government departments that SASSETA serve.

A further highlight of the previous financial year was the implementation of three projects targeted at previously disadvantaged unemployed youth. Beneficiaries from rural areas in Hammanskraal, Umgungundlovu, Nyandeni, Port St John's, Ingquza Hills and Umhlonto are currently training in the General Security Practices and Road Traffic Law Enforcement Learnerships.

The delayed implementation of learning programs awarded by some employers led the SETA to amend its Discretionary Grant Policy to provide for a mid-term review on awarded projects; should employers not take up the awards, they could forfeit the learning program which will then be made available to other employers.

Under performance was related to skills programs as SASSETA was engaged in a process to review the skills programs to ensure that it's aligned to the Sector's Scarce and Critical Skills and is optimally beneficial to learners. This process will be fully implemented in the next financial year.

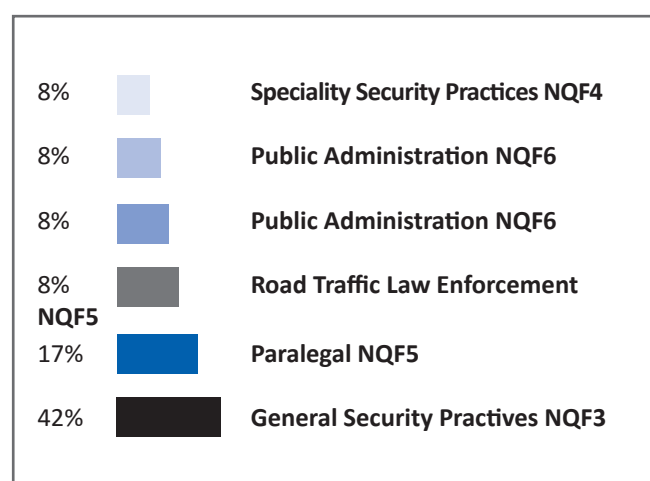
I. Learnerships

During the year under review SASSETA supported 2528 unemployed and 1553 employees across the sector with learnerships. The learnerships funded were in keeping with the core mandates of the various sub-sectors. Of critical importance is the SETA's decision to decline funding for learnerships that did not culminate in a particular career path within the safety and security sector. Transfer of skills is intrinsic to improving service delivery in the sector, hence the implementation of demand driven learnerships to enable the attainment of required core skills.

During the past financial year SASSETA, for the first time, partnered with the Department of Justice's training arm, the Justice College, to provide the Paralegal NQF 5 Learnership to both employees of the department and unemployed youth.

12 Learnership projects were implemented and the chart below contains a graphical depiction of the various learnerships implemented.

Figure VIII: Percentage of Learnerships awarded 2015/16



II. Artisans

503 learners were enrolled on artisan programmes in the following trades:

- Bricklaying;
- Carpentry;
- Electrical Engineering;
- Plumbing;
- Welding;
- Automotive Motor Mechanic;
- Diesel Mechanic.

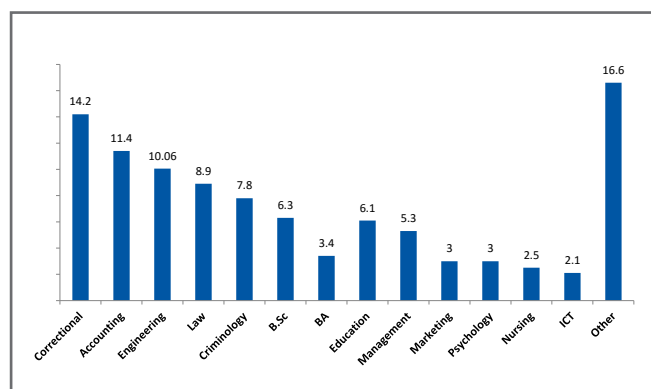
Traditionally the SETA supported learners via the learnership route to an artisan qualification. During 2014/2015 SASSETA diversified its approach to artisan training and learners are now also supported via the Nated Courses or via the apprenticeship route of training. In addition SASSETA is striving to ensure that all learners are also supported through a Trade Test. SASSETA has tightened its policies to only allow for implementation of the practical part of artisan training only at workplaces who are duly approved as appropriate workplaces for the relevant trade.

Bursaries for the Unemployed

SASSETA put in place policies to move to a situation of funding fields of study which form part of the sectors scarce and critical skills and, in so doing, funded 382 unemployed persons with bursaries. As depicted in the diagram below the bursaries awarded were broadly distributed across the scarce skills in the sector. It should be noted however that some of the historical bursaries being taken forward do not fall in the scarce skills list. Due to prior commitments these bursaries had to be undertaken and examples of these are the Marketing and Communication and BA Arts reflected in the chart below.

Of huge significance is the fact that SASSETA has moved from a situation of having many irregularly approved bursaries in the 2014/2015 financial year, to a situation where there are zero irregularly approved bursaries. (See Figure IX)

Figure IX: Percentage of bursaries awarded 2015/16



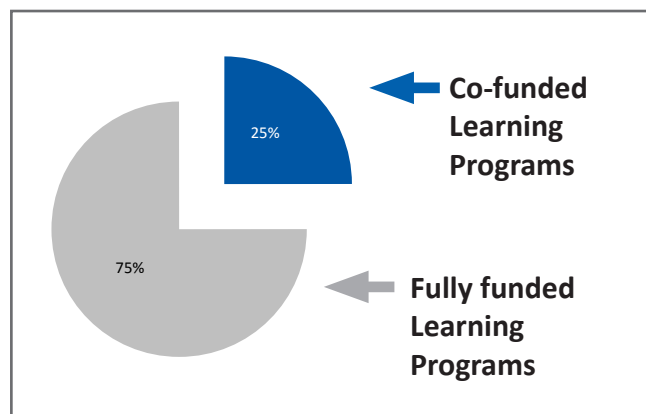
III. Co-funding of Learning Programmes

A key element of the SASSETA's achievements in the past financial year was the implementation of co-funded learning programs. The over-commitment of funds during 2013/2014 and 2015 created the opportunity for SASSETA to explore various ways of achieving its targets within the limitations of cost containment. A solution was found in the joint funding of learning programs with employers where each party was responsible for costs associated with the implementation of the programmes was introduced successfully.

SASSETA accordingly implemented the co-funding model in some of its learnerships and skills programs which resulted in 25% of the learning programs being co-funded as illustrated in the graph below. This model is proving to be highly successful and will be explored further in the new financial year. (See Figure X)

Going forward Learning Programmes will continue to mitigate risks, meet challenges and practice continuous improvement to the benefit of employed and unemployed learners.

Figure X: Breakdown of co-funded projects 2015/16



1.7 PROGRAMME 3: PLANNING, MONITORING, EVALUATION AND RESEARCH

The programme comprises of two sub-programmes namely Planning, Monitoring and Evaluation and Research. The two sub programmes are responsible for the approval of the WSPs and the implementation of SASSETA's mandatory grant functions.

The purpose of the programme is to:

- Provide strategic direction and leadership to SASSETA with regard to the implementation of strategic priorities in the Sector Skills Plan and Strategic Plan.
- Monitor and evaluate skills development programme

so as to inform planning and improve the organisational performance, accountability, decision making and knowledge management.

The Planning sub-programme is responsible for developing and revising all planning documents such as the Sector Skills Plan, Strategic and Annual Performance Plans and Organisational Year Plan. The organisation introduced new strategic objectives directly linked to the improvement of performance in 2015/2016. An organisational year plan was introduced to register all strategic activities, such as; submission dates for Strategic Plans, Annual Performance plan, Sector Skills Plan etc. It is the duty of the planning sub-programme to monitor the implementation of the organisational year plan to ensure compliance in all units. During the year under review SASSETA complied with all strategic activities set out in the 2014/2015 year plan.

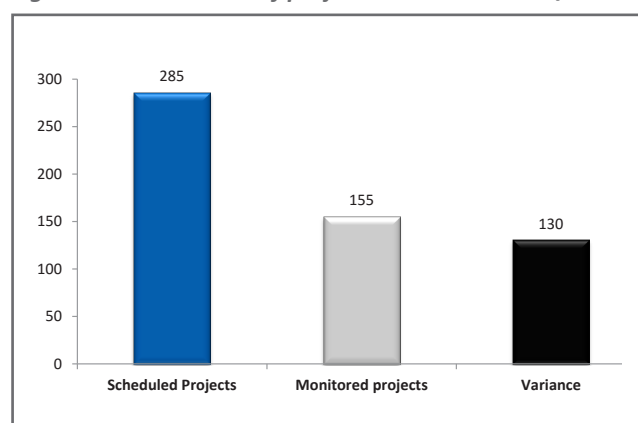
I. Monitoring Evaluation and Reporting

SASSETA Monitoring and Evaluation sub-programme is responsible for monitoring and evaluating of Discretionary Grant funded projects and for determining the compliance with the Basic Conditions of Employment Act (BCEA) by employers. This includes lead training providers falling within the Skills Development legislations and the Sectoral Determination No. 5 learnerships. It also provides a record of monitoring outcomes upon which recommendations for action are based. SASSETA monitor and report on progress of all projects implemented, assesses the quality of implementation and evaluates the effectiveness and the impact of its investment. The Monitoring, Evaluation and Reporting team comprises of three team members who share projects and categories by provinces to save costs. The projects that were monitored during year review were approximately 155 out of 285 (54%).

The Monitoring unit did not meet its scheduled target due to projects being cancelled resulting from forensic investigations, cost cutting measures and the rationalisation of 2015/2016 project list.

The unit has strengthened Monitoring and Evaluation by introducing a monitoring and evaluation framework that aligns with approved monitoring tools. The unit also improved engagement with the Project Management Office to close the gaps identified during monitoring. All the performance information that was reported to the unit was verified to ensure integrity of reports.

Figure XI: Breakdown of projects monitored 2015/16



II. Reporting

SASSETA is obliged to report on a quarterly basis to the Executive Authority (DHET) and National Treasury (NT). During the year under review compliance was fully achieved. The reporting unit also facilitated four Quarterly Performance Meetings to report on financial and non-financial progress of organisation and provided consolidated reports to management for improvement purposes. All departments in the organisation are expected to produce Portfolio of Evidence during reporting time before submitting reports to DHET and NT and Monitoring, Evaluation and Reporting met their commitment of verifying quality assuring organisational reporting.

III. Evaluation

SASSETA planned and conducted five evaluations in 2015/2016 to assess the impact of SASSETA programmes on stakeholders and the economy as a whole.

In the next financial year the sub-programme will increase its capacity in Monitoring and evaluation and start evaluations earlier in the year to enable improved progress measurement. The Sector Skills Plan will be improved through increased stakeholder feedback sessions that will provide more relevant sector information.

IV. Workplace Skills Plan & Annual Training Reports

SASSETA did not meet some of the planned SLA targets in the year under review due late submission of firms and reduced stakeholder interest in mandatory grants challenges pertaining to the delay in the timeous completion of the WSP template and subsequent roll out to clients further impacted on the completion of WSPs. In addition incorrect WSP submissions from Skills Development Facilitators (SDFs) prolonged the approval of WSPs due to the myriad of queries that SASSETA has to resolve before approving the WSPs. It is evident that more WSP training is required to enable this target to be met.

1.7.1 Sub programme: Planning, monitoring and Evaluation

Key performance indicators, planned targets and actual achievements

Ref	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
Strategic Objective: Institutionalized robust planning towards achievement of the SETA mandate.						
28.	% Compliance to SETA Year Plan	-	100%	100%	-	None
29.	Completion of the Sector Skills Plan by the target date	30 Sept	30 Sept	30 Sept	-	None
30.	Final Strategic Plan submitted by the target date	31 Dec	31 Dec	13 Nov	-	None
31.	Final Annual Performance Plan submitted by the target date	31 Dec	31 Dec	13 Nov	-	None
32.	% Compliance to the QMR and QPR requirements	-	100%	100%	-	None
33.	Mid-year and Annual review report on both financial and non-financial performance information completed by target date	-	31 Oct	Completed	-	None
34.	% of targets with verified POE	-	100%	100%	-	None

The SASSETA Research programme is integral to the SETA's mandate. It provides technical support and advisory services for planning and influences the strategic direction and priorities that the SETA should focus on in terms of planning, implementing and evaluating skills development initiatives in the safety and security sector.

The sub-programme achieved 100% of its annual targets as scheduled in the 2015/16 annual performance plan (APP). Key outputs for 2015/16 included the 2015/16 SSP annual update and seven research studies. These research studies were built on the past knowledge of the sub-sector reports which

contributed to the Sector Skills Plan (SSP) annual updates. The scope of the reports conducted covered the sub-sector profile, key skills issues, and the extent of skills mismatch which translated into the identification of skills shortages and critical skills for the sector.

Research also contributes to the SETA strategic objective to strengthen the impact of the scarce and critical skills across the safety and security sector. It provides research analysis which is the foundation for evidence-based decision-making, increasing relevance and responsiveness of the planning and strategic actions priorities.

During the year under review, the Research unit actively participated in the Labour Market Intelligent Partnership (LMIP) and peer review (also known as Social Cluster) structure for the Department of Higher Education and Training (DHET). In addition it was an active participant in various sector stakeholder engagements that sought to increase stakeholder inputs for the scarce and critical skills and capacity building workshops for the safety and security sector skills development facilitators (SDFs).

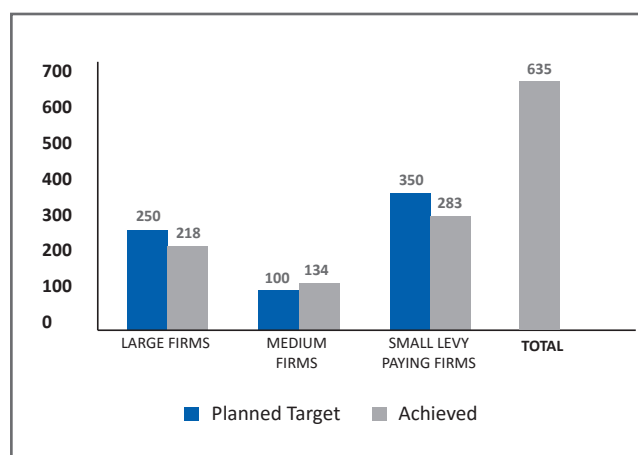
The Research unit spearheads the SETA's research agenda and the development of its sector skills plan (SSP), which determines the supply and demand of skills and the demographic composition of sector. This document is updated on an annual basis. During 2015/2016 the SSP was totally overhauled and the Research unit ensured that it was professionally researched, provided a sound analysis of the sector and articulated an agreed sector strategy to address skills needs.

In the next financial year SASSETA will conduct extensive research on the national and global dynamics of the safety and security. Furthermore, the SETA will strengthen its partnerships with universities, TVET's and other

bodies to increase its networks and intensity of research.

New research agenda and research priorities have been developed and approved for 2016/17-2017/18. The Research unit will focus on the professionalisation and transformation of the sector through evaluation and impact studies and conducting sub-sector and labour market research to improve its analysis of the skills development needs in the safety and security sector.

Figure XII: Breakdown of WSP's submitted 2015/16



1.7.2 Sub-programme: Research Programme

Ref	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
Strategic Objective: Institutionalized robust planning towards achievement of the SETA mandate.						
35.	Number of relevant research studies conducted in support of the safety and security	-	5	-	+2	None
36.	Number of relevant impact assessment conducted	0	5	5	None	The revision of the SSP resulted in additional research.

GOVERNANCE

1.1 INTRODUCTION

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

SASSETA is a Schedule 3A public entity that reports to the Department of Higher Education and Training. The Minister of Higher Education and Training is the Executive Authority. The Administrator is the Accounting Authority, as gazetted in Government Notice No. 38469.

Operations of SASSETA are aligned with sound corporate governance structures and processes that conforms to the Skills Development Act, 97 of 1998 (as amended), and are supported by the Skills Development Levies Act, 97 of 2003, the Public Finance Management Act of 1999 (as amended) and Treasury regulations, all of which enable SASSETA to achieve its National Skills Development Strategy (NSDS) III imperatives.

1.2 PORTFOLIO COMMITTEES

On 29 April 2015 a presentation was made to the Portfolio Committee on the Strategic Business Plan and the 2015/16 Annual Performance Plan of SASSETA.

1.3 EXECUTIVE AUTHORITY

The Board of SASSETA was disbanded when SASSETA was placed under administration. The Administrator presented the following reports to Government in the 2015/16 financial year.

- Annual Performance Plan 2015/2016
- Strategic Plan 2015/2016
- Sector Skills Plan 2015
- Annual Report 2014/2015
- Four Quarterly Monitoring Reports
- Four Quarterly Non-Financial Performance Reports
- Four Quarterly Financial Performance Reports
- Four Quarterly (Financial and non-Financial) Performance Reports to the National Treasury

1.3.1 The Administrator

The SASSETA Board was suspended on 12 February 2015 as directed by the Minister of Higher Education and Training in terms of section 15 (1) and (2) of the Skills Development Act. On 12 February 2016 the Department of Higher Education and Training extended the SASSETA Administrative period for another year to 13 February 2017. During the year under review the role of the accounting authority continued to be executed by the Administrator.

The Administrator's responsibilities and accountability for the public entity's performance and strategic direction is outlined below.

- Take over the role of Accounting Authority of the SASSETA as provided for in the Public Finance Management Act, 1999 (Act No 1 of 1999) and the relevant regulations until the extension of the administrative period closes on 12 February 2017.
- Establish if necessary, with the Minister's approval, chambers as provided for in Section 12 and 13 of the Act;
- Review the terms and conditions of employment of the Chief Executive Officer, Chief Financial Officer and other employees of the SASSETA where necessary;
- Review general governance policies of the SASSETA in terms of any applicable law;
- Suspend, institute disciplinary proceedings or replace, where it is necessary, any of the officials of the SASSETA for reasons as contemplated in terms of relevant legislation;
- Consult widely with the relevant stakeholders within the sector in order to adopt a standard constitution of the SASSETA in terms of section 13 of the Act and other relevant legislation for approval and publication by the Minister of Higher Education and Training;
- Facilitate the appointment of a new SASSETA Accounting Authority;
- Ensure the management of the SASSETA funds align with the Department of Higher Education and Training using relevant provisions of the Act as provided for in the Public Finance Management Act, 1999 and the relevant regulations;
- Make rules relating to SASSETA and chamber meetings, financial matters, general procurement and administrative matters which are in accordance with the provision of the Constitution of the Republic of South Africa, 1996, the Act or any other applicable

law. To dispute resolution, as well as the management of legal issues as required.

The duties of the Administrator include:

- Performs the functions of the SASSETA in terms of the Act, the Public Finance Management Act, 1999 and other relevant legislation;
- Ensures the management of the National Skills Development Strategy within the SASSETA;
- Ensures, on a monthly basis, the submission of progress reports regarding the effective functioning of the SASSETA to the Director- General: Higher Education and Training;
- Ensures sufficient funding of all the processes and activities pertaining to the powers and duties as an Administrator from the SASSETA budget in terms of the relevant legislative requirements;
- Performs any such other functions as may be delegated or instructed by the Minister or Director-General: Higher Education and Training from time to time;
- Facilitates the overall process and attends to dispute resolutions as well as the management of legal issues as required and submits a final close out report for the project at the end of the 12 month period of appointment .

1.4 COMMITTEE MEETINGS

The following committee meetings were held in 2015/2016:

Committee	Number of Meetings Held	Number of Members	Names of Members
Accreditation Committee	4	9	Ms. M Plasket (Chairperson) Ms. M Moroka Mr. V Memela Ms. M Matlala Mr. L Ngxola Mr. M Mosito Ms. E Mofzoa Ms. J Amod
Discretionary Grant Bid Evaluation Committee	39	11	Ms. M Plasket (Chairperson) Mr. M Mosito Mr. V Memela Ms. M Matlala Mr. M Khakhathiba Ms. J Amod Mr. S Mahopo Ms. M Sehowa
Audit and Risk Committee	5	5	Mr. F Docrat (Chairperson) Mr. T Boltman * Mr. H Hlomane Mr. M Fisher Mr. E Mayet Mr. R Nke
Labour Management Forum	5	7	Ms. X Lukhalo (Chairperson) Ms. L Malan Mr. R Ngcobo Mr. M Mosito Ms. B Mncube Mr. C Mabu Ms. S Mothlabi
Bid Adjudication Committee	17	5	Mr. T Xulu (Chairperson) Mr. L Matli Mr. G Gulston Ms. X Lukhalo Mr. L Ngxola
Employee Equity Committee	1	12	Ms. X Lukhalo (Chairperson) Mr. R Ngcobo Ms. I Bowden Ms. M Matlala Ms. T Nyamathe

* Mr. T Boltman - resigned

Committee	Number of Meetings Held	Number of Members	Names of Members
<i>... continued</i>			Ms. W Moosa Ms. K Mbuli Mr. A Sampson Mr. T Netshituni Ms. M Makgalemele Mr. M Sihlangu Ms. M Mncube
Management Committee	4	16	Ms. J Irish- Qhobosheane (Chairperson) Ms. M Moroka Mr. G Gulston Ms. M Plasket Ms. X Lukhalo Mr. L Ngxola Mr. V Memela Ms. C Sikhotya Ms. M Matlala Ms. J Amod Mr. R Ngcobo Mr. L Lebeko Mr. M Mosito Ms. I Bowden Mr. L Matli Mr. D Mkhize
Mandatory Grant Committee	3	8	Mr. T Xulu (Chairperson) Ms. C Sikhotya Mr. L Ngxola Mr. V Memela Ms. M Matlala Mr. M Mosito Mr. D Mkhize Ms. B Keebine
Quarterly Performance Review	4	18	Ms. J Irish- Qhobosheane (Chairperson) Ms. M Moroka Mr. G Gulston Mr. T Xulu Ms. J Moodley Ms. M Plasket Mr. L Matli Ms. X Lukhalo Mr. L Ngxola Mr. V Memela Ms. C Sikhotya Ms. M Matlala Ms. J Amod Mr. R Ngcobo Mr. L Lebeko Mr. M Mosito Mr. I Bowden Mr. D Mkhize

1.5 RISK MANAGEMENT

SASSETA's Risk Management Strategy, which was effectively implemented during the 2015/16 financial period, lays out guiding principles for the SETA's management of risk on an Enterprise Risk Management (ERM) basis. The monitoring of organisational risk is the responsibility of the risk manager however, the implementation of the mitigation, of risk lies with all managers.

The exercise of conducting risk assessment is undertaken annually within SASSETA. This process strives to achieve the identification of the critical risks the SETA may face to enable it to formulate appropriate risk strategies and action plans to mitigate and address these risks where necessary. As such, the annual assessment exercise was conducted during the 2015/16 financial period, and strategic and operational risks facing SASSETA identified. These were prioritized based on the probable impact following an occurrence as well as the likelihood of the occurrence happening.

The Risk Management Department monitors and reports on an ongoing basis to management, the Audit and Risk Committee and the Accounting Authority regarding the risks facing SASSETA.

Due to capacity constraints, the National Treasury's Office of the Accountant-General: Risk Management Capacity Support division was approached in 2014/2015 to provide support, and a Strategic Support Plan was entered into, whose full implementation was effected during the 2015/16 financial period.

1.6 INTERNAL CONTROL UNIT

SASSETA does not have an internal control unit. Monitoring and establishment of effective internal control measures is a responsibility of each divisional head as well as all managers. The internal audit function tests and evaluates the effectiveness of internal controls and reports to the Audit and Risk Committee during the year.

SASSETA also conducts a self-assessment of the effectiveness of internal controls in place, utilising information from, amongst other sources, a database of policies and procedures in place, as well as internal control deficiencies identified through internal and external audit work done.

1.7. INTERNAL AUDIT AND AUDIT COMMITTEES

1.7.1 Internal Audit

SASSETA does not have an in-house internal audit function, but has outsourced the function to Business Innovations Group (BIG). The outsourced internal auditors functionally

report to the Audit Committee on the internal audit purpose, authority, responsibility, and performance relative to its plan, including significant risk exposures and control issues identified, corporate governance issues, and other matters as requested by the Audit Committee.

Key activities and objectives of the Internal Audit function include:

- Reviewing the adequacy and effectiveness of internal control, risk management and governance processes
- Providing reasonable assurance on the integrity of financial and operational information
- Evaluating the adequacy of management controls for the prevention and detection of fraud
- Providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities; and
- Evaluating the effectiveness of the entire system of risk management and provide recommendations for improvement.

Summary of audit work done by Internal Audit

Internal Audit carried out its audit assignments during the year in line with the approved Internal Audit Plan, and provided assurance in the following areas: Supply Chain Management, Human Resources, and Discretionary Grants

1.7.2 Audit and Risk Committee

The Audit and Risk Committee, as an advisory committee making recommendations to the Administrator, ensures that SASSETA carries out its responsibilities as they relate to:

- Financial, management and other reporting practices
- Internal controls and management of risks
- Monitoring of Risk Management Policy and plan
- Compliance with laws, regulations and ethics
- Accounting and financial reporting
- Fraud and IT risks as they relate to financial reporting; and
- Sustainability reporting and all related risks.

1.8 COMPLIANCE WITH LAWS AND REGULATIONS

SASSETA has put in place the regulatory Compliance Framework, and developed policies and procedures to guide operations. The policies and procedures were reviewed during this financial year to ensure compliance with laws and regulations.

Independent assurance of compliance with laws and regulations is obtained through the work of Internal Audit, by means of compliance audits conducted by other govern-

ment institutions such as SAQA/QCTO, DHET etc, as well as the regulatory audit conducted by the AGSA. New developments and changes to skills development legislation are also communicated to the broader stakeholder base through workshops, bulk email, SASSETA's website, etc.

1.9 FRAUD AND CORRUPTION

SASSETA has a Fraud Prevention Policy and Plan, where responsibilities are assigned for prevention and detection of fraud within the SETA, and procedures for reporting fraud are outlined.

A dedicated toll free number is managed independently for the purpose of reporting suspected or known fraud and irregularities. Cases reported through the Whistle-Blower were followed-up during the period under review and, a forensic investigation launched on certain reported cases.

SASSETA has also engaged the Anti- Corruption Task Team (ACT) - a multi-agency working group which was setup by the Minister of Finance to coordinate and investigate corruption in the government sphere) including fraud and corruption cases which have occurred and were identified during the Administration era.

1) List of Audit and Risk Committee members and number of meetings attended

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	No. of Meetings attended
F. Docrat	IoDM, IRMSA-AS, CIS-A, CGEIT, CISM, MBA	External	n/a	21 May 2015	-	6
H. Hlomane	Masters in IT, BSc-Mathematical Science	External	n/a	21 May 2015	-	5
E. Mayet	B.Compt	External	n/a	24 February 2016	n/a- active	1
M. Fisher	CA (SA), B.Compt (Hon)	External	n/a	21 May 2015	n/a- active	4
R. Nke	B Iuris, LLB, H. Dip Tax Law and Co Law, Postgraduate Diploma in Cyber Law	External	n/a	24 February 2016	n/a- active	1
T. Boltman	CGAP, CFE, CIA, CCSA, B.Tech-Internal Auditing	External	n/a	21 May 2015	December 2015	3

1.10 MINIMISING CONFLICT OF INTEREST

SASSETA requires all staff members to disclose their financial interests on an annual basis. To minimise the risk of conflict of interest in Supply Chain proceedings, declaration of interest form is circulated to members of bid committees before the commencement of the meetings and SCM employees declare any interest they might have in relation to transactions entered into with service providers. SASSETA's Supply Chain Management Policy outlines the process to be followed where conflict of interest has been identified. There were no identified cases of conflict of interest during the year under review.

1.11 CODE OF CONDUCT

SASSETA's code of conduct policy ensures that the business of the SETA is conducted in the interest of SASSETA and conforms with the Constitution of SASSETA and with the legislation and regulations governing the SETA's activities and business practices. The code of conduct is applicable to all employees.

1.12 SOCIAL RESPONSIBILITY

SASSETA acknowledges that good governance and solid stakeholder relations create internal and external value. During the year under review SASSETA strengthened this value through vastly improving corporate governance, enhancing relationships with key stakeholders and implementing applications to promote a green culture throughout the organisation. The SETA continuously strives for the highest ethical standards so that our corporate reputation as a leader in the safety and security industry can flourish.

1.13 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted, revealed certain weaknesses, which were then raised with the Administrator and management.

The following internal audit work was completed during the year under review:

- Supply Chain Management;
- Predetermined objectives / Discretionary Grants; and
- Human Resources.

The following were areas of concern:

- Information Technology;
- Commitments; and
- Risk management.

1.14 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

SASSETA has submitted monthly and quarterly reports to the Executive Authority.

1.15 EVALUATION OF FINANCIAL STATEMENTS

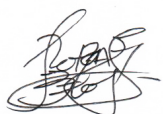
We have reviewed the annual financial statements prepared by SASSETA.

1.16 AUDITOR'S REPORT

We have reviewed SASSETA's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Commitments; and
- Predetermined objectives.

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



Faizal Docrat

Chairperson of the Audit Committee

29 July 2016

HUMAN RESOURCE MANAGEMENT

1.1 INTRODUCTION

The Human Resources sub programme is at the centre of sound employment practices through the advisory and guidance service it provides to management and employees. Some of the key functions performed by the Human Resources Department include: Remuneration and Benefits, Training and Development, Performance Management, Employee Wellness, Leave administration, Recruitment and Selection, and Health and Safety. It places a strong emphasis on employees by incorporating best Human Resources practices in its daily activities.

1.2 HUMAN RESOURCE OVERSIGHT STATISTICS

1.2.1 Personnel Cost by programme/activity/objective

Programme/Activity/Objective	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	Personnel Exp. as a % of Total Exp.
Administration	64 375	20 686	7%
Learning programmes	195 415	16 779	5%
Planning, monitoring, evaluation, research & reporting	48 274	9 060	3%

1.2.2 Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost
Senior and Top Management	14 930	32%
Professional qualified (Practitioners and Senior Practitioners)	13 939	30%
Skilled (Administrators and Clerks)	16 810	36%
Semi-skilled (Auxiliary Services)	846	2%
TOTAL	46 525	100.00%

1.2.3 Performance Rewards

Programme/Activity/ Objective	Performance Rewards in (R'000)	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel cost (R'000)
Senior and Top Management	-	-	-
Professional qualified (Practitioners and Senior Practitioners)	-	-	-
Skilled (Administrators and Clerks)	-	-	-
Semi-skilled (Auxiliary Services)	-	-	-
TOTAL	-	-	-

Given the performance of SASSETA in 2014/15 and the over commitment of SASSETA budget in that year no performance bonuses were considered during the 2015/16 financial year.

1.2.4 Training Costs

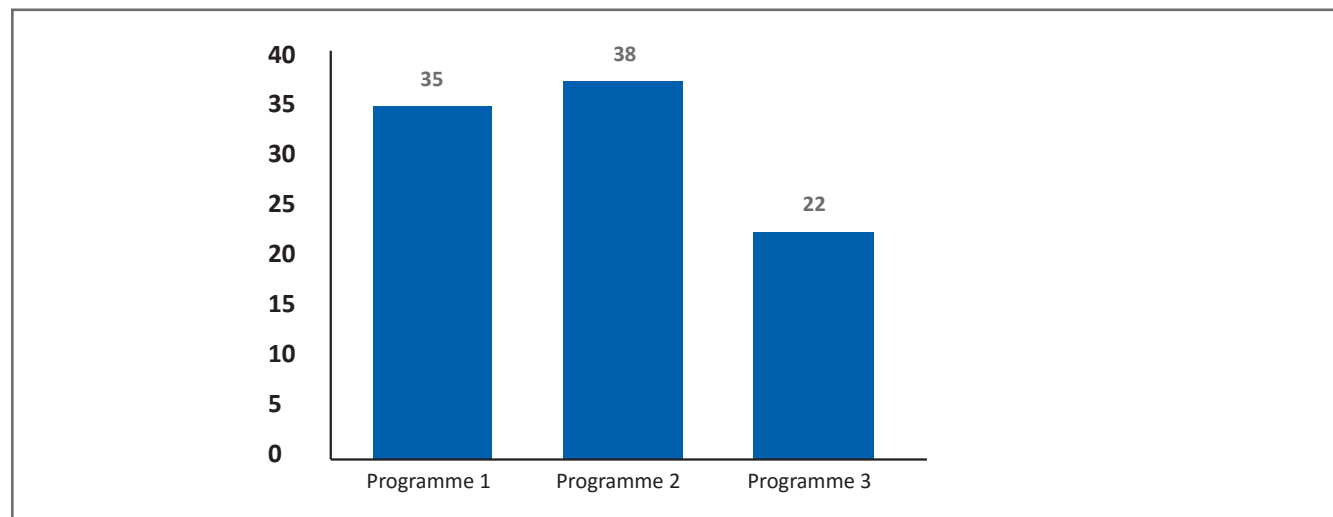
Programme/Activity/ Objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Employee Cost	No. of Employees Trained	Ave. Training cost Per Employee
BCom (HR)	46525	17	0.04	1	17
BCom (Business Management)	46525	16	0.03	1	16
Post Graduate Diploma (Public Management)	46525	33	0.07	1	33
GRAP Training	46525	7	0.02	1	7
National Diploma (OD-ETDP)	46525	46	0.1	2	23

1.2.5 Employment and vacancies

Programme/Activity/ Objective	2015/2016 No. of Employees	% of Staff Complement	Current Vacancies
Administration	35	37%	6
Learning Programmes	38	40%	6
Planning, Monitoring, Evalua- tion, Reporting and Research	22	23%	1
TOTAL	95	100%	13

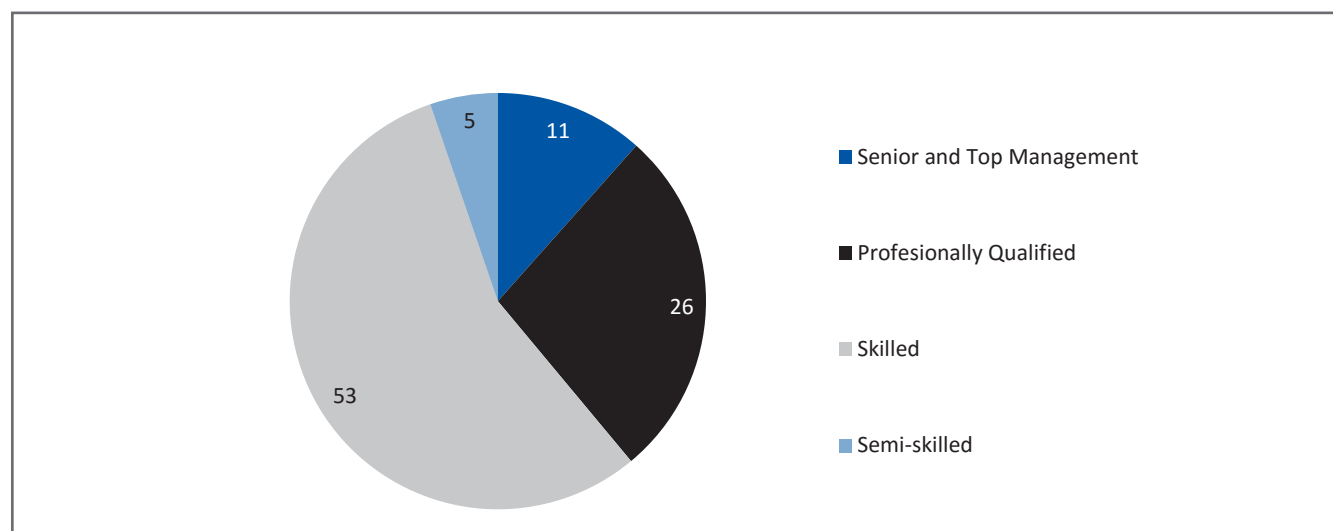
It has been established that the previously reported vacancies figures (as reported in the 2014/15 Annual Report) were inaccurate. There are employees who have been appointed outside of the organisational structure. Based on what we are aware of there are currently 13 vacancies.

Figure XIII: Number of employees by Programmes for the 2015/2016 financial year.



	2015/2016 No. of Employees	% of Staff Complement
Senior and Top Management	11	12%
Professional qualified (Practitioners and Senior Practitioners)	26	27%
Skilled (Administrators and Clerks)	53	56%
Semi-skilled (Auxiliary Services)	5	5%
TOTAL	95	100%

Figure XIV: Number of employees by occupational level for the 2015/16 financial year.

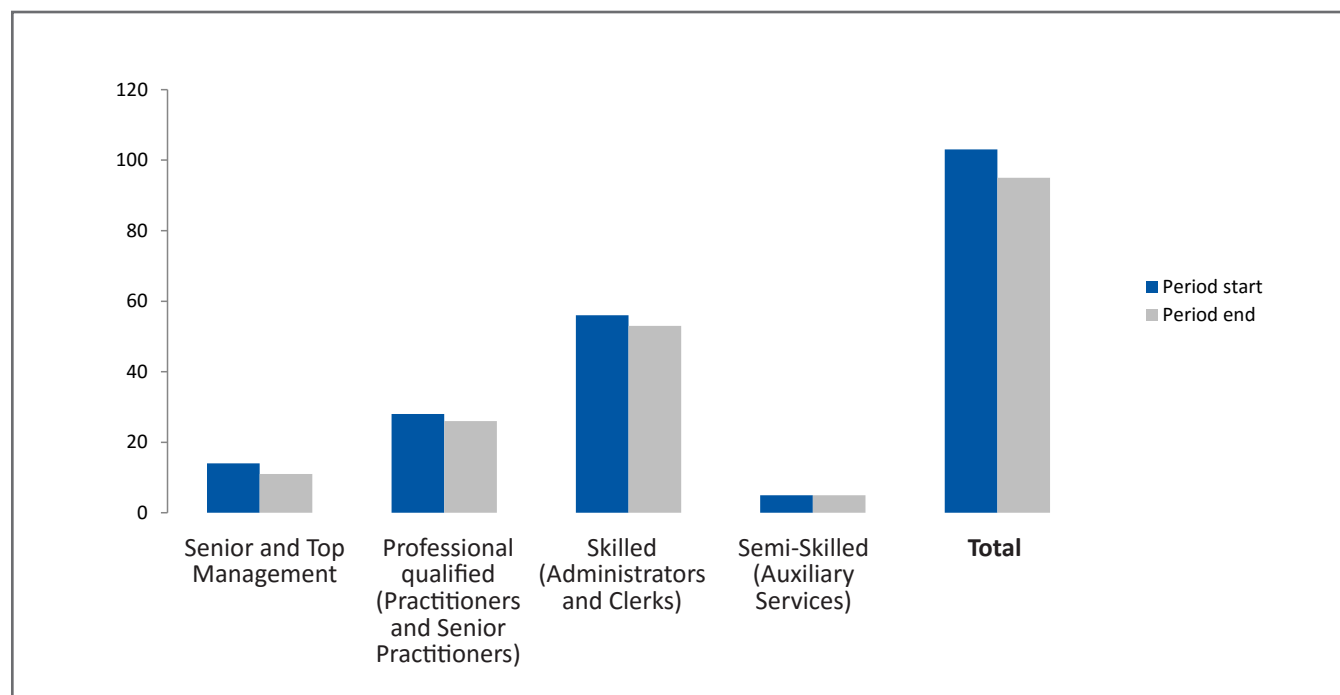


Due to the moratorium that was placed on recruitment, a number of senior management positions could not be filled. To mitigate the resultant impact on productivity, competent individuals were appointed to act in those positions. Management positions will be advertised in Q1 2016/2017.

1.2.6 Employment changes

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Senior and Top Management	14	1	4	11
Professional qualified (Practitioners and Senior Practitioners)	28	1	3	26
Skilled (Administrators and Clerks)	56	-	3	53
Semi-skilled (Auxiliary Services)	5	-	-	5
TOTAL	103	2	10	95

Figure XV: Employment changes in different occupational levels during the 2015/16 financial year.



At end of the year under review, a total of 10 employees had left the employ of SASSETA. There were no resignations in the Semi-skilled category.

1.2.7 Reasons for staff leaving

Reason for Leaving	Number
Death	-
Resignation	10
Dismissal	-
Retirement	-
Ill health	-
Expiry of contract	-
Other	-
TOTAL	10

Some of the reasons provided by staff members for resigning from the employ of SASSETA include: Desire to have own business; Lack of personal growth and Better job offers. Some employees, however elected to resign or during disciplinary processes.

1.2.8 Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	-
Written Warning	-
Final Written warning	-
Dismissal	-

A number of employees resigned just before or during disciplinary processes and this, although their resignations were accepted, does not exonerate them from criminal charges being laid against them.

1.2.9 Equity Target and Employment Equity Status

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior and Top Management	4	-	-	-	1	-	1	-
Professional qualified (Practitioners and Senior Practitioners)	12	-	-	-	-	-	-	-
Skilled (Administrators and Clerks)	45	-	1	-	-	-	-	-
Semi-skilled (Auxiliary Services)	4	-	-	-	-	-	-	-
TOTAL	65		1		1		1	

Levels	DISABLED STAFF			
	MALE	FEMALE	INDIAN	WHITE
	Current	Current	Current	Current
Senior and Top Management	-	-	-	-
Professional qualified (Practitioners and Senior Practitioners)	-	-	-	-
Skilled (Administrators and Clerks)	-	-	1	-
Semi-skilled (Auxiliary Services)	-	-	-	-
TOTAL			1	

The Employment Equity target will be available once the new organisational structure is costed and implemented in 2016/2017.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY (SASSETA)

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Safety and Security Sector Education and Training Authority (SASSETA) set out herein, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Safety and Security Sector Education and Training Authority as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA and SDA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 19 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 2016 in the financial statements of the SASSETA at, and for the year ended, 31 March 2015.

Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

SETA administration

10. On 12 February 2015 the Director-General of the Department of Higher Education and Training placed the SASSETA under administration, as per the Government Gazette Notice No.38469 thereby suspending all members of the accounting authority and the constitution of the SETA. On 3 February 2016 the director-general of the Department of Higher Education and Training extended the administration period for a further 12 months ending 13 February 2017 as stipulated in the Government Gazette Notice No.10555.

Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to raise reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2016:
 - Programme 2: Learning programmes, on pages 33
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. The material findings in respect of the selected programmes are as follows:

Programme 2: Learning Programmes

Usefulness of reported performance information

16. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 83% of the targets were not specific.
17. The FMPPI requires that performance targets should be measurable. A total of 67% of the targets were not measurable.
18. The FMPPI requires that performance targets should specify the period or deadline for delivery. A total of 94% of the targets were not time bound.
19. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 72% of the indicators were not well defined.
20. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 50% of the indicators were not verifiable.

Reliability of reported performance information

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of 33% of indicators.

Additional matter

22. I draw attention to the following matters:

Achievement of planned targets

23. Refer to the annual performance report on pages 22 to 36 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 16 to 21 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These mate-

rial misstatements were on the reported performance information of Programme 2: Learning programmes. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

25. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements and performance report

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the Public Finance Management Act. Material misstatements of discretionary grant commitments, skills development levy income disclosure, provisions, trade and other payables from exchange and non-exchange transactions, receivables from non-exchange transactions and cash and cash equivalents, identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

27. Effective steps were not taken to prevent irregular expenditure amounting to R138,904 million as disclosed in note 18 to the annual financial statements, as required by section 51(1)(b)(ii) of the Public Finance Management Act. Included in this amount is irregular expenditure relating to prior years amounting to R138,622 million that was identified in the current financial year.

Procurement and contract management

28. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1. Deviations were approved by the accounting authority even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4

Internal control

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

30. There was inadequate oversight by the accounting authority and management in the areas of performance reporting and financial reporting to ensure accurate financial information, accurate performance reporting, and that compliance with laws and regulations are being monitored.
31. Management did not adequately document and approve policies and standard operating procedures describing the principal activities and administrative processes for managing programme performance information at objective and indicator level within the skills, implementation and monitoring unit detailing how the information should be prepared, collected, verified and reported.
32. The developed action plan to address previously raised audit findings and the monitoring of the plan to ensure that adequate controls are designed and implemented was not properly performed and monitored.

Financial and performance management

33. The entity did not have adequate controls for the maintenance of accurate and complete information that supports the reported financial information and performance information contained in the financial statements and annual performance report, respectively, resulting in material misstatements identified that had to be corrected.
34. Daily, weekly and monthly processing and reconciling of transactions relating to financial and performance reporting were not adequate and effective. Existing internal controls and review measures were not adequate to ensure that financial and performance information reported is accurate and complete.
35. Non-compliance with the National Treasury framework for strategic plans and annual performance plans could have been prevented had management performed thorough reviews of the annual perfor-

mance plan and strategic plan for compliance against the framework.

Other reports

36. I draw attention to the following engagements that could potentially impact on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

37. An independent consulting firm completed investigations in the prior year's relating to travel expenses and contracts entered into with service providers who were not accredited to provide training to learners, at the request of the public entity. At the date of this report, the administrator has developed a plan to take action against staff members linked to the travel expenses allegations. Some allegations with regards to accreditation of providers have been referred to the South African Police Service and to the director of Public Prosecutions for further investigation.

38. An independent consulting firm performed an inves-

tigation based on evidence of irregularities regarding the awarding of prior year discretionary grant contracts. The investigation concluded during the 2015-16 financial year, disciplinary proceedings were instituted and the employees subsequently left the entity.

39. An independent consulting firm is performing an investigation based on allegations of irregularities with regard to the public entity's prior year payroll. The final outcome of the investigation is expected during the 2016-17 financial year.

Auditor - General.

Pretoria
29 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS

31 MARCH 2016

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SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

AUDITED

The Annual Financial Statements FOR THE YEAR ENDED 31 March 2016, set out on pages 56 to 100 have been approved by the Accounting Authority in terms of section 51 (1) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:



Jennifer J. Irish-Qhobosheane
Administrator

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2016

		2015/16	Restated
	Note	R'000	2014/15 R'000
REVENUE			
Non-exchange transactions			
Skills Development Levy: Income	2	348,567	291,127
Skills Development Levy: Penalties and Interest	3	8,051	8,087
Exchange transactions			
Investment Income	4	5,352	9,710
Other income	5	17	2,276
Total Revenue		361,987	311,200
EXPENSES			
Employer grant and project expenses	6	(251,922)	(404,535)
Administration expenses	7	(66,959)	(79,950)
Total Expenses		(318,881)	(484,485)
NET (DEFICIT) / SURPLUS FOR THE YEAR	1	43,106	(173,285)

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

			Restated
		2015/16	2014/15
	Note	R'000	R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	7.2	3,035	6,332
Intangible assets	8	58	125
		3,093	6,457
Current Assets			
Accounts receivable from non - exchange transactions	9	44,752	7,803
Accounts receivable from exchange transactions	9	1,888	1,593
Inventory	10	618	417
Cash and cash equivalents	11	133,520	124,769
		180,778	134,582
Total Assets		183,871	141,039
EQUITY AND LIABILITIES			
Non-Current Liabilities			
Finance lease obligations	12	-	123
		-	123
Current Liabilities			
Trade and other payables from non exchange transactions	13	17,041	11,142
Trade and other payables from exchange transactions	13	27,767	38,727
Current portion of finance lease obligation	12	123	1,147
Provisions	14	12,950	7,017
		57,881	58,033
Total Liabilities		57,881	58,156
NET ASSETS		125,990	82,883
Funds and Reserves			
Administration reserve		3,093	6,457
Employer grant reserve		42	372
Discretionary reserve		122,855	76,055
Unappropriated surplus		-	-
TOTAL FUNDS AND RESERVES		125,990	82,883
TOTAL NET FUNDS AND LIABILITIES		183,871	141,039

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Administration Reserves	Employer Grant Reserves	Discretionary Grant Reserves	Unappropriated surplus	Total
		R'000	R'000	R'000	R'000	R'000
Balance as at 1 April 2014		3,711	618	255,492	-	259,821
Prior year error						
- Net Increase in SDL Levy Expenditure				(3,652)		(3,652)
Restated balance as at 1 April 2014		3,711	618	251,840	-	256,169
Net deficit as per Statement of Financial Performance		-	-	-	(173,285)	(173,285)
Allocation of unappropriated surplus	1	(23,904)	13,031	(163,733)	174,606	-
Excess reserves transferred to Discretionary reserve		25,304	(13,277)	(12,027)	-	-
Prior year error - AFS						-
Prior year error		-	-	-	-	-
- Net Increase in Admin/Project Expenditure		-	-	(845)	845	-
- Net impact in Other Income		-	-	647	(647)	-
- Net impact in Property, plant & equipment		1,346	-	-	(1,346)	-
- Net impact in Skills Development Levy Income		-	-	172	(172)	-
Balance at 31 March 2015		6,457	372	76,055	0	82,884
Restated balance as at 31 March 2015		6,457	372	76,055	0	82,884
Net surplus per Statement of Financial Performance		-	-	-	43,106	43,106
Allocation of unappropriated surplus	1	6,173	14,580	22,353	(43,107)	-
Excess reserves transferred to Discretionary reserve		(9,537)	(14,910)	24,447	-	-
Balance at 31 March 2016		3,093	42	122,855	-	125,990

An amount of R42 000,00 (2014/15 - R372 000,00) is disclosed in the employer grant reserve refer to note 16.3 for details.

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

		2015/16	Restated 2014/15
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts	Note		
Cash receipts from stakeholders		319,203	299,324
Levies, interest and penalties received	2	319,203	299,041
Other cash receipts from stakeholders		-	283
Payments		(313,644)	(456,134)
Grants and project payments		(250,333)	(392,782)
Compensation of employees		(32,839)	(40,481)
Payments to suppliers and other		(30,472)	(22,871)
Net cash inflow from operating activities	15	5,559	(156,810)
Interest Income		5,047	10,995
Finance Costs		(81)	(159)
Cash generated from operating activities		10,525	(145,974)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, plant and equipment & Intangible assets	7.2	(541)	(4,865)
Disposal of Property, plant and equipment & Intangible assets		-	(540)
Proceeds from disposal of Property, plant and equipment & Intangible assets		-	-
		(541)	(5,405)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments relating to Finance Lease Payments		(1,235)	2,011
Finance lease acquired		-	(1,002)
		(1,235)	1,009
Net increase in cash and cash equivalents		8,749	(150,370)
Cash and cash equivalents at beginning of year	11	124,769	275,139
Cash and cash equivalents at end of year	11	133,520	124,769

STATEMENT OF FINANCIAL PERFORMANCE-COMPARISON TO THE BUDGET

FOR THE YEAR ENDED 31 MARCH 2016

	ACTUAL	APPROVED BUDGET	ADJUSTMENTS	FINAL APPROVED BUDGET	VARIANCE BETWEEN ACTUAL & FINAL APPROVED BUDGET
	2015/16 R'000	2015/16 R'000	2015/16 R'000	2015/16 R'000	Favourable (unfavourable)
REVENUE					
Skills Development Levy: Private Companies Administration(10.5%)	246,975	230,656	(6,770)	237,426	9,549
Discretionary(49.5%)	32,392	30,274	(889)	31,162	1,230
Employer Grants(20%)	151,523	142,718	(4,189)	146,907	4,616
	63,060	57,664	(1,693)	59,357	3,704
Skills Development Levy: Government Dept. Donor Funding Income	102,078	300,000	84,800	215,200	(113,122)
	-	-	(50,000)	50,000	(50,000)
Net impact on 500K Provision	(487)	-	-	-	(487)
Skills Development Levy: Penalties & interest	8,051	8,087	-	8,087	(36)
Other Income	17	447	-	447	(430)
Investment Income	5,352	11,134	-	-	988
TOTAL REVENUE	361,986	550,324	34,800	515,524	(153,538)
EXPENDITURE					
Employer Grants	(48,274)	(55,154)	-	(55,154)	6,880
Discretionary Grants & Project Expenses	(203,648)	(425,444)	(46,227)	(379,217)	175,569
Administration Expenses	(66,959)	(69,726)	-	(69,726)	2,767
Donor Funding Expenses	-	-	46,250	(46,250)	46,250
TOTAL EXPENDITURE	(318,881)	(550,324)	23	(550,347)	231,466
NET SURPLUS/(DEFICIT) FOR THE YEAR	43,105	-	34,823	(34,823)	77,928

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

The principle accounting policies adopted in the preparation of these Annual Financial Statements are set out below and are, in all material aspects, consistent with those of the prior year except as otherwise indicated. In the current year, the cash flow statement has been prepared according to the direct method and the prior year comparison which was prepared in the indirect method, has been adjusted accordingly.

1. BASIS OF PREPERATION

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

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

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

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

Summaries of significant accounting policies are disclosed below.

2. REVENUE RECOGNITION

2.1. REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Measurement

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

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

2.2 LEVY INCOME

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the Skills Development Act, Act No 97 of 1998 as amended and the Skills Development Levies Act, Act No 9 of 2001.

Skills Development Levy (SDL) transfers are recognized when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, which ever comes first, to the Seta, as required by Section 8 of Skills Development Levies Act, 1999 (Act no 9 of 1999). The new policy is effective from 1st April 2007.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended, registered member companies of the Seta pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an Annual payroll cost less than R500 000 are exempted in accordance with Section 4 (b) of the Levies Act as amended, effective 1 August 2005.

80% of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund). The Seta was not in a position to verify that SARS has collected all potential skills levy income.

Levy income is recognised on the accrual basis.

Revenue is adjusted for interSeta transfers due to employers changing Seta's. Such adjustments are separately disclosed as interSeta transfers. The amount of the interSeta adjust-

ment is calculated according to the most recent Standard Operating Procedure issued by the Department. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to the SASSETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

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

2.3 INTEREST AND PENALTIES

Interest and penalties received on the skills development levy are recognised on the accrual basis.

2.4 FUNDS ALLOCATED BY THE NATIONAL SKILLS FUND FOR SPECIAL PROJECTS

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the Seta as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

2.5 GOVERNMENT GRANTS AND OTHER DONOR INCOME

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

2.6 REVENUE FROM EXCHANGE TRANSACTIONS

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

2.7 INVESTMENT INCOME

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

3. GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the Skills Development Act, 1998 as amended Seta Grant Regulations regarding monies received and related matters (The Seta Grant Regulations).

Mandatory grants

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

Discretionary project expenditure

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

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

Project expenditure comprise:

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

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

Retrospective adjustments by SARS

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

Unconditional grants disbursed towards National Skills Fund (NSF) For Further Education and Training (FET) college infrastructure development

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

The FET college infrastructure development payment is treated as a non exchange transaction and is recognised as an expense in the period that the payment is incurred or when the funding becomes payable by the Seta as outlined in the funding agreement, whichever occurs first.

A contractual obligation is triggered on the date that the funding agreement is signed and a liability is recognized to the extent of the amount outstanding.

4. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

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

- The PFMA,
- The Skills Development Act (the Act), 1998 (Act No.97 of 1998) as amended

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the costs of the assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is calculated on the straight line-method to write off the cost of each asset to estimated residual value over its estimated useful life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.) Gains and losses on disposal of Property, plant and equipment are determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating profit

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of Property, plant and equipment

The Seta reviews the estimated useful lives of Property, plant and equipment at the end of each annual reporting period for the carrying values of Property, plant and equipment .

Management determined, consistent with the prior year, that the useful life of assets should not be limited by the Seta's establishment. Management's determination of useful life also impacts the determination of the residual value of assets.

The following useful lives are used in the calculation of depreciation

Computer equipment	3 to 10 years
Computer Server	3 to 10 years
Furniture and Fittings	5 to 16 years
Office equipment	5 to 16 years
Vehicles	5 to 10 years

The Seta has reviewed the residual values used for the purposes of depreciation calculations. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

In line with Directive 7 of the GRAP standards assets whose historical cost information is not available will be capitalized/ added on using the deemed cost method. SASSETA opts for a depreciated replacement cost method to determine the asset value of those items which were acquired prior to the measurement date.

6. INTANGIBLE ASSETS

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

Useful lives of Intangible assets

The Seta reviews the estimated useful lives of Intangible assets at the end of each annual reporting period for the carrying values of Intangible assets . The following useful life is used in the calculation of amortisation

Computer software	2 to 10 years
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The Seta has reviewed the residual values used for the purposes of depreciation / amortisation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

7. LEASING

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

8. PROVISIONS

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

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) and termination benefits.

9. CONTINGENCIES

A contingent asset is not recognised, but disclosed where an inflow of economic benefits/service potential is probable.

A contingent liabilities is not recognised, but only disclosed. However, disclosure is not required if payment is remote.

Contingencies are disclosed in note - 16

10. GRANTS AND PROJECTS

Mandatory and discretionary Grant Payments

A liability is recognised for grant payments once the specific criteria set out in the Seta Grant Regulation has been complied with by member companies and it is probable that the Seta will approve the payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount of levies received.

Discretionary Projects

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

Commitments are disclosed where the Seta has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment.

11. FINANCIAL INSTRUMENTS

Recognition

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

Financial Assets

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

Financial assets can be classified into the following specified

categories: financial assets as at fair value through profit or loss (FVTPL), held to maturity investments, available for sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets of the Seta were categorised as loans and receivables.

Loans and receivables

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

Financial Liabilities

Financial liabilities are classified as either financial liabilities at Fair Value Through Profit or Loss (FVTPL) or other financial liabilities.

Account and other payables do not bear interest and are stated at their nominal value.

Financial liabilities at FVTPL

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

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

Other financial liabilities

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period.

12. RESERVES

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund the Seta's administration costs.

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

Surplus funds in the administration and unallocated funds in the employer grant reserves are moved to the discretionary fund reserve. Provision is made in mandatory grant reserve for newly registered companies, participating after the legislative cut off date.

	2015/16	2014/15
	%	%
Administration costs of the Seta	10.5	10.5
Employer grant fund levy	20	20
Discretionary grants and projects	49.5	49.5
Received by the Seta	80	80
Contribution to the National Skills Fund	20	20
	100	100

13. COMPARATIVE FIGURES

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

14. TAXATION

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

15. VALUE ADDED TAXATION

The Revenue Laws Amendment Act 2003 (Act no 45 of 2003) commenced on 22 December 2003. Previously the definition of enterprise placed Setas listed in schedule 3A within the scope of VAT. The amendment Act however, has amended this definition of enterprise and effectively places the public entity outside the scope of VAT effective 1 April 2005.

The amount reflected as VAT due to or from the South African Revenue Services is in accordance with the dispensation prescribed by the South African Revenue Service. In accordance with this, the Seta is therefore deregistered for VAT with effect 1 April 2005, as a result SASSETA is VAT exempt.

16. CONSUMABLE INVENTORY

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of acquisition. It is subsequently recognised in surplus or deficit as it is consumed. Subsequent to initial recognition inventory is measured at lower of cost and current replacement cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

	Total per Statement of Financial Perfor- mance 2014/2015 R'000	Total per Statement of Financial Perfor- mance 2015/2016 R'000	Administration Reserves R'000	Employer Grants Reserves R'000	Discretionary Grant Reserves R'000
Total Revenue					
Skills Development Levy transfer from non - exchange transac- tions:	311,200	361,987	73,132	62,854	225,998
Levy transfer Administration (10.5%)	53,811	73,223	73,223	-	-
Levy transfer Employer Grants (69.5%)	237,146	275,830	-	63,060	212,770
Skills Development Levy penalties and interest from non - ex- change transactions	8,086	8,051	-	-	8,051
Investment Income	9,710	5,352	-	-	5,352
500K Provision	-	-821	-108	-205	-508
500K Provision - sweeping	172	334	-	-	334
Other income	2,276	17	17	-	-
Total Expenses	484,485	318,881	66,959	48,274	203,645
Administration expenses	79,950	66,959	66,959	-	-
Employer grants and project expenses	404,535	251,922	-	48,274	203,645
Net (deficit) / surplus per Statement of Financial Performance allocated	(173,285)	43,106	6,173	14,580	22,353

2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

	2015/16 R'000	2014/15 R'000
The total levy transfer per the Statement of Financial Performance is as follows:		
Levy transfer: Administration	73,223	53,811
Levies received from Private Companies	32,221	28,079
Levies received from Government Departments	40,831	25,720
Inter-seta transfers in	171	12
Levy transfer: Employer grants	63,060	50,735
Levies received from Private Companies	62,734	50,713
Inter-seta transfers in	326	22
Levy transfer: Discretionary grants	212,770	186,411
Levies received from Private Companies	150,717	134,835
Levies received from Government Departments	61,247	51,521
Inter-seta transfers in	806	55
	349,052	290,957

3. SKILLS DEVELOPMENT LEVY: PENALTIES AND INTEREST

8,051 8,086

4. INVESTMENT INCOME

	2015/16 R'000	2014/15 R'000
Interest received from the banks	5,352	9,710
	5,352	9,710

5. OTHER INCOME

Other income comprises:

Revenue from supporting services rendered by other:

Profit on disposal/take-on of assets

Firearm Income

	2015/16	Restated 2014/15
	R'000	R'000
	-	111
	17	2,165
	-	2,165
	17	-
	17	2,276

6. EMPLOYER GRANT AND PROJECT EXPENSES

Mandatory grants

Disbursed/provisions and accruals

Discretionary grants

Disbursed/provisions and accruals

6.1

	2015/16	Restated 2014/15
	R'000	R'000
	48,274	37,872
	48,274	37,872
	203,648	366,664
	203,647	366,664
	251,922	404,536

6.1 DISCRETIONARY GRANTS

Project expenditure

Project administration costs

	2015/16	Restated 2014/15
	R'000	R'000
	187,970	348,658
	15,678	18,006
	203,648	366,664

7. ADMINISTRATION EXPENSES

		2015/16 R'000	Restated 2014/15 R'000
Advertising, marketing and promotions, communication		1,019	2,799
Bad Debts		98	-
Depreciation / Amortisation		3,379	3,724
External auditor's remuneration		2,263	2,663
Impairment losses on property, plant and equipment		-	-
Loss on disposal of Property, plant and equipment		475	540
Operating lease rentals (minimum lease payments)		4,751	3,907
Cost of employment	7.1	32,134	32,985
Consulting Fees (professional fees)		9,733	8,467
IT Maintenance		3,759	-
Entertainment expenses		-	-
Legal fees		827	2,982
Maintenance, repairs and running costs		1,818	1,404
Provision for doubtful debts		-	808
Remuneration to members of the accounting authority		-	1,785
Remuneration to members of the audit committee		154	203
Remuneration to members of other committees		144	334
Staff training and development		158	614
Travel and subsistence		243	2,627
Other		6,004	14,109
<i>Other Expenses</i>		133	4,531
<i>QCTO Funding</i>		864	-
<i>Bank Charges</i>		158	-
<i>Employees Assistance Programme</i>		116	-
<i>Postage</i>		27	-
<i>Security</i>		657	-
<i>Insurance</i>		146	151
<i>Meetings and workshops</i>		95	479
<i>Telephone costs</i>		749	975
<i>Interest paid</i>		81	181
<i>Recruitment costs</i>		109	882
<i>Stationery and Printing</i>		488	772
<i>Subscription and publications</i>		115	78
<i>Secretarial Fees</i>		-	567
<i>Firearm expenses</i>		(5)	743
<i>Accommodation and meals</i>		213	1,622
<i>Assessor Moderators and Verifiers</i>		1,496	2,384
<i>Internal Audit Fees</i>		563	744
		66,959	79,951

7.1 COST OF EMPLOYMENT

	2015/16	Restated 2014/15
	R'000	R'000
Salaries and wages	28,271	27,856
Basic salaries	25,348	26,175
13th Cheque	1,023	-
Performance bonus	-	465
Leave	1,064	926
Overtime	836	290
Social contributions	3,409	4,629
Medical aid Contributions	876	1,390
Provident Fund contributions	2,405	3,073
UIF	128	166
SDL Expenditure	454	500
SDL Expenditure	454	500
	32,134	32,985
Average number of employees	116	107

7.2 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2016

Computer Server
Computer equipment
Office furniture and fittings
Office equipment
Leased Assets - Office Equipment
Motor vehicles

Balance at end of year

Made up as follows:

- Owned assets
- Lease assets

Cost	Accumulated depreciation	Closing carrying amount
R'000	R'000	R'000
2,293	(2,042)	251
4,283	(3,312)	971
3,950	(2,796)	1,154
398	(95)	303
2,158	(2,140)	18
497	(159)	338
13,579	(10,544)	3,035

Restated		
Cost	Accumulated depreciation	Closing carrying amount
R'000	R'000	R'000
2,573	(2,068)	505
6,062	(3,867)	2,195
4,812	(2,766)	2,046
55	(30)	25
2,158	(1,033)	1,125
497	(60)	437
16,156	(9,824)	6,332

Year ended 31 March 2015

Computer Server
Computer equipment
Office furniture and fittings
Office equipment
Leased Assets - Office Equipment
Motor vehicles

Balance at end of year

Made up as follows:

- Owned assets
- Lease assets

MOVEMENT SUMMARY 2016

	Carrying amount 2015	Additions	Disposals	Depreciation charge	Accumulated Depreciation on Disposal	Carrying amount 2016
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	506	66	(347)	(212)	238	251
Computer equipment	2,194	119	(1,897)	(1,146)	1,701	971
Office furniture and fittings	2,046	13	(869)	(681)	651	1,160
Office equipment	25	344	-	(67)	-	302
Leased Assets - Office Equipment	1,125	-	-	(1,106)	-	19
Motor vehicles	437	-	-	(99)	-	338
Balance at end of year	6,333	541	(3,113)	(3,311)	2,590	3,040

MOVEMENT SUMMARY 2015

	Restated					
	Carrying amount 2014	Additions	Disposals	Depreciation charge	Accumulated Depreciation on Disposal	Carrying amount 2015
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Server	668	187	-	(349)	-	506
Computer equipment	3,269	1,185	(2,300)	(1,827)	1,867	2,194
Office furniture and fittings	1,775	1,372	(594)	(1,041)	534	2,046
Office equipment	26	23	(3,816)	(24)	3,816	25
Leased Assets - Office Equipment	-	2,158	-	(1,033)	-	1,125
Motor vehicles	56	497	(487)	(68)	439	437
Balance at end of year	5,794	5,422	(7,197)	(4,342)	6,656	6,333

8. INTANGIBLE ASSETS

Year ended 31 March 2016

Computer Software

Balance at end of year

Made up as follows:

- Owned assets

	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
	938	(880)	58
	938	(880)	58
	938	(880)	58

Year ended 31 March 2015

Computer Software

Balance at end of year

Made up as follows:

- Owned assets

	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
	938	(813)	125
	938	(813)	125
	938	(813)	125

MOVEMENT SUMMARY 2016

Carrying amount 2015		Additions		Disposals		Depreciation charge		Accumulated Amortization of Disposed Assets		Carrying amount 2016	
R'000		R'000		R'000		R'000		R'000		R'000	
125		-		-		(70)		-		55	
125		-		-		(70)		-		55	

Computer Software

Balance at end of year

MOVEMENT SUMMARY 2015

Carrying amount 2014		Additions		Disposals		Depreciation charge		Accumulated Amortization of Disposed Assets		Carrying amount 2015	
R'000		R'000		R'000		R'000		R'000		R'000	
195		-		(1,615)		(70)		1,615		125	
195		-		(1,615)		(70)		1,615		125	

Computer Software

Balance at end of year

Leased Assets - Office Equipment is separately recorded compared to previous year where it was included as part of the Office Equipment balance. The R53,000 opening balance of previous year for Office Equipment had no basis and have consequently been adjusted.

During the current year, an asset verification process was carried out which yielded the following results -

1. Assets which were found on the floor but omitted from the fixed asset register were identified and treated as follows:

- Assets were accounted for as prior period adjustment using a depreciated replacement cost – deemed cost.
- Prior period depreciation error – R103 261 was also adjusted for.

9. TRADE AND OTHER RECEIVABLES

Non-exchange Transactions

		2015/16 R'000	2014/15 R'000
Employer receivables	9.1	7,699	7,818
Skills Development Levy debtors		37,053	28
Admin Levy Debtors		12,351	4
Employer Grant levy debtors		-	20
Discretionary Grant debtors		24,702	4
Provision for Doubtful Debts		-	(43)
		44,752	7,803

During the current financial year the South African Police Services gave a firm commitment regarding their levy contribution to SASSETA. This entailed a breakdown of the amount receivable including the date on the deposit will be made. These amounts were deposited shortly after year end.

The provision for doubtful debts relates to the employers with a SARS status indicating that the employers are no longer active regarding the skills development levy contributions. This provision was raised in the prior financial year.

Exchange Transactions

		2015/16 R'000	Restated 2014/15 R'000
Rental Deposit		917	1,691
Interest Receivable		305	88
Staff Debtors		189	182
Prepayments		388	48
Sundry Receivables		186	346
		1,985	2,355
Provision for Doubtful Debts		(98)	(762)
		1,887	1,593

The provision for doubtful debts relates to former employees and former interns who's debt has been outstanding for period 120 days and longer in the 2015/16 financial year.

9.1 EMPLOYER RECEIVABLES

Overpayment to employers
Provision for grant payable

2015/16	2014/15
R'000	R'000
7,699	7,818
-	-
7,699	7,818

During the 2015/16 financial year R7,7 million was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received, and is based on the amount of such grant over payments.

10. INVENTORY

Balance at the beginning of the year
Amount utilised
Purchases

Balance at the end of the year

2015/16	2014/15
R'000	R'000
417	842
(511)	(964)
712	539
618	417

11. CASH AND CASH EQUIVALENTS

Cash at bank and in hand
Cash at bank
Cash in hand
Short term investments/instruments

Cash and cash equivalents at end of year

2015/16	2014/15
R'000	R'000
75,280	28,555
75,280	28,554
-	1
58,240	96,214
133,520	124,769

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 5.5% (2015: 6%).

12. LEASING

Finance Lease

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

Up to 1 year

Future minimum lease payments

Finance costs

	2015/16	Restated 2014/15
	R'000	R'000
	123	1,228
	(1)	(81)
	122	1,147

Summary Disclosure Note

Total Payments

	2015/16		2014/15	
	Not Later than one year	Later than one year	Not Later than one year	Later than one year
Photocopy Machine	81	-	81	975
Video Conferencing	42	-	42	253
	123	-	123	1,228
			123	1,351

Capital Portion

	2015/16		2014/15	
	Not Later than one year	Later than one year	Not Later than one year	Later than one year
Photocopy Machine	81	-	81	914
Video Conferencing	42	-	42	233
	123	-	123	1,147
			123	1,270

Finance leases relates to the printing machines and the video-conferencing equipment which commenced effectively on 1 May 2014 (lease period - 24 months) and 1 August 2014 (lease period - 22 months), respectively. Both leases end in the 2016/17 financial year.

The prior year finance cost in the comparatives has been corrected.

Operating Lease - as lessee

	2015/16	2014/15
	R'000	R'000
Total minimum lease payments due	3,961	4,405
Not later than one year	1,703	5,564
Later than one year but not later than five years	5,664	9,969

Operating lease relates to premises used for office accommodation. The lease agreement was entered into effective from 01 September 2012 to 31 August 2017. Lease agreement for the new building was entered into 1 September 2014 to 31 March 2016. Both leases have an escalation clause of 8% effected annually at the anniversary of the lease.

13. TRADE AND OTHER PAYABLES

From Non-Exchange transactions

	2015/16	Restated 2014/15
	R'000	R'000
Skills Development Grants Payable - Mandatory	5,011	3,422
Employer Grant Payable	12,026	7,720
DOL Control - Skills Development Levies	4	-
	17,041	11,142

Skills Development Grants Payable - Mandatory
Employer Grant Payable
DOL Control - Skills Development Levies

From Exchange transactions

Trade Creditor	11,974	27,421
Accruals	13,469	7,684
Income received in advance	913	894
13th Cheque Accrual	354	367
Medical Aid Control Account	212	227
PAYE Control Account	77	701
Salaries & Wages Control Account	40	-
Staff Savings Control Account	52	80
Stop Order Control Account	4	-
Sundry Payable	1	-
RAF Control	-	492
Funeral Scheme Control Account	-	-
UIF Control	-	32
Emp Union Control	-	6
Straight Lining - Leases	670	823
	27,766	38,727

14. PROVISIONS

	Leave pay	Exempt Employers - Mandatory Grants	Other	Total
Open carrying amount - Restated	1,892	516	4,609	7 017
Amounts utilised	(376)	-	(350)	(726)
Change in estimate	819	486	5,354	6,659
Closing carrying amount	2,335	1,002	9,613	12,950

- *Other provisions relates to employee overtime shortfall, which was due to employee rate of 72.5% of the cost to company instead of 100%.*
- *Other provisions also relates to the provision due to the non-payment of the Skills Development Levies to ETDP SETA.*
- *Other provisions also includes successful plaintiff' claim in which the court ruled against SASSETA, as well as the cost of their legal representation.*

15. RECONCILIATION OF NET CASH FLOW OPERATING ACTIVITIES TO NET

	2015/16 R'000	Restated 2014/15 R'000
Net Surplus/ (deficit) as per Statement of Financial Performance	43,106	(173,285)
Adjusted for non-cash items:		
Depreciation and Amortisation	3,379	3,724
Loss / (Profit) on disposal of Property, plant and equipment	475	540
Bad debts written off	-	-
Prior year error adjustments	326	1,691
Allowance for doubtful debts	-	808
Proceeds from disposal of assets	-	(165)
Proceeds from insurance	-	(7)
Other Income	(17)	
Acquisition of Leased Assets	-	
Adjusted for items separately disclosed		
Investment Income	(5,047)	(9,710)
Finance Charges	81	159
Movement of provisions	5,933	(3,529)
Adjusted for working capital changes:	(42,506)	22,964
(Increase)/ Decrease in receivables	(37,244)	(1,242)
(Increase)/ Decrease in inventory	(201)	425
(Decrease)/Increase in smoothing payables	-	139
(Decrease)/Increase in finance leases	-	1,082
(Decrease)/Increase in payables	(5,061)	22,560
Cash generated by operations	5,730	(156,810)

16. CONTINGENCIES

16.1 LEGAL COURT CASES

All legal disputes initially disclosed as contingent liabilities are discussed in details in the subsequent event section.

16.2 SUBSEQUENT EVENTS

For the following cases, further evidence surfaced before the annual financial statements were authorised for issue

1. **CASE NUMBER: 630/16 - Agreement with Nashua for rental of goods**

Judgement was granted against SASSETA, rendering SASSETA liable for capital portion including interest on the claim. An accrual of R71 186 has been raised accordingly along with an estimated interest at 10% but not exceeding an interest amount of R9 000.

There was no arrangement for the parties to settle their own legal cost, as a result, SASSETA estimates the legal of the plaintiff not to exceed R30 000.

2. **CASE NUMBER: 000200/16 - Claim for unpaid monies from Ntathe Aviation**

This matter was resolved amicably between SASSETA and Ntathe Aviation, with a settlement amount of R3.1 million. This amount was accounted for in the annual financial statement.

3. **CASE NUMBERS: 95241/15 and 95242/15 - Relating to claims from Fidelity**

These matters have since been finalised with cost implications for SASSETA. Both parties agreed to withdraw their applications. Each party is expected to settle its own legal costs.

Cost implications for SASSETA will amount to the plaintiff' claims as follows:

- 95241/15: R1.9 million - with the following amount remaining from the project fund - R282 150

- 95242/15: R1.5 million - with the following amount remaining from the project fund - R765 000

16.3 FIRST TIME EMPLOYER REGISTRATIONS

The Skills Development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants.

At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R41 857 (2014/15: R372 000) will be payable. The amount is contingent on the number of submissions received and approved.

16.4 NSF LIABILITY

In terms of the grant regulations, a SETA must have committed or paid 95% of discretionary funds available, if not the uncommitted surplus funds will be forfeited to the NSF. As at 31 March 2015, SASSETA was over-committed. Refer to note 17.1.

SASSETA is carrying forward an over-commitment of R13.2 million, as a result there are no funds to surrender to NSF.

16.5 RETAINING OF ACCUMULATED SURPLUS FUNDS

On the 4 July 2016, SASSETA was granted the approval to retain the accumulated surplus funds.

17. COMMITMENTS

17.1 DISCRETIONARY RESERVE

The following projects will be funded from the discretionary reserve. The discretionary grant reserves as presented in the Statement of Financial Position as at 31 March 2016 amounts to R123 million, with R136.2 million of closing commitment balance. This has resulted in an over-commitment of R13.2 million. The 2016/17 annual budget will make provision of R13.2 million to service the over-commitment. However, this figure is likely to drop due to project savings and write-offs. The Ntumba investigation report has further improved our commitment balance, resulting in excess of R100 million worth of savings from cancellations.

A. Definite Commitment

Definite commitment represent all commitments with valid contracts/extension/addendums.

SUMMARISED DEFINITE COMMITMENT SCHEDULE FOR THE 2015/2016 FINANCIAL YEAR

Project classification	Opening balance - 1 April 2015	Subsequent adjustment to the initial contract amount	Prior year contracts regularized in the current year	New contract in 2015/ 2016 financial year	Annual expenditure	Savings from cancellations and learner drop out	Closing balance - 31 March 2016
Abet	-	500	-	-	-240	-260	-
Artisan	58,740	-	-	12,500	-17,136	-22,296	31,808
Bursaries - Employed	7,862	1,000	-	16,828	-10,227	-3,608	11,855
Bursary - Unemployed	39,472	-	8,260	14,500	-14,430	-31,008	16,794
Career exhibition	1,620	-	-	-	-	-1,620	-
Internship	557	80	95	13,389	-823	-466	12,832
Learnership - employed	28,087	-26	-	4,400	-16,872	-8,048	7,541
Learnership - unemployed	52,704	4,753	-	23,359	-37,104	-24,778	18,934
NGO	741	-	-	-	-145	-545	51
Non-Pivotal	-	-	-	144	-101	-	43
Skills Program - employed	42,466	1,273	-	6,149	-14,242	-24,675	10,971
Skills Program - unemployed	11,833	-2,200	-	-	-3,830	-3,537	2,266
Support	-	-	74	-	-74	-	-
Tvet graduate experience	61,912	-58,275	57,151	-	-45,092	-15,241	455
University student placement	7,612	675	344	-	-1,625	-6,418	588
	313,606	(52,220)	65,924	91,269	(161,941)	(142,500)	114,138

B. Not Definite Commitment

Not Definite Commitment is represented by the following instances:

- Unresolved legal disputes
- Project under investigations
- Service delivered within the contractual period but still outstanding valid documents
- Letters of intent of cancel
- Extension of time not yet signed by all parties

SUMMARISED DEFINITE COMMITMENT SCHEDULE FOR THE 2015/2016 FINANCIAL YEAR

Project classification	Opening balance - 1 April 2015	Subsequent adjustment to the initial contract amount	Prior year contracts regularized in the current year	New contract in 2015/ 2016 financial year	Annual expenditure	Savings from cancellations and learner drop out	Closing balance - 31 March 2016
Artisan	2,003	-	-	-	-	-	2,003
Internship	-	-	-	259	-	-	259
Learnership - employed	4,886	-	-	-	-1,500	-	3,386
Learnership - unemployed	9,449	-160	-	-	-1,629	-445	7,215
Skills Program - employed	13,150	250	-	-	-4,561	-1,500	7,339
Skills Program - unemployed	18,592	700	-	-	-2,296	-15,298	1,698
Tvet grauduate experience	10,829	-10,829	11,572	-	-9,413	-1,969	190
University student placement	-	932	-	6,820	-5,762	-1,989	1
	58,909	(9,107)	11,572	7,079	(25,161)	(21,201)	22,091
Summary totals:							
Definite & Not Definite	372,515	(61,327)	77,496	98,348	(187,102)	(163,701)	136,229

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

18.1 IRREGULAR EXPENDITURE

	2015/16 R'000	2014/15 R'000
Opening balance	139,710	42,166
Add: Irregular expenditure current year	282	126,011
Add: Prior period irregular expenditure	138,622	-
Less: Amounts condoned	(194,332)	(28,467)
Less: Amounts recoverable (not condoned)	-	-
Less: Prior period errors		
- Irregular expenditure relating to the discretionary grant projects	(19,727)	-
Irregular expenditure awaiting condonation	64,555	139,710

Analysis of expenditure awaiting condonation per age classification

Current year	282
Prior years	64,273
Total	64,555

Details of Irregular Expenditure

Incidents for 2015/16

Bidder who scored less points awarded the bid, without documenting reasons for the award	80
Quote from one bidder received 3 months before RFQ date	145
RFQ issued before final approval for procurement was approved	11
Bidder recommended for bid before bid closing date of the RFQ	21
No proof of initial request for procurement form the end user	25
	282

Incidents for 2014/15

Irregular Expenditure Incurred in the 2014/15 year related to Discretionary Grant Projects	137,917
Single sourcing of service provider without following National Treasury prescripts	625
Overtime pay authorised by and paid to the former CFO	80
	138,622

**Analysis of Irregular Expenditure closing balance
Included in the balance above is as follows:**

Irregular expenditure awaiting condonation at year end:

Relating to the 2012/13, 2013/14, 2014/15 financial years WSP blanket approval. Awaiting condonation from the Minister of Higher Education	14,285
Relating to the 2014/15 financial year 10.5% Administration Over expenditure. Awaiting conotation from the Minister of Higher Education	25,155
Overtime pay authorised by and paid to the former CFO	80
Relating to the 2014/15 financial year. Awaiting condonation from National Treasury	250
Relating to the 2014/15 financial year. Awaiting condonation from the Minister of Higher Education.	13,916
Procurement non-compliances as identified in the current financial year	282
Procurement non-compliances as identified in the prior financial year	625
Irregular expenditure condonation declined by the Administrator	8,003
Irregular expenditure still under investigation	1,959
	<hr/>
	64,555
	<hr/>

18.2 FRUITLESS AND WASTEFUL EXPENDITURE

	2015/16	2014/15
	R'000	R'000
Opening balance	25,616	-
Add: Fruitless expenditure current year	596	25,616
Less: Amounts condoned	(23,057)	-
	3,155	25,616

Fruitless & wasteful expenditure awaiting condonation

Details of Fruitless Expenditure

Incidents for 2015/16

Service provider paid for services rendered however did not pay Main Supplier

98

Interest Paid due to late payments

41

Fruitless Expenditure due to legal Fees

15

Fruitless payment made to Involve regarding an asset verification process

132

Fruitless Expenditure due to uncanceled mobile phone and data contracts

310

596

Incidents for 2014/15

Scheduled staff training were not attended by the number of scheduled attendees. The amount paid to the training providers regarding the total numbers of employees that did not attend is regarded as fruitless and wasteful expenditure.

72

Projects awarded at amounts higher than the rates approved per the DP policy.

24,380

Provider closed its doors prior to completion of an internship and the learners were taken into a new programme

1,163

25,616

Included in the balance above is as follows:

Fruitless Expenditure still under investigation:	
Scheduled staff training were not attended by the number of scheduled attendees. The amount paid to the training providers regarding the total numbers of employees that did not attend is regarded as fruitless and wasteful expenditure in the 2014/15 financial year.	72
Projects awarded at amounts higher than the rates approved per the DP policy in the 2014/15 financial year.	1,363
Provider closed it doors prior to completion of an internship and the learners were taken into a new programme in the 2014/15 financial year.	1,163
Interest paid due to late payment of rent in the 2015/16 financial year	15
Interest paid due to late payment of electricity in the 2015/16 financial year	2
Service provider paid for services rendered however did not pay Main Supplier in the 2015/16 financial year	98
Fruitless payment made to Involve regarding an asset verification process	132
Fruitless Expenditure due to uncanceled mobile phone and data contracts in the 2015/16 financial year	310
	3,155

Analysis of Fruitless and Wasteful Expenditure closing balance

Analysis of expenditure awaiting condonation per age classification

Current year	557
Prior years	2,598
Total	3,155

18.3 MATTERS UNDER INVESTIGATION

Included in note 18.1 - irregular expenditure and 18.2 - fruitless and wasteful expenditure are projects which are currently under investigation. The suggested recommendation on most is to cancel the contracts at no extra cost.

18.4 MATERIAL LOSS DUE TO CRIMINAL CONDUCT

During the year under audit, a payment of R540 thousands meant for Midrand Academy was diverted to an outside unauthorised account. This incident was indicative of a syndicate behaviour, hence it was reported to the law enforcement. R346 thousands of the amount was recovered on time. SASSETA suffered a material financial loss of R194 thousands due to this incident. The matter is currently under investigation.

Analysis of the loss due to criminal conduct

Opening balance

Loss during the current year

Less: Recovered

Closing balance

	2015/16 R'000	2014/15 R'000
	-	-
	540	-
	(346)	-
	194	-

19. PRIOR YEAR ERRORS

Prior period error is due to the incomplete and incorrect accounting of various transactions in 2014/15 financial year, which were subsequently corrected.

The impact is narrated below:

Leased Office Equipment

- Increase of R146 826 in the cost of the leased asset and the corresponding liability was due to the incorrect lease period used to discount the lease repayments.
- Decrease in the lease liability of R61 123 was due to the correction of payments recorded against the equipment lease rental.
- Increase in the lease liability was to a shortfall interest of R22 291.
- Increase of R56 511 in the accumulated depreciation was due to a shortfall depreciation due to incorrect depreciation term.

Staff Debtor

- Staff development of R 47 700 was due to an employee not fulfilling the bursary requirements in previous year which resulted in staff debtor.

Relocation cost

- Recruitment cost of R30 876 relate to relocation cost previously paid for a newly appointed Head: Information Technology. The employee resigned prior to fulfilling the conditions stipulated. This resulted in a staff debt.

Provision Leave/Overtime

- Increases in the leave pay provision of R519 897 and overtime provision of R107 882, were due to an incorrect conversion rate of 72.5% of the cost to company instead of 100%.

Overtime - CFO

- An amount of R80 000 relates to the overtime authorised by and paid to the former Chief Financial Officer. This amount has been reclassified as staff debtor and also categorised as an Irregular Expenditure.

Building Maintenance

- An increase of R1 000 in the rental deposit debtors account was due to an amount incorrectly accounted for as building and maintenance expense account in previous year and therefore reversed.

Property, plant and equipment

- An increase of R1 992 946 in the carrying amount of the property, plant and equipment was due the depreciated replacement cost of the assets which were found on the floor during asset verification but not in the fixed asset register (i.e. property, plant and equipment account).
- Furthermore, an increase of R797 746 in the depreciation and accumulated depreciation was due to a cumulative depreciation charge
- The net impact on the Profit on take on of asset was R1 992 947.

Office Furniture and Fittings

- An increase of R6 742 in the office furniture and fittings was due to a VAT input amount which was not capitalized. This has since been corrected. A catch up depreciation of R449 has also been processed.

Trade Creditors

- 1. There was a net decrease of R1 050 635 due to:
 - a. Correction of opening balance in the Trade Creditors ledger – R14 380.
 - b. Increase of R1 341 397 due to invoices not captured in the prior years.
 - c. R2 377 652 worth of invoices from cancelled projects. These has since been voided from the financial system.
 - d. Net effect in the Discretionary Grant Expenditure was R1 263 537 and R227 281 in the Administration Expense category.

Provision – Other

- The net increase of R4 151 592 in the Provision – Other account was due to the non-contribution of the Skills Development Levies to ETDP SETA.

- Skills Development Levies Expenditure was increased with R499 698 in the 2014/15 financial year and R3 651 894 affecting the Retained Income.

500K Provision – Sweeping

- Skills Development Circular No. 9/2013 makes provision that where the employers have not claimed the 500K Provision in 5 years, a SETA should sweep the money to the discretionary grant reserve.
- In the prior year R171 999 should have been swept across into the discretionary grant reserves.

- This would have also reduced the balance of the 500K provision account by R171 999.

Creditors Control Grant

- The increase of R168 578 in the creditors control grant account was due to the correction of the opening balance.
- Unauthorized journals in the prior year resulting in the creditors control grant being lesser than the opening balance in the employer listing.

Impact on the Statement of Financial Performance

(Surplus)/Deficit as previously stated	174,605
	(1,320)
Increase in Mandatory Grant Expenditure	169
Increase in Administration Expenditure	225
Increase in Skills Development Levy	(172)
Increase in SDL expenditure	500
Increase in Provision leave - expenditure	520
Decrease in Discretionary Grant Expenditure	(1,275)
Increase in Profit on take on of assets	(1,993)
Increase in Depreciation	798
Decrease in Staff development	(48)
Decrease in Relocation Cost	(31)
Increase in Overtime leave - expense	28
Decrease in Equipment lease rental	(61)
Increase in Interest Expense	22
Decrease in Office Maintenance	(1)
Adjusted (Surplus)/Deficit	173,285

Impact on the Statement of Financial Position

	1,320
Increase in Creditors Grant Control	(169)
Decrease in 500K Provision	172
Increase in Provison - Other	(4,259)
Decrease in Administration Grant Reserve	3,652
Increase in Provison - Leave pay	(520)
Decrease in Trade Creditors	1,051
Increase in Property, plant and equipment - Cost	2,741
Increase in Property, plant and equipment -Accumulated Depreciaton	(1,539)
Increase in Debtors - Operations	159
Increase in Leased Asset - Cost	147
Increase in Lease Liability	(108)
Increase in Rental - Deposit	1
Decrease in Prepaid Expense	(7)

Prior period error - Disclosure note

Further disclosure note analysis revealed the following misstatement in the prior year - Trade Payables: Exchange Transactions/Provision

Trade and other payables – Exchange/Provision

1. In the 2014/15 financial year – Leave pay provision was classified as a payable despite not meeting the definition and criteria.
2. This resulted in the trade and other payables being overstated by R1.3 million and the provision balance being understated by the same amount.
3. This has since been rectified.

Trade and other payables – Exchange/Provision

1. In the 2014/15 financial year, the following accounts were disclosed in aggregate totalling up to – R38.056 million.
 - a. Service development grant payable – R27.958 million
 - b. Service provider fees outstanding – R9.651 million
 - c. 13th Cheque – R447 thousands
2. However, these amounts are disclosed separately in the Trial Balance with a total of R38.062 million, broken down as follows:
 - a. Accruals – R7.7 million
 - b. Trade Creditor – R28.5 million
 - c. Medical Aid – R226.7 thousands
 - d. PAYE – R701 thousands
 - e. Staff Savings – R79.8 thousands
 - f. Provident Fund – R492.4 thousands
 - g. Unemployment Insurance Fund – R32.4 thousands
 - h. Employee Union – R5.8 thousands
 - i. 13th Cheque – R367.4 thousands
3. As a result, the Trade and other payables – exchange was further misstated by R6 thousands. The net adjustment is immaterial but on an individual account' perspective the effect is noticeable.

20. FINANCIAL INSTRUMENTS

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

Interest rate risk

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

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

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

Floating Rate		Non-interest bearing	Total R'000
Total R'000	Effective interest rate	Amount R'000	

Year ended 31 March 2016

Cash	133,520	5.50%	-	133,520
Trade and other receivable - exchange	-	-	1,888	1,888
Total financial assets	133,520		1,888	135,408
Trade and other payables - exchange	-		27,766	27,766
Total financial liabilities	-		27,766	27,766

Year ended 31 March 2015

Cash	124,769	6.00%	-	124,769
Trade and other receivable - exchange	-		1,593	1,593
Total financial assets	124,769		1,593	126,362
Trade and other payables - exchange	-		38,727	38,727
Total financial liabilities	-		38,727	38,727

Credit risk

Financial assets which potentially subject the Seta to the risk of non performance by counter parties and thereby subject the SETA to credit concentration of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

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

The SETA managed to limit its treasury counter-party exposure by only dealing with well established financial institutions approved by National Treasury through the approval of our investment policy in terms of Treasury Regulations.

The SETA's exposure is continuously monitored by the finance committee. Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA does not any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the industry (Safety and Security industries) in which the SETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivables that has not been adequately provided for.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA does not have any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the industry (Policing, Security, Legal, Corrections, and the Justice department) in which the Seta operates. No events occurred in the industry (Policing, Security, Legal, Corrections, and Justice department) during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt.

Liquidity risk

The Seta manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained. In case of liquidity problems funding resources are available in terms of DHET and National Treasury approval for borrowing requirements in the open market.

The ageing of trade and other receivables - exchange:

	2015/16		2014/15	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 0 - 30 days	1,595	-	136	-
Past due 31 - 90 days	216	-	23	-
Past due 90 and above	175	(98)	2,195	(762)
	1,986	(98)	2,354	(762)

The ageing of cash and cash Equivalents:

	2015/16		2014/15	
	Gross	Impairment	Gross	Impairment
Not past due	133,520	-	124,769	-

Trade and other receivables are all considered for impairment. R98 000 (2014/15: R762 000) impairment was provided for in the 2015/16. This is based on management scepticism about the collectability of such receivables.

It is the policy of the SETA to raise a 100% impairment charge where management believes there is doubt about collectability.

Liquidity risk

The Seta manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained. In case of liquidity problems funding resources are available in terms of DHET and National Treasury approval for borrowing requirements in the open market.

The ageing of trade and other payables (exchange):

	2015/16		2014/15	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 0 - 30 days	24,458	-	36,240	-
Past due 31 - 90 days	1,796	-	447	-
Past due 90 and above	1,512	-	2,040	-
	27,766	-	38,727	-

Market risk

The Seta is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the Seta is aware of.

Fair values

The Seta's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Seta and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Accounts receivable

The carrying amount of accounts receivable is net of allowance for any doubtful debt, estimated by the accounting authority based on prior experience. The carrying amount of these assets approximates their fair value.

Investments

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

Borrowings

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

Accounts payable

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

21. RELATED PARTIES AND RELATED PARTY TRANSACTION

21.1 TRANSACTIONS WITH ENTITIES UNDER COMMON CONTROL

Controlling entity:

Department of Higher Education and Training (DHET).

Entities under common control:

Due to the fact that SASSETA is a National Public Entity reporting directly the DHET as the Executive Authority, it is considered related to other Setas, the QCTO and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.

	2015/16 R'000	2015/16 R'000	2014/15 R'000	2014/15 R'000
	Transfers in/ (out) during the year	Receivable / (Payables)	Transfers in/ (out) during the year	Receivable / (Payables)
Inter-SETA	1,370		89	
FASSET	1,370	-	17	-
SERVICESSETA	-	-	72	-
Other common control entity	864	-	614	-
Quality Council for Trade Occupations (QCTO)	864	-	614	-
Total	2,234	-	703	-

During the 2014/15 financial year, payments to QCTO were omitted under the related party transactions. This has since been rectified.

21.2 AUDIT COMMITTEE REMUNERATION

The fees were paid to the accounting authority members for the attendance of meeting of the board and the sub-committees. However, in the current year the fees paid were limited to preparation and the attendance of the audit committee meetings.

	2015/16 R'000	2014/16 R'000
Aggregate remuneration	178	1,785
Number of persons	6	14

21.3 REMUNERATION OF KEY MANAGEMENT

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of the SETA are:

- Members of the accounting authority
- Members of the senior management group.

Since 12 February 2015, SASSETA (in terms of government gazette - 38469) was been placed under administration. All board' rights and responsibilities have since been revoked. The senior management group consists:

- Administrator
- Chief Executive Office
- Chief Financial Officer (x2)
- Chief Operations Officer
- Senior Manager: Corporate Service
- Acting Senior Manager: Skills Implementation (x2)
- Acting Senior Manager: Skills Research and Monitoring

The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are as follows:

	2015/16 R'000	2014/16 R'000
Aggregate remuneration	9,330	8,013
Number of persons	9	8

22. NEW ACCOUNTING PRONOUNCEMENTS

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

		Effective date	Expected impact
Service Concession Arrangements: Grantor	GRAP 32	01 April 2016	No significant impact on future disclosures
Statutory Receivables	GRAP 108	01 April 2016	

23. STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS

23.1 SKILLS DEVELOPMENT LEVY INCOME:

- Private security and legal companies contributed 3.8% more than the budget, resulting in total collected revenue of R255 million.
- Meanwhile, the departments only managed to contribute 47.4% of the budgeted revenue at a total of R102 million.

23.2 OTHER INCOME:

- The revenue generated by the certificates was significantly lower than anticipated. This was due to a court ruling that shifted this function to PFTC as of 1 August 2015.

23.3 ADMINISTRATION EXPENDITURE:

- Adherence to the National Treasury cost containment directive including a cancellation of fruitless contracts allowed the curbing of the total administration expenditure for the year under review. This resulted in a savings of R16.6 million when compared to prior total administration expenditure spending.
- SASSETA also spent R2.7 million lesser when compared to the current year budget.

23.4 SKILLS DEVELOPMENT LEVY CONTRIBUTION:

- Since its inception SASSETA has not been contributing its levies to the ETDP SETA.
- This resulted in non-compliance with the Skills Development Levies Act.
- SASSETA management estimated the amount payable including interest and penalties to the total of R4 605 514, with only R453 992 affecting the current financial year and R4 151 592 impacting the prior financial years.

23.5 MANDATORY GRANT:

- Included in the Mandatory Grant spending of R48 million is R5 million payable based on the last employer file which has not yet being paid. This represents 88% spending of the total mandatory grant budget for the year under review.

23.6 PROJECT/DISCRETIONARY SPENDING:

- SASSETA' delayed implementation of projects was due to its prudent approach ensuring that all newly awarded contracts are regular and valid. The total project expenditure of R203.6 million included project admin expenditure of R15.6 million covered under the 7.5% project management cost. This represents 53.7% of the total annual budget.

23.7 SURPLUS/(DEFICIT):

- SASSETA' overall spending amounted to 88% of the actual total revenue for the year under review, resulting in a surplus of R43 million. This was a significant improvement when compared to a restated deficit of R173 million in the prior year.

24. GOING CONCERN

SETA's operating license has been extended until 31 March 2018.

There are no known instances/circumstances that cast doubt about SASSETA' ability to operate as a going concern.



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Registered Auditors | Accountants | Advisors

Do you know of any foul play at SASSETA?
Give us a whistle (no-one will know)
Toll free: 0800 20 50 61