

2016/2017

Annual Report



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



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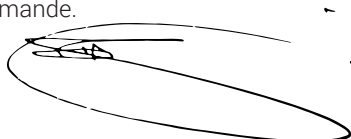


PRESENTATION OF THE ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING



Dr. Blade Nzimande
Minister of Higher Education

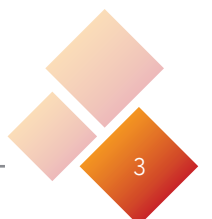
It is my privilege and honour to present - in terms of Section 65 of the Public Finance Management Act, 1999, - the 2016/17 Annual Report of the Services Sector Education and Training Authority (SSETA) to the Minister of Higher Education and Training, Dr Blade Nzimande.

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a horizontal line and a small flourish.

Themba Mhambi
Chairperson of the Accounting Authority
Services SETA



PART A	STRATEGIC OVERVIEW
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ABBREVIATIONS / ACRONYMS LIST

AA	Accounting Authority
ABVA	Association of BEE Verification Agencies
AET	Adult Education & Training
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ANASA	Allied Nursing Association of South Africa
AOPSA	Association for Office Professionals of South Africa
APP	Annual Performance Plan
APR	Annual Performance Report
APSO	Federation of African Professional Staffing Organisations
AQP	Assessment Quality Partner
ATR	Annual Training Report
BBBEE	Broad-Based Black Economic Empowerment
BCEA	Basic Conditions of Employment Act
CBO	Community Based Organisation
CCMG	Contact Centre Management Group
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DHET	Department of Higher Education and Training
DMASA	Direct Marketing Association of South Africa
EAAB	Estate Agency Affairs Board
EOHCB	Employers Organisation for Hairdressing, Cosmetology and Beauty
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
GAAP	Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HET	Higher Education and Training
HOTELLICA	Hotel, Liquor, Catering, Commercial and Allied Workers Union
ICT	Information Communication and Technology
IEASA	Institute of Estate Agents of South Africa
IFEA	International Festivals & Events Association Africa
IPAD	Industrial Policy Action Plan
MOU	Memorandum of Understanding
MTSF	Medium Term Strategic Framework
NGO	Non-Governmental Organisation
NGP	New Growth Path
NSDS	National Skills Development Strategy
NSF	National Skills Fund
OFO	Organising Framework for Occupations
PFMA	Public Finance Management Act

ABBREVIATIONS / ACRONYMS LIST - CONTINUED

QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SAIA	South African Institute of Auctioneers
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SATAWU	South African Transport and Allied Workers Union
SATSA	South African Textile Services Association
SCM	Supply Chain Management
SDL	Skills Development Levy
SDP	Skills Development Provider
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIP	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small, Medium, and Micro Enterprise
SP	Strategic Plan
SSP	Sector Skills Plan
TID	Technical Indicator Description
TVET	Technical and Vocational Education and Training
UASA	United Association of South Africa
WSP	Workplace Skills Plan

MISSION, VISION AND VALUES

Mission

Facilitation of quality skills development for employment and entrepreneurship in the Services Sector for national economic growth

Vision

To serve, to deliver, for renewal, for prosperity

Values

Accountability

Innovation

Integrity

Professionalism

Responsiveness

LEGISLATIVE AND OTHER MANDATES

The Services SETA was established in terms of the Skills Development Act of 1998. It receives levy income in terms of the Skills Development Levies Act (1999). The SETA is required to manage these funds in accordance with the terms of the Public Finance Management Act (PFMA) and various regulations emanating from that Act, including Supply Chain Management Regulations. These Acts are amended from time to time and such amendments need to be factored into the work of the Services SETA.

The work of the SETA is further guided by the South African Qualifications Act of 1995. This Act provided for the Services SETA to apply to become an ETQA in 2000. This legislation was subsequently adjusted by the National Qualifications Framework Act of 2008 and the 2008 amendments to the Skills Development Act (2008) establishing the Quality Council for Trades and Occupations (QCTO).

The Services SETA is a public entity accountable to the Minister of Higher Education. As a public entity the SETA must produce a Strategic Plan and Annual Performance Plan (APP) in accordance with Treasury Regulations emanating from the PFMA. As an entity accounting to the Minister it is incumbent on the Services SETA to respond to the broader government policy and strategy framework.

The third National Skills Development Strategy (NSDSIII) provides a framework for the Services SETA to align its work to the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP), the National Skills Accord, and other mandates such as Broad Based Black Economic Empowerment (BBBEE) and other provisions relating to employment equity and the Charter processes in so far as they impact on the services sector.

OTHER MANDATES:

- Medium Term Strategic Framework of Government (MTSF)
- National Human Resource Development Strategy
- Youth Development Strategy
- Rural Growth and Development Strategy
- National Development Plan 2030
- Nine Point Plan



FOREWORD BY THE CHAIRPERSON OF THE ACCOUNTING AUTHORITY

Following the previous year's achievement of a clean audit opinion, in the year under review targeted sector-based growth aimed at closing gaps between supply and demand. . Focused attention was turned to strengthening provider, stakeholder and core business capacity to enhance performance, service delivery and responsiveness to stakeholder needs. Continued good governance and accountability were the cornerstones of improvement and sustainable performance, throughout the year.

The Auditor General of South Africa issued the SETA an Unqualified Audit Opinion, with findings on performance information for the 2016/17 financial year. This audit outcome confirms that the Services SETA has sound financial management in place and complies with key applicable legislation. On the other hand it reflects the need for the Services SETA to continuously improve on the reliability of reported performance information. The qualification related to disaggregated post-graduate bursary data highlighting weaknesses in data capturing integrity. Technology-based solutions and capacitation programmes are already at an advanced stage to strengthen the probability of achieving another Clean Audit Opinion in the forthcoming reporting period.

Continued good governance

The Services SETA Accounting Authority and its Committees continued in their upward trajectory of achieving high levels of participation in executing their fiduciary responsibilities, governing and managing the entity in accordance with applicable legislation and providing strategic direction and leadership.

In discharging its duties, the Services SETA Accounting Authority was assisted by six standing Committees, namely the Executive Committee, the Finance Committee, the Audit Committee, the Human Resources and Remuneration Committee, the Governance, Risk and Strategy Committee and the Transformation Committee. Each committee was tasked with responsibilities clearly set out in their terms of reference, primarily focused on ensuring improved performance and accountability in all core functional areas of the Services SETA. Increased focus on Broad-Based Black Economic Empowerment led to committees being tasked to focus on enterprise and supplier development as well as socio-economic development to enable meaningful participation of marginalised entrepreneurs in the Services SETA's programme offerings.

Strengthening Provider Capacity

The Services SETA conducted training sessions for Skills Development Providers, Assessors and Moderators across all provinces during the year under review. A realignment of processes in the Quality Management Division was initiated, the intention being to improve specialist capacity and processes to speed-up the finalisation of pending and new applications for registration and accreditation.

The Services SETA also entered into partnerships with key stakeholders to develop new occupational qualifications aligned to the services sector. Success in these partnerships, include but are not limited to, development of Facilities Management qualification under the Real Estate sector, the Garden Worker and Contact Centre Manager occupational qualifications and certificates related to the funeral sector namely funeral parlour management and medical and hazardous waste management.

In responding to the broader need for providing workplace-based learning and employment opportunities, the Services SETA entered into a partnership with EOH in the EOH 702 Youth Jobs initiative that is aimed at impacting on the high youth unemployment rate through providing access to training and work opportunities. Through this partnership the Services SETA has committed to funding Internships, Learnerships and Apprenticeships for 10 000 learners over a period of two years.

The Services SETA has also embarked on a process to establish a National Entrepreneurship and Cooperative Development Institute that is currently being conceptualised with the assistance of ecosystem experts, post school education and training stakeholders, government departments and public entities. The Institute seeks to enhance collaboration across the entrepreneurial ecosystem and improve the quality of services offered to entrepreneurs with the goal of growing the number, size and sustainability of small businesses and cooperatives. This initiative will make a positive impact on rural development and township revitalisation priorities.



Stakeholder support

In line with its values of Innovation and Responsiveness, the Services SETA continued to facilitate and provide technical assistance and capacity development through its provincial offices to Discretionary Grant recipients, this via a series of workshops and the dissemination of implementation material throughout the period under review.

The Special Projects Unit continued to provide intensive support to government departments, public entities, nonprofit organisations and small businesses through partnerships and innovative projects to achieve transformational imperatives.

The establishment of a Stakeholder Relationship Management division within the Services SETA further strengthened the Accounting Authority's determination to identify the services sectors needs in skills development and subsequently provide opportunities to address those needs.

Continued improvement in performance

The Services SETA achieved a total of 75% of its Annual Performance Plan targets, resulting in a 16% improvement from the previous reporting period. The Services SETA also increased funded learner enrolments by 4% from 30 780 to 31 876 learners, and strengthened the alignment to scarce and critical skills from 41% to 60%.

Discretionary Grant Commitments were retained at R 2811 billion, of which 89% were new allocations compared to 36% new allocations in the previous financial year. Employer grant and project expenses increased by 95% from R 865m in the previous financial year to R 1 688m in the year under review.

The Services SETA has also committed funds for the establishment of Skills Development Centres, Community Colleges and Rural Development projects, to a total of R 151m in the year under review.

Challenges moving forward

Key challenges that remain focal points, include strengthening impact on employment and entrepreneurship through partnerships, improving learner completion rates through work readiness interventions and the development of accredited and ready workplaces for the provision of workplace-based learning.

Further challenges include continuous project coordination and monitoring, the implementation of integrated systems developed during the year under review and further strengthening the identification of and alignment to scarce (hard-to-fill vacancies) and critical skills. Continuous improvement in the Services SETA's responsiveness to stakeholder needs, within feasible and rational timeframes, remains a priority and requires ongoing monitoring and management.

Conclusion

Our gratitude, as the Accounting Authority of the Services SETA, for yet another progressive year goes to our Executive Authority, the Minister of Higher Education and Training; our line department the Department of Higher Education and Training; the Auditor-General of South Africa; our Audit Committee; our Executive and other levels of Management; our stakeholders; the unions at the Services SETA; and our valued staff members.



Themba Mhambi
Accounting Authority Chairperson
Services SETA



CHIEF EXECUTIVE OFFICER'S OVERVIEW



Andile Nongogo
Chief Executive Officer

The financial year 2016/2017 saw the Services SETA re-branding itself after three years during which the Accounting Authority focused on ensuring a proper system of internal control and processes to support the implementation of the SETA's mandate. The new brand identity, which is supported by a new mission, vision and values, represents a new Services SETA that seeks to facilitate quality skills development for employment and entrepreneurship in the Services Sector for national economic growth. This is not meant to be a superficial change but a change that repositions the organisation to serve its stakeholders and to implement its mandate.

Key initiatives

In this financial year under review the Services SETA embarked on a number of key initiatives. The National Entrepreneurship and Cooperative Development Institute is being conceptualized with the assistance of industry and subject matter experts, is one such initiative. The SETA is already at an advanced stage towards acquiring the land where the Institute will be built. The establishment of an Entrepreneurship and Cooperative Development Institution was based on the realization that the job market is shrinking every year and is no longer sustainable to training for employment only. Another reason is the fact that there is no dedicated entrepreneurship education and cooperative development institution in the country to produce entrepreneurs and cooperatives needed to boost the economy and increase

employment prospects. Furthermore, the SETA established its own bursary unit to add another, and more hands-on, layer to the current model of providing bursaries through the National Student Financial Aid Scheme (NFSAS). In the current year 3 283 beneficiaries were funded from the SETA bursary scheme to the value of R201.5m. Of these 89% were undergraduate and 11% were post graduate students.

New operational developments

In response to challenges in our core business, particularly the time it takes for the SETA to accredit skills development providers; register assessors and moderators; and to issue certification, we have implemented the Learner Management System (LMIS). This will ensure that we are able to meet the timelines we have set for ourselves which are in line with industry norms and best practices. Furthermore, the Services SETA has taken a decision to acquire learning material and to provide it free of charge to its skills development providers. This decision is based on the need to ensure consistency in the implementation of SETA programmes. The SETA is currently evaluating the material that has been sourced through a tender process.

Performance of the SETA

The achievement of performance targets of the SETA has improved compared to the previous period. For the first time since the 2012/2013 financial year, the SETA has achieved an unprecedented 75% of its targets, which is an improvement of 16% compared to the prior period. The Services SETA is continuously looking for ways to ensure that it achieves 100% of its set targets. The targets that were not achieved were mainly attributable to the timing of activities to pursue set targets and also the fact that certification and completion targets can only be achieved based on learners that are in the pipeline. Management has devised a plan to ensure that these shortcomings are addressed in the future, mainly through targeted discretionary grant adverts supplemented by special projects where applicable. The SETA also plans to conduct continuous analysis of learners in the pipeline to facilitate timely completion and monthly monitoring of overall achievement of the targets. These initiatives are endorsed and overseen by the governance structures of the Accounting Authority.

Audit outcomes

The audit outcome of the Services SETA affirms the position that the Services SETA has sound financial management in place and that the financial affairs of the SETA are in order. However, it reflects that the SETA needs to continuously improve on how it compiles its performance information. The opinion issued by the Auditor General is an Unqualified Opinion with findings on performance information. This is a regression compared to the previous two financial periods when the SETA received clean audit outcomes. The root cause of the regression is the classification of bursary recipients due to lapses in our newly established function at which controls and processes in place were not yet fully embedded to support the compilation and classification of such information. Management led by the Accounting Authority accepts the audit opinion and has already started a process to improve reporting on performance information. These processes include the establishment of a verification unit that will verify all reported information on a monthly basis and review our bursary management processes.

Acknowledgement

Management thanks the Accounting Authority for its continued support, guidance and oversight. Furthermore, we have seen greater participation and involvement from our stakeholders and we are appreciative of this as we recognise that for us to achieve our mandate, we need stakeholder participation.

I would like to also acknowledge the hard work of the Services SETA team. The goals and objectives of this organisation can only be achieved to the extent that we have a dedicated team on board.



Andile Nongogo
Chief Executive Officer

SECTOR PROFILE

1. Highlights

The Chamber Operations Department over-achieved with regard to the targets set in the Annual Performance Plan (APP). The Six (6) chamber committees were fully functional, met on quarterly basis and made recommendations to the Services SETA Board as per their terms of reference as advisory bodies to the Accounting Authority.

Targeted Approach

In the last financial year the Services SETA took a decision to introduce a targeted approach to overcome the non-participation by various industries and subsectors in its offerings. This decision led to a number of projects being initiated, which include:

- Funeral Services, Hair Care Services and Beauty Services Projects focusing on:
 - Increasing capacity for supply, i.e. accreditation of Skills Development Providers and training of Assessors and Moderators
 - Research into the state of the industries
 - Enterprise Development
 - Implementation of training to upskill the current workforce
 - Providing access for new entrants into the industries
 - Recognition of Prior Learning to ensure that individuals who have been working in the industries and have not obtained formal qualifications, are given opportunities to qualify in any of the existing qualifications.
- A dedicated Discretionary Grant advert for levy paying entities that have operations that fall outside the scope of the Services SETA. This was done with the view of ensuring that levy payers are afforded the opportunity to upskill their workforce in areas that do not fall within the scope of the SETA.
- Partnership with EOH in the EOH 702 Youth Jobs Initiative aimed at impacting on the high youth unemployment rate by giving youth access to training or work opportunities. The initiative challenges corporate South Africa's CEO's to commit to ensuring that at least 3% of their workforce is constituted by youth who are either in employment or learning through internships and learnerships. The Services SETA has funded the implementation of Internships, Learnerships and Apprenticeships for 10 000 learners over a period of two years for approximately to R350million. The value proposition for the Services SETA is that this partnership guarantees workplace access for learners as the initiative has a database of employers committed to placing learners.
- A Facilities Management occupational qualification was developed to ensure continuity of training in the Real Estate sector beyond 2018.
- The Garden Worker and Contact Centre Manager occupational qualifications were registered with the Quality Council for Trades and Occupations (QCTO).
- A Partnership with the University of Cape Town to fund research and lab equipment in the hair and cosmetic space.
- A Partnership with the University of Limpopo to develop qualifications in the funeral and medical waste management subsectors.

2. Challenges

Delays in the development of new occupational qualifications to replace legacy qualifications poses a threat to certain industries as they will be left without qualifications to train beyond 30 June 2018. The Services SETA is paying particular attention to this.

3. Areas of improvement

Engagement plans are in place in line with the stakeholder engagement strategy and chamber operational plans to ensure that structured engagements lead to increase participation by non-participating employers.

The Services SETA, working together with the Quality Council for Trades and Occupations (QCTO) and industries, is in the process of developing, reviewing and re-aligning qualifications to the new occupationally directed model of the QCTO.

4. Future plans

- Development of new occupational qualifications for various industries to ensure continuity in training and development beyond 2018.
- Structured stakeholder engagements to increase participation by non-participating stakeholders.
- Strengthening capacity for supply to ensure training in all industries.
- Targeted approach for all industries to address subsector needs

SPECIAL PROJECTS

1. Introduction

The Special Projects Unit continues to drive transformation in response to the National Development Plan, the Human Resources Development Strategy and the National Skills Development Strategy.

The approach has seen the Services SETA partner with big corporates in South Africa to respond to the high unemployment scourge. Such partnerships have the potential to respond to various categories of the population, particularly the youth as the most affected category.

Rural development remains at the helm of the special projects mandate. It is paralleled by a focus on government's Township Revitalisation programme which is in the planning phase for implementation in the 2017/2018 fiscal year. The intention is to propel entrepreneurship, through which jobs may be created and economic participation by the youth increased.

The year under review has seen the strengthening of relations with government departments and institutions of higher learning. The appetite shown by government in skills development initiatives has encouraged the Services SETA to form more partnerships for the benefit of the country at large.

2. Commitments implemented in 2016/2017

Municipalities

The interest shown by municipalities in terms of driving skills development has enabled these institutions to respond to their Integrated Development Plans by mobilising youth in their immediate areas. The Services SETA positively responded to the call to address unemployment through skills development the following municipalities:

- Mpofana Municipality
- Greater Kokstad Municipality
- Mbashe Municipality
- uMgungundlovu Municipality

Joint Projects

As part of its Inter-SETA collaborative efforts, the Services SETA has undertaken a number of joint projects with the Construction Education and Training Authority (CETA). The two SETAs entered into a Memorandum of Understanding (MOU) to collaborate in the implementation of various skills development initiatives with the aim of ensuring that both SETAs are able to deliver on their respective mandates.

The two SETAs have focused their efforts in communities that have been neglected as well as designated groups such as women, people with disability, the youth and military veterans. The SETA is also exploring further collaborations with other SETAs to increase access to skills development initiatives. Joint projects entered into are listed in the table below:

No	Project	Learning intervention	Number Of learners	Province
1	MDA	Plumbing: Learnership	12	Northern Cape
		Paving & Construction Learnership	26	Gauteng
		Plumbing: Apprenticeship	20	Limpopo
2	Prieska	Building and Civil Construction Learnership	41	Northern Cape
3	Don Bosco	Plumbing: Learnership	25	Gauteng
		Building and Civil Construction Learnership	20	Gauteng
4	DPSA	Plumbing: Learnership	195	Gauteng
			79	Eastern Cape
			25	North West
			113	Western Cape
4	SANMVA	Building and Civil Construction Learnership	163	Gauteng
		Building and Civil Construction Learnership	37	Limpopo
		Building and Civil Construction Learnership	55	Mpumalanga
		Building and Civil Construction Learnership	10	Western Cape
		Early Childhood Development Learnership	51	Gauteng
5	Ngqeleni	New Venture Creation L2 Learnership	16	Eastern Cape
		New Venture Creation L4 Learnership	44	Eastern Cape
		Internship	8	Eastern Cape

Community Based Projects

To further enhance the Services SETA's role in local communities, the following community based projects were entered into:

- Eesterust Community Project
- Emfundisweni Skills Development and Resource Centre Project

Trade Unions

The mandate of the Services SETA extends to the organised bargaining sub-sector. Commitments to the following Trade Unions were renewed based on prior year successes:

Name of Entity	Province
UASA - United Association of South Africa	National
NEHAWU - National Health, Education and Allied Workers Union	National
Hotelica - Hotel, Liquor, Catering, Commercial and Allied Workers Union	National
COSATU - Congress of South African Trade Unions	National
SATAWU - South African Transport and Allied Workers Union	National
NACTU - National Council of Trade Unions	National

The Unions were supported in the implementation of various interventions based on their needs and the empowerment of their members and office bearers.

Skills Development Infrastructure Projects

The following skills development infrastructure projects constitute important initiatives of the year under review:

1. Artisan Development Academy in collaboration with Motheo TVET College
2. North West Skills Development Centre in collaboration with the North West Provincial Government
3. Merrivale Skills Development Centre in collaboration with UMgungundlovu TVET College and Umngeni Municipality
4. KwaXimba Skills Development Centre in collaboration with Elangeni College and eThekweni Municipality
5. Paulpietersburg Skills Development Centre in collaboration with Mthashane TVET College and the Department of Social Development (KZN)
6. Beaufort West Trade Test Centre in collaboration with South Cape TVET College and the Beaufort West Municipality
7. Nkonkobe Skills Development Centre in collaboration with Lovedale TVET College and the Nkonkobe Municipality
8. Lovedale Skills Development Centre in collaboration with Lovedale TVET College
9. Prieska Trade Test Centre in collaboration with Northern Cape Rural TVET College and the Department of Public Works (Northern Cape)
10. Kokstad Skills Development Centre in collaboration with Esayidi TVET College and the Greater Kokstad Municipality
11. Cala Skills Development Centre in collaboration with iKhala TVET College and Sakhisizwe Municipality

These projects aim to increase access to skills development interventions by growing the centres into either community colleges or fully fledged Campuses or TVET colleges. These centres are, or will be, used as workplaces for learners during their construction.

Future Plans

The Services SETA through the Special Projects plans to respond to the economic transformation agenda adopted by the country with vigour. Partnerships with key Departments such as the Department of Small Business, and Community Based Organisations and Financial Development Institutions will be critical in driving the Township Economy and Rural Development objectives of the National Development Plan.



PART B

PERFORMANCE AGAINST
PREDETERMINED
OBJECTIVES FOR THE
FINANCIAL YEAR 2016/17



PERFORMANCE INFORMATION REPORT ON PREDETERMINED OBJECTIVES 2016/17

STRUCTURE OF RESULTS REPORTING

The 2016/17 Strategic Plan and Annual Performance Plan structured the Services SETA's predetermined objectives into four programmes, each comprising of strategic objectives, programme performance indicators and corresponding targets.

The results achieved between 1 April 2016 and 31 March 2017, or as at the end of this reporting period, together with a result and variance explanation are tabulated by programme and performance indicator. Continued improvements were effected to strengthen the specific, measurable, achievable, relevant and time-bound criteria for predetermined objectives

Summary of performance Indicator Ratings by Programme

Programme	Performance Indicators Achieved		Performance Indicators Not Achieved	
1 Administration	9/10	90%	1/10	10%
2 Governance	16/17	94%	1/17	6%
3 Planning	3/3	100%	0/3	0%
4 Skills Development	35/54	65%	19/54	35%
ALL	63/84	75%	21/84	25%

Comparative Indicator Rating between 2015/16 and 2016/17

A significant improvement has been achieved in overall organisational performance against performance indicators and targets between the previous and current financial years. This comparative rating is presented in the table below and shows an increase from 59% to 75% of performance indicators achieved.

Rating	2016/17		2015/16	
	#	#	#	%
Performance Indicator Achieved	63/84	75%	45/76	59%
Performance Indicator Not Achieved	21/84	25%	31/76	41%

2016/17 ANNUAL PERFORMANCE PLAN RESULTS

PROGRAMME 1: ADMINISTRATION

The purpose of this programme is to enable the achievement of the Services SETA's mandate through the delivery of support services.

This programme comprises of four sub-programmes, namely Finance, Human Resources, Information Communication Technologies (ICT) and Stakeholder Relationship Management. A total of 90% (9/10) performance targets were achieved. On the financial scorecard the Services SETA obtained a clean audit opinion for the 2015/16 financial year. The overall vacancy rate of 14% for the current year is a significant improvement from the rate of 28% in the previous reporting period, and it was as a result of a targeted recruitment strategy which was applied by the Human Resources and Development Department, including the appointment of key executive, senior and management personnel to ensure the stability and continuity of operations. In order to improve the organisation's operational efficiencies, 98% of employees attended training, and 95% of all employees signed performance agreements in the current reporting period. This is due to a more structured performance management process and improved operational planning. The ICT Department achieved a Phase 3 (100%) level of compliance with the Governance ICT Policy Framework, as all policies and procedures had been reviewed, approved and implemented. The Services SETA also participated and supported 33 Career Guidance events to promote qualifications and facilitate access to skills development opportunities.

PROGRAMME 2: GOVERNANCE

The purpose of this programme is to enable the Services SETA to deliver its mandate in compliance with all governance imperatives. The programme sets out the activities designed to analyse and consult stakeholders in the sector, and sets out the strategic oversight and leadership of the organisation from the CEO's office. It further develops governance arrangements suited to the work of the Services SETA, including the programme of work for the Accounting Authority and its structures.

This programme comprises of five sub-programmes, namely Board Services, Legal Services, Organisational Compliance, Organisational Risk Management and Special Projects. A total of 94% (16/17) performance targets were achieved under this programme. The Services SETA committed funding for the establishment of 7 skills development centres in collaboration with local TVET colleges in the following municipalities: Mangaung, Klerksdorp, Umngeni, eThekweni, Prieska, Kokstad and Cala. These partnerships aim to progressively achieve transformational imperatives and national priorities enabling access to skills development opportunities in rural areas.

PROGRAMME 3: PLANNING

The purpose of this programme is to enable the Services SETA to achieve its mandate through its strategic management capabilities and encompasses research and planning, performance information monitoring and reporting, and evaluation. It is responsible for researching skills needs within the services sector, developing strategic and annual performance plans for the SETA, compilation of various performance reports, and building organisational capability to use strategic performance information in executing the strategy. The Services SETA Sector Skills Plan, Strategic Plan and Annual Performance Plan were submitted to the Department of Higher Education and Training as prescribed. A Learner Tracer study and an Employer Value Add study were conducted and concluded in this reporting period to assess the overall impact of the services SETA offering on our key stakeholders.

PROGRAMME 4: SKILLS DEVELOPMENT

The purpose of the skills development programme is to deliver the Services SETA's primary service offering to stakeholders in order to achieve its mandate. The programme comprises of five sub-programmes, namely Learning Interventions Facilitation including Mandatory Grant submissions; Learning Interventions Project Coordination, Quality Management, Chamber Operations and Provincial Operations.

A total of 65% (35/54) performance targets were achieved. A total of 31 876 Services SETA funded learners were reported as enrolled during this reporting period, which represents a 4% improvement on the total number learner enrolments from the previous period's reported total of 30 780. A total of 8 114 funded learners completed their various learning programmes, and were upheld through external moderation and reported and completions. Increased capacity and improved systems in the quality management department should show significant improvements in reported completion rates in the forthcoming financial year. The implementation of a Learner Management Information System will enable tracking of completions, competency and certification rates. The Services SETA has noted a 7% slight increase in Mandatory Grant submissions from 3 639 in the previous reporting period to 3 893 in the current reporting period, which reflects an improvement in sector employers participation in Mandatory Grants and employer specific training and development of staff. The development of an online submission portal for WSPs/ATRs and an active stakeholder engagement strategy targeting non-WSP submitting levy paying employers should assist in improving the level of submissions in the forthcoming period.

The Services SETA took a decision to establish its own Bursaries unit. This led to the funding of 3 283 - 2 971 of them unemployed learners, compared to 758 in the previous period. As a result of this newly established initiative, the Services SETA had not fully developed a sound control environment to record and classify the enrolled learners according to the various qualifications. Consequently the Auditor-General of South Africa found that it could not place reliance on the number that management had reported. This led to the identification of material misstatement on Unemployed Honours and Masters Entered learner results.

Management's best estimates based on available information are 94 for Unemployed Honours students enrolled and 62 for Unemployed Honours students enrolled; instead of 180 and 87 respectively.

Achievement against Transformational Imperatives of SETA Funded Learning Interventions

The current year enrolment results are disaggregated across transformational imperatives in the table below:

Enrolment	2015/16	2016/17	Unemployed		Female		Black		Disability		Youth		Rural	
Learnerships	19,226	14 542	12 270	83%	9 598	66%	14 095	97%	786	5%	12 301	85%	6 341	44%
Bursaries	758	3 283	2 971	90%	1 999	53%	3 762	99%	410	8%	1 054	28%	569	31%
Skills Programmes	3,695	1 680	225	13%	967	58%	1 425	85%	50	3%	745	44%	270	16%
Internships	2,815	9 212	9 212	100%	6 660	72%	9 184	99%	96	1%	9 010	98%	3 085	34%
Artisans	476	2 497	0	0%	1 458	58%	2 486	99%	0	0%	2 317	93%	100	4%
Recognition of Prior Learning	174	353	0	0%	205	58%	335	95%	1	0.28%	190	54%	46	13%
Adult Education and Training	1,279	309	309	100%	215	70%	309	100%	3	0.97%	150	49%	283	92%
Totals	28,423	31 876	24 987	78%	21 102	66%	31 596	99%	1 346	4%	25 767	81%	10 694	34%

Alignment between SETA Funded Learner Enrolments and Scarce and Critical Skills

The increased focus on the impact of SETA funded skills development resulted in an undertaking to analyse and report on enrolments against scarce and critical skills identified in the Sector Skills Plan. The 2016/17 Annual Performance Plan was informed by the approved 2016/17 Sector Skills Plan. The enrolled learner qualifications were mapped to the 2015 OFO (Organising Framework for Occupations) codes for both reporting periods. For the purpose of this analysis, the seven learning interventions were analysed against applicable scarce and/or critical skills lists for total enrolments in the current and prior years. The PIVOTAL skills list used formed part of the 2016/17 analysis. The outcomes are summarised in the table below and they show an improvement in the overall correlation from 41% to 60% for the current year.

Financial Year	2016/17					2015/16				
Learning Interventions	Learners Enrolled	OFO codes	% OFO Codes aligned to enrolment	Scarce/ Critical incl. Pivotal	% OFO codes correlation to Scarce / Critical incl. Pivotal	Learners Enrolled	OFO codes	% OFO Codes aligned to enrolment	Scarce/ Critical incl. Pivotal	% OFO codes correlation to Scarce / Critical incl. Pivotal
Learnerships	14 542	14 542	100%	9 177	63%	20 029	19 832	99%	9 634	49%
Bursaries	3 283	794	24%	476	60%	1 409	750	53%	255	34%
Skills Programmes	1 680	822	49%	459	56%	3 871	3 726	96%	336	9%
Internships	9 212	9 208	100%	5 013	54%	3 087	3 061	99%	974	32%
Artisans	2 497	1 501	60%	1 108	74%	476	476	100%	416	87%
Recognition of Prior Learning	353	353	100%	331	94%	174	174	100%	30	17%
Adult Education and Training	309	309	100%	0	0%	1 734	1 297	75%	329	25%
Total	31 876	27 529	86%	16 564	60%	30 780	29 316	95%	11 974	41%



Services SETA funded learner enrolments for the NSDS III 5-year period





The following table represents an overall view of the Services SETA investment in skills development over the NSDS III period. Significant improvement can be seen in learner enrolments from year 3 onwards, which coincides with the appointment of the current governance structures.





NSDS III	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	TOTAL
Financial and Reporting Years	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
Learnerships enrolled	1 276	314	5 682	3 693	20 029	14 542	45 536
Employed	491	297	2 595	1 335	1 871	2 272	8 861
Unemployed	785	17	3 087	2 358	18 158	12 270	36 675
Bursaries enrolled	128	0	744	3 671	1 409	3 283	9 235
Employed	128	0	646	1 424	478	312	2 988
Unemployed	0	0	98	2 247	931	2 971	6 247
Skills Programmes enrolled	493	200	1 032	789	3 871	1 680	8 065
Employed	237	0	1 002	789	914	1 455	4 397
Unemployed	256	200	30	0	2 957	225	3 668
Internships enrolled	615	1 026	1 172	3 599	3 087	9 212	18 711
Artisans enrolled	1 800	0	100	643	476	2 497	5 516
Recognition of Prior Learning enrolled	0	0	1 314	0	174	353	1 841
Adult Education and Training enrolled	0	0	578	85	1 734	309	2 706
TOTALS	4 312	1 540	10 622	12 480	30 780	31 876	91 610

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Programme 1: Administration


STRATEGIC OBJECTIVE 1.1.1:		Financial affairs of the Services SETA are managed in a transparent efficient and effective manner to maintain clean audit				
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Comply with PFMA and Regulations	1.1.1.1	Percentage of compliance with statutory submissions	100%	100%		<p>All statutory submission were submitted as required to the relevant structures:</p> <ol style="list-style-type: none"> 1. 2015/16 Annual Report (AFS and APR) submitted to Parliament on 31 August 2016 2. 2016/17 Quarterly Performance Reports and supporting SQMR have been submitted to DHET 3. 2016/17 Quarterly Financial Reports (Narrative and PFMA Checklist were submitted to the National Treasury as prescribed 4. 2016/17 Annual Performance Reports (APR and AFS were submitted to the AGSA National Treasury and DHET on 31 May 2016 5. Final Strategic Plan and Annual Performance Plan for 2017/18 in Parliament on 27 February 2017
Improve management of the Services SETA financial affairs	1.1.1.2	Outcome of audit of Annual Financial Statements	Clean	Clean		The Auditor-General of South Africa issued a clean audit opinion for the 2015/16 financial year




STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Human resources effectively managed to ensure adequate and sufficiently skilled people retained and performance monitored	1.1.2.1	Employee vacancy rate	15%	14%		As at the end of this reporting period there were 41 vacancies out of a total of 296 available positions as per the updated organogram resulting in a significant improvement in the vacancy rate from 28% reported in the 2016/17 financial year
	1.1.2.2	Employee turnover rate	15%	6%		A total of 16 employees terminated their employment compared to a closing balance of 255 funded employees resulting in an annual turnover rate of 6% representing a significant improvement from 11% as reported in the previous financial year
	1.1.2.3	Percentage of employees performance managed	90%	95%		A total of 242 employees completed performance agreements compared to a closing balance of 255 funded employees. The remaining 13 employees were recruited in the last quarter and will complete performance agreements for the new financial year
	1.1.2.4	Percentage of employees trained	80%	98%		A total of 251 employees, compared to a closing balance of 255 employees attended training throughout the 2016/17 reporting period, through dedicated efforts to address low skills levels where such exist. The balance of 4 employees were newly recruited employees who did not have an opportunity to attend training in the current financial year and have been scheduled to attend in the new financial year



STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
ICT Governance Framework established and implemented to support and enable the business delivering value and improving performance	1.1.2.5	Level of ICT service management achieved	3	2		The ICT department achieved a level 2 (85%) service management rating as at the end of 31 March 2017 due to delays in signing inter-departmental SLAs by it and applicable end-user departments
	1.1.2.6	Percentage compliance with Corporate Governance ICT Policy Framework	100% (Phase 3)	100%		The ICT department has achieved a Phase 3 (100%) level of compliance with the Governance ICT Policy Framework as all supporting policies and procedures were approved
Building Career and Vocational Guidance	1.1.2.7	Number of key stakeholder engagements	12	26		Stakeholder engagements were convened including engagements on special projects for levy-paying employers and interSETA transfers among others, to engage on service delivery Priorities
	1.1.2.8	Number of career guidance events	20	33		The Services SETA participated in and supported 33 career guidance events in the current reporting period to promote sector qualifications and and facilitate access to skills development opportunities

Programme 2: Governance





STRATEGIC OBJECTIVE 2.1.1		Accountable governance and oversight focussed on high performance compliance with legislation and enterprise-wide risk mitigation				
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Consistent leadership based on honesty ethical leadership and good governance enabling responsible oversight of financial and performance reporting	2.1.1.1	Percentage attendance rate of scheduled Accounting Authority meetings	80%	80%		The Accounting Authority has achieved a cumulative attendance rate of 80% for the current reporting period through its 7 governance structures namely: 1. Accounting Authority 2. Executive Committee 3. Audit Committee 4. Transformation Committee 5. Finance Committee 6. Remuneration Committee 7. Governance Risk and Strategy Committee
	2.1.1.2	Percentage approval of financial and performance reporting	100%	100%		2016/17 quarterly financial and performance reports were approved by Finance the Committee and the Governance Risk and Strategy Committee respectively prior to submission to the Department of Higher Education and Training and the National Treasury
Provide effective and efficient legal service	2.1.1.3	Frequency of oversight of current legal investigations reported to the board	Quarterly	Quarterly		All legal investigations arising in the current reporting period were reported at scheduled Accounting Authority meetings held on 28 September 2016, 01 December 2016 and 29 March 2017. There were no legal investigations during quarter 1 hence reporting was not applicable
	2.1.1.4	Percentage of whistleblowing reports processed	100%	100%		A total of 5 whistleblowing incidents relevant to the Services Seta were processed by the legal department for this current reporting period

STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	2.1.1.5	Percentage of compliant requests for access to public records processed	100%	100%		20/20 action plans were developed and implemented in the current reporting period, based on an assessment of the following Acts: 1. Occupational Health and Safety Act 2. Promotion of Access to Information Act 3. Prevention and Combating of Corrupt Activities Act 4. Broad-Based Black Economic Empowerment Act 5. Public Finance Management Act 6. Skills Development Act 7. Skills Development Levies Act
Facilitate compliance and strengthen internal control through assessment development and monitoring action plans	2.1.1.6	Percentage of compliance action plans implemented	100%	100%		A total of 14/14 (100%) audit action plans were developed and implemented to strengthen internal controls in the current reporting period in response to audit findings raised by the Auditor-General
	2.1.1.7	Percentage of audit action plans implemented	100%	100%		A total of 14/14 (100%) audit action plans were developed and implemented to strengthen internal controls in the current reporting period in response to audit findings raised by the Auditor-General South Africa (8) and Internal Auditors (6)
Mitigate the negative impact of identified strategic risks	2.1.1.8	Percentage of risk action plans implemented	90%	96%		A total of 69/72 (96%) risk action plans were developed and implemented in the current year. The overachievement was due a new targeted organisational risk mitigation strategy and process, which included quarterly departmental engagement, tracking and reporting to the relevant governance structures




STRATEGIC OBJECTIVE 2.1.2:		Transformational imperatives and national priorities promoted through partnerships development and strategic integration resulting in the contracting in respect of learners across learning interventions				
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Special Projects Implemented to support transformation agenda	2.1.2.1	Number of TVET college partnerships	12	15		15 Partnerships with TVET colleges were entered into during this current reporting period for skills development and learning programme implementation, through targeted DG and Special Project allocation to ensure the achievement of this partnership target
	2.1.2.2	Number of HET institution partnerships	6	11		11 Partnerships with HET Institutions were entered into during this current reporting period for skills development and learning programme implementation, through targeted DG and Special Project allocation to ensure the achievement of this partnership target
	2.1.2.3	Number of employer partnerships	400	649		649 Employer partnerships were entered into during this current reporting period for skills development and learning programme implementation, through targeted DG and Special Project allocation to ensure the achievement of this partnership target
	2.1.2.4	Number of cooperatives supported	90	207		207 Cooperatives were supported through technical assistance via discretionary grants and special projects. The target was overachieved due to a Cooperatives Development and Support Initiatives which was initiated to capacitate 183 cooperatives with essential business skills to improve sustainability and profitability
	2.1.2.5	Number of SMEs supported	90	208		208 Small and Medium sized Enterprises were supported through technical assistance via discretionary grants and special projects. The target was overachieved due an increase in resources and capacity to provide assistance to stakeholders
	2.1.2.6	Number of non-profit organisations (NGOs & CBOs) supported	100	124		124 Non-profit organisations were supported through technical assistance via discretionary grants and special projects. The target was overachieved due an increase in resources and capacity to provide assistance to stakeholders
	2.1.2.7	Number of small non-levy paying employers supported	90	45		45 small non-levy paying employers were supported through technical assistance via discretionary grants and special projects. General or public Discretionary Grant invitations failed to attract small non-levy paying employers. A more targeted approach may be required in the forthcoming reporting period






STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	2.1.2.8	Number of Trade Unions supported	6	6		<p>6 Trade Unions were supported in this current reporting period through targeted special projects for skills development and learning programme implementation namely:</p> <ol style="list-style-type: none"> 1. HOTELLICA 2. UASA 3. SATAWU 4. NACTU 5. NEHAWU 6. COSATU <p>In future a more targeted engagement with Trade Union Federations will be pursued</p>
	2.1.2.9	Number of rural development projects	10	11		<p>Collaborative partnerships with municipalities, government departments and public entities have been concluded for which operational and implementation plans are established. These include:</p> <ol style="list-style-type: none"> 1. Artisan Development Academy in collaboration with Motheo TVET College 2. North West Skills Development Centre in collaboration with the North West Provincial Government 3. Merrivale Skills Development Centre in collaboration with UMgungundlovu TVET College and Umngeni Municipality 4. KwaXimba Skills Development Centre in collaboration with Elangeni College and eThekweni Municipality 5. Paulpietersburg Skills Development Centre in collaboration with Mthashane TVET College and Department of Social Development (KZN) 6. Beaufort West Trade Test Centre in collaboration with South Cape TVET College and the Beaufort West Municipality 7. Nkonkobe Skills Development Centre in collaboration with Lovedale TVET College and the Nkonkobe Municipality 8. Lovedale Skills Development Centre in collaboration with Lovedale TVET College 9. Prieska Trade Test Centre in collaboration with the Northern Cape Rural TVET College and the Department of Public Works (Northern Cape) 10. Kokstad Skills Development Centre in collaboration with Esayidi TVET College and the Greater Kokstad Municipality 11. Cala Skills Development Centre in collaboration with iKhala TVET College and Sakhisizwe Municipality <p>The overachievement is as a result of the organisation's pursuit of increased access to skills development opportunities in the services and other critical sectors contributing to the economic growth of the country</p>







Programme 3: Skills Planning






STRATEGIC OBJECTIVE 3.1.1 Credible and evidence-based research and policy informs organisational planning ensuring appropriate and relevant alignment between supply and demand in the Services Sector						
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	3.1.1.1	Maximum number of material audit findings on usefulness of Performance Information	4	2		The Auditor-General of South Africa issued 2 material audit findings on usefulness of Performance Information on the 2015/16 Annual Audit related to the method of calculation of Technical Indicator Descriptors being unclear. This has since been resolved
STRATEGIC OBJECTIVE 3.1.2 Accurate reporting of organisational performance and utilisation and assessment of results to inform programme improvement and service delivery priorities						
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Monitor Services SETA's performance against predetermined objectives as prescribed	3.1.2.1	Percentage of performance targets achieved	80%	75%		A total of 63 performance indicators out of a total of 84 applicable performance indicators were achieved in the current reporting period
	3.1.2.2	Maximum number of material audit findings on reliability of Performance Information	7	6		The Auditor General of South Africa issued 6 material audit findings on the Reliability of Performance Information on the 2015/16 Annual Audit related to misstatements identified between reported information and supporting documentation. These were subsequently resolved
Improve impact assessment within the Services SETA	3.1.2.3	Number of impact assessment studies conducted	2	2		2 impact studies were conducted and concluded in this current reporting period as follows: 1. Learner Tracer Study 2. Employer Value Add Study






Programme 4: Skills Development






S T R A T E G I C OBJECTIVE 4.1.1	Increase industry investments in Post-School Education and Training					
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Render quality support service to key stakeholders through provincial offices	4.1.1.1	Number of companies that submit Workplace Skills Plans and Annual Training Reports	Total: 3 754 Large: 545 Medium: 633 Small: 2 576	3 893 460 1 134 2 299		A total of 3 893 Workplace Skills Plans and Annual Training Reports were submitted by various employers as prescribed. The total submission are disaggregated based on the size of the employers, i.e. Large – 460 Medium – 1 134 Small – 2 299 In order to increase the level of WSP submission by employers the Services SETA has developed a new online submission portal to ensure that the administration of submission is simplified and user-friendly and a vigorous stakeholder engagement plan has been developed to solicit additional submissions from levy paying employers
	4.1.1.2	Percentage of Levy paying employers submitting Mandatory Grants applications	10%	9%		A total number of 3 893 employers submitted Workplace Skills Plans and Annual Training Reports as prescribed compared to a total of 42 096 levy contributing employers according to the DHET data. The non-achievement of this target is due a lower submission rate of WSPs, than the intended submission of 4 909 (10% of 49 096)
Encourage employers to increase industry-funded (unfunded) learning interventions	4.1.1.3	Percentage of unfunded employer applications processed within 60 days	90%	96%		A total of 1081/1123 (96%) unfunded employer applications were received and processed within 60 days in order to facilitate skills development in the sector. The overachievement of the target was due to the reassigning of areas of responsibility and work allocations to improve turnaround times






STRATEGIC OBJECTIVE 4.1.2	Managing learning intervention contracts in the organisation throughout the Contract Life Cycle					
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Process learner enrolments in accordance with commitments	4.1.2.1	Total number of Funded Learners Enrolled	27 332	31 876		The total number of learners enrolled is 31 876 which represents a 116% overachievement of the annual target. The overachievement of the target was due to the high number of DG applications received in the previous DG funding window, which resulted in an adjustment of the budgeted amount, to increase the number of skills development initiative allocations. The overachievement of the target was also as a result of a successful targeted bursary funding window
	A. 4.1.2.1.1	Number of Employed Learnerships Entered	3 600	2 272		The total number of employed learnerships is 2 272 which is an underachievement compared to the annual target. The target was not achieved due to an increased demand for unemployed learnerships as compared to employed learnerships
	A. 4.1.2.1.2	Number of Unemployed Learnerships Entered	4 950	12 270		The total number of unemployed learnerships enrolled in the current reporting period is 12 270 which represents a 248% overachievement on the annual target
	B. 4.1.2.1.3	Total number of Employed Bursaries Entered	900	312		The total number of employed learners funded through bursary awards is 312. The reason for the underachievement is due to the low enrolment of bursary holders for certain categories of bursaries
	B. 4.1.2.1.3.1	Number of Employed Undergraduates Entered	810	257		The total number of employed learners funded through bursary awards for undergraduates is 257. The reason for the underachievement is due to the low enrolment of employed undergraduate bursary holders in the current bursary funding window




STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	B. 4.1.2.1.3.2	Number of Employed Honours Entered	54	27		The total number of employed learners funded through bursary awards for honours students is 27. The reason for the underachievement is due to the low enrolment of employed honours bursary holders in the current bursary funding window
	B. 4.1.2.1.3.3	Number of Employed Masters Entered	27	18		The total number of employed learners funded through bursary awards for master's students is 18. The reason for the underachievement is due to the low enrolment of employed Masters bursary holders in the current bursary funding window
	B. 4.1.2.1.3.4	Number of Employed PhDs Entered	9	10		The total number of employed learners funded through bursary awards for PhD students is 10. The overachievement of the target is due to a targeted bursary funding initiative which has been rolled out by the newly established Bursaries Department
Process learner enrolments in accordance with commitments	B. 4.1.2.1.4	Total number of unemployed bursaries entered	2 413	2 971		The total number of unemployed learners funded through bursary awards is 2 971. The overachievement of the target is due to a targeted bursary funding initiative which has been rolled out by the newly established Bursaries Department
	B. 4.1.2.1.4.1	Number of Unemployed Undergraduates Entered	2 172	2 694		The total number of unemployed learners funded through bursary awards for undergraduates is 2 694. The overachievement of the target is due to a targeted bursary funding initiative which has been rolled out by the newly established Bursaries Department
	B. 4.1.2.1.4.2	Number of Unemployed Honours Entered	145	180		The total number of unemployed learners funded through bursary awards for honours students is 180. The overachievement of the target is due to a targeted bursary funding initiative which has been rolled out by the newly established Bursary Department

STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	B. 4.1.2.1.4.3	Number of Unemployed Masters Entered	72	87		The total number of unemployed learners funded through bursary awards for master's students is 87. The overachievement of the target is due to a targeted bursary funding initiative which has been rolled out by the newly established Bursaries Department
	B. 4.1.2.1.4.4	Number of Unemployed PhDs Entered	24	10		The total number of unemployed learners funded through bursary awards for PhD students is 10. The reason for the underachievement is due to the low enrolment of unemployed PhD bursary holders in the current bursary funding window
	C. 4.1.2.1.5	Number of Employed Skills Programmes Entered	3 150	1 455		A total number of 1 455 employed skills programmes were enrolled in the current year. The underachievement of the target is due to delays in the SCM processes to appoint accredited Training Providers to implement targeted skills programmes on workplace coaching mentoring and skills development facilitation
	C. 4.1.2.1.6	Number of Unemployed Skills Programmes Entered	445	225		A total number of 225 unemployed skills programmes were enrolled in the current year. The underachievement of the target is due to delays in the SCM processes to appoint accredited Training Providers to implement targeted skills programmes on various enterprise development topics
Process learner enrolments in accordance with commitments	D. 4.1.2.1.7	Total number of internships entered	9 321	9 212		The total number of internships enrolled in the current reporting period is 9212, which represents a 1.17% underachievement of the annual target. The under-achievement was due to low enrolments of unemployed internships during the current reporting period






STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	D. 4.1.2.1.7.1	Number of Unemployed Internships Entered	4 180	584		The underachievement of unemployed internships is due to an increased demand in TVET and HET internships as compared o unemployed internships due to challenges in the recruitment of learners for unemployed Internships
	D. 4.1.2.1.7.2	Number of TVET Student Placements Entered	4 191	6 933		A total of 6 933 TVET student placements were entered in the current reporting period representing an overachievement of 165% of the annual target due to increased allocations of DG funded projects relating to TVET student Placements
	D. 4.1.2.1.7.3	Number of University Student Placements Entered	950	1 695		A total of 1 695 TVET student placement were enrolled in the current reporting period representing an overachievement of 178% of the annual target due to increased allocations of DG funded projects relating to University Placement
	E.4.1.2.1.8	Total number of Artisans entered	1 914	2 497		The total number of artisans entered in the current reporting period is 2 497, which represents a 130% overachievement in the annual target due to targeted artisanal programmes that were rolled out in the current reporting period for Hairdressing and JPMT projects
	E.4.1.2.1.8.1	Number of Apprenticeships (full) Entered	1 340	2 135		The total number of artisans entered in the current reporting period is 2 135, which represents a 159% overachievement in the annual target due to targeted artisanal programmes that were rolled out in the current reporting period for Hairdressing and JPMT projects










STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	E.4.1.2.1.8.2	Number of Apprentices (RPL) Entered	574	362		The results for RPL apprenticeships were as a result of 4 special project allocations related to the hairdressing trade. The underachievement of the target was due to the fact that the number of learners allocated for these special project initiatives was not sufficient to achieve the target
	F. 4.1.2.1.9	Number of Recognition of Prior Learning Learners Entered	439	353		The target was underachieved due to delays in SCM processes to appoint accredited training providers for the implementation of RPL programmes related to the funeral services industry
	G. 4.1.2.1.10	Number of AET Learners Entered	200	309		The total number of AET learners entered in the current reporting period is 309 which represents a 155% overachievement of the annual target due to targeted special projects initiated during the reporting period to enrol learners into AET for numeracy and literacy
Coordinate and monitor implementation up to completion	4.1.2.2	Total number of funded learners completed	6 463	8 114		The total number of funded learners reported as completed in the current reporting period is 8 114, which represents a 126% overachievement on the annual target. The result was achieved through an analysis that was performed to track training contracts which were nearing completion, to ensure that those contracts were prioritised for learner external moderation and certification
	A. 4.1.2.2.1	Number of Employed Learnerships Completed	873	25		Enrolled learners may have completed the learning programme and been deemed competent but awaiting external moderation of learner achievements and certification thereby delaying reporting






STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	A. 4.1.2.2.2	Number of Unemployed Learnerships Completed	1 392	1 707		The total number of unemployed learnerships completed is 1 707 which represents a 123% overachievement of the annual target. due to an analysis that was performed which identified learners to be prioritised for external moderation and certification
	B. 4.1.2.2.3	Total number of employed bursaries completed	350	382		The total number of employed bursaries completed is 382 which represents a 109% overachievement of the annual target, due to an analysis performed by the newly established Bursaries Department to reconcile all prior year bursars, who had completed their respective studies
	B. 4.1.2.2.3.1	Number of Employed Undergraduates Completed	350	382		
	B. 4.1.2.2.3.2	Number of Employed Honours Completed	-	-		Performance indicator not targeted for completion in the current reporting period
	B. 4.1.2.2.3.3	Number of Employed Masters Completed	-	-		Performance indicator not targeted for completion in the current reporting period
	B. 4.1.2.2.3.4	Number of Employed PhDs Completed	-	-		Performance indicator not targeted for completion in the current reporting period
Coordinate and monitor implementation up to completion	B. 4.1.2.2.4	Total number of unemployed bursaries completed	1 379	289		The total number of unemployed bursaries completed was 289, which represents a total under-achievement of 79% against the annual target. This was due to a partial conclusion of an analysis performed by the newly established Bursaries Department to reconcile all prior year bursars, who had completed their respective studies
	B. 4.1.2.2.4.1	Number of Unemployed Undergraduate Completed	1 379	289		
	B. 4.1.2.2.4.2	Number of Unemployed Honours Completed	-	-		Performance indicator not targeted for completion in the current reporting period




STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	B. 4.1.2.2.4.2	Number of Unemployed Honours Completed	-	-		Performance indicator not targeted for completion in the current reporting period
	B. 4.1.2.2.4.3	Number of Unemployed Masters Completed	-	-		Performance indicator not targeted for completion in the current reporting period
	B. 4.1.2.2.4.4	Number of Unemployed PhDs Completed	-	-		Performance indicator not targeted for completion in the current reporting period
	C. 4.1.2.2.5	Number of Employed Skills Programmes Completed	676	0		Enrolled learners may have completed the learning programme and been deemed competent but awaiting external moderation of learner achievements and Certification, thereby delaying Reporting
	C. 4.1.2.2.6	Number of Unemployed Skills Programmes Completed	748	2 858		The total number of unemployed skills programmes completed is 2 858, which represents a 382% overachievement of the annual target due to an analysis that was performed which identified learners to be prioritised for external moderation and certification



STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Coordinate and monitor implementation up to completion	D. 4.1.2.2.7	Total number of internships completed	597	2 009		The total number of internships completed is 2009, which represents a 337% overachievement of the annual target, due to an analysis that was performed which identified learners to be prioritised for external moderation and certification
	D. 4.1.2.2.7.1	Number of Unemployed Internships Completed	309	1 091		The total number of unemployed internships completed is 1 091 which represents a 353% overachievement of the annual target, due to an analysis that was performed which identified learners to be prioritised for external moderation and certification
	D. 4.1.2.2.7.2	TVET Student Placements Completed	127	630		The total number of TVET student placement internships completed is 630, which represents a 496% overachievement of the annual target due to an analysis that was performed which identified learners to be prioritised for external moderation and certification
	D. 4.1.2.2.7.3	University Student Placements Completed	161	288		The total number of University placement internships completed is 288 which represents a 179% overachievement of the annual target, due to an analysis that was performed which identified learners to be prioritised for external moderation and certification
	E.4.1.2.28	Total number of Artisans completed	303	326		The total number of artisans completed is 326, which represents a 108% overachievement of the annual target, due to an analysis that was performed which identified learners to be prioritised for external moderation and certification

STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	E.4.1.2.2.8.1	Number of Apprenticeships (full) Completed	286	203		The total number of apprenticeships (full) completed is 203, which represents a 29% underachievement compared to the annual target. The underachievement of this target is due a low number of learners who were eligible for trade testing in the current year and had successfully completed
	E.4.1.2.2.8.2	Number of Apprentices (RPL) completed	17	123		The total number of artisans completed is 123 which represents a 724% overachievement of the annual target due to a targeted approach that identified learners to be prioritised for external moderation and certification
	F. 4.1.3.2.9	Number of Recognition of Prior Learning Learners Completed	136	0		The target was underachieved due to delays in the SCM processes to appoint accredited training providers for the implementation of RPL programmes related to the funeral services industry
	G. 4.1.2.2.10	Number of AET Learners Completed	8	518		The total number of AET completed is 518 which represents a 6 475% overachievement of the annual target, due to a targeted approach that identified learners to be prioritised for external moderation and certification

STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Furthering transformational imperatives	4.1.2.3	Percentage of unemployed learners entered	50%	78%		24 987 out of 31 876 were unemployed learners due, to a targeted learner enrolment process
	4.1.2.4	Percentage of female learners entered	60%	66%		21 102 out of 31 876 were female learners, due to a targeted learner enrolment process
	4.1.2.5	Percentage of black learners entered	85%	99%		31 596 out of 31 876 were black learners due to a targeted learner enrolment process
	4.1.2.6	Percentage of learners entered with disabilities	4%	4%		1 346 out of 31 876 were disabled learners due to a targeted learner enrolment process
	4.1.2.7	Percentage of youth learners entered	60%	81%		25 767 out of 31 876 were youth learners, due to a targeted learner enrolment process
	4.1.2.8	Percentage of rural learners entered	20%	34%		10 694 out of 31 876 were rural learners due to a targeted learner enrolment process
Furthering public service delivery	4.1.2.9	Percentage of learners entered and placed through FETs and HETs	40%	55%		17 659 out of 31 876 were learners entered and placed through FETs and HETs due to a targeted learner enrolment process
	4.1.2.10	Percentage of learners entered and placed within public and state owned enterprises	5%	22%		7 099 out of 31 876 were learners placed within public and state owned enterprises due to a targeted learner enrolment process
	4.1.2.11	Percentage of learners aligned to SIPs scarce occupations entered	5%	49%		15 730 out of 31 876 were aligned to SIPs and scarce occupations, due to a targeted learner enrolment process

STRATEGIC OBJECTIVE 4.1.3		Assure adequacy and quality of learning provision for successful completion of learner achievements				
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Ensure effective quality assurance in response to the skills needs of the services sector	4.1.3.1	Percentage of Assessor Applications processed within 90 days	90%	100%		A total of 388 assessor applications were deemed compliant in the current reporting period, of which 388 were processed within 90 days. Additional resources were employed, which resulted in the high volume of applications that were processed
	4.1.3.2	Percentage of Moderator Applications processed within 90 days	90%	100%		A total of 184 moderator applications were deemed compliant in the current reporting period, of which 184 were processed within 90 days. Additional resources were employed, which resulted in the high volume of applications that were processed
	4.1.3.3	Percentage of SDP Applications processed within 90 days	90%	100%		A total of 1416 applications were deemed compliant in the current reporting period, of which 1416 were processed within 90 days. Additional resources were employed, which resulted in the high volume of applications that were processed
	4.1.3.4	Percentage of accredited SDPs monitored within 90 days	90%	99%		A total of 180 providers were monitored within 90 days in the current reporting period when compared to a total of 185 scheduled monitoring visits. Additional resources were employed, which resulted in the high volume of monitoring visits that were scheduled
	4.1.3.5	Percentage of Certificates Issued within 90 days	90%	88%		A total of 11 438 certificates were issued within 90 days compared to a total of 13 047 requests for certification received. Additional resources were employed, which resulted in the high volume of certificates that were issued. Systematic challenges relating to the IBS system were however experienced throughout the year, which resulted in the non-achievement of this target

STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
	4.1.3.6	Percentage of Statements of Results Issued within 90 days	90%	93%		A total of 13 841 statements of results were issued within 90 days compared to a total of 15 306 request for statements. Additional resources were employed which resulted in the high volume of statements of results issued
STRATEGIC OBJECTIVE 4.1.4	Increase stakeholder participation and access to service delivery through capacitation across subsectors and provinces					
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Ensure functional chambers supporting sub-sector growth and capability	4.1.4.1	Number of Functional Chamber Committees	6	6		6 Functional Chamber Committees include the following: 1. Cleaning and Hiring Services 2. Communication and Marketing Services 3. Labour and Collective Services 4. Management and Business Services 5. Personal Care Services 6. Real Estate and Related Services
	4.1.4.2	Number of Subsector Stakeholders engagement	32	157		A total of 157 engagement were held with key stakeholders across all chambers in the current reporting period, which resulted in the positive results to increase service delivery within our sector. The overachievement reflects a strengthening in the management of the department which included the appointment of a senior manager and 2 managers

STRATEGIC ACTIVITY	PERFORMANCE INDICATORS		ANNUAL TARGET 2016/17	ANNUAL RESULT	RATING	RESULTS AND VARIANCE EXPLANATION
Render quality support service to key stakeholders through provincial offices	4.1.4.3	Number of Functional Provincial Forums	10	33		<p>A total of 33 functional provincial forums were convened in the current reporting period through the provincial offices:</p> <p>Free State 4 Western Cape 4 Mpumalanga 4 KwaZulu-Natal 4 Gauteng 4 Eastern Cape 6 Limpopo 2 Northern Cape 3 North West 2</p> <p>The overachievement of this target was due to the provincial Offices, as operations nodal Points, encouraged to convene a forum at least once a quarter geared towards consulting and information sharing engagements with stakeholders</p>
	4.1.4.4	Number of Stakeholders Provided with Technical Assistance	4 000	4 315		<p>A total of 4 315 stakeholders were provided with technical support by Provincial Operations. The results reflect a high demand for support from stakeholders, and increased levels of responsiveness from Provincial Operations, which is attributed to the relocation of some provincial offices to TVET colleges, to increase accessibility to stakeholders</p>



PART C

G O V E R N A N C E

CORPORATE GOVERNANCE

Introduction

The Accounting Authority is the highest decision making structure of the Services SETA. Its principal function includes governing and managing the SETA in accordance with the Public Finance Management Act (Act No. 1 of 1999) and Treasury Regulations, the Skills Development Act (Act No. 97 of 1998), the Skills Development Levies Act (Act No. 9 of 1999) and any other applicable legislation.

Membership of the Accounting authority

During the year under review, the membership of the Accounting Authority was as follows:

NAME OF MEMBER		ASSOCIATION
1.	Themba Mhambi	Chairperson - Ministerial Appointee
2.	Nolwandle Mantashe	Ministerial Appointee
3.	Madoda Sambatha	Ministerial Appointee
Organised Business		
4.	Kate Moloto	Association of BEE Verification Agencies (ABVA)
5.	Duduzile Letseli	Federation of African Professional Staffing Organisation (APSO)
6.	Vikesh Roopchand	Direct Marketing Association of South Africa (DMASA)
7.	Willem Pietersen	Employers Organisation for Hairdressing, Cosmetology and Beauty (EOHCB)
8.	Teleni Shabangu	SA Institute of Auctioneers(SAIA)
9.	Leigh-Ann Georgiev	Allied Nursing Association of SA (ANASA)
Organised Labour		
10.	Wiseman Dinwa	Hotel, Liquor, Catering, Commercial and Allied Workers Union (HOTELLICA)
11.	Pamela Snyman	Institute of Estate Agents of South Africa (IEASA)
12.	Mosa Mofokeng	International Festivals & Events Association Africa (IFEA)
13.	Alpheus Phala	South African Transport and Allied Workers Union (SATAWU)

Committees of the Accounting Authority

In discharging its duties, the Services SETA Accounting Authority is assisted by six standing Committees (Executive Committee, Finance Committee, Audit Committee, Human Resources and Remuneration Committee, Governance, Risk and Strategy Committee and Transformation Committee) whose terms of reference and membership are described below:

Executive Committee

The Executive Committee oversees the management of the Services SETA and in particular supervises the proper management of all financial matters; coordinates and supervises the implementation of the Accounting Authority's policies; monitors national policy issues and developments and makes recommendations regarding the adoption of policies by the Accounting Authority; coordinates the functioning of committees and structures of the Services SETA and monitors their activities in order to ensure that they act within the terms of any powers delegated to them by the Accounting Authority; and performs any other functions delegated to it by the Accounting Authority.

The composition of the Committee was as follows during the year under review:

Name of member	Appointment	Constituencies	Association
1. Themba Mhambi	Chairperson	Ministerial Appointee	Ministerial Appointee
2. Nolwandle Mantashe	Member	Ministerial Appointee	Ministerial Appointee
3. Madoda Sambatha	Member	Ministerial Appointee	Ministerial Appointee
4. Willem Johannes Pietersen	Member	Organised Business	Employers Organisation for Hairdressing, Cosmetology and Beauty (EOHCB)
5. Mosa Mofokeng	Member	Organised Labour	International Festivals & Events Association Africa (IFEA)

Finance Committee

The Finance Committee evaluates and makes recommendations to the Accounting Authority in respect of the budget, cash flows and financial statements of the Services SETA, the financial policies of the SSETA and the financial implications of policies, decisions and changes to the budget and Business Plan of the Services SETA.

The composition of the Committee was as follows during the year under review:

Name of member	Appointment	Constituencies	Association
1. Kate Moloto	Chairperson	Organised Business	Association of BEE Verification Agencies (ABVA)
2. Teleni Shabangu	Member	Organised Business	SA Institute of Auctioneers (SAIA)
3. Wiseman M Dinwa	Member	Organised Labour	Hotel, Liquor, Catering, Commercial and Allied Workers Union (HOTELICCA)
4. Alpheus Phala	Member	Organised Labour	South African Transport and Allied Workers Union (SATAWU)
5. Leigh-Ann Georgiev	Member	Organised Business	Allied Nursing Association of SA (ANASA)

Audit Committee

The Audit Committee performs its functions in terms of the Public Finance Management Act (Act No. 1 of 1999) and the constitution of the Services SETAA and in particular monitors and reinforces the functioning and overall efficiency and effectiveness of the internal control system and the risk areas of the Services SETA's operations, which are covered by the scope of internal and external audits;

The composition of the Committee was as follows during the year under review:

Name of member	Appointment	Constituencies
1. James Maboa	Independent Member (Chairperson)	Independent Member
2. Pamela Beatrice Snyman	Board Member	Board Member
3. Kate Moloto	Board Member	Board Member
4. Lesego Motlhamme	Independent Member	Independent Member

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee advises the Accounting Authority on any matter relating to human capital and remuneration in order to enable the Accounting Authority to develop consistent, fair and impartial strategies, policies, procedures and processes for the management and compensation of staff so as to attract, motivate and retain talented people.

The composition of the Committee was as follows during the year under review:

Name of member	Appointment	Constituencies	Association
1. Nolwandle Mantashe	Chairperson	Ministerial Appointee	Ministerial Appointee
2. Pamela Beatrice Snyman	Member	Organised Labour	Institute of Estate Agents of South Africa (IEASA)
3. Willem Johannes Pietersen	Member	Organised Business	Employers Organisation for Hairdressing, Cosmetology and Beauty (EOHCB)
4. Alpheus Phala	Member	Organised Labour	South African Transport and Allied Workers Union (SATAWU)
5. Leigh-Ann Georgiev	Member	Organised Business	Allied Nursing Association of SA (ANASA)



Governance, Risk and Strategy Committee

The Governance, Risk and Strategy Committee is responsible for the development of policies, principles, criteria and guidelines to promote good governance in the organisation and the production of a credible skills development strategy for the sector.

The composition of the Committee was as follows during the year under review:

Name of member	Appointment	Constituencies	Association
1. Duduzile M Letseli	Chairperson	Organised Business	Federation of African Professional Staffing Organisation (APSO)
2. Vikesh Jaypal Roopchand	Member	Organised Business	Direct Marketing Association of South Africa (DMASA)
3. Wiseman M Dinwa	Member	Organised Labour	Hotel, Liquor, Catering, Commercial and Allied Workers Union (HOTELICCA)
4. Madoda Sambatha	Member	Ministerial Appointee	Ministerial Appointee
5. Teleni Shabangu	Member	Organised Business	SA Institute of Auctioneers (SAIA)
6. Pamela Beatrice Snyman	Member	Organised Labour	Institute of Estate Agents of South Africa (IEASA)

Transformation Committee

The composition of the Committee was as follows during the year under review:

Name of member	Appointment	Constituencies	Association
1. Kate Moloto	Chairperson	Organised Business	Association of BEE Verification Agencies (ABVA)
2. Teleni Shabangu	Member	Organised Business	SA Institute of Auctioneers (SAIA)
3. Pamela Beatrice Snyman	Member	Organised Labour	Institute of Estate Agents of South Africa (IEASA)
4. Mosa Mofokeng	Member	Organised Labour	International Festivals & Events Association Africa (IFEA)
5. Duduzile M Letseli	Member	Organised Business	Federation of African Professional Staffing Organisations (APSO)
6. Nolwandle Mantashe	Member	Ministerial Appointee	Ministerial Appointee
7. Willem Johannes Pietersen	Member	Organised Business	Employers Organisation for Hairdressing, Cosmetology and Beauty (EOHCB)
8. Wiseman M Dinwa	Member	Organised Labour	Hotel, Liquor, Catering, Commercial and Allied Workers Union (HOTELICCA)
9. Alpheus Phala	Member	Organised Labour	South African Transport and Allied Workers Union (SATAWU)

Frequency of Meetings

While the Accounting Authority, Finance, Audit, Human Resources and Remuneration, Governance, Risk and Strategy and Transformation Committees each met at least once per quarter, the Executive Committee met at least once per month, as prescribed in the Services SETA's Constitution.

Performance Reporting

The Accounting Authority monitors regularly the performance of the Services SETA to ensure that the targets set out in the Annual Performance Plan (APP) and the Service Level Agreement (SLA) with the Honourable Minister of Higher Education and Training are achieved.

The Services SETA submits Quarterly Monitoring Reports (QMR) and an Annual Performance Report (APR) to the Department of Higher Education and Training, which outline in detail the status of each target in relation to performance. In addition, the APR, like the Annual Financial Statements, is audited annually to the Auditor-General.



PART D

HUMAN RESOURCE MANAGEMENT

Organisational HR Objectives for the Year under Review

The year 2016/17 saw the unveiling of the new Services SETA corporate identity represented by a new logo, vision, mission and values. At the event marking this significant milestone in the life of the SETA in September 2016 an emphasis was placed on the importance of organisational renewal through the conduct of our employees. Employees pledged to embody and live out the new values of Accountability, Integrity, Innovation, Professionalism and Responsiveness. We continue to hold frequent and deliberate discussions on these values, and we have seen an improvement in the conduct of our employees, this is evidenced by the overall improvement in the organisation's performance. We are especially excited at the professionalization of the SETA through a new dress code, complementing the organisational renewal process.

During the year under review the Services SETA's focus on the human resources front centred on employee development, performance management as well as employee wellness. The improved results in the performance of the organisation indicate that the investment made in the training and development of our employees and the emphasis placed on performance management is bearing tangible fruit.

Occupancy

In previous financial years the organisation grappled with high vacancy and turnover rates. In the year under review the organisation made significant strides in reducing these high numbers. Key to this was the effort made in recruiting and selecting qualified, experienced candidates who demonstrated the ability and willingness to embody the values of the new Services SETA. As at 31 March 2017 the vacancy rate was 14%, down from 28% in the previous financial year, and the turnover rate had decreased from 11% to 6%. Of these terminations (18 in total), four employees retired and three employees were dismissed. The dismissed employees were found guilty on charges relating to gross dishonesty as well as absence without leave. The Services SETA will continue to ensure that its employees are held accountable for their actions and operate with integrity.

Performance Management

Performance management was strengthened as the organisation continued on its quest to build a high performing culture. In strengthening performance management, employees signed performance contracts early in the financial year. These contracts between employees and their managers were aligned to the Annual Performance Plan, highlighting objectives and targets to be achieved in the year. Employees attended workshops in preparation of mid-year performance reviews in September 2016 as well as year-end performance appraisals in March 2017. This was in an effort not only to ensure consistent application of the performance management principles across the organisation, but to also embed the understanding of performance management as a management practice. Managers were assessed on how well they performed in the following specific areas:

- The achievement of organisational and departmental objectives
- Performance management and development of employees
- Risk Management and Compliance
- Performance Reporting and Audit outcomes
- Responsiveness

These were then cascaded by managers into performance agreements for their teams.

Employee Development

A total of 134 employees enrolled in formal training programmes that will lead to the attainment of qualifications. The majority of employees enrolled with the Central University of Technology for B Tech Project Management and B Tech Business Administration. Other employees are enrolled for Post Graduate Diplomas in various fields including, Finance and Accounting related studies, Public Management, Law as well as Occupationally Directed Education Training and Development Practices.

The investment in employee development also yielded the following successful qualification completions in the year under review:

Mr K Mahubane	Administrator: Learning Interventions Facilitation	Post-Graduate Diploma in Project Management (MANCOSA)
Mr V Mazwi	Project Assistant	Post-Graduate Diploma in Project Management (MANCOSA)
Ms Y Vesele	Cleaner (Northern Cape)	Reception Certificate (College SA)
Ms S Vilakazi	Project Coordinator: Project Implementation	Diploma: Communication Science (UNISA)
Ms G Molaba	Officer: Hairdressing Interventions	Diploma: Human Resource Management (DAMELIN)
Mr D Wheeler	Senior Officer: CAM Registration	Bachelor of Business Administration (MANCOSA)
Ms L Masina	Officer: Impact Assessment	Bachelor Arts of Communication Science (UNISA)
Mr R Mpisane	Senior Officer : Provincial Operations (KZN)	BTech: Business Administration (Durban University of Technology)
Ms C Monyane	Senior Officer: Training Implementation	Short Course in Econometrics (University of Pretoria)
Mr S Dhladhla	Senior Manager: Planning	Association of Certified Chartered Accountants qualification
Ms M Mulaudzi	Administrator: Invoice Processing	Post-Graduate Diploma in Project Management (MANCOSA)
Mr E Seopa	Administrator: Mandatory Plans and Reports	Post-Graduate Diploma in Project Management (MANCOSA)

All employees attended legislative training which exposed them to the legislative framework governing the SETA. Other workshops that took place included:

- Performance Management
- Risk Management
- Corporate Identity to support the roll-out of the new corporate identity
- Workshop on Audit Findings
- Workshops on the Annual Performance Plan and the Strategic Plan

The Services SETA introduced a Leadership Development initiative which takes place in a lecture format. Thought leaders in specific fields are invited to lead a discussion on a topic they are considered to be thought leaders in. The first topic of discussion was leadership and management addressed by the Chairperson of the Accounting Authority. This initiative is termed Thought Leadership Sessions, and although management is the target audience, all employees have a standing invitation.

In addition to all the employee development activities, the Services SETA employed 44 interns who are placed in quality management, human resource management and development, finance and project coordination.

Employee Wellness

A formal Employee Wellness Assistance Programme is embedded in the organisation. Employees are afforded the opportunity to undergo health screenings as a means to prevent the onset of disease. Employees are also exposed to health education through sessions with health professionals on topics such as stress management, abuse awareness, back health and so forth.

Human Capital Statistics

1. Employment Equity Profile

Report based on the total number of employees (including employees with disabilities) in each of the following occupational levels:

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	0	2	0	0	1	0	0	5
Senior management	8	0	0	0	3	0	0	1	0	0	12
Professionally qualified and experienced specialists and mid-management	13	1	0	2	12	0	2	4	0	0	34
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	17	3	2	3	30	2	4	1	0	0	62
Semi-skilled and discretionary decision making	22	4	2	0	70	7	0	5	0	0	110
Unskilled and defined decision making	4	0	0	0	14	1	0	0	0	0	19
TOTAL PERMANENT	66	8	4	5	131	10	6	12	0	0	242
Temporary employees (Interns)	19	0	0	0	25	0	0	0	0	0	44
GRAND TOTAL	85	8	4	5	156	10	6	12	0	0	286

2. Appointments

Surname	First Name	Position	Office	Start Date	Type of Appointment
Murahwi	Zvikomberero	Senior Manager: ICT	Head Office	1-Apr-16	External
Litye	Phindiswa	Cleaner	Eastern Cape- EL	1-Apr-16	External
Mashishi	Gladys	Cleaner	Limpopo	1-Apr-16	External
Jim	Zoleka	Cleaner	Eastern Cape- PE	1-Apr-16	External
Nkate	Kebaabetswe	Senior Officer: Provincial Operations	North West	1-Apr-16	External
Moholo	Martha	Cleaner	North West	3-May-16	External
Moukangwe	Mamose	Administrator: Provincial Operations	North West	1-Jul-16	External
Ngwako	Tumelo	Manager: Impact Assessment	Head Office	1-Aug-16	External
Molomo-Kula	Dineo	Chamber Manager: Real Estate	Head Office	10-Aug-16	External
Dlamini	Nompumelelo	Officer: HR Operations	Head Office	23-Aug-16	External
Ngozwana	Lindelwa	Administrator: HRM&D	Head Office	1-Sep-16	External
Dhladhla	Sibusiso	Senior Manager: Planning	Head Office	1-Sep-16	Internal
Bonga	Sive	Manager: Grant Allocations and Payments	Head Office	9-Sep-16	Internal
Mngwenya	Nelly	Officer: Payments	Head Office	9-Sep-16	Internal
Shaba	Simon	Officer: Supply Chain Management	Head Office	3-Oct-16	External
Mooi	Pearl	Senior Officer: Legal Secretary	Head Office	3-Oct-16	External
Sithole	Basani	Manager: Bursaries	Head Office	3-Oct-16	External
Mphunga	Andreas	Officer: Provincial Operations	Western Cape	3-Oct-16	External
Myataza	Yanga	Administrator: Quality Assurance	Head Office	19-Oct-16	External
Dube	Hlengiwe	Manager: Provincial Operations	KZN	1-Jan-17	Internal
Thobela	Mabo	Senior Manager: HRMD	Head Office	1-Mar-17	Internal
Matsebe	Tsheola	Chief Financial Officer	Head Office	1-Mar-17	Internal
Matake	Andrew	Service Delivery Manager: ICT	Head Office	1-Mar-17	External
Lekwatsipa	Johanna	Frontline Services	Head Office	1-Mar-17	External
Pompi	Vuyiswa	Frontline Services	Head Office	1-Mar-17	External
Sithole	Tinyiko	Frontline Services	Head Office	1-Mar-17	External
Manyama	Masa	Frontline Services	Head Office	1-Mar-17	External
Matoti	Sandiso	Administrator: Planning	Head Office	1-Mar-17	External
Mushwana	Ntwanano	Administrator: Chamber Operations	Head Office	1-Mar-17	External

2. Appointments (continued)

Surname	First Name	Position	Office	Start Date	Type of Appointment
Sebogo	Lerato	Manager: Performance Reporting	Head Office	1-Mar-17	Internal
Lesenyelo	Edward	Specialist: Stakeholder Relations - Public Sector	Head Office	2-Mar-17	External
Ntlantsana	Siyabonga	Specialist: Stakeholder Relations - Private Sector	Head Office	2-Mar-17	External
Mkhohlwa	Thabisa	Administrator: Board Support	Head Office	6-Mar-17	External
Maqula	Nomusa	Frontline Services	Head Office	6-Mar-17	External
Stemele	Phumla	Senior Officer: Payments	Head Office	22-Mar-17	External
Sidondi	Nompilo	Legal Advisor: Legal Services	Head Office	23-Mar-17	External

3. Terminations

Surname	First Name	Type of Termination	Termination Date
Seseng	Selina	Retired	30/06/2016
Mashishi	Nimrod	Resigned	30/06/2016
Ganasen	Vasen	Resigned	30/06/2016
Alexander	Marc-Leigh	Resigned	27/07/2016
Beecum	Nerusha	Resigned	29/07/2016
Grobler	Yvette	Resigned	31/07/2016
Masemene	John	Dismissed	08/09/2016
Ragooloo	Prebashnee	Resigned	16/09/2016
Sziveri	Tanya	Resigned	30/09/2016
Xaba	Zanele	Resigned	30/09/2016
Mofokeng	Ayanda	Resigned	30/11/2016
Maarteens	Elmaine	Dismissed	05/12/2016
Matyobeni	Ntombekaya	Resigned	31/12/2016
Lawrence	Joelyga	Dismissed	01/02/2017
Jackson	Gaybe	Retired	31/03/2017
Dhaler	Ebrahim	Retired	31/03/2017
Mokgalaka	David	Retired	31/03/2017
Patience	Lorraine	Retired	31/03/2017

Executive and Senior Management



Andile Nongogo

Chief Executive Officer



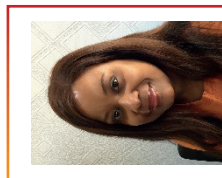
Ntombizodwa Ndhlovu

Executive Manager: Stakeholder Relations Management



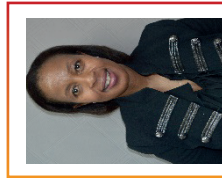
Amanda Buzo

Executive Manager: Legal Services



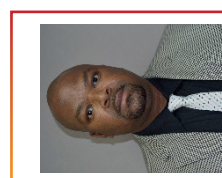
Mabo Thobela

Senior Manager: Human Resources



Yewande Mfebe

Senior Manager: Organisational Compliance



Makhaya Blaai

Senior Manager: Infrastructure Development & Facilities Management



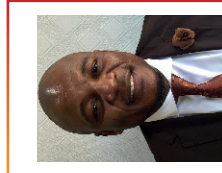
Charmayne Kok

Senior Manager: Risk



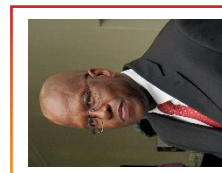
Tsheola Matsebe

Chief Financial Officer



Vusi Nkosi

Senior Manager: Provincial Operations



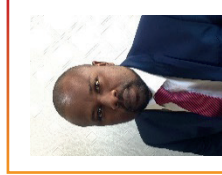
Paul Dhlamini

Senior Manager: Learning Interventions Facilitation



Liesel Köstlich

Executive Manager: Planning



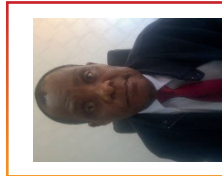
Mahlomola Teffo

Senior Manager: Project Accounting



Sibusiso Dhladhla

Senior Manager: Planning



Dr. Siyabonga Ndabezitha

Senior Manager: Board Secretariat



Zvikomborero Murahwi

Senior Manager: Information Technology



PART E

FINANCIAL INFORMATION



GENERAL INFORMATION

Country of incorporation and domicile

South Africa

Registered office

Ristone Office Park
15 Sherborne Road
Parktown
Johannesburg
2193

Business address

Ristone Office Park
15 Sherborne Road
Parktown
Johannesburg
2193

Postal address

PO Box 3322
Houghton
Johannesburg
2193

Accounting Authority

Appointed 01 July 2013
The details of the members of the Accounting Authority are disclosed in note 26.

Bankers

Standard Bank,
Investec Bank, and
First National Bank

Auditors

Auditor-General of South Africa

Board Secretary

Dr Siyabonga Ndabezitha



Index

The reports and statements set out below comprise the annual financial statements presented to Parliament:


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Statement of Financial Performance	68
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Cash Flow Statement	70
Statement of Comparison of Budget and Actual Amounts	71 - 72
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ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

The financial statements set out on page 67 to 111, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the Accounting Authority on 31 July 2017.



Themba Mhambi
Chairperson of the Accounting Authority



Andile Nongogo
Chief Executive Officer

AUDIT COMMITTEE REPORT

Report of the Audit Committee required by Treasury Regulation 27.1.7 and 27.1.10(b) and (c) issued in terms of the Public Finance Management Act (PFMA) 1 of 1999, as amended by Act 29 of 1999.

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

Audit committee members and attendance

The Audit Committee consists of the members listed hereunder and meets at least 4 times per annum as per its approved terms of reference. During the current financial year 5 meetings were held.

Name of member	Number of meetings attended
James Maboja (Chairperson)	5
Lesego Motlhamme (Resigned 31 March 2017)	2
Kate Moloto - (Accounting Authority Member)	4
Pam Snyman - (Accounting Authority Member)	5

Furthermore at least one representative from the Auditor-General and Internal Auditors are present at all Audit Committee meetings, regardless of whether or not the agenda items directly concern the audit of the Services SETA's financial statements.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51(d) of the PFMA and Treasury Regulation 3.1. and 27.1.

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.

The effectiveness of internal control

The system of internal controls applied by the Services SETA over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal controls or any deviations therefrom. Accordingly, we can report that the system of internal controls over financial reporting for the period under review was efficient and effective.

The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA has been satisfactory. The Audit Committee is satisfied with the content and quality of monthly and quarterly reports that were prepared and issued to the Accounting Authority of the Services SETA during the year under review.

The Accounting Authority submits this report to the Department of Higher Education and Training and Parliament of the Republic of South Africa for the year ended 31 March 2017.

AUDIT COMMITTEE REPORT

Evaluation of annual financial statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General of South Africa's management report and management's response thereto
- reviewed the changes in accounting policies and practices;
- reviewed the entity's compliance with legal and regulatory provisions
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs with and accepts the Auditor-General of South Africa's report on the annual financial statements, and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa. The Audit Committee wishes to draw attention to paragraph 18 in the Auditor-General of South Africa's Audit Opinion. That paragraph indicates "Audited Value". The Auditor-General of South Africa did not audit the full amount and thus the amount indicated therein is their estimate based on extrapolation.

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Services SETA and its audits.

The Audit Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



Chairperson of the Audit Committee

18/08/2017

Date:

1. Incorporation

The Services Sector Education and Training Authority (Services SETA) was established in terms of Section 9(1) of the Skills Development Act, 1998 (Act No 97 of 1998) as amended, as a Sector Education and Training Authority with effect from 1 April 2000 to March 2005. It was then re-established by the Minister of Labour for the period April 2005 to March 2010. In March 2010, the Minister of Higher Education and Training extended the period of establishment of all SETAs to 31 March 2016 and then to 31 March 2018. The licence period for all the SETAs has been subsequently extended to 31 March 2020.

2. Governance

The Accounting Authority acknowledges and accepts responsibility for the system of internal financial controls established by the Services SETA and places considerable importance on maintaining a strong control environment. To enable itself to meet these responsibilities, the Accounting Authority sets standards for internal controls aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Services SETA and all employees are required to maintain the highest ethical standards in ensuring the Services SETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Services SETA is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the Services SETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraint.

The Accounting Authority is of the opinion that, based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The audited annual financial statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements. The Accounting Authority is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

3. Going concern

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


The Services SETA's licence expires on 31 March 2020

4. Subsequent events

The Services SETA has submitted to the Minister of Higher Education and Training an application for the rollover of accumulated reserves. At the time of preparation of the annual financial statements the feedback was still outstanding.

5. Approval

The audited Annual Financial Statements for the year ended 31 March 2017, set-out on pages to 67 - 83 have been approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act (PFMA), No1 of 1999 (as amended) on the 31 July 2017, and are signed on their behalf by:



T Mhambi
Chairperson of the Accounting Authority

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY

Report on the audit of the financial statements

Opinion

1. I have audited the separate financial statements of the Services Sector, Education and Training Authority (Services Seta) set out on pages 67 to 111, which comprise, the separate statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Services Seta as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA).

Basis for opinion

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

Emphasis of matters

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

Change in accounting policy

7. As disclosed in note 30 to the financial statements, the Services SETA changed its accounting policy for accounting for assets valued below R5 000. In the past minor assets were expensed as part of administration costs. The change in accounting policy results in assets that meet the recognition criteria being capitalised and fully depreciated in the financial year.

Restatement of corresponding figures

8. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the public entity at, and for the year ended 31 March 2017.

Responsibilities of the accounting authority for the financial statements

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

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017.

Programmes	Pages in annual performance report
Programme 2 – governance	24
Programme 4 – skills development	29

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

17. The material findings in respect of the reliability of the selected programmes are as follows:

Programme 4 – skills development

18. The reported performance information for the following indicators contained in programme 4 skills development is not reliable, and has resulted in the following material findings in accordance with the applicable criteria as developed from the performance management and reporting framework

Planned target	Reported achievement	Audited value
4.1.2.1.4.2 Number of unemployed (Honours)	180	66
4.1.2.1.4.3 Number of unemployed (Master's)	87	39

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

- Programme 2 – governance.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 17 to 42; 21 to 42 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Adjustment of material misstatements

22. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 4: skills development. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information.

Compliance with legislation

Introduction and scope

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

24. I did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

Other information

25. The Services seta accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report, Chairperson of the accounting authority report and CEO'S report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

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

Leadership

29. Management did not adequately review the information reported in the quarterly and annual performance report to ensure that the information is valid, accurate and complete, and supported by evidence.
30. The controls in place to ensure that information reported in quarterly reports agrees to the total achievements reported in the annual performance report and that reconciliations were maintained to record and timeously resolve any differences, are inadequate.

Auditor-General

Pretoria

31 July 2017



Auditing to build public confidence

ANNEXURE B:

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT OF THE REPORTED PERFORMANCE INFORMATION

1. As part of my engagement conducted in accordance with ISAE 3000, I exercise professional judgement and maintain professional scepticism throughout my reasonable or limited assurance engagement on reported performance information for selected programmes development priorities.
31. I am independent of the Seta in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Quality control relating to assurance engagements

32. In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Reported performance information

33. In addition to my responsibility for the assurance engagement on reported performance information, as described in the auditor's report, I also:
 - identify and assess risks of material misstatement of the reported performance information whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. In making those risk assessments, I consider internal control relevant to the management and reporting of performance information per selected programme in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
 - evaluate the documentation maintained by the public entity that supports the generation, collation, aggregation, monitoring and reporting of performance indicators/measures and their related targets for the selected programmes' development priorities.
 - evaluate and test the usefulness of planned and reported performance information, including presentation in the annual performance report and its consistency with the approved performance planning documents of the public entity, and determine whether the indicators and related targets were measurable and relevant.
 - evaluate and test the reliability of information on performance achievement to determine whether it is valid, accurate and complete.

Communication with those charged with governance

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

I also confirm to the authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

Services Sector Education and Training Authority Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position as at 31 March 2017

	Note(s)	2017 R '000	2016 R '000
Assets			
Current Assets			
Inventories	3	181	199
Receivables from exchange transactions	4	10,155	3,284
Receivables from non-exchange transactions	5	9,411	8,540
Deposits	9	571	614
Cash and cash equivalents	6	2,256,019	2,305,843
		2,276,337	2,318,480
Non-Current Assets			
Property, plant and equipment	7	89,213	77,760
Intangible assets	8	37,247	23,454
		126,4605	101,214
Total Assets		2,402,797	2,419,694
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	32,154	23,062
Payables from non-exchange transactions	11	257,886	344,320
Provisions	12	304,506	83,988
		594,546	451,370
Total Liabilities		594,546	451,370
Net Assets		1,808,251	1,968,324
Reserves			
Revaluation reserve	13	1,000	1,450
Employer grant reserve	14	5,314	3,809
Administration grant reserve	14	65,667	65,667
Discretionary grant reserve	14	1,736,270	1,897,398
Total Net Assets		1,808,251	1,968,324

Services Sector Education and Training Authority Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Performance for the year ended 31 March 2017

	Note(s)	2017 R '000	2016 R '000
Revenue			
Revenue from exchange transactions			
Other income		-	307
Investment Revenue	15	165,088	124,397
Total revenue from exchange transactions		165,088	124,704
Revenue from non-exchange transactions			
Transfer revenue			
Skills Development Levy: Income	16	1,438,528	1,410,588
Skills Development Levy: Interest and Penalties	16	48,419	49,151
Other transfer revenue	16	124,208	-
Total revenue from non-exchange transactions		1,611,155	1,459,739
Total revenue		1,776,243	1,584,443
Expenditure			
Employer grants and project expenses	19	(1,688,027)	(865,061)
Administration expenses	17	(247,725)	(156,969)
Total expenditure		(1,935,752)	(1,022,030)
Loss on disposal of assets		(110)	(1,049)
Net surplus/(deficit) for the year		(159,619)	561,365

Statement of Changes in Net Assets

	Revaluation reserve	Employer grant	Administra- tion reserve	Discretionary reserve	Total reserves	Unappropriat- ed reserve	Total net assets
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Balance at 01 April 2015	15,371	111	40,006	1,365,388	1,420,876	-	1,420,876
Changes in net assets							
Revaluation of Land and Buildings(head office)	(13,021)	-	-	-	(13,021)	-	(13,021)
Impairment losses on revalued building (KZN)	(900)	-	-	-	(900)	-	(900)
Net income (losses) recognised directly in net assets	(13,921)	-	-	-	(13,921)	-	(13,921)
Surplus for the year	-	-	-	-	-	561,369	561,369
Net losses recognised directly in net assets	(13,921)	-	-	-	(13,921)	-	(13,921)
Application of unappropriated surplus/(deficit)	-	216,760	27,079	317,530	561,369	(561,369)	-
Reallocation of unappropriated surplus/(deficit)	-	(213,062)	(1,418)	214,480	-	-	-
Total changes	(13,921)	3,698	25,661	532,010	547,448	(561,369)	(13,921)
Balance at 01 April 2016	1,450	3,809	65,667	1,897,398	1,968,324	-	1,968,324
Changes in net assets							
(Devaluation) of Buildings	(1,450)	-	-	-	(1,450)	-	(1,450)
Revaluation of Land	1,000	-	-	-	1,000	-	1,000
Net income recognised directly in net assets	(450)	-	-	-	(450)	-	(450)
Surplus for the year	-	-	-	-	-	(159,619)	(159,619)
Total recognised income and expenses for the year	(450)	-	-	-	(450)	(159,619)	(160,071)
Application of unappropriated surplus/(deficit)	-	297,570	(59,115)	(398,076)	(159,619)	159,619	-
Reallocation of unappropriated surplus/(deficit)	-	(296,065)	59,115	236,950	-	-	-
Total changes	(450)	1,505	-	(161,128)	(160,073)	-	(160,073)
Balance at 31 March 2017	1,000	5,314	65,667	1,736,270	1,808,251	-	1,808,251
Note(s)	13	14	14	14			

Services Sector Education and Training Authority Annual Financial Statements for the year ended 31 March 2017

Cash Flow Statement for the year ended 31 March 2017

	Note(s)	2017 R '000	2016 R '000
Cash flows from operating activities			
Cash receipts from stakeholders			
Levies, interest and penalties received		1,486,947	1,459,743
Interest income		160,584	129,056
Other cash receipts from stakeholders		-	307
		1,647,531	1,589,106
Cash payments to stakeholders, suppliers and employees			
Employee costs		(132,991)	(108,339)
Grants and project payments		(1,351,387)	(753,086)
Payments made to Suppliers and others		(164,736)	(142,333)
		(1,649,114)	(1,003,758)
Cash generated from operations	21	(1,583)	585,348
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(31,798)	(53,633)
Purchase of intangible assets	8	(16,443)	(23,685)
Net cash flows from investing activities		(48,241)	(77,318)
Net increase in cash and cash equivalents		(49,824)	508,030
Cash and cash equivalents at the beginning of the year		2,305,843	1,797,813
Cash and cash equivalents at the end of the year	6	2,256,019	2,305,843

Services Sector Education and Training Authority Annual Financial Statements for the year ended 31 March 2017

Statement of Comparison Between Budget and Actual Financial Performance for the year ended 31 March 2017

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Revenue						
Revenue from exchange transactions						
Interest received - investment	117,621	28,487	146,108	165,088	18,980	28
Revenue from non-exchange transactions						
Skills Development Levy Income	1,541,013	(75,378)	1,465,635	1,438,528	(27,107)	28
Skills Development Interest and	-	-	-	48,419	48,419	
Penalties	-	-	-	124,208	124,208	
Total revenue from none change transactions	1,541,013	(75,378)	1,465,635	1,611,155	145,520	
Total revenue	1,658,634	(46,891)	1,611,743	1,776,243	164,500	
Expenditure						
Personnel	(41,005)	12,090	(28,915)	(43,590)	(14,675)	28
Employer grants and project expenses	(1,262,201)	(259,040)	(1,521,241)	(1,688,027)	(166,786)	28
Administrative Expenses	(94,267)	(100,408)	(194,675)	(204,137)	(9,462)	28
Total expenditure	(1,397,473)	(347,358)	(1,744,831)	(1,935,754)	(190,923)	
Operating surplus/(Deficit)	261,161	(394,249)	(133,249)	(159,511)	(26,423)	
Loss on disposal of assets	-	-	-	(110)	(110)	
(Deficit)/Surplus for the year	261,161	(394,249)	(133,249)	(159,619)	(26,423)	

Services Sector Education and Training Authority Annual Financial Statements for the year ended 31 March 2017

Statement of Comparison Between Budget and Actual Capital Expenditure for the year ended 31 March 2017

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference final budget and actual
	R '000	R '000	R '000	R '000	R '000
Capital Budget					
Assets					
Current Assets					
Land and Buildings	39,793	(9,193)	30,600	21,673	(8,927)
Machinery and Equipment	105	(105)	-	-	-
Computer Equipment	755	43,445	44,200	4,443	(39,757)
Software and other Intangibles	23,000	(18,000)	5,000	16,443	11,443
Motor vehicle	-	5,000	5,000	-	(5,000)
Furniture and Fixture	-	-	-	4,402	4,402
Office Equipment	-	-	-	812	812
Work in progress	-	-	-	468	468
	63,653	21,147	84,800	48,241	(36,559)

Services Sector Education and Training Authority Annual Financial Statements for the year ended 31 March 2017

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with Section 122(3) of the Companies Act, 71 of 2008.

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 read with Directive 5.

Assets, liabilities, revenues and expenses were not off-set, except where off-setting is either required or permitted by a Standard of GRAP.

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

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Property, plant and equipment

Recognition

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

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

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

Initial Measurement

Property, plant and equipment is initially measured at cost.

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

Property, plant and equipment which have a cost price less than R5000 are capitalized and fully depreciated in the financial year of acquisition.

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

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

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

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

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

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

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

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

Subsequent Measurement

Building machinery, furniture and fixtures, motor vehicle, office equipment, computer equipment and computer network is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations

Land and buildings are revalued every three years or when there is a material difference between the fair values of the land and buildings and their carrying amounts. (The last revaluation was done on 31 March 2017).

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Depreciation

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

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made every three years unless there are significant change.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Derecognition

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

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

1.3 Intangible assets

An asset is identifiable if it either:

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

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

Recognition

An intangible asset is recognised when:

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

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

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

Intangible assets which have a cost price less than R5000 are capitalized and fully depreciated in the financial year of acquisition.

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

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.4 Administration, grants and project expenditure

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the agreed upon cut-off period and such application complies with all legislative requirements and when the monthly levy payments have been received from the employer. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning grant.

Discretionary grants and project expenditure

The funding for discretionary grants and projects stems from the 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the Services SETA.

A SETA may pay-out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period.

Project expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; -
- such other costs as are specifically chargeable to the Services SETA under the terms of the contract and -
- any expenditure incurred to support discretionary grant projects shall be charged to the discretionary grants to the extent that they can be attributed to a particular project.

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

Discretionary Grants Administration costs

Up to a maximum of 7.5% shall be allocated to administer the project by the employer or training provider.

Discretionary Grants Support costs

The 7.5% limit shall not be applicable to the following:

- Salaries of core business staff
- Expenditure incurred as a result of support to project conceptualise, implementation and closure
- Launches
- Legal costs
- Travel and accommodation
- Consulting to support Services SETA strategic goals

Non-standard projects

These are projects include, inter alia, SMMEs, Cooperatives etc which are treated as direct project costs.

Non-pivotal projects

The 7.5% limit shall not be applicable to non-pivotal projects

Project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

At the end of the financial period any unspent or uncommitted funds must be transferred to the National Skills Fund (NSF) with an allowance of 5% of the uncommitted funds that will be carried over to the next financial year, except where a request to carry forward the uncommitted funds has been lodged as per the Grant Regulations requirements. The unspent funds are determined by taking the discretionary reserves as per the Statement of Financial Position at the end of the financial period under review less the commitments for training of learners in programmes funded from discretionary funds.

Administrative expenditure

The funding for administrative expenditure is derived from 10.5% of the total levies paid by the employers.

Administration expenses consist of the operational expenditure incurred by the Services SETA. Operational expenditure includes employee costs for non-core employees, consulting costs and operational travel and subsistence costs, amongst others.

1.5 Budget information

The approved budget covers the fiscal period from 01/04/2016 to 31/03/2017.

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

There are no timing differences on the budget to actual information as the budget is prepared on an accrual basis.

1.6 Related parties

Transactions are disclosed as related party transactions where the Services SETA has in the normal course of its operations, entered into transactions with entities related to the Department of Higher Education and Training(DHET), payments to members of the Accounting Authority and key management. Disclosure is made of any transactions with close family members of related parties as well as any transactions not at arm's length and not in the ordinary course of business.

In addition, inter-seta transactions are disclosed as related party transactions due to employers moving from one SETA to another.

1.7 Financial instruments

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an Services SETA shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the Services SETA shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is cash, residual interest of another entity, a contractual right to receive cash or another financial asset from another entity exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Services SETA.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the Services SETA.

Classification

The Services SETA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from non-exchange transactions	Financial assets measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.
Receivables from exchange transactions	Financial assets measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.
Cash and cash equivalents.	Financial assets which comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value
	These are initially and subsequently recorded at fair value.

The Services SETA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Provisions	Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost.
Payables from exchange transactions	Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost
Payables from non-exchange transactions	Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost.

1.8 Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance based on the straight-line method. 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 take place. The Services SETA does not hold any finance leases.

1.9 Inventories

Inventory consist of assets in the form of materials or supplies to be consumed or distributed in the rendering of services and is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity and they can be measured reliably.

Initial recognition

Inventory, which comprises of consumables and stationery on hand, is initially measured at cost except where it is acquired through a non-exchange transaction, then its costs is stated at fair value as at the date of acquisition.

Subsequent Measurement

When inventories are exchanged or distributed, the carrying amount of those inventories are recognised as an expense when the goods are distributed, or related service is rendered.

The cost of inventories is assigned using the lower of cost or net realisable. The same cost formula is used for all inventories having a similar nature and usage by the Services SETA.

1.10 Reserves

Reserves are sub-classified in the statement of financial position between the following funds and reserves:

Administration reserve
Employer grant reserve
Discretionary reserve; and
Revaluation reserve.

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

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, as per table below Interest and penalties received from South African Revenue Services (SARS) as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source of the income.

The net surplus/deficit is allocated to the administration reserve and the discretionary fund reserve in terms of the Grant Regulations based on the above. The administration reserve comprises of the future depreciation of all administration property, plant and equipment plus the 5% of uncommitted discretionary grant funds at the end of the year.

Surplus funds are moved to the discretionary fund reserve from the administration reserve based on unspent funds at year-end and from the mandatory grant based on unclaimed grants after the prescribed time-frames have elapsed.

	2016	2017
Administration costs	10.50 %	10.50 %
Mandatory Grants	20.00 %	20.00 %
Discretionary Grants	49.50 %	49.50 %
Received by the Seta	80.00 %	80.00 %
Contribution to the National Skills Fund	20.00 %	20.00 %
	100.0 %	100.0 %

1.11 Retirement benefit costs

Defined contribution plans

The Services SETA provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 as amended. Contributions are at a rate of 15% of pensionable emoluments of which members contribute 7.5%.

The Services SETA's contribution to the defined contribution plans is charged to the Statement of Financial Performance in the year to which they relate and there is no further liability for the Services SETA.



1.12 Provisions, accruals and contingencies

Provisions are recognised when the Services SETA has a present legal or constructive obligation as a result of past events, and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

Provision for levies exempt companies

Exempt companies provision includes employers who continued paying skills development levies even though they are exempt in terms of Skills Development Act.

Provision for grants

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

Provisions are not made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved and contracted, it is disclosed as commitments in the notes to the financial statements.

Accruals

Accruals refer to the recording of transactions when they occur and recognised in the financial statements in the periods to which they relate.

Accrual for employee entitlement

The cost of other employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is made for the estimated liability as a result of services rendered by employees up to the last day of the financial year. Leave accruals are included under payables from exchange transactions in the statement of financial position based on the current salary rates and latest approved increases.

Also included under payables from exchange transactions are trade payables.

An accrual for mandatory grants payable is recognised under payables from non-exchange transactions.

Contingent assets and contingent liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the Services SETA.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the Services SETA.

Contingent assets and contingent liabilities are disclosed in note 23.

1.13 Revenue recognition

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Services SETA, which represents an increase in net assets.

Control of an asset arises when the Services SETA can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Exchange revenue is mostly derived from interest earned. Interest earned is recognised on a time proportionate basis that takes into account the effective yield on the interest investment.

Non-exchange transactions are transactions that are not exchange transactions.

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

Inter-SETA Transfers

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for skills development levy or changes to their business that result in a need to change SETAs. Such adjustments are disclosed separately as inter-seta transfers. The amount of the inter-seta transfers is calculated according to the most recent Standard Operating Procedure as issued by the Department of Higher Education and Training (DHET).

Skills development levy

In terms of section 3(1) and 3(4) of the Skills Development Levies (SDL) Act, 1999 (Act no. 9 of 1999), registered member companies pay a skills development levy of 1% of the total payroll cost to SARS, who collects the levies on behalf of the DHET. Accounting policy note number 1.2 provides the split of the levies allocated.

Skills development levy income is recognised when it is probable that future economic benefits will flow to the Services SETA and these benefits can be measured reliably. This occurs when the DHET either makes an allocation or payment to Services SETA, whichever occurs first. SDL income is measured at the fair value of the consideration received or receivable.

Interest and penalties

Interest and penalties are economic benefits or service potential received or receivable by Services SETA, as determined by legislation, as a consequence of the breach of laws or regulations and is recognised on the accrual basis.

Voluntary contributions

Voluntary contributions received from public service employers in the national and provincial spheres of government are recognised on the cash basis. These funds may be used to fund the Services SETA administration costs. The Services SETA has adopted that these funds should be used solely for the benefit of service industries in the form of discretionary projects.

1.14 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.

1.15 Comparative figures

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

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements, must also be recorded appropriately in the irregular expenditure register.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement by the Accounting Authority is obtained at year-end, must be recorded in the irregular expenditure register.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

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

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write-off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.18 Subsequent events

Subsequent events are all events that occur after year-end but before the date on which the financial statements are authorised for tabling in parliament.

Adjusting events are all the events that confirm the financial performance and position of the SETA at year-end and if material the financial statements are adjusted accordingly.

Non-adjusting events which take place after the reporting date are not recognised in the financial statements.

Services Sector Education and Training Authority Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 New accounting Pronouncements:

The Services SETA has not applied the following standards and interpretations, as are not applicable to it and or the effective dates are not yet effective and or the effective dates have not been Gazetted by the Minister of Finance, except for GRAP 20 which was adopted earlier.

Standard/ Interpretation, Effective Date and Expected Impact

GRAP 20: Related party disclosure (Early adopted)

The standard provides guidance on related party disclosures to ensure that an entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and surplus or deficit may have been impacted by the existence of connected parties and by transactions and outstanding balances with such parties. The standard will not have an impact on Services SETA as the standard was early adopted.

GRAP 32: Service concession arrangements: Grantor(Not yet effective)

The purpose is to prescribe the accounting for service concession arrangements by the Grantor.

2017
R '000

2016
R '000

3. Inventories

Inventory consists mainly of consumable stores and is valued at the lower of cost and net replacement value.

Consumable stores	181	199
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4. Receivables from exchange transactions

Trade debtors	829	-
Employee costs receivables	31	35
Prepayments	3,680	2,138
Accrued investment income	5,609	1,105
Other receivables	6	6
	10,155	3,284

Reconciliation of employee costs receivables

Opening balance	35	39
Staff costs receivables	25	424
Provision for bad debt write-off	-	(424)
Recovery	(29)	(4)
	31	35

5. Receivables from non-exchange transactions

Inter-Seta Receivable	107	-
Mandatory Grants receivable: SARS Adjustments	6,898	8,110
Discretionary Grants receivable: Prepayments	2,021	45
Mandatory Grants receivable: Legal process	385	385
	9,411	8,540

Mandatory grants receivables

Mandatory grants receivable arises as a result of SARS adjustments subsequent to the Services SETA having paid-out the grant. The receivable is set-off against future mandatory grants payable by the Services SETA to the employer concerned.

Mandatory Grants Receivable: SARS Adjustments	7,130	8,504
Mandatory grants receivable	(232)	(394)
Provision for bad debts	6,898	8,110



5. Receivables from non-exchange transactions (continued)

2017
R '000

2016
R '000

Mandatory grants receivable: Legal process

During the 2013/14 financial year there was a fraudulent submission of supporting documentation which resulted in a pay-out of R385 thousand of mandatory grants. Legal proceedings are on-going.

National Skills Fund Receivable: Uncommitted funds

During the 2014/15 financial year a directive was received from the Executive Authority requiring the Services SETA to make an additional payment as per the new grant regulations. The Services SETA is regularly engaging with the debtor for the settlement of the balance. Due to the uncertainty pertaining to the recoverability of the receivable based on prior years experience, a provision has therefore been raised.

During the current financial year, no payments were made to the National Skills Fund and there are no amounts that are payable.

2014/15
R '000

Uncommitted funds receivable

Payments made to date	-	1,577,028
Recalculated uncommitted funds	-	(1,567,759)
Prior year overpayment	-	9,269
Provision	-	(9,269)
	-	-

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	23	8
Bank balances	199,324	197,070
Short-term investments	2,056,672	2,108,765
	2,256,019	2,305,843

As required in Treasury Regulation 31.2, the Services SETA holds bank accounts with financial institutions approved by National Treasury. The Skills Development Act Regulations states that the Services SETA may, if not otherwise specified by the Public Finance Management Act, invest the moneys in accordance with the investment policy approved by the Accounting Authority, the short term deposits are invested in line with the Investment Policy.

7. Property, plant and equipment

	2017 R '000			2016 R '000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	15,950	-	15,950	14,950	-	14,950
Buildings	51,000	-	51,000	34,050	-	34,050
Building machinery	2,342	(1,966)	376	2,342	(1,704)	638
Furniture and fixtures	10,574	(5,112)	5,462	6,140	(2,619)	3,521
Motor vehicles	5,136	(1,649)	3,487	5,136	(619)	4,517
Office equipment	2,928	(1,400)	1,528	2,116	(1,151)	965
Computer equipment	12,066	(5,565)	6,501	7,892	(4,196)	3,696
Computer network	8,616	(4,175)	4,441	8,616	(2,636)	5,980
Work-in-progress	468	-	468	9,443	-	9,443
Total	109,080	(19,867)	89,213	90,685	(12,925)	77,760

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

	2017								
	Opening balance	Additions	Refurbishment	Disposals	Transfers	Revaluation surplus/(deficit)	Depreciation	Revaluation surplus reversal	Total
Land	14,950	-	-	-	-	100	-	900	15,950
Buildings	34,050	-	21,673	-	-	(4,723)	-	-	51,000
Building machinery	638	-	-	-	-	-	(262)	-	376
Furniture and fixtures	3,521	4,402	-	-	-	-	(2,461)	-	5,462
Motor vehicles	4,517	-	-	-	-	-	(1,029)	-	3,488
Office equipment	965	812	-	-	-	-	(249)	-	1,528
Computer equipment	3,696	4,443	-	(110)	-	-	(1,539)	-	6,501
Computer network	5,980	-	-	-	-	-	-	-	4,441
Work in progress	9,443	468	-	-	(9,443)	-	-	-	468
	77,760	10,125	21,673	(110)	(9,443)	(4,623)	(7,068)	900	89,214

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment -

	2016					
	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	15,850	-	-	-	(900)	14,950
Buildings	33,600	24,008	-	-	(23,558)	34,050
Building machinery	1,120	-	(10)	(472)	-	638
Furniture and fixtures	515	5,567	(158)	(2,403)	-	3,521
Motor vehicles	88	4,936	-	(507)	-	4,517
Office equipment	477	987	(180)	(319)	-	965
Computer equipment	2,398	2,648	(159)	(1,191)	-	3,696
Computer network	1,121	6,044	(406)	(779)	-	5,980
Work in progress	-	9,443	-	-	-	9,443
	55,169	53,633	(913)	(5,671)	(24,458)	77,760
					2017	2016
					R'000	R'000

Useful lives

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

Item		
Buildings	20	20
Land	-	-
Furniture and fixtures	5	5
Motor vehicles	5	5
Office equipment	5	5
Computer equipment	5	5
Computer network	5	5

7. Property, plant and equipment (continued)

	2017	2016
	R'000	R'000

Repairs and Maintenance

During the current financial year, R2.2 million of repairs and maintenance was incurred in order to maintain the condition of the property and machinery of the SETA

Change in accounting policy

During the current financial year the Services SETA changed its accounting policy for accounting for assets less than R5000.

Refer to Note 30 for further details

Revaluation surplus/(deficit)

During the previous financial year, the Services SETA carried-out refurbishment of its KwaZulu-Natal provincial and Head office building in order to increase office space. The refurbishment project was completed during the 2016/17 financial year. This necessitated the revaluation of the buildings to determine the market value thereof.

Due to the significant renovations carried-out, land and buildings were revalued by an independent valuer and the effective date of the revaluations was 31 March 2017. Revaluations were performed by independent valuer, D.R. Riley, (B.Com. DipSurv., N.Dip. (Real Estate), MIV(SA), MRICS of the Property Partnership CC and by R Grobler, (B.Com, NDPV, MIVSA) of the Mills Fitchet(Natal) Pty Ltd.

The valuations were performed using the Capitalised Net Rentals Method which involves estimating annual market related rentals and deducting normalised annual property expenses. The net rentals are then capitalised in perpetuity. The assumptions were based on current market conditions. The total revaluation amounted to R66.9 million which resulted in a revaluation surplus of R1 million for Land and a devaluation for the property amounting to R4.7 million.

Refer to note 13

Details of properties (R'000)

The carrying values of the land and buildings under the historical cost model would have been as follows, had the Services SETA not performed the revaluation:

Historical cost model

Land	18,997	18,997
Building	63,501	41,828
	82,498	60,825

7. Property, plant and equipment (continued)

2017
R'000

2016
R'000

Fully depreciated assets with R1 carrying value still in use.

The following assets have been fully depreciated and have been assigned R1 carrying values and are still use. Their original costs are as follows:

Property Plant and Equipment

Computer equipment

Computer networks

Office furniture

Office Equipment

Motor vehicles

2,254	4,004
2,322	3,467
1,816	2,626
1,463	2,259
-	448
7,855	12,804

8. Intangible assets

	2017			2016		
	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	19,275	(3,951)	15,324	11,260	(1,301)	9,959
Intangible assets under development	21,923	-	21,923	13,495	-	13,495
Total	41,198	(3,951)	37,247	24,755	(1,301)	23,454

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	9,959	8,015	-	(2,650)	15,324
Intangible assets under development	13,495	14,869	(6441)	-	21,923
	23,454	22,884	(6441)	(2,650)	37,247

8.8. Intangible assets (continued)

2017
R'000

2016
R'000

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	715	10,190	(137)	(809)	9,959
Intangible assets under development	-	13,495	-	-	13,495
	715	23,685	(137)	(809)	23,454

Useful life

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values. The useful life of computer software is an average of 5 years.

Computer Software	5	5
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Fully depreciated assets with R1 carrying value still in use

The following intangible assets have been fully amortised and have been assigned R1 carrying values and are still in use. Their original costs are as follows:

Intangible assets

Computer Software	453	453
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9. Deposits

Short term deposits for lease and Municipal deposits

Bloemfontein	58	58
Cape Town	201	201
Durban	2	2
East London	30	73
Kimberley	45	45
Johannesburg	136	136
Nelspruit	22	22
Port Elizabeth	37	37
Polokwane	40	40
	571	614

10. Payables from exchange transactions

	2017 R'000	2016 R'000
Trade payables	19,649	8,875
Accrued employee costs	4,794	4,687
Accrued leave pay	5,742	5,298
Accrued expenses - Administration expense	1,966	4,022
Operating lease payables	3	180
	32,154	23,062

11. Payables from non-exchange transactions

Accrued Expenses :Discretionary Grants	21,154	64,408
Trade Payables: Discretionary grants	56,900	31,859
Mandatory grants payables	179,667	247,888
Inter-SETA payable	165	165
	257,886	344,320

NSF uncommitted funds liability

In terms of the Grant Regulations a SETA must have committed or spent a minimum of 95% of discretionary funds available to it by the 31st March of each year and a maximum of 5% of uncommitted funds may be carried over to the next financial year. The remaining surplus of discretionary funds must be paid by the SETA to the National Skills Fund (NSF). The funds to be transferred are determined as per calculation below. A negative outcome indicates that the SETA does not have to payback any funds.

Discretionary grant reserves	1,736,270	1,897,397
Less Commitments	(2,811,689)	(1,859,135)
Uncommitted funds	(1,075,419)	38,262
95% thereof	(1,021,648)	(94,870)
Payable /(Not payable) to NSF	(53,730)	(56,608)

There is no amount payable NSF for the 2016/17 financial year.
Refer to note 5 for further information

Mandatory Grants Payables

The Accounting Authority resolved to write-off long outstanding mandatory grants payables in line with the principles of Prescription Act and South African Revenue Services practice.

12. Provisions

Reconciliation of provisions - 2017

	R'000			
	Opening Balance	Additions	Utilised during the year/Change in estimate	Total
Exempt employers	46,129	11,747	(4,842)	53,034
Discretionary grant	12,241	209,390	(159)	221,472
Provision for administration expenses	25,618	26,605	(22,223)	30,000
	83,988	247,742	(27,224)	304,506

Reconciliation of provisions - 2016

	R'000				
	Opening Balance	Additions	Utilised during the year/Change in estimate	Reversed during the year	Total
Exempt employers	55,498	9,918	(19,287)	-	46,129
Discretionary Grants	27,883	-	(6,976)	(8,666)	12,241
Provision for administration expenses	30,368	25,618	(14,455)	(15,913)	25,618
	113,749	35,536	(40,718)	(24,579)	83,988

Provision for exempt levy employers

This provision is for employers who, even though are not obliged to pay the skills development levy because their payroll is less than R500,000, amongst others, still contribute towards the SDL. The provision covers contributions made over a period of five years. Any exempt contributions older than five years are swept to discretionary reserves.

Provision for discretionary grants

This provision is as a result of the communicate that requested training providers to submit invoices that they believe are due and payable to them. The Services SETA is still awaiting additional supporting documentation for the submitted invoices and or external moderation on the training.

Provision for administration

The provision for payroll relates to the provision for bonus pay-out which is based on a performance management system.

13. Revaluation reserve

	2017 R '000	2016 R '000
Reserve on revaluation of property, plant and equipment.		
Opening balance	1,450	15,371
Revaluation/(Devaluation) during the year-Building	(1,450)	(13,021)
(Devaluation)/Revaluation during the year	1,000	(900)
Closing balance	1,000	1,450

Refer to additional information on the revaluation and devaluation of land and buildings per note 7

14. Accumulated surplus

Allocation of the surplus for the year to reserves - 2017

	Employer Grant reserves	Administration reserve	Discretionary Grant reserve	Total
Skills development levy				
- Administration levy income	-	188,724	-	188,724
- Grant levy income	359,046	-	-	359,046
- Discretionary levy income	-	-	890,757	890,757
Penalties and interest	-	-	48,419	48,419
Investment income	-	-	165,087	165,087
Other income	124,208	-	-	124,208
Total Income	483,255	188,724	1,104,264	1,776,243
Administration expenses	-	(247,839)	-	(247,839)
Employer grants expenses	(185,685)	-	-	(185,685)
Project expenses	-	-	(1,502,342)	(1,502,342)
Total expenses	(185,685)	(247,839)	(1,502,342)	(1,935,866)
Net surplus allocated	297,570	(59,115)	(398,077)	(159,619)

Reserves movement	Administration reserve	Employer reserve	Discretionary grant reserve	Revaluation reserve	Total
Opening balance	65,667	3,809	1,897,398	1,450	1,968,324
Net Devaluation for the year	-	-	-	(450)	(450)
Surplus/Deficit) for the year	(59,115)	297,570	(398,077)	-	(159,619)
Reallocation of surplus for the year	59,115)	(296,065)	236,950	-	-
	65,667	5,314	1,736,271	1,000	1,808,252

14. Accumulated surplus (continued)

Allocation of the surplus for the year to reserves - 2016

	Administration reserve	Employer grant reserve	Discretionary grant reserve	Revaluation reserve	Total
Skills development levy income					
- Administration levy income	184,789	-	-	-	184,789 -
- Grant levy income	-	367,484	-	-	367,484
- Discretionary levy	-	-	858,316	-	858,316
Penalties and interest	-	-	49,153	-	49,153
Investment income	-	-	124,397	-	124,397
Other income	307	-	-	-	-
Total income	185,096	367,484	1,031,866	-	1,584,446
Administration expenses	(158,018)	-	-	-	(158,018)
Employer grant	-	(150,724)	-	-	(150,724)
Project expenses	-	-	(714,337)	-	-
Total expenses	(158,018)	(150,724)	(714,337)	-	(1,023,079)
Net surplus/(deficit) allocated	27,078	216,760	317,529	-	561,367

	Administration Reserves	Employer grant reserves	Discretionary grant reserves	Revaluation reserve	Total
Opening balance	40,006	111	1,365,389	15,371	1,420,876
Net devaluation for the year	-	-	-	(13,921)	(13,921)
Surplus for the year	27,079	216,760	317,529	-	561,368
Reallocation of funds to reserves	(1,418)	(213,062)	214,480	-	-
	65,667	3,809	1,897,398	1,450	1,968,324

15. Investment revenue

	2017 R'000	2016 R'000
Interest revenue		
Interest	165,088	124,397

16. Revenue

Skills Development Levy: Income	1,438,528	1,410,588
Skills Development Levy: Interest and Penalties	48,419	49,152
Other transfer revenue	124,208	-
	1,611,155	1,459,740

	2017 R '000	2016 R '000
<i>The amount included in revenue arising from exchange transactions are as follows:</i>		
Other income		307
Interest received - investment	165,088	124,397
	165,088	124,704

Recoveries include pay-outs received from insurance company for assets that were damaged and or lost during the current year.

The amount included in revenue arising from non-exchange transactions are as follows:

Skills Development Levy: Penalties and Interest

Levy Penalties received	26,979	27,110
Levy Interest received	21,440	22,045
Inter-seta: Fines and Penalties	-	(3)
	48,419	49,152

Skills development Levy: levy Income

Levy income: Administration	189,503	183,599
Inter-seta transfers-in	14	-
Inter-seta transfers-out	-	15
Voluntary Contribution Admin	113	67
Levies contributed by exempt employers	(906)	1,108
	188,724	184,789
Levy income: Employer Grants	360,746	357,831
Inter-seta transfers-in	27	1
Inter-seta transfers-out	-	29
Levies contributed by exempt employers	(1,726)	9,623
	359,047	367,484
Levy income: Discretionary Grants	894,597	858,454
Inter-seta transfers-in	66	1
Inter-seta transfers-out	-	72
Levies contributed by exempt employers	(3,906)	(1,363)
Voluntary Contributions	-	1,151
	890,757	858,315
	1,438,528	1,410,588

Other transfer revenue

Mandatory grants payable recovery	124,208	-
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The mandatory grant payable recovery includes the write-off of long outstanding mandatory grants payable in line with the Prescription Act and South African Revenue Services practice

17. Administration expenses

	2017 R '000	2016 R '000
Advertising	45,482	6,611
Auditors remuneration(Refer to note 20)	4,247	5,507
Bank charges	344	229
Consulting and professional fees	85,385	51,732
Rentals	3,651	6,710
Insurance	2,380	3,278
Stakeholders participation	1,640	698
IT expenses	8,773	8,546
Motor vehicle expenses	-	319
Printing and stationery	1,632	1,456
Security	3,874	2,633
Staff welfare	4,889	5,042
Subscription and membership fees	130	-
Communication costs	2,614	2,005
Training and recruitment	5,045	2,439
Subsistence and Travel	-	-
Local	4,092	4,663
Small Tools	79	485
Electricity and water	2,323	2,892
Consumables expensed	-	783
Repairs and maintenance	2,286	2,363
Quality Council for Trades and Occupations fee 0.5%	7,890	5,119
Accounting Authority and Audit Committee costs	4,827	7,778
Depreciation, amortisation and impairment	12,554	16,490
Employee Costs Refer to Note 18	43,590	19,191
	247,727	156,969

18. Employee related costs

Salaries and wages	93,747	79,306
Bonus	26,605	10,076
Medical aid contributions	6,085	5,278
Compensation for Occupational Injuries and Diseases	189	252
Leave pay provision charge	910	948
Pension contributions - Defined contribution plan	9,579	8,283
Transfer to Discretionary grants	(96,296)	(87,273)
Other Fringe benefits	2,772	2,317
	43,590	19,191

18. Employee related costs (continued)

	2017	2016
Number of employees	246	227
	2017 R '000	2016 R '000

A provision was raised for staff-related receivables for R424 thousand during the 2015/16 financial year.

Remuneration of Executive Management

Annual Remuneration	7,586	5,607
Contribution to medical, pension and UIF	929	681
Travel and subsistence allowance	7	19
Performance bonus	1,083	603
	9,605	6,910

19. Employer grants and project expenses

Mandatory grant	185,685	150,724
Discretionary grant	1,502,342	714,337
Total Grants	1,688,027	865,061

Discretionary grant expenditure consist of:

Direct grants and project costs	1,185,762	606,537
Discretionary grants administration costs	316,580	107,800
Total Grants	1,502,342	714,337

20. Auditors' remuneration

Internal Audit Fees	1,178	3,246
External Audit Fees	3,069	2,261
	4,247	5,507

21. Cash generated from operations

	2017 R '000	2016 R '000
(Deficit) surplus	(159,621)	561,369
Adjustments for:		
Depreciation and amortisation	9,718	6,480
Loss on disposal of property, plant and equipment	110	1,049
Impairment deficit	3,558	10,538
(Decrease)/Increase in provisions	220,518	(29,761)
Changes in working capital:		
(Increase)/Decrease in inventory	18	50
(Increase)/Decrease in receivables from exchange transactions	(6,869)	2,776
(Increase)/Decrease in receivables from non-exchange transactions	-	-
(Increase)/Decrease in receivables from non-exchange transactions	(871)	(4,627)
(Decrease)/Increase in payables from exchange transactions	9,092	(18,220)
Increase/(Decrease) in payable from non-exchange transaction	(86,434)	55,694
	(1,583)	585,348

22. Commitments

22.1 Discretionary reserves

Already contracted for but not provided for

- Commitments	2,811,689	1,859,135
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22. Commitments (continued)

2017 - R'000	Opening balance	Approved by Accounting Authority	Amendments	Utilised	Total Commitments
Partnership & Skills Promotion	15,296	-	(1,282)	(10,956)	3,058
Bursary Support	84,967	110,625	(15,405)	(82,881)	97,306
Small, Medium, Micro Enterprises Co-ordination	33,177	-	(8,014)	(25,163)	-
Skills Development Centres	298,122	68,088	(30,000)	(184,832)	151,378
Experiential and Internship Grant	1,393,731	2,114,735	(547,740)	(539,813)	2,420,913
Sector Specialist Capacity Building	1,079	205,731	(1,079)	(87,625)	118,106
Rural Development	2,752	-	18,839	(21,591)	-
HET Sector Agreement	30,000	-	(3,556)	(5,516)	20,928
QCTO Support	-	-	230	(230)	-
Donor cost special	-	-	333	(333)	-
ETQA Support	11	-	(11)	-	-
Learning programmes	-	-	411	(411)	-
	1,859,135	2,499,179	(587,274)	(959,351)	2,811,689

2016 - R'000	Opening balance	Approved by Accounting Authority	Amendments	Utilised	Total Commitments
Donor :Special project	-	-	3,372	(3,372)	-
FET sector agreement	-	-	-	-	-
Partnership & skills promotion	45,996	-	-	(30,700)	15,296
Bursary support	101,418	52,364	(29,840)	(38,976)	84,966
ETQA Support Grant	-	-	761	(750)	11
Three star programme	-	-	29	(29)	-
Small, medium, micro enterprises co- ordination	25,975	46,253	(9,056)	(29,995)	33,177
Skills Development Centres	305,000	-	70,000	(76,878)	298,122
Learning Programmes	-	-	1,585	(1,585)	-
Discretionary Grants:Operational Projects	-	125,353	(125,353)	-	-
Experiential and Internship Grant	1,357,811	529,475	(206,112)	(287,442)	1,393,732
Sector Specialist Capacity Building	15,414	-	15,246	(29,581)	1,079
Rural Development	37,512	-	(8,218)	(26,542)	2,752
HET Sector Agreement	30,000	-	-	-	30,000
Disability Project	-	-	387	(387)	-
QCTO Support	181	-	(175)	(6)	-
	1,919,307	753,445	(287,374)	(526,243)	1,859,135

In line with Grant Regulation No. 35940, sub-regulation 6(12), 89% of discretionary grant funding has been allocated to PIVOTAL programmes. .

22. Commitments (continued)

	2017 R '000	2016 R '000
22.2 Operating leases		
Minimum lease payments due		
- within one year	4	1,476

Operating lease payments represent rentals payable by the Services SETA for eight of its provincial office properties and rental of photocopying machines. The SETA is currently renting the Mpumalanga provincial office and the remaining contract expires within the next six months of the following financial year. No contingent rent is payable.

23. Contingent assets and liabilities

23.1 Contingent Liabilities

First time employer registrations

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant. At the reporting date it is estimated that, as a result, additional mandatory grants expenditure of R5.4 million (2015/16: R3.6 million) will be payable. The amount is contingent on the number of submissions received and approved.

2017 scheme year levies received

At the reporting date no levies were received in respect of the 2017 scheme year, for which, the Skills Development legislation allows an employer until 30 April 2017 to submit an application for a mandatory grant.

In addition, in the previous financial year additional mandatory grant expenditure of R8 thousand was be payable. The amount is contingent on the number of submissions received and approved.

Surplus Funds as at 31 March 2017

In terms of the Public Finance Management Act (1 of 1999), as amended, all surplus funds as at year-end must be forfeited to National Treasury should an application for the retention of surplus funds be denied. The Services SETA submitted an application for the retention of accumulated funds as at 31 March 2017 to National Treasury.

Contingent liabilities on legal matters

- Claims by various service providers for R69 million with regards to contracts that were cancelled.
- Former employees of the Services SETA have instituted legal matters against the Services SETA resulting in contingent liabilities of R7.03 million.

23. Contingent assets and liabilities (continued)

2017
R '000

2016
R '000

23.2 Contingent assets

Pending the results of the investigation in respect of the irregular expenditure not condoned and referred to in Note 30, proceedings have commenced against the employees concerned to recover an amount of R45.6 million in respect of severance package payments, including legal costs and interest.

Arbitration has been awarded to Services SETA in a case against Bryanlee for the amount of R376 thousand plus interest. As at 31 March 2017, there was an application to rescind the award.

24. Related parties

Management has identified the following parties as related parties:

Members of the Accounting Authority	Refer to members' report 25
Ultimate controlling department	Department of Higher Education
Other department with significant influence	National Treasury
Key stakeholder	National Skills Fund National Students Financial Aid Scheme
Significant affiliates	Other 20 SETA's
Defined contribution scheme for employees of entity	Momentum Life Bonitas Discovery Medical Aid
Members of key management	Andile Nongogo - Chief Executive Officer Tsheola Matsebe - Chief Financial Officer Amanda Buzo-Gqoboka - Legal Services Executive Manager Liesel Kostlich - Planning Executive Manager Ntombizodwa Ndhlovu - Stakeholder Relations Executive Manager *

*Corporate Services Executive Manager position changed to Stakeholder Relations Executive Manager

24. Related parties (continued)

Related party transactions and balances

	Opening balance R'000	Transaction value R'000	Closing balance R'000
Inter-Seta Received/Receivable			
2017			
Finance and Accounting Services Sector Education and Training Authority	1 07	-	107
2016			
Fibre, Processing and Manufacturing Sector Education and Training Authority			2
Levy Income and penalties and interest 2017			
Department of Higher Education and Training			1,492,726
Levy Income and penalties and interest 2016			
Department of Higher Education and Training			-
			1,449,040
Inter-Seta Payable 2017			
Chemical Industries Education and Training Authority	-	(165)	(165)
	-	(165)	(165)
Inter-Seta Payable 2016			
Chemical Industries Education and Training Authority	-	(165)	(165)
Food and Beverages Manufacturing Industry Sector Education and Training Authority	(49)	49	-
Media Information and Communication Technologies Sector Education and Training Authority	(32)	32	-
Insurance Sector Education and Training Authority	(227)	227	-
Finance and Accounting Services Sector Education & Training Authority	(3)	3	-
Wholesale and Retail Sector Education and Training Authority	(27)	27	-
Transport Education and Training Authority	(6)	6	-
Banking Sector Education & Training Authority	(27)	27	-
Agricultural Sector Education and Training Authority	(108)	108	-
	(479)	314	(165)

25. Remuneration

The meeting attendance fees for Accounting Authority members serving on the Audit Committee are included under Other in the Accounting Authority Remuneration table.

<i>Members of the Audit Committee 2017 (in Rand Thousand)</i>	Audit Committees fees	Other Committee meetings	Disbursement	Total
Maboa, J (Chairperson)	55	7	-	63
Motlhamme, L	14	-	1	16
	69	7	1	79

Members of the Audit Committee 2016 (in Rand Thousand)	Audit Committees fees	Other Committee meetings	Disbursement	Total
Maboa, J (Chairperson)	34	7	-	41
Ngwenya, S	14	-	-	14
Motlhamme, L	14	-	1	15
Moyo, R	7	-	-	7
	69	7	1	77

<i>Members of the Accounting Authority 2017 (in Rand Thousand)</i>	Board and Exco	Remco	Finco	Governance	Other	Total
Mhambi, T (Chairperson)	150	-	-	-	9	159
Petersen, W	113	207	-	-	442	762
Dinwa, W	38	173	35	55	334	635
Moloto, K	92	7	50	13	228	390
Mofokeng, M	113	152	-	-	298	563
Mantashe, N	113	53	-	-	325	491
Sambatha, M *1	-	-	-	-	-	-
Shabangu, T	37	139	21	48	161	406
Snyman, P	45	41	10	59	403	558
Roopchand, V	37	-	7	48	155	247
Letseli, D	78	125	5	70	227	505
Phala, A	22	41	35	7	222	327
Leigh-Ann Georgiev	16	14	17	4	49	100
	854	952	180	304	2,853	5,143

25. Remuneration (continued)

Members of the Accounting Authority 2016 (in Rand Thousand)	Board and Exco	Remco	Finco	Governance	Other	Total
Mhambi, T	178	-	-	-	119	297
Grobler, L	99	-	7	64	182	352
Petersen, W	120	27	-	-	614	761
Dinwa, W	58	-	41	48	541	688
Moloto, K	99	-	37	-	262	398
Mofokeng, M	120	-	-	-	566	686
Mantashe, N	106	37	-	-	320	463
Shabangu, T	36	-	34	8	349	427
Snyman, P	65	20	-	-	362	447
Roopchand, V	45	-	-	41	164	250
LetseLi, D	28	-	-	27	280	335
Brown, S	14	-	-	20	89	123
Phala, A	58	14	48	-	203	323
Leigh-Ann Georgiev	15	7	7	-	51	80
	1,041	105	174	208	4,102	5,630

*1 Since appointment as Member of Executive Council, the member has stopped SETA Allowance and serves without claiming any allowance.

2017 (in Rand Thousand)	Emolument	Pension, medical aid and UIF	Travel and subsistence	Bonus Payments	Total
Nongogo A (Chief Executive Officer) *1	2,227	232	7	375	2,841
Buzo-Gqoboka A (Legal Services :Executive Manager)	1,625	188	-	303	2,116
Kostlich L (Planning : Executive Manager) *2	1,559	179	-	293	2,031
Matsebe T (Chief Financial Officer) *3	698	76	-	-	774
Ndhlovu N (Stakeholder Relations:Executive Manager)	1,477	254	-	112	1,843
	7,586	929	7	1,083	9,605

2016 (in Rand Thousand)	Emolument	Pension, paid or receivable	Travel and subsistence	Bonus Payments	Total
Nongogo A	1,703	189	6	300	2,198
Buzo-Gqoboka A	1,001	113	-	-	1,114
Kostlich L	1,533	149	11	300	1,993
Ndhlovu N	1,369	230	2	3	1,604
	5,606	681	19	603	6,909

*1 Appointed CEO from 01 May 2016

*2 Acting CEO from 14 June 2014 until 30 April 2016

*3 Appointed acting CFO from June 2016 and permanent CFO from 01 March 2017

26. Risk management

Financial risk management

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

The Services SETA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Services SETA's financial performance. The Accounting Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Services SETA treasury maintains flexibility in funding by maintaining availability under committed short-term investments. At year-end the investment in short-term deposits amounted to R978 million.

The Services SETA's risk to liquidity is a result of the funds available to cover future commitments. The Services SETA manages liquidity risk through an ongoing review of future commitments.

The table below analyses the Services SETA's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2017 <i>(in Rand Thousand)</i>	Carrying amounts	Contractual cash flows	6 months or less	6 - 12 months	More than 1 year
Trade and payables from exchange transactions	(32,154)	(32,154)	(28,006)	(2,840)	(1,308)

2016 <i>(in Rand Thousand)</i>	Carrying amounts	Contractual cash flows	6 months or less	6 - 12 months	More than 1 year
Trade and payables from exchange transactions	(23,062)	(23,062)	(21,612)	(14)	(1,436)

26. Risk management (continued)

Market Risk

The SETA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates which lead to changes in the levy income received by SETAs. No significant events occurred during the year that the SETA is aware of.

Interest rate risk

The Services SETA manages its interest rate risk by effectively investing Services SETA's surplus cash in terms of deposits with different financial institutions according to the SETA's investment and cash flow management policy.

Fair value interest rate risk

Year ended 31 March 2017

	Floating rate Amount R'000	Effective Interest rate	Non-interest bearing R'000	Total R'000
Receivables from exchange transactions	-	-	10,155	10,155
Cash and cash equivalents	2,256,019	7.29%	-	2,256,019
Payables from exchange transaction	-	-	(32,154)	(32,154)
Net financial assets	2,256,019	-	(32,154)	2,234,020

Year ended 31 March 2016

	Floating rate Amount R'000	Effective Interest rate	Non-interest bearing R'000	Total R'000
Receivables from exchange transactions	-	-	3,286	3,286
Cash and cash equivalents	2,305,843	6.6%	-	2,305,843
Payables from exchange transaction	-	-	(23,062)	(23,062)
Net financial assets	2,305,843	-	(19,776)	2,286,067

Credit risk

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

The ageing of other receivables from exchange transactions that are not impaired:

Not past due

Past due 1 - 30 days
Past due 31 - 120 days
Past due 120 - 365 days
More than one year

Gross 2017 R'000	Impairment 2017 R'000	Gross 2016 R'000
10,118	-	3,243
-	-	-
-	-	-
-	-	-
37	-	41
10,155	-	3,284

27. Irregular expenditure

	2017 R '000	2016 R '000
Opening balance	103,690	102,873
Add: Irregular Expenditure -current year	80,169	817
Closing balance	183,859	103,690

Analysis of closing balance of irregular expenditure

Awaiting condonation	143,036	62,867
Not condoned	40,823	40,823
	183,859	103,690

Details of irregular expenditure – current year

Contravention	Disciplinary steps taken/criminal proceedings		
Payments made in contravention of Supply Chain Management regulations.	No disciplinary steps taken since the employees concerned having take reasonable steps to ensure compliance	-	-
Costs incurred in excess of the 10.5% administration costs limit as per Grant Regulations	No disciplinary steps taken Condonation from the Minister of Higher Education received	702	817
		79,467	-
		-	-
		80,169	817

Costs incurred in excess of the 10.5% Administration Costs Limit.

The approval for exceeding the 10.5% has been obtained, however, further clarification has been sought on the matter from the Department of Higher Education and Training.

Refer to Note 31 for prior period error

Previously disclosed for FY2016:R24,809

28. Budget differences

Material differences between budget and actual amounts

Skills Development Levy and Penalties and Interest

The levy receipts for the year ended 31 March 2017 amounted to R1.5 billion which is R21.3 million above budget. The favourable variance is attributed to salary increases in the services sector which were higher than anticipated.

Investment Income

Investment income for the year amounted to R164.7 million which is R18.5 million in excess of the budget. The favourable variance was achieved, mainly as a result of the accumulation of cash and cash equivalents during the year which then led to higher funds available for investing. The accumulation of cash and cash equivalents is attributed to the delays in the disbursements of grants during the first nine months of the financial year which then significantly improved in the last three months.

28. Budget differences (continued)

Recoveries

During the year under review there was a write-off of long outstanding mandatory grants payable (R124 million) due to the provision of incomplete supporting documentation by the employers. The write-off was based on the requirements of the Prescription Act and we have attempted to obtain the outstanding supporting documentation by conducting stakeholder engagements but without success.

Grants

Project grants and mandatory grants disbursements for the year under review amounted to R1.6 billion resulting in a favourable variance of R166 million. Included in the project grants is the Motheo Skills Development Centre which is about 80% complete. The R1.6 billion expenditure represents 95% in actual spending when compared to the previous financial year expenditure.

Administration expenses

There was a R9.4 million adverse variance in Administrative expenses mainly due to an increase in consultancy costs in dealing with Organisational Redesign, Information and Communication Technology and Human Resources as well as the higher administration personnel costs.

Personnel expenses

There was a R14.6 million adverse variance on labour costs mainly due to higher than anticipated salary increases as well as 19 new appointments.

29. Events after reporting date

The Services SETA has submitted to the Minister of Higher Education and Training an application for the rollover of accumulated reserves. At the time of approval of the annual financial statements the feedback was still outstanding.

30. Change in Accounting Policy

During the current financial year the Services SETA changed its accounting policy for accounting for assets less than R5000. In the past minor assets were expensed as part of administration costs. The change in accounting policy results in assets all the assets that meet the recognition criteria being capitalised and fully depreciated in the financial year of acquisition. The impact of the change in the accounting policy is as follows:

Statement of Financial Performance

Decrease in minor assets costs

Increase in depreciation

2016/17	2016/15	2015/14	Total
(1,707)	(2,018)	(170)	(3,895)
1,707	2,018	170	3,895
-	-	-	-

Statement of Financial Position

Increase in PPE cost

Increase in Accumulated Depreciation

2016/17	2016/15	2015/14	Total
1,707	2,018	170	3,895
(1,707)	(2,018)	(170)	(3,895)
-	-	-	-

31. Prior Period Error

During the previous financial year, the Services SETA applied to the Minister of Higher Education and Training for approval to exceed the 10.5% limit on administration expenditure as required by the Skills Development Grant Regulations. The excess amounted to R23.9 million. Although the condonement was received, the Services SETA disclosed the irregular expenditure (R23.9 million) and then removed it as condoned, in order to be transparent.

Impact of the error on irregular expenditure

Irregular expenditure as previously disclosed

Condoned by the Minister of Higher Education and Training

2015/16
24,809
(23,992)
817

Notes

This image shows a blank sheet of white paper with horizontal grey ruling lines. In the top right corner, there is a decorative graphic consisting of a grid of orange squares of varying sizes, some of which are faded or missing, creating a pixelated effect. The rest of the page is empty except for the lines.



SERVICES SETA PROVINCIAL OFFICES' DETAILS

NORTHERN CAPE OFFICE:

Regional Department of Roads and Public Works Building
45 Schmidtsdrift Road | Kimberley

EASTERN CAPE OFFICES:

East Cape Midlands College | Brickfields Campus |
Brickfields Road | Uitenhage | Port Elizabeth
Phase 2A | Waverley Office Park | Chiselhurst | East London

GAUTENG OFFICE:

Tshwane South | TVET College | Gate 200 | Quagga Road |
Pretoria West

FREE STATE OFFICE:

Motheo TVET College | Hillside View Campus | Lebona Motsoeneng
Street | Bloemfontein

KWAZULU NATAL OFFICE:

73 Ramsay Avenue | Musgrave | Durban

NORTH WEST OFFICE:

74 Boom Street | Klerksdorp

WESTERN CAPE OFFICE:

Cape Town | Falsebay | TVET College | Westlake Drive |
Westlake | Cape Town

MPUMALANGA OFFICE:

4th Floor | Mid City Building | 37 Brown Street | Nelspruit

LIMPOPO OFFICE:

Capricorn TVET College | Admin Block | Polokwane Campus
Die Meer Street | Polokwane



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