

### Annual Report **2020-21**







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### GENERAL INFORMATION

### 1. PSETA INFORMATION

Registered Name of the Public Entity Public Service Sector Education and Training Authority

ISBN Number 978-0-621-48414-4

RP Number 196/2020

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### 2. ABBREVIATIONS AND ACRONYMS

AA	Accounting Authority (the Board)
AC	Audit Committee
AG	Auditor-General
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
BAC	Bid Adjudication Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CSE	Corporate Services Executive
DG	Discretionary Grants
DHET	Department of Higher Education and Training
DMHESI	Deputy Minister of Higher Education, Science and Innovation
DPSA	Department of Public Service and Administration
ETQA	Education and Training Quality Assurance
EA	Executive Authority
EXCO	Executive Committee
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
GSC	Governance and Strategy Committee
G-SETA	Government Sector Education and Training Authorities
HR	Human Resource
HRM	Human Resource Management
ICT	Information and Communication Technology
KZN	KwaZulu-Natal
MoA	Memorandum of Agreement
MHESI	Minister of Higher Education, Science, and Innovation
MIS	Management Information System
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NEHAWU	National Education Health and Allied Workers Union

NQF	National Qualifications Framework
NSF	National Skills Fund
NSG	National School of Government
NSDP	National Skills Development Plan
NT	National Treasury
OQFS	Occupational Qualification Sub-Framework
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
POPCRU	Police and Prisons Civil Rights Union
PS	Public Service
PSA	Public Servants Association of South Africa
PSETA	Public Service Sector Education and Training Authority
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act
SETA	Sector Education and Training Authority
SIU	Special Investigating Unit
SD	Skills Development
SDA	Skills Development Act
SDF	Skills Development Facilitator
SDLA	Skills Development Levies Act
SITA	State Information Technology Agency
SOEs	State Owned Enterprises
SP	Strategic Plan
SSP	Sector Skills Plan
S&T	Subsistence and Travel
TID	Technical Indicator Descriptor
TVET	Technical Vocational Education and Training
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

### 3. ACKNOWLEDGEMENTS



Honourable Minister of Higher Education, Science & Innovation: Dr Blade Nzimande



Honourable Deputy Minister of Higher Education, Science & Innovation: Mr Buti Manamela

The Accounting Authority (AA) of the Public Service Sector Education and Training Authority (PSETA) would like to express their appreciation to the Executive Authority, the Minister of Higher Education, Science and Innovation (MHESI), Honourable Dr. Blade Nzimande and the Deputy Minister, Honourable Buti Manamela for the leadership and unwavering support provided to PSETA and collaboration in implementing various skills development programmes.

The PSETA AA appreciates the budget allocation made and all levy paying organisations. The achievement of the PSETA's mandate would not be possible without the cooperation of the PSETA's key strategic partners. PSETA remains committed to contributing positively to transform the Public Service into a training space and meeting the outcomes of the National Skills Development Plan 2030.

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Mr Thulani Tshefuta Accounting Authority Chairperson Date: 06 August 2021

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Ms Bontle Lerumo Chief Executive Officer Date: 06 August 2021



### Introduction

On behalf of the Accounting Authority (AA), I am pleased to present the Annual Report and Financial Statements of the PSETA for the year ended 31 March 2021. In so doing, I would like to confirm that the PSETA AA, with its Committees, has performed its oversight responsibilities as prescribed in the Sector Education and Training Authorities (SETAs) Constitution, the Public Finance Management Act, 1996 and the Skills Development Act, 1998 (as amended).

The PSETA AA Governance Committees played a critical role in supporting the AA in the execution of its responsibilities. Oversight of the implementation of the Strategic Plan 2020/21-2024/25 financial years and the Annual Performance Plan (APP), which has culminated in this report, was conducted by the AA appointed by the Minister of Higher Education, Science, and Innovation effective 01 April 2020 to serve until 31 March 2025. Part C: Governance of the Annual Report provides details of the members of the PSETA AA and its Committees.

### 4. FOREWORD BY THE CHAIRPERSON

In this foreword, I will focus on the high-level strategy and the performance of the PSETA, strategic relationships, key challenges, and the medium to long term goals of the SETA.

### High Level Overview of the Entity's Strategy and Performance

The PSETA Strategic Plan was developed in accordance with the following Governing Policy Prescripts:

- a. National Development Plan Vision 2030;
- b. Medium-Term Strategic Framework 2020-2024;
- c. Post-School Education and Training White Paper;
- d. National Skills Development Plan 2010; and
- e. Public Service Sector Skills Plan.

The Strategic Plan is a five-year plan rolling that gets implemented on an annual basis, as reflected in the APP. The 2020/21 PSETA APP contained 31 performance targets from the four programmes, namely, (i) Administration, (ii) Skills Planning and Research, (iii)(a) Learning Programmes and Projects (b) Special Projects and Partnerships, and (iv) Quality Assurance.

In the 2020/21 financial year, an overall performance achievement of 84% was recorded, compared to 81% achieved in the 2019/20 financial year. Some of the planned interventions could not be fully achieved due to implementation challenges arising from COVID-19 related restrictions. These interventions continue to be implemented and will be reported in subsequent financial years. Details of performance by programme is outlined in Part B: Performance Information.

### Service Level Agreement

The PSETA signs a Service Level Agreement (SLA) with the Director-General of the Department of Higher Education and Training (DHET), in terms of Section 10 of the Skills Development Act 1998 as amended and implemented programmes in this regard. The SLA targets were 27, and 25 of these were achieved, representing a 93% achievement, compared to 87% in the 2019/20 financial year. These targets are also integrated in Part B of the Annual Report: Performance Information.

### **Strategic Relationships**

The PSETA has established strategic relations with its strategic partners at national and provincial levels, who are key in championing and coordinating specific competencies within the public sector and their programme implementation agencies for the implementation of the APP.

These relationships and partnerships include Parliament, Provincial Legislatures, Public Entities, Higher Education Institutions, Technical Vocational Education and Training (TVET) colleges, Quality Assurance Bodies, and skills development providers, who played an important role in contributing towards the implementation of the priority skills development interventions contained in the Sector Skills Plan (SSP).

Altogether, these relationships and partnerships have been central to the realisation of the PSETA mandate.

### Challenges Faced by the Board

### **Budget Constraints**

The current PSETA funding model has restricted the PSETA from pursuing larger scale initiatives and this impacted the PSETA's annual performance plan targets. The shortcoming of the current funding model is that the PSETA is funded through voted funds, which poses

a serious constraint in terms of enabling the PSETA to carry out its mandate. For the PSETA to fully realise its mandate, an alternative funding mechanism to increase the annual PSETA budget is required. Prescripts such as the Skills Development Act and the Skills Development Levies Act need to be the enablers of the PSETA to discharge its mandate. The PSETA has increasingly strengthened partnerships with the Department of Public Service and Administration (DPSA) and the National School of Government (NSG) to strategically identify and implement projects that are required to address skills needs of public service officials.

The PSETA AA is in engagements with the Executive Authority to discuss proposals on how funding for the SETA can be sustainably increased. In the interim, the PSETA will be approaching the National Skills Fund to apply for funding for skills development programmes identified as national priorities.

### Strategic Focus Over Medium to Long Term

The PSETA will be focusing on the five strategic focus priorities which are informed by the National Skills Development Plan (NSDP), the DHET's Five-Year Strategic Outcomes and the Medium-Term Strategic Framework 2019 to 2024, namely:

- a. Establish strategic partnerships with key stakeholders;
- b. Improve research and impact assessment of programmes;
- c. Review and realign occupational qualifications;
- d. Implement workplace-based learning programmes in building the workplace into a training space; and
- e. Reposition the operating model to enhance capability for strategy realisation.

### Appreciation/Acknowledgements

The PSETA AA would like to express its appreciation to the MHESI, Honourable Dr. Blade Nzimande and the Deputy Minister, Honourable Buti Manamela for the leadership and unwavering support provided to the PSETA, and collaboration in implementing the skills development programmes.

I would like to offer my sincere appreciation for the support and guidance which the AA members have afforded me in the 2020/21 financial year. I also direct my gratitude to members of the Committees, and in particular, the Chairpersons of the various oversight governance structures.

Allow me on behalf of the AA, to express appreciation to the management and staff of the PSETA for their commitment in ensuring that the PSETA delivers on its mandate.

Finally, I wish to thank all the PSETA stakeholders, skills development providers, partners, and the beneficiaries of the PSETA's learning programmes for their support. I look forward to working with them in the PSETA's endeavours to positively contribute towards the realisation of one of the National Development Plan goals, which is to professionalise the public service.

### Conclusion

The PSETA will continue to play a critical role in contributing towards building a capable, ethical and developmental state.



Mr Thulani Tshefuta Accounting Authority Chairperson Date: 06 August 2021





### 5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

### **General Financial Overview**

The PSETA's total budget allocation for the 2020/21 financial year was R136 million. The SETA receives its allocation of R119 million from the National Treasury through the DHET, with the remaining budget made up of levy and investment income.

The PSETA's annual revenue decreased by 3% to R126 million (R130 million in the 2019/20 financial year).

The decrease in revenue is largely attributed to the decrease in the investment income due to the South African Reserve Bank lowering interest rates. From the 2020/21 financial year onwards, the revenue forecasts for the monthly levies have been revised downwards. This is due to the increased number of entities that are no longer contributing levies or requesting a transfer to their line SETA.

Revenue Items R'000	2020/21	2019/20	2018/19
Government Grant	118 516	112 304	106 425
Levies	2 618	8 032	10 878
Investment Income	4 920	9 237	8 511

### **Spending Trends**

The PSETA's expenditure increased by 5% to R138 million (R132 million in the 2019/20 financial year) due to a slight increase in both operational and discretionary grant expenditure spending. The PSETA will remain solvent for the foreseeable future with a healthy cash balance. The most significant liabilities of the PSETA are trade and discretionary grant payables which will be settled in the next twelve (12) months.

The PSETA closed the 2020/21 financial year with R59 million in discretionary grant commitments and R52 million in administration commitments. Actual payments during the year to discretionary grant funding was R64 million (R71 million in 2019/20 financial year). The consistency in disbursement of discretionary grant funding is attributed to stability in the finance unit and efficiencies within the learning programmes department which resulted in timeous settlement of outstanding invoices.

Expenditure Type R'000	2020/21	2019/20	2018/19
Employer grant and project expenses	75 123	71 335	65 547
Administration	62 916	60 345	58 625

### **Capacity Constraints and Challenges**

The COVID-19 pandemic, as well as the resultant national lockdown, presented many challenges with regards to monitoring the implementation of the different interventions. Normal face-to-face site visits could not be conducted due to the lockdown and health protocols. Therefore, the PSETA had to find alternative means of monitoring, such as desk-top monitoring as well as virtual meetings.

Programmes such as Work Integrated Learning were also adversely affected as the national lockdown meant that learners could not go to their workplaces, and could therefore not complete the requisite notional hours needed to complete their qualifications. To mitigate against this, the PSETA AA approved funding for an additional three (3) months for all stakeholders with learners affected by COVID-19 related restrictions.

Planned stakeholder engagements at the beginning of the financial year could not take place as many public sector employees were unable to work remotely and had limited internet access.

Despite these challenges, the entity was able to meet most of its operational requirements for the 2020/21 financial year. New ways of doing business and conducting meetings through digital and electronic platforms were found and, in some instances, proved to be both successful and cost-effective.

### Discontinued Activities/ or to be Discontinued.

The PSETA did not discontinue any activities in the 2020/21 financial year.

### **Proposed Activities**

The PSETA will continue to focus on strategic partnerships and collaborations with key stakeholders.

### Request for Roll-over of Funds.

The request for a roll-over of the 2019/20 financial year surplus of R5.803 million was granted by the National Treasury in the current financial year and subsequently included in the revised budget.

### **Supply Chain Management**

The Supply Chain Management (SCM) unit is fully functional, and controls are in place and constantly reviewed to ensure compliance with the various legislative requirements. There were no unsolicited bids during the year.

### Outlook for Plans to Address Financial Challenges

The PSETA was not adversely impacted by the short recess in Skills Development Levy (SDL) contributions, as it relies on government grant which is received through

four tranches over twelve (12) months. Consequential, the going concern of the PSETA is not affected.

Further to note, due to the SARB decrease of the reporate and effectively the lending rate, the PSETA revenue was slightly less than the budgeted amount.

### Audit Report Matters in the Previous Financial Year and How they Would be Addressed.

The PSETA tracks the implementation of findings raised by the Auditor-General. In tracking the audit matters, management reports quarterly to governance structures on the progress made in addressing audit matters to avoid recurrence.

### **Events After the Reporting Date**

The performance bonus payment for the 2019/20 financial year was only approved in April 2021 and paid in May 2021.

### **Economic Viability**

The PSETA is in a financially sound position and continues to operate as a going concern.

### **Appreciation**

A word of gratitude is extended to the Chairperson of the AA and the AA members for the leadership and guidance provided, and to the PSETA team for their continuous dedication towards contributing to the skills development and transforming the public service into a training space.

I would also like to thank all the PSETA's stakeholders, the Director-General of the DHET, and Team PSETA for their continued support and co-operation.



Ms Bontle Lerumo Chief Executive Officer Date: 06 August 2021



### 6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General;
- The Annual Report is complete, accurate and is free from any omissions;
- The Annual Report has been prepared in accordance with the guidelines as issued by National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board;
- Management is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information;

- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the Annual Financial Statements;
- The Auditor-General South Africa (AGSA) has been engaged to express an independent opinion on the Annual Financial Statements.
- In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information, and the financial affairs of the PSETA for the financial year ended 31 March 2021.

Yours faithfully

Mr Thulani Tshefuta

**Accounting Authority Chairperson** 

Date: 06 August 2021

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Ms Bontle Lerumo Chief Executive Officer Date: 06 August 2021

### 7. STRATEGIC OVERVIEW



### Mission

The PSETA's mission is to develop a capable, ethical, developmental, skilled and innovative Public Service Sector workforce through:

- Researching skills demand and supply in the sector;
- Facilitating the effective delivery of skills development interventions based on occupationally directed qualifications;
- Monitoring, evaluation and reporting of the implementation of education, training and skills development in the sector; and
- A capable institution.

### Values The PSETA's values are: Honesty and integrity; Accountability; Service excellence; and Fairness and transparency.

### 8. OUR MANDATE

As a public entity, the PSETA is governed by a legal framework, which includes the Constitution of the Republic of South Africa, legislation, and policies. This legal framework sets out the PSETA's constitutional, legislative and policy mandate, and adherence to the framework is central to the operations of the PSETA.

### 4.1. CONSTITUTIONAL MANDATE

The PSETA's constitutional mandate is underpinned by section 29(1) (b) of the Constitution of the Republic of South Africa (Act 108 of 1996), which bestows upon all South African citizens, the right to further education. This right must be provided by the State (including organs of State such as the PSETA) within reasonable measures.

The PSETA's constitutional mandate is also derived from the prescripts of section 195(1) of the Constitution, which urge public administration to be governed by the following values and principles:

(a) A high standard of professional ethics must be promoted and maintained;

- (b) Efficient, economic, and effective use of resources must be promoted;
- (c) Public administration must be development oriented:
- (d) Services must be provided impartially, fairly, equitably and without bias;
- (e) People's needs must be responded to, and the public must be encouraged to participate in policymaking;
- (f) Public administration must be accountable;
- (g) Transparency must be fostered by providing the public with timely, accessible and accurate information;
- (h) Good human resource management and career development practices, to maximise human potential, must be cultivated; and
- (i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

These Constitutional prescripts and values are the keystone of the PSETA's mandate.

### 4.2. LEGISLATIVE MANDATE

### A. SKILLS DEVELOPMENT ACT NO 97 OF 1998 AS AMENDED

The PSETA is established in terms of section 9(1) and (2) of the Skills Development Act (No 97 of 1998 as amended). The Skills Development Act is our enabling legislation and guides our operations as a SETA in section 10 of the Act

Section 10 (1) of the Act sets out the functions of a SETA such as the PSETA (SETAs) as outlined below:

- (1) A SETA must, in accordance with any requirements that may be prescribed:
  - (a) develop a sector skills plan within the framework of the national skills development strategy;
  - (b) implement its sector skills plan by:
    - (i) establishing learning programmes;
    - (i) approving workplace skills plans and annual training reports;
    - (i) allocating grants in the prescribed manner and in accordance with any prescribed standards and criteria to employers, education and skills development providers and workers; and
    - (i) monitoring education and skills development provision in the sector;
  - (c) promote learning programmes by:
    - (i) identifying workplaces for practical work experience;
    - (i) supporting the development of learning materials;
    - (i) improving the facilitation of learning; and
    - (i) assisting in the conclusion of agreements for learning programmes, to the extent that it is required;
  - (d) register agreements for learning programmes, to the extent that it is required;
  - (e) perform any functions delegated to it by the QCTO in terms of section 26I;
  - (f) when required to do so as contemplated in section 7(1) of the Skills Development Levies Act, collect the skills development levies, and disburse the levies, allocated to it in terms of sections 8(3) (b) and 9(b), in its sector;
  - (g) liaise with the National Skills Authority on:
    - (i) the national skills development policy;
    - (i) the national skills development strategy; and
    - (i) its sector skills plan;
  - (h) submit to the Director-General (of the DHET):
    - (i) any budgets, reports and financial statements on its income and expenditure that it is required to prepare in terms of the

- Public Finance Management Act; and
- (ii) strategic plans and reports on the implementation of its service level agreement.
- (i) liaise with the provincial offices and labour centres of the Department and any education body established under any law regulating education in the Republic to improve information:
  - (i) about placement opportunities; and
  - (i) between education and skills development providers and the labour market.
- (iA) liaise with the skills development forums established in each province in such manner and on such issues as may be prescribed.
- (j) Subject to section 14, appoint staff necessary for the performance of its functions:
- (jA) promote the national standard established in terms of section 30B;
- (jB) liaise with the QCTO regarding occupational qualifications; and
- (k) perform any other duties imposed by this Act or the Skills Development Levies Act or consistent with the purposes of this Act.

### B. SKILLS DEVELOPMENT LEVIES ACT, NO. 9 OF 1999, AS AMENDED

The Skills Development Levies Act (SDLA) is another important legislation that impacts on the PSETA operations. The main purpose of the SDLA is to regulate a compulsory levy scheme to fund education and training within various sectors.

The compulsory levy scheme seeks to fund the skills development initiative in the country. The intention is to encourage a planned and structured approach to learning, and to increase employment prospects for work seekers.

Section 3 of the SDLA compels employers to pay one percent (1%) of their monthly employee remuneration payroll to the South African Revenue Service (SARS) in the form of a levy. These levies are then collected by the relevant SETA, which then distributes the levies in their sector.

However, section 4(a) of the SDLA states as follows:

The levy is not payable by -

(a) any public service employer in the national or provincial sphere of government.

This provision impacts on the PSETA as its sector encompasses the public services sector and therefore the number of levies the PSETA collects is limited.

As a result, the PSETA is largely funded by way of funds allocated through vote 15, under one of the budget programmes of the DHET.

### C. THE SECTOR EDUCATION AND TRAINING AUTHORITIES GRANT REGULATIONS OF 3 DECEMBER 2012

The Sector Education and Training Authorities Grant Regulations (2012 Grant Regulations) are also critical to the PSETA's operations.

The main purpose of the 2012 Grant Regulations is to improve the focus, management, and effectiveness of a SETA's disbursement and allocation of grants to stakeholders for skills development within its sector.

Regulation 3 provides guidance on the way a SETA must manage its finances, particularly funds received as levies in terms of the Skills Development Levies Act. Regulations 3 (1) (2) and (6) state as follows:

- (1) Each SETA must, in compliance with the Public Finance Management Act, establish banking accounts; and
- (2) A SETA must use all monies received in terms of the Skills Development Levies Act to -
  - (a) administer the activities of the SETA;
  - (b) pay employers their mandatory grants; and
  - (c) implement the SSP and APP as contemplated in the Treasury Regulations issued in terms of the Public Finance Management Act, through the allocation of the discretionary grants.
- (3) A SETA is required to allocate 80% of its available discretionary grants within a financial year to PIVOTAL programmes that address scarce and critical skills in its sectors.

Regulation 4 provides guidance on the way a SETA should allocate mandatory grants. These are grants that are allocated to employers that pay levies to the SETA and have submitted workplace skills programmes and annual training reports to the SETA. Regulation 4 (4) states as follows:

(a) 20% of the total levies paid by the employer in terms of section 3(1) as read with section 6 of the Skills Development Levies Act during each financial year will be paid to the employer who submits a WSP and ATR.

Regulation 6 deals with the allocation of discretionary grants by a SETA and prescribes a host of requirements to be met. Regulations 6(4) and (8) in particular, state as follows:

(4) A SETA must, on an annual basis and in accordance with any guidelines issued by the DHET, approve a Discretionary Grants Policy, specifying how the SETA

- discretionary grants will be allocated to meet sector needs as set out in the SSP.
- (8) The Discretionary Grants Policy must embrace the principles of transparency, openness, access, and fairness.

These provisions are all crucial in providing guidance to the PSETA, when allocating mandatory and discretionary grants to various stakeholders for skills development programmes, which fall within the PSETA's sector.

### D. NATIONAL QUALIFICATIONS FRAMEWORK ACT, NO. 67 OF 2008

The National Qualifications Framework (NQF) Act provides for the National Qualifications Framework. The NQF is a comprehensive system, approved by the Minister of Higher Education, Science, and Innovation, for the classification, registration and publication of articulated and quality-assured national qualifications and part-qualifications.

The objectives of the National Qualifications Framework, as set out in section 5(1)(2) of the NQF Act are as follows:

- (1) The objectives of the NQF are to-
  - (a) create a single integrated national framework for learning achievements;
  - (b) facilitate access to, and mobility and progression within, education, training and career paths;
  - (c) enhance the quality of education and training; and
  - (d) accelerate the redress of past unfair discrimination in education, training and employment opportunities.
- (2) The objectives of the NQF are designed to contribute to the full personal development of each learner and the social and economic development of the nation at large.

The PSETA employs the provisions of this Act to design training programmes, to carry out quality assurance of various training programmes, assess learner achievement and accredit training providers, as per its delegated function from the Quality Council for Trades and Occupations.

### E. PUBLIC FINANCE MANAGEMENT ACT, NO 1 OF 1999

The Public Finance Management Act (PFMA) is another critical legislation that impacts on the PSETA's operations. The PSETA is classified as a National Public Entity, under Schedule 3A of the PFMA and therefore, compliance with the prescripts of the PFMA and the Treasury Regulations of 2005 is treated with the utmost importance at the PSETA.

The PFMA regulates financial management in all spheres of government and government institutions: to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.

The PSETA is governed by an Accounting Authority, as per the prescripts of section 49 of the PFMA. The duties and functions of the PSETA Accounting Authority are guided by the prescripts of sections 50 and 51 of the PFMA and include the following:

- (a) exercising the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;
- (b) act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the PSETA;
- (c) ensuring that the public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control;
- (d) ensuring a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77; and
- (e) ensuring an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive, and cost-effective.

The prescripts of the PFMA, Treasury Regulations and the various practise notes and instructions issued by National Treasury are critical in guiding the PSETA in its financial management and corporate governance functions

### 4.3. RELEVANT COURT RULINGS

On 16 October 2019, the Labour Appeal Court handed down a judgment in the matter of Business Unity South Africa v Minister of Higher Education and Training and Others ((JA111/2018) [2019] ZALAC 68).

In this case, the court ruled that certain provisions in the 2012 Grant Regulations were invalid and should be set aside. These provisions are contained in Regulation 4(4). Regulation 4(4) stated that an employer who had paid levies, as per the provisions of the Skills Development Levies Act, can claim 20% of the levies it has paid from the applicable SETA, in the form of mandatory grants, provided that the employer has also submitted a Workplace Skills Plan and an Annual Training Report.

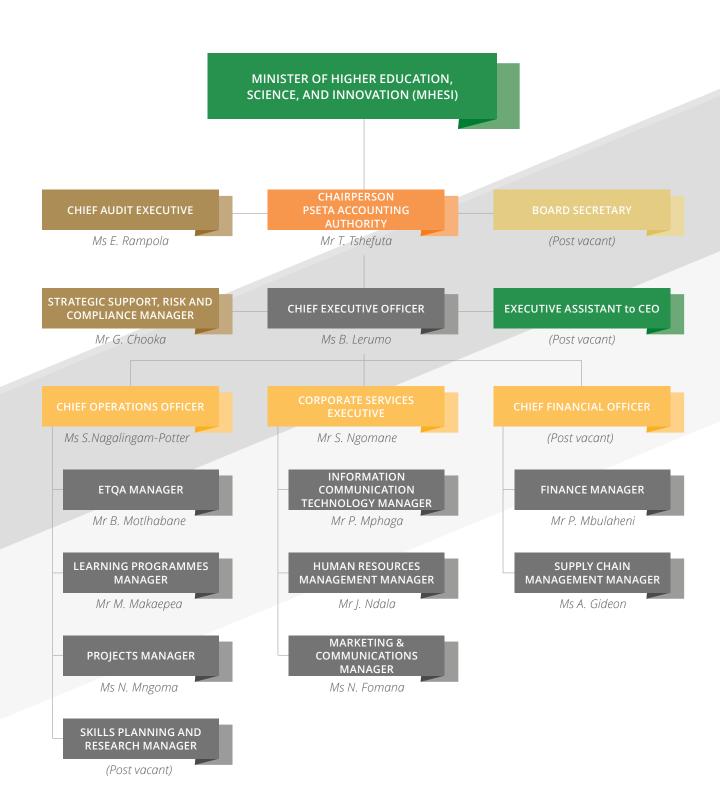
The court held that the above mentioned provisions were irrational and not rationally linked to the purpose of the Skills Development Act. The effect of the judgment is that Regulation 4(4) falls away so that the 2012 Grant Regulations must be interpreted and applied as if there is no Regulation 4 (4).

The effect of the Labour Appeal Court judgment is that the percentage or amount or quantum of a mandatory grant, is subject to the determination by a SETA (by necessary implication as part of its allocation power or duty under Regulation 4(1) of the 2012 Grant Regulations). Therefore, nothing prevented a SETA after 31 August 2018 moving forward, from allocating grants equal to 20%.

It must be emphasised that there is currently no regulated percentage for SETAs to pay out the mandatory grants to qualifying employers. Therefore, SETAs continue to pay and accrue mandatory grants at 20% in the 2020/21 financial year in the absence of a regulated percentage. This means that the SETAs should report it as a contingency liability, pending the determination of the mandatory grant percentage.

### 9. ORGANISATIONAL STRUCTURE

### **High-level Organisational Structure**





### PERFORMANCE INFORMATION

### 1. AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

Refer to the detail provided in paragraphs 10 -17 in the Auditor General's report, published as part Part E of this annual report.

### 2. SITUATIONAL ANALYSIS

### **Service Delivery Environment**

The public service sector's developmental and transformative role in South Africa is significant. If government is to address the economic, employment and social development challenges facing our country, the capability of the state must encompass skilled public servants.

The performance and well-being of the public service sector is intrinsically linked to the performance of the country's economy and has direct consequences on employment and training in the sector. It is generally acknowledged that the impact of the COVID-19 pandemic has exacerbated an already low growth economy, adversely impacting employment, productivity and widening inequality. Importantly, the COVID-19 pandemic has brought disruption to both the global and South African environment, also impacting the labour market and the skills required for the evolving world of work.

The public service sector operating environment is highly legislated with a substantial number of role-players that exist to ensure compliance and governance. In addition, the resources and efforts related to skills development in the sector are shared across various stakeholders.

Due to the dynamics of the sector, the nature of demand and supply for labour and skills is shaped by a far more complex set of processes than in the private sector. The analysis of key drivers of change, as well as the direction of national strategies and plans impacting on skills demand and supply form the basis for the identification of sectoral priority occupations and interventions. Current labour market shortages and skills gaps across organisations in the Public Service sector provide a secondary base to identifying priority skills, including those that are required to address the challenges and impact of the COVID-19 pandemic.

The National Development Plan (NDP) calls for the building of a "capable state" – underpinned by "effectively coordinated state institutions with skilled public

servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritising the nation's developmental objectives". Priority one of the Medium-Term Strategic Framework (MTSF) is a capable, ethical and developmental State which is at the core of the PSETA's mandate. The PSETA's vision is to be the frontier of capacity development efforts for the public service sector. Effective human resource planning in the public service sector provides the required strategic direction to ensure that the development of human capital in the sector is adequate, appropriate and of high quality.

The emergence of a global pandemic has impacted on the supply-side of the PSETA, and skills development providers (SDPs) are forced to enable online and e-learning platforms. To remain relevant and respond appropriately to the sector skills challenges, SDPs have been required to embrace technology and blended learning approaches. Emerging technologies including 4IR have been identified in the SSP as a key change driver which is impacting skills demand and supply in the sector. Information and Communications Technology (ICT) advances impact the nature of work profoundly by shaping the types of skills required, and the modes of service delivery in the public service. The 4IR has enhanced digitalisation, big data, artificial intelligence, online platform, and the Internet of Things, which are some of the major drivers of skills change in the public service. The 4IR provides an opportunity for greater government efficiency and effectiveness in providing services to its citizens. The digitisation of the public service sector through e-government forms part of the move towards improved ICT systems within the sector.

The PSETA engages in a wide variety of partnerships with key stakeholders as well as the supply side providers to deliver on its mandate. The PSETA partnerships are underpinned by forging networks with key stakeholders in the sector, which are defined in terms of scale, structure, and their contribution to delivering the strategic objectives and services most crucial to the PSETA's functions. The strategic role of the PSETA through these partnerships is to embed skills development within wider organisational development strategies, and to build departmental capabilities to plan

and manage such skills development activities better. The driving force behind this approach is to ensure that interventions reach larger numbers, more economically, efficiently, and effectively.

The Annual Performance Plan (APP) for the 2020/21 financial year was implemented through the four (4) programmes listed below:

- Programme1: Administration, which develops and implements corporate support strategies and systems that contribute towards the achievement of the organisational mandate;
- Programme 2: Skills Planning and Research, which
  conducts and coordinates research to inform the
  strategic skills development priorities for the sector.
  This programme is made up of two organisational
  business units: Skills Planning; and Research (SPR).
  The development and annual update of the Sector
  Skills Plan (SSP), research studies, coordinating
  research activities and conferences, and capacity
  building of stakeholders in skills planning are core
  outputs within this programme.
- Programme 3: Learning Programmes and Projects, which facilitates and manages the implementation of learning programmes for and within the public service sector, as per the NSDP goals. This programme includes special projects (including partnerships) and the monitoring, evaluation, and reporting of learning interventions; and
- Programme 4: Quality Assurance (QA), which builds the provider capacity required to deliver the priority skills for the sector, developing standards, accrediting providers and quality assuring learning. The QA department undertakes the review of legacy qualifications, the development of new occupational qualifications; and capacitation of providers through advocacy workshops.

### **Performance Highlights**

The following key achievements were recorded during the reporting period:

- The PSETA achieved 26 out of 31 performance targets in the APP, representing an overall 84% achievement compared to 81% in the previous year 2019/20, an improvement of three (3) percentage points from the previous financial year;
- A total of 27 Annual SLA targets were applicable and planned for 2020/21, 25 targets were achieved representing a 93% achievement. This is also a six (6) percentage point improvement compared to the 2019/20 financial period achievement of 87%.
- The PSETA entered into various partnership agreements with TVET colleges, universities and universities of technology, bargaining councils, and employers within the sector;

- A total of five (5) partnership agreements were formalised with TVET colleges, four (4) partnership agreements with higher education institutions, and partnership agreements with the Department of Planning Monitoring and Evaluation (DPME), the Department of Public Service and Administration (DPSA), Eastern Cape Office of the Premier (EC OTP), Eastern Cape Department of Economic Development, Environment Affairs and Tourism (EC DEDEAT), National School of Government (NSG), General Public Service Sector Bargaining Council (GPSSBC) and Public Service Co-ordinating Bargaining Council (PSCBC);
- The PSETA supported Community Education and Training (CET) colleges in both the Northern Cape and KwaZulu-Natal provinces with skills development programmes for lecturers;
- Through a strategic partnership with the two bargaining councils in the sector – PSCBC and GPSSBC, over 1000 Public Service employees were trained on a COVID-19 Awareness programme. This was the entity's contribution to raising awareness of COVID-19 and its related health protocols in the sector, to build capacity of public service employees in dealing with pandemic;
- The PSETA implemented its commitment to support the DPSA with a capacity building programme for presiding officers (chairpersons and initiators), for disciplinary cases in the public service through the training of 207 public service officials;
- The PSETA continues to collaborate with National and Provincial Departments to identify skills needed in the sector through a tool submitted along with the Workplace Skills Plan, as well as to identify beneficiaries within their departments to take part in training interventions to be carried out by the appointed Skills Development Providers. The entity also continues to see improvements in the implementation of discretionary grant projects due to this streamlining of processes and engagements with the sector;
- E-learning policy and guidelines were developed and issued to skills development providers to enable delivery of learning in line with required standards;
   and
- During the year under review, the PSETA Accounting Authority approved Discretionary Grant projects in March 2020, allowing for the finalisation of contracts in the first quarter of 2020/21 financial year. This aided in the meeting of core business targets, as it ensured that contracted stakeholders register learners within the required timelines.

### Challenges Encountered During Programme Implementation Included the Following:

- The PSETA had two vacancies of executives at the beginning of the financial year, namely, Corporate Services Executive (CSE) and Chief Operating Officer (COO) positions. The CEO was also on an extended contract for a period of six months effective 1st April to 31st October 2020. The Chief Financial Officer (CFO) resigned in February 2021. The CSE and COO positions were filled in October and November 2020 respectively. The CEO was also appointed effective 1st November 2020;
- Non-signing of performance agreements by majority of employees due to a dispute on the extension of contracts which is not aligned to the SETA landscape licencing period as extended by the MHESI;
- The COVID-19 pandemic and the resultant national lockdown presented many challenges with regards to monitoring the implementation of different interventions. Normal face-to-face site visits could not be conducted due to the lockdown and health protocols. Therefore, the PSETA had to find alternative means of monitoring, such as desk-top monitoring as well as virtual meetings;
- Programmes such as Work Integrated Learning were also adversely affected as the national lockdown meant that learners could not go to their workplaces, and therefore could not complete the requisite notional hours needed to complete their qualifications. To mitigate against this, the PSETA AA approved funding for an additional three (3) months for all stakeholders with learners affected by COVID-19 related challenges; and
- Planned stakeholder engagements at the beginning of the financial year could not take place as many public sector employees were unable to work remotely and had limited internet access.

It is important to note that despite these challenges, the implementation of all the programmes was done with no other notable challenges.

### 2.2 Organisational Environment

During the period under review, a new Accounting Authority was appointed by the MHESI effective 1 April 2020 to 31 March 2025.

The CEO, Ms B Lerumo was appointed on an extended contract until 31 October 2020, pending the finalisation of the recruitment process of the CEO position. Subsequently, she was successful during the recruitment process and appointed as the CEO

effective 01 November 2020 until 31 March 2025. The year started with a vacancy of two executive positions, namely, COO and CSE. Ms Shivanthini Nagalingam-Potter was appointed as PSETA COO on 1 October 2020 and Mr Sipho Ngomane was appointed as CSE on 1 November 2020. The CFO, Mr Farhaan Shamsoodeen, resigned in February 2021, resulting in the appointment of an acting CFO, Mr Phumudzo Mbulaheni.

The PSETA engaged in job evaluation and salary benchmarking exercises in line with the approved organisational structure.

The extension of the SETA landscape from April 2020 to March 2030 has resulted in some disputes from employees, where their contracts were only extended to 31 March 2025. This dissatisfaction has resulted in the PSETA employees not signing their performance agreements for the financial year 2020/2021.

The PSETA continues to improve its operational systems, processes and people to enable it to execute its mandate despite the challenges faced in the Post-School Education and Training (PSET) Service Sector. The new Enterprise Resource Planning (ERP) system is being developed for the organisation to integrate all the systems in the PSETA. The system is at a design phase and will be implemented in the new financial year.

The Ethics and Fraud Hotline was operational. Awareness workshops on fraud and corruption prevention were conducted in the year under review while ethics and fraud reports were reported to the Audit Committee (AC), and Governance and Strategy Committee (GSC), and these were reported to the AA.

The long-standing investigation which included the appointment of the Special Investigation Unit (SIU) by the AA, with a Presidential Proclamation number R35 of 2017 related to discretionary grants funding irregularities during the 2015/16 financial year has been finalised. The PSETA received a final report from the SIU. The Presidency also submitted their final report on 30 March 2021. Disciplinary measures were instituted against employees implicated on the reports.

### 2.3 Key Policy Developments and Legislative Changes

South Africa declared a national state of disaster under Section 27 (1) and Section 27 (2) of the Disaster Management Act on 15 March 2020, in response to the coronavirus pandemic.

On 23 March 2020, the President announced measures to combat the spread of the COVID-19 coronavirus

in South Africa. A nationwide lockdown with severe restrictions on travel and movement was declared. Due to national lockdown, the PSETA adopted the phenomenon of "working from home" from 27 March 2020 to ensure business continuity.

The DHET Directive No. 5 of 2020 issued on 18 April 2020 required that all SETAs continue to pay learner stipends in full during the nation-wide lockdown. The DPME COVID-19 Pandemic Directive led to the introduction of the Adjustments Budget of 24 June 2020. These provided fiscal measures to address the pandemic, dated 2 July 2020. The provisions necessitated the revision of strategic and annual performance plans for the 2020/21 financial year, and the re-tabling of plans in Parliament.

In line with the DPME COVID-19 Pandemic Directive, the PSETA re-tabled plans to incorporate the interventions and the adjusted 2020/21 budget allocations in response to the COVID-19 pandemic and to prioritise government programmes and projects for continued service delivery.

The revised SP, APP and SLA were recommended by the AA and subsequently approved by the Executive Authority. There were no changes to the Strategic Plan except the alignment of the budget changes as per the APP. The changes made in the APP were revisions made to the two discretionary grants (DG) targets (i.e., Bursaries for the employed, and Recognition for Prior Learning (RPL)) under Programme 3 and their linked budget adjustment.

### 2.4. Progress Towards Achievement of Institutional Impacts and Outcomes

The PSETA's Five-Year Strategic Plan 2021-2025 has four outcomes that seek to address the problem of lack of skills and shortage of technical and professional skills to address service delivery in the public service sector. To contribute to the desired future of sufficient technical and professional skills in the public service sector in the period under review, the following progress was made towards the achievement of the desired institutional impact and outcomes:

### Outcome 1: Enhanced PSETA capabilities to deliver its strategy

The outcome indicator for this programme is measured by the improved operational performance and an unqualified audit opinion of its annual report, performance information and financial statements. To enhance the PSETA's capabilities to deliver its strategy and achieve a clean audit outcome, and impact positively to a public service sector that delivers on its mandate, the following outputs achievements were recorded in the year under review:

- Improved operational efficiency that has resulted in performance achievement of 84% of APP targets;
- Improving the PSETA's internal control environment by monitoring the continuous reviewing of policies and procedures as well as upskilling of staff;
- The PSETA embarked on the business processes re-engineering exercise with the purpose of raising business efficiency and effectiveness at all levels across the organisation. This helped to streamline the PSETA's business processes. Another milestone achieved is the migration of the on-premises email server to the cloud-based solution. This has improved access to information and ensured business continuity by employees in various areas outside the office;
- The PSETA has engaged in the job evaluation process to evaluate all positions and roles in line with the approved organisational structure;
- In addition, a salary benchmarking exercise was conducted for all evaluated positions within the organisation to compare the pay levels against other similar organisations in the market;
- ICT Strategy was implemented as provided for in the DPSA framework on Corporate Governance of Information and Communication Technology (CGICT); and
- Continuous improvement in the risk management process practices to sustain an upward trajectory improvement of internal controls.

### Outcome 2: Improved Credible Research for Skills Planning.

The outcome indicator for this programme is measured by the initiatives implemented to inform skills planning in the sector.

To improve credible research for skills planning and impact positively on a public service sector that delivers on its mandate, the following outputs achievements were recorded:

- The Sector Skills Plan (SSP) was approved by the MHESI and used to inform the 2021/22 Strategic Plan update and the Annual Performance Plan;
- An Organising Framework of Occupations (OFO) project was undertaken towards mapping the Occupational Classification System (OCS) used in the public service. The OFO handbook was developed as a guiding document to support the OFO Excelbased mapping tool that has been developed for the PSETA;

- A study on Emerging Technologies (ET) in the public service sector and its skills implications was conducted. The research was centred on gathering evidence on the prevalence of ET and 4IR, as implemented by various government departments of the public service sector. The study established a baseline understanding of emerging technologies in the public service sector;
- An E-learning case study was concluded to establish the extent of e-learning implementation in the public service using National School of Government (NSG) case study;
- Thirty five (35) capacity-building workshops were conducted to strengthen the sector's role and understanding of skills development and HR development processes;
- A research partnership with the Researching Education and Learning Centre (REAL) of the University of the Witwatersrand (Wits) was concluded. The appointment of Wits as a PSETA research partner is for a period of three years and seeks to improve and build on the research output of the PSETA;
- The PSETA has recorded 150 Workplace Skills Plans (WSPs) in the year 2020/21, which consist of 124 large organisations, 13 medium organisations and 13 small organisations; and
- The PSETA has welcomed registration of new public entities, which are the Pension Fund Adjudicator and the National Gambling Board.

### Outcome 3: Increased Pool of Skills Into and Within the Public Sector

The outcome indicator for this programme is measured by the sectoral priority occupations identified in the SSP and addressed through implementing relevant programmes.

To increase the entity's pool of skills into and within the public sector, and impact positively on a public service sector that delivers on its mandate, the following outputs achievements were realised:

- Discretionary Grants (DG) is funding made available for training initiatives that carries forward the goals of the PSETA Sector Skills Plan (SSP), objectives of the National Skills Development Plan (NSDP), and the PSETA Service Level Agreement (SLA);
- In the 2020/21 financial year, twenty (20) agreements on various learning programmes to the total value of R39 million were entered into by the PSETA and various stakeholders;
- The PSETA has supported the sector through skills development funding to ensure that the skills levels of employees, as well as those of the unemployed, are improved;

- The allocation process of the DG was completed prior to the commencement of the COVID-19 national lockdown, which enabled the SETA to resume projects when the strict lockdown was lifted. This allowed for the various skills development projects to be implemented through blended learning and within restricted timeframes;
- Special projects aimed at ensuring the participation of key stakeholders and designated groups within the public service Sector. The purpose of these projects is to provide opportunities to meet the transformational imperatives and priorities of government, such as rural projects and projects for people with disabilities. The PSETA entered into a triparty agreement with the Eastern Cape Office of the Premier and Amandla Obunye to the value of R4 million, to train 50 unemployed learners in a learnership programme. The beneficiaries of this project are 50 unemployed learners with disabilities and unemployed youth from a rural area in the province;
- The PSETA has in this financial year witnessed a total of 283 beneficiaries (222 public service employees and 61 unemployed learners) completing a National Certificate: Public Administration Learnership level 5. A graduation ceremony for 47 public service employees was held in Mpumalanga Province with the Department of Agriculture, Rural Development, Land and Environmental Affairs;
- The PSETA continued with the implementation of Recognition of Prior Learning programme for the sector. The SETA made an allocation to the value of R3 million for the implementation of the RPL programme on a Public Administration NQF level 5 for 120 public service officials; and
- During the period under review, seven (7) learners were employed by the public and private sectors on a full-time basis. This is due to learners participating in learning programmes such as Internship and WIL. The learning programme worth highlighting is the Internship, where the PSETA started with ten (10) learners and four (4) learners got full-time employment before completion of the Internship programme.

### Outcome 4: Quality Learning Interventions in the Public Service Sector

The outcome indicator for this programme is measured by the number of learning interventions available to address the priorities identified in the SSP and SDPs accredited.

To grow the quality of learning interventions available in the public service sector, and impact positively on a public service sector that delivers on its mandate, the following outputs achievements were realised:

- Accredited training providers were supported through monitoring and verification visits conducted throughout the year. Qualifying learners were certified and issued with Statements of Results;
- E-learning policy and guidelines were developed and issued to skills development providers to enable delivery of learning in line with required standards;
- Two (2) occupational qualifications (Administrative Attaché Occupational Qualification and Legislation Facilitator) were reviewed and submitted to the QCTO;
- The process for the review of the PSETA learning material on the Public Administration levels 3, 4, and 5 qualifications was initiated and expected to be completed in the 2021/22 financial year; and
- Skills programmes on Ethics, Change Management, Service Delivery and Analysis of Data and Information was formulated for training of public service officials to address the skills gaps identified in the SSP.

### INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION m

The Performance Information section of the Annual Report Guidelines has been revised to align to the provisions of the Revised Framework for Strategic Plans and Annual Performance Plans (2021). The report reflects the PSETA performance in relation to its tabled APPs.

both the tabled APPs. Table 1 (2.4.4.1) provides for reporting changes made to the original tabled APP as per the issued guidelines for reporting on performance except the alignment of the budget changes as per the APP. The changes made in the APP were revisions made to the two DG targets (Bursaries of employed, and In the 2020/21 financial year, the PSETA tabled its APPs more than once due to the advent of COVID-19 and mid-term budget adjustments. As a result, the PSETA considered information in the 2020/21 with only outputs, output indicators and targets that were revised or removed as reflected. There were no changes to the Strategic Plan, Recognition of Prior Learning (RPL) under Programme 3 and the linked budget adjustment).

Table 1 (2 4 4.1 Format) Tabled APP (ORIGINAL TABLED 19 MARCH 2020, APPROVED 31 MARCH 2020)

Reasons for Deviation		Target revised to zero in the revised APP.	Target revised to Recognition of Prior Learning: 120 and overachieved in the revised APP.
		Target revise revised APP.	Target I Recogn Learnir overach APP.
Deviation from Planned Target to Actual Achievement		(50)	21
Actual Achievement 2020/21		0	141
Planned Target 2020/21		Bursary: 50	Recognition of Recognition of 141 Prior Learning: 270
Audited Actual Performance 2019/20		Bursary: 132	Recognition of Recognition of Prior Learning: Prior Learning: 270
Audited Actual Performance 2018/19		Bursary: 81	0
Output Indicators	mes and Projects	Number of public service employees entering learning	programmes.
Output	Programme 3: Learning Programmes and Projects	To implement N programmes P that address e skills identified e in the SSP.	
Outcome	Programme 3: L	Increased pool of skills into and within the public service sector.	

RE-TABLED 24 August 2020, APPROVED 30 AUGUST 2020 provides for changes made to the original tabled APP, post COVID-19 targets, including new revised outputs, indicators and targets that were added during re-tabling.

## **PROGRAMME 1. ADMINISTRATION**

### 1.1. PROGRAMME PURPOSE

To ensure that the organisation has effective and efficient governance structures that lead, monitor and evaluate organisational performance; ensure prudent financial management, procurement of goods and services and reporting in compliance with relevant acts and regulations; and provide efficient and effective corporate service functions to internal departments within the PSETA and external stakeholders by providing the following services: human resources, ICT, improved communication, marketing and stakeholder engagements and auxiliary services.

- 1.1.1 Outcome: Enhanced PSETA capabilities to deliver its strategy.
- Output: To develop and implement corporate support strategies and systems that contribute towards achievement of organisational mandate. 1.1.2
- **Progress and Achievement:** Two (2) out of five (5) indicators were achieved (40% achievement) 1.1.3

Reasons for Deviation		Annual Training Plan was not approved.	The 100% target of the plan was not met due to the termination of the SABC/Khetha Radio Shows by DHET. The radio show was one of the planned interventions for the Plan.
Deviation from From Planned Target to Actual Achievement		-80% Ani	(9%) The 1 the p due to due to the p of the Sadic The r one c intervention (9%)
Actual Achievement 2020/21		%0	91%
Planned Target 2020/21		%08	100%
Audited Actual Performance 2019/20		88.63%	Y/A
Audited Actual Performance 2018/19		79%	N/A
Output Indicators		Percentage implementation of approved training plan as per submitted WSP.	Percentage implementation of approved Integrated Communication and Stakeholder Relations Management plan.
Output	Administration	Report with 100% implementation of planned training initiatives.	100% implementation of the approved plan as per target.
Outcome	PROGRAMME 1. Administration	Enhanced PSETA capabilities to deliver its strategy.	

Outcome	Output	Output Indicators	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
Enhanced PSETA capabilities to deliver its strategy.	Report of learners and work seekers exposed to all information pertaining to careers within the public service, thus making public service a career of choice.	Number of career guidance advocacy sessions.	32	34	34	29	(5)	The closing down of schools and institutions of higher learning due to COVID-19 lockdown regulations contributed to the underachievement of this target.
	100% Implementation of the approved ICT plan.	Percentage implementation of approved ICT Plan.	%0	85%	100%	100%	None	N/A
	Valid invoices paid within 30 days of receipt.	Percentage valid invoices paid within 30 days of receipt.	N/A	N/A	100%	100%	None	N/A

## 1.1.4 Strategies to Overcome Areas of Underperformance

A dual delivery model (hybrid) will be considered during the financial year 2021/22. Face-to-face interventions and virtual online sessions will be conducted to ensure that planned targets are met. The Stakeholder Management Plan will be revised to ensure that the planned interventions are tracked and implemented accordingly. The matter of employment contracts to be resolved at the Collective Bargaining Committee (CBC). This will ensure that the Financial Year 2021/22 Annual Training Plan is developed by Quarter 2.

## 1.1.5 Linking Performance with Budgets Administration

Underspending was due to the late implementation of the Enterprise Resource Planning (ERP) project. However, the underutilised budget is committed for utilisation during the second quarter of 2021/22. The ERP Project is committed to go live on 01 November 2021. Furthermore, savings were realised under cost of employment because of vacancies experienced during the financial year.

Programme 1		2019/20			2020/21	
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Total	64 382	41 469	22 913	59 776	46 102	13 674

# PROGRAMME 2: SKILLS PLANNING AND RESEARCH

# 2.1 PURPOSE OF SKILLS PLANNING AND RESEARCH

The purpose of this programme is to conduct and coordinate research, to inform the strategic skills development priorities for the sector. This programme is made up of two organisational business units: Skills Planning and Research.

**2.1.1 Outcome:** Improved credible research for skills planning.

**2.1.2 Output:** To improve stakeholder capacity for skills planning in the sector.

**Progress and Achievement:** All three performance indicators were achieved (100% Achievement) 2.1.3

tion Reasons for Deviation m ned get tual	N/A	110 Departments and public entities with their core functions falling within the scope of other line function SETAs have been increasingly encouraged to submit WSPs to the PSETA and were assisted with the
ent from from I Planned Target to Actual Achievement	None	Total = +10 Small = 7 Medium =3 Large = 0
Actual Achievement 2020/21	9	Total = 150 Small = 13 Medium=13 Large= 124
Planned Target 2020/21	9	Total = 140 Small = 6 Medium = 10 Large = 124
Audited Actual Performance 2019/20	<del></del>	Total=165 Small=14 Medium=14 Large= 137
Audited Actual Performance 2018/19	<del>-</del>	Total = 156 Small = 8 Medium = 15 Large = 135
Output Indicators	Number of skills planning related research studies conducted.	Number of organisation's WSPs approved by the PSETA.
Output	Programme 2: Skills Panning and Research Improved To collaborate Number and conduct planning research for labour market research skills planning. research and conduct develop a Sector Skills Plan.	To strengthen workplace capabilities in relation to skills planning in the sector.
Outcome	Programme 2: Sk Improved credible research for skills planning.	

Reasons for Deviation	
	Z/Z
Deviation from Planned Target to Actual Achievement	None
Actual Achievement 2020/21	9.8 4.8
Planned Target 2020/21	4°
Audited Actual Performance 2019/20	35
Audited Actual Performance 2018/19	35
Output Indicators	Number of stakeholder skills planning capacity building exercises conducted.
Output	To strengthen workplace capabilities in relation to skills planning in the sector.
Outcome	Improved credible research for skills planning.

# 2.1.4 Strategies to Overcome Areas of Underperformance

There were no areas of underperformance.

# 2.1.5 Linking Performance with Budgets Skills Planning and Research

The under expenditure realised in this programme during the year under review was due to savings from cost of employment from two vacancies within the SPR department, as well savings on goods and services from no travel because of the COVID-19 pandemic and remote working arrangements.

	der re	1 903
	(Over)/Under Expenditure R'000	
2020/21	Actual xpenditure R'000	5 694
2(	Exp.	
	Budget R'000	7 597
		_
	(Over)/Under Expenditure R'000	2 751
	Ovel Expe	
9/20	tual iditure 000	10 141
2019	Actua Expendit R'000	
	, t	12 892
	Budget R'000	
2		
Programme 2		Total

# PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

# **SUB-PROGRAMME 3.1: LEARNING PROGRAMMES AND PROJECTS**

The purpose of this programme is to facilitate and manage the implementation of learning programmes for and within the public service sector. This programme includes special projects (including partnerships) and the monitoring, evaluation, and reporting of learning interventions.

**3.1.1 Outcome:** Increased pool of skills into and within the public service sector.

Output: To implement programmes that address skills identified in the Sector Skills Plan (SSP). 3.1.2

Progress and Achievement: 14 out of 14 performance indicators achieved (100% Achievement) 3.1.3

Outcome	Output	Output Indicators	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
Programme 3: Learning Programmes and Projects	ing Programmes	and Projects						
Increased pool of skills into and within the public service sector.	To implement programmes that address skills identified in the SSP.	Number of public service employees entering into learning programmes.	375	Learnership: 261	Learnership: 100	116	16	Additional beneficiaries were nominated by employers and were recruited into the programme, with no additional financial implications.
			009	Skills Programme: 1149	Skills Programme: 1000	1324	324	Additional beneficiaries were nominated by employers and were recruited into the programme, and roll out of special project on capacity building on labour relations.

Outcome	Output	Output Indicators	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
Increased pool of skills into and within the public service sector.	To implement programmes that address skills identified in the SSP.	Number of public service employees entering into learning programmes.	0	Recognition of Prior Learning: 103	Recognition of Prior Learning: 120	121	10	One additional beneficiary nominated by an employer and recruited into the programme, with no additional financial implications.
		Number of public service employees completing learning programmes.	45	Learnership: 261	Learnership: 200	222	22	A learnership programme runs over a period of 12 months and beneficiaries who commenced the programme from the previous year's project completed in the period under review.
			086	Skills Programme: 928	Skills Programme: 900	1062	162	Increased number of learners recruited which led to increased number of completions.
			30	Bursary: 24	Bursary: 65	65	0	N/A
		Number of unemployed learners entering	0	Learnerships: 368	Learnerships: 50	50	0	N/A
		into learning	337	TVET WIL: 344	TVET WIL: 110	110	0	N/A
		programmes.	N/A	N/A	HEI/HET WIL: 110	110	0	N/A
			09	Artisans: 3	Artisans: 40	40	0	N/A

Outcome	Output	Output Indicators	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
L S t D L	To implement programmes that address skills identified in the SSP.	Number of unemployed learners completing. learning programmes	0	Jearnership: 369	Learnership: 40	59	77	A learnership programme runs over a period of 12 months and beneficiaries who commenced the programme from the previous year's project completed in the period under review.
			8	TVET WIL: 344	TVET WIL: 200	246	46	The WIL programme runs over a period of 18 months and beneficiaries who commenced the programme from the previous year's project completed in the period under review.
			10	Artisans: 3	Artisans: 20	25	rv.	Artisan development programmes take place over a period of 36 months and beneficiaries who commenced the programme from the previous year's project completed in the period under review.

### **NON-SETA FUNDED TARGETS**

The following achievement relates to learners funded by the sector and were achieved in the current year under review, and contributed to the PSETA's overall performance during 2020/21. The PSETA supports the implementation of the learning programme funded by the sector through registration, monitoring and completion of learners.

Deviation from planned target to Actual Achievement	0
Actual Achievement 2020/21	$\infty$
Planned Target 2020/21	Internships: 08
Audited Actual Performance 2019/20	Internships: 06
Audited Actual Performance 2018/19	N/A
Output Indicators	Number of unemployed learners completing learning programmes.
Output	To implement programmes that address skills identified in the SSP.
Outcome	Increased pool of skills into and within the public service sector.

# SUB-PROGRAMME 3.2: SPECIAL PROJECTS AND PARTNERSHIPS

3.2.1. Progress and Achievement: Six (6) out of six (6) performance indicators achieved (100% Achievement)

Reasons for Deviation		Additional beneficiaries were nominated by employers and were recruited into the programme, with no additional financial implications.	X/A	N/A	Additional engagements with TVET colleges translated into formalised partnership arrangements.	N/A	Engagements with a wide variety of government departments translated into formalised partnership arrangements.	
Deviation from Planned Target to Actual Achievement		9	0	0	<del></del>	0	m	
Actual Achievement 2020/21		56	<del></del>	<b>←</b>	LO.	4	го	
Planned Target 2020/21		50	<del>-</del>	<del></del>	4	4	2	
Audited Actual Performance 2019/20		<b>∀</b> Z	<b>∀</b> Z	N/A	N/A	N/A	<b>∀</b> ∕Z	
Output Indicators	nerships	Number of CET college lecturers awarded skills development programmes.	Number of worker- initiated training (federations/trade unions) interventions supported through capacity building.	Number of rural development projects initiated.	Number of TVET partnerships established.	Number of HEI partnerships established.	Number of SETA- employer partnerships established.	
Output	Programme 3.2: Special Projects and Partnerships	To implement programmes that address skills identified in the SSP and occupationally directed						
Outcome	Programme 3.2: Sp	Increased pool of skills into and within the public service sector.						

# 3.2.2 Strategies to overcome areas of underperformance.

There were no areas of underperformance.

# 3.2.3. Linking Performance with Budgets Learning Programmes

During the year under review, there was an over expenditure realised because of spending from projects which commenced in the previous financial years and were still in progress during the 2020/21 period. These funds were committed in previous years and owing to the nature of their roll-out, they may span over multiple years and expenditure being realised only when pre-determined milestones have been achieved. Furthermore, the over expenditure is due to the disbursement of the 2019/20 DG commitments in the current year.

ımme 3	Budget R'000	75 496
2019/20	Actual Expenditure R'000	96 74 661
	(Over)/Under Expenditure R'000	835
	Budget R'000	58 493
2020/21	Actual Expenditure R'000	80 743
	(Over)/Under Expenditure R'000	(22 250)

# PROGRAMME 4: QUALITY ASSURANCE

# 4.1: PROGRAMME PURPOSE

The purpose of this programme is to build the provider capacity required to deliver priority skills for the sector, developing standards, accrediting providers, and quality assuring learning. The QA department undertakes the review of legacy qualifications, development of new occupational qualifications and capacitation of providers through advocacy workshops.

- **4.1.1** Outcome: Provided learning interventions in the public service sector
- Output: To implement a quality assurance system that allows for effective monitoring, analysis, support, and continuous improvement of provisioning within the public service sector. 4.1.2
- **Progress and Achievement:** One (1) performance indicator out of three (3) was achieved, representing a 33% achievement. 4.1.3

Reasons for Deviation	√\ ∀
Deviation from Planned Target to Actual Achievement	0
Actual Achievement 2020/21	100%
Planned Target 2020/21	100%
Audited Actual Performance 2019/20	<b>Y</b> Z
Audited Actual Performance 2018/19	N/A
Output Indicators	Percentage of accredited skills development providers implementing the PSETA-funded programmes monitored.
Outcome Output	To implement a quality assurance system that allows for effective monitoring, analysis, support, and continuous improvement of provisioning within the public service sector.
Outcome Programme 4: O	Provided learning interventions in the public service sector.

Outcome	Output	Output Indicators	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
Provided learning interventions in the public service sector.	To implement a quality assurance system that allows for effective monitoring,	Number of TVET colleges and state academies supported.	N/A	N/A	9	0	(9)	Staff capacity challenges within the accreditation unit impacted the achievement of this target.
	analysis, support, and continuous improvement of provisioning within the public service sector.	Number of qualifications developed and/ or re-aligned and submitted to QCTO.	0	0	4	2	(2)	The qualification development process was impacted by delays in the required stakeholder engagement sessions and qualifications could not be submitted to the OCTO as planned.

# 1.4 Strategies to Overcome Areas of Underperformance

Underperformance was realised under two of the three performance indicators. TVET colleges and state academies will be capacitated on the requirements and assisted to submit applications for accreditation. Extension of scope and qualifications which were not completed by the end of the 2020/21 financial year will be finalised and submitted to the QCTO in the 2021/22 financial year.

# 4.1.5 Linking Performance with Budgets.

 $The under expenditure \textit{realised} \textit{in this} \textit{programme} \textit{during} \textit{the year} \textit{under review} \textit{was} \textit{due} \textit{to} \textit{savings} \textit{from} \textit{cost} \textit{of} \textit{employment} \textit{from} \textit{one} \textit{vacancy} \textit{within} \textit{the} \textit{Quality} \textit{Assurance} \textit{and} \textit{one} \textit{vacancy} \textit{within} \textit{the} \textit{Quality} \textit{Assurance} \textit{one} \textit{vacancy} \textit{within} \textit{one} \textit{vacancy} \textit{within} \textit{one} \textit{vacancy} \textit{one} \textit{one} \textit{vacancy} \textit{one} \textit{one} \textit{vacancy} \textit{one} \textit{on$ department, as well savings on goods and services from no travel because of the COVID-19 pandemic and remote working arrangements. The under expenditure was further exacerbated by the delay in the appointment of qualification development facilitators to develop identified occupational qualifications.

2020/21	t Actual (Over)/Under Expenditure Expenditure R'000 R'000	10 102 5 500 4 602
	(Over)/Under Budget Expenditure R'000 R'000	3 668
2019/20	Actual Expenditure R'000	6 5 408
4	Budget R'000	9 0 0 6
Programme		Total

#### 4. REVENUE COLLECTION

Sources of Revenue		2019/20			2020/21	
	Estimate R'000	Actual Amounts Collected R'000	(Over)/ Under Collection R'000	Estimate R'000	Actual Amount Collected R'000	(Over)/ Under Collection R'000
Skills Development Levy: Income including interest and penalties (Public Entities)	8 309	8 032	277	1 570	2 618	(1 048)
Prior Year Surplus	31 670	-	31 670	5 800	-	5 800
Transfers from other government departments (National Treasury)	112 304	112 304	-	118 516	118 516	-
NSF Donations Income	-	-	-	-	-	-
NSF Realised Income	-	2	(2)	-	-	-
CIP	-	-	-	-	-	-
Investment Income	9 550	9 237	313	10 066	4 920	5 146
Other Income	13	114	(101)	15	63	-48
Total	161 846	129 689	32 157	135 967	126 117	9 850

#### 5. CAPITAL INVESTMENT

Capital investment for the PSETA is confined to procurement and enhancement of property, plant and equipment and intangible assets, which are used for production of daily operations. These assets are recorded in the asset register and depreciated on a straight-line bases over their useful lives.

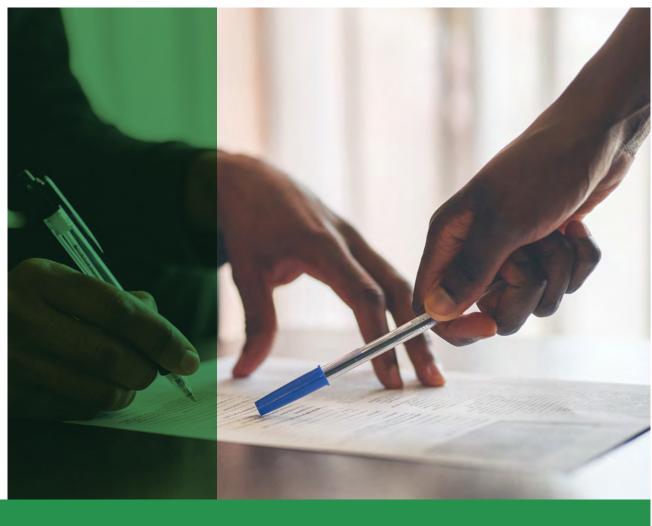
Infrastructure Projects		2019/20			2020/21	
	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Property, Plant and Equipment	660	1 024	(364)	1 000	665	335
Intangible Assets	400	517	(117)	2 124	8 998	(6 874)
Total	1 060	1 541	(481)	3 124	9 663	(6 539)

# ANNEXURE TO PERFORMANCE REPORTED FOR THE YEAR UNDER REVIEW

#### ADDITIONAL PERFORMANCE RECORDED DURING THE YEAR

The following achievements shows the learners that were achieved in the current year under review but were budgeted for in the prior year. Due to the late commencement of the projects, these achievements were not reported during the 2019/20 financial year. Learners are reported when they enter the programme and registered by the SETA.

Outcome	Output	Output Indicators	Actual Achievement 2020/21
Increased pool of skills into and within the public service sector.	To implement programmes that address skills identified in the SSP.	Number of public service employees entering learning programmes: RPL.	20
		Number of unemployed learners entering learning programmes: Artisans.	40



GOVERNANCE

#### 1. INTRODUCTION

The PSETA is a public entity established in terms of the SDA and classified as Schedule 3A in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended, hereinafter called the PFMA. It reports to the MHESI and governed by the Standard Constitution which was determined by the MHESI in terms of Regulation R1399. There are several statutory bodies that play an oversight role over the functioning of the PSETA.

#### 2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education and Training exercises oversight over the SETAs, Higher Educational Institutions (HEI) and the Department, and may invite any SETA to account on its Strategic Plan, Annual Performance Plan and Annual Report from time to time. The PSETA has not appeared before the Portfolio Committee or any other Parliamentary Committee during the year under review.

#### 3. EXECUTIVE AUTHORITY

The Executive Authority (EA) of the PSETA is the MHESI, who is responsible for appointing members of the AA and determines their remuneration in accordance with the tariffs set by the Minister of Finance. The PSETA is required by the DHET to submit, on an annual basis, a Sector Skills Plan and Strategic and Annual Performance Plan. The PSETA is also required in terms of the SDA, to enter into a Service Level Agreement with the DHET and agree on expected deliverables that contribute towards fulfilment of the Ministerial outcomes. Four (4) Quarterly Reports detailing performance against set targets were submitted to the DHET as required in terms of the Treasury Instruction Note.33 which amended part 5 and 30 of the Treasury Regulations, 2005.

The EA convenes meetings with SETA Chairpersons and CEOs from time to time to discuss strategic policies imperatives affecting the sector and the country. These engagements also present an opportunity for the leadership of SETAs to share the challenges that are encountered with the EA.

# 4. THE ACCOUNTING AUTHORITY

#### 4.1 Introduction

The PSETA's Constitution is the basis on which its AA is established. It provides oversight and governance over the entity. The AA comprises 15 members drawn from organised labour, organised employers, community organisations and one Ministerial appointee, who is the Chairperson. The AA provides strategic leadership and guidance.

#### 4.2 Role of the Accounting Authority

#### 4.2.1. Powers and Functions

The functions and powers of the AA are outlined in the PSETA's Constitution as follows:

- Govern and manage the PSETA in accordance with the Public Finance Management Act (PFMA), the Skills Development Act and any other applicable legislation;
- Ensure that the PSETA achieves the objectives contemplated in Item 5 and performs the functions contemplated in Item 6 of the Standard Constitution Regulations according to Government Gazette No.35336, 11 May 2012;
- Provide effective leadership and ensure that the PSETA implements the goals of the NSDS and the Performance Agreement with the Minister as the Executive Authority;
- d. Provide strategic direction for the PSETA;
- e. Liaise with stakeholders;
- f. Manageinstitutionalrisk,informationcommunication technology, governance and monitor compliance to laws and regulations;
- g. Monitor the performance of the PSETA;
- h. Ensure that members of the Accounting Authority and Committees comply with the Code of Conduct set out in Annexure 2 of the Constitution;
- i. Conduct performance assessment of the Audit Committee and the Accounting Authority; and
- j. Maintain integrity, responsibility, and accountability at all times.

# 4.2.2. Accounting Authority Charter and Progress Made on Complying with the Charter

In the year under review, the AA has provided strategic direction and leadership by reviewing and approving various policies, quarterly performance reports and recommending for approval to the MHESI the budgets, Strategic and Annual Performance Plans, as well as monitoring the implementation thereof.

The AA is accountable for the SETA's Annual Report and ensures that it continues to be a going concern in the foreseeable future, in terms of the accounting principle

of reporting for the organisation as indicated and confirms whether the PSETA will continue to be a going concern in the foreseeable future.

The AA determines the implementation and monitoring of policies, procedures, practises, and systems, to ensure the integrity of risk management, internal controls and compliance to laws and regulations to protect the organisation's assets and reputation.

In terms of Section 2.5.4 of the NT template for annual reports (Board charter), PSETA made quarterly submission to National Treasury and the executive authority to demonstrate entity compliance with the charter.

#### 4.3. COMPOSITION OF THE PSETA ACCOUNTING AUTHORITY

The PSETA AA consists of 15 members nominated as follows:

CONSTITUENCY	ORGANISATION
Ministerial Appointee	Accounting Authority Chairperson (1 member)
Organised Labour	NEHAWU (2 members) POPCRU (2 members) PSA (2 members)
Government Departments and Public Entities	National Departments (3 members) Legislature (1 member) Public Entities (2 members)
Other Stakeholders	Community Organisations (2 members)

#### 4.4 Membership, Qualification and Expertise of the Accounting Authority members

Name	Designation	Qualifications	Area of Expertise	Directorships	Sub Committees
Mr T. Tshefuta	Ministerial Appointee – Chairperson	B.A (Public Administration), Leadership Programme (NQF 5), Entrepreneurship Programme NQF 5), Effective Stakeholder Management (NQF 6), International Executive Development Programme (NQF 8), and Postgraduate Diploma in Management.	Strategic management and leadership, strategic and organisational planning, government planning process, project development, management, monitoring & evaluation, and governance skills.	None	Executive Committee
Ms C. Brink	Community Organisation	Primary Teaching Certificate and B-Tech Ed. Management.	Report writing, corporate governance and facilitation in Local Government sphere.	None	Governance and Strategy Committee and Finance Committee

Name	Designation	Qualifications	Area of Expertise	Directorships	Sub Committees
Mr L. Nzimande	Community Organisation	Bachelor of Education, Certificate in Leadership and Communication.	Law making processes, policy development, development of bills, strategist, research and report development and strategic leadership.	None	Remuneration Committee and Audit Committee AA Representative
Mr N.N. Maesela	Organised Labour	Certificate: Correction Science Leadership, BA Communication Science and Advanced Diploma in Management.	Union leadership, labour relations and labour law.	None	Governance & Strategy Committee and Finance Committee
Mr P. Makhafane	Organised Labour	Certificate in Labour Relations Management.	Union leadership, labour relations and labour law.	None	Remuneration Committee Chairperson and Executive Committee
Ms G. Seokolo	Organised Labour	University Diploma in Education, Further Diploma in Education, Managing Employment Process and Higher Certificate in Economic Development.	Effective negotiating, sound communication, motivational speaking, problem solving, good interpersonal, team building, strong leadership , report writing, analytical, facilitation, presentation, and research skills.	None	Executive Committee
Mr K. Kruger (resigned 21 August 2020)	Organised Labour	Degree: B Comm (Personnel Management), Advanced Diploma: Labour Law, and Post Graduate Certificate: Labour Dispute Resolution Practise.		None	Remuneration Committee and Executive Committee

Name	Designation	Qualifications	Area of Expertise	Directorships	Sub Committees
Ms A.N. Kelengeshe	Ordinary Member - Organised Employer	Bachelor of Social Science: Public Affairs and Administration, Postgraduate Diploma in Law: Employment Law and Social Security,; Certificate, Programme in Human Resource Management, Postgraduate Certificate, Management Advancement Programme, Certificate, Programme in Applied Organisational Development, Master of Business Leadership (MBL) and Certificate: Legislative Drafting.	Human resource development, organisational development, labour relations, and union leadership.	None	Remuneration Committee and Finance Committee
Ms L. Dludla	Organised Employer	Honours: Social Science	Report writing, project organisation, report generation and analysis, budget, coordination training, planning, strategic management, training development and facilitation, compliance and governance.	None	Governance and Strategy Committee and Remuneration Committee
Mr P. Moopelwa	Organised Employer	National Diploma: Public Management and Administration, B-Tech: Public Management and Honours.	Financial management, strategic management, operational management, project management, human capital management, research, problem solving, provisioning of parliamentary procedural advice and management, negotiation, presentation, leadership and team Building, customer care/ follow up, communications, marketing, legal drafting and corporate governance.	None	Finance Committee and Executive Committee

Name	Designation	Qualifications	Area of Expertise	Directorships	Sub Committees
Ms T. Molefe – Sefanyetso	Organised Employer	Bachelor of Public Administration.	Financial management, strategic management, operational management, project management, human capital management, research, problem solving, decision making, analytical and developmental (self and others).	None	Governance and Strategy
Mr Z. Mzizi (Resigned 14 August 2020)	Organised Employer	Bachelor of Commerce, Master of Commerce with specialisation in Taxation, AIPA Diploma in Insolvency Law Practise and Honours Bachelor of Accounting.	Strategic finance and corporate governance	None	Finance Committee and Audit Committee AA Representative
Ms V. Matshidza	Organised Employer	B-Comm Degree Non-Degree Purpose, Advanced Management Development Programme, and Postgraduate Certificate in Leadership.	Financial management, financial accounting, management accounting, planning, leadership, project, and programme management skills.	None	Finance Committee and Executive Management

#### 4.5 Meeting Attendance

Fifteen (15) meetings were held during the financial year.

#### 4.5.1. Members of the Accounting Authority

Name	Designation	Date of Appointment	Date Resigned	Meetings Attended
Mr T. Tshefuta	Ministerial Appointee – Chairperson	01 April 2020	N/A	15
Ms C. Brink	Community Organisation	01 April 2020	N/A	15
Mr L. Nzimande	Community Organisation	01 April 2020	N/A	15
Ms G. Seokolo	Ordinary Member – Organised Labour	01 April 2020	N/A	15
Mr P. Makhafane	Ordinary Member – Organised Labour	01 April 2020	N/A	9
Mr N.N. Maesela	Ordinary Member – Organised Labour	01 April 2020	N/A	15
Mr K. Kruger	Ordinary Member – Organised Labour	01 April 2020	21 August 2020	5
Ms A.N. Kelengeshe	Ordinary Member – Organised Employer	01 April 2020	N/A	12
Ms T. Molefe – Sefanyetso	Ordinary Member – Organised Employer	01 April 2020	N/A	10
Mr P. Moopelwa	Ordinary Member – Organised Employer	01 April 2020	N/A	13
Ms V. Matshidza	Ordinary Member – Organised Employer	01 April 2020	N/A	13
Mr N. Mzizi	Ordinary Member – Organised Employer	01 April 2020	14 August 2020	6
Ms L. Dludla	Ordinary Member – Organised Employer	01 April 2020	N/A	11

#### 4.5.2. Alternate Members of the Accounting Authority

The process of nominating alternate members has not yet commenced due to the finalisation of appointing the outstanding principal members to the PSETA AA.

#### 4.6 Accounting Authority Committees

The Accounting Authority utilises certain governance structures that are established in terms of its Constitution, to assist in carrying out its roles and responsibilities. They are:

- a. Executive Committee;
- b. Audit Committee;
- c. Governance and Strategy Committee;
- d. Finance Committee;
- e. Remuneration Committee;
- f. Risk Management Committee; and
- g. Information Communication Technology Steering Committee.

#### 4.6.1 The Executive Committee

Name of member	Meetings Held	Meetings Attended
Mr T. Tshefuta	15	15
Ms G. Seokolo	15	15
Mr K. Kruger (Resigned 21 August 2020)	15	6
Mr P. Makhafane (Appointed as the EXCO member 31 August 2020)	15	6
Ms V. Matshidza	15	13
Mr P. Moopelwa	15	13

#### 4.6.2 The Audit Committee

Members were appointed on 1 April 2020 for a period of five years.

Name of Member / Alternate	Meetings Held	Meetings Attended
Dr P. Dala (Chairperson)	10	10
Ms N. Nyakaza	10	9
Mr Z. Myeza	10	6
Mr N. Mzizi - AA Representative (Resigned 14 August 2020)	10	1
Mr L. Nzimande - AA Representative	10	6

#### 4.6.3 The Governance and Strategy Committee

Name of Member/Alternate	Meetings Held	Meetings Attended
Ms L. Dludla (Chairperson)	5	5
Ms C. Brink	5	5
Mr N.N. Maesela	5	5
Ms T. Molefe-Sefanyetso	5	5

#### 4.6.4 Finance Committee

Name of member	Meetings Held	Meetings Attended
Mr P. Moopelwa (Chairperson)	7	7
Ms V. Matshidza	7	6
Ms A. Kelengeshe (Appointed as FINCOM member on 30 <sup>th</sup> October 2020)	7	2
Ms C. Brink (Appointed as FINCOM member on 30 <sup>th</sup> October 2020)	7	5
Mr N.N. Maesela	7	7
Mr N. Mzizi (Resigned 14 August 2020)	7	1

#### 4.6.5 Remuneration Committee

Name of member	Meetings Held	Meetings Attended
Mr K. Kruger (Chairperson Resigned 21 August 2020)	7	2
Mr P. Makhafane (Appointed as the REMCO Chairperson 31 August 2020)	7	5
Ms A. Kelengeshe	7	3
Ms L. Dludla	7	6
Mr L. Nzimande	7	7

# 4.7 Remuneration of Members of the Accounting Authority

The remuneration of members of the AA and Committees is in line with the circulars on the adjustment of the remuneration levels, service benefit packages for office bearers of certain statutory and other institutions issued by the National Treasury on an annual basis. After a directive from the Minister of Higher Education, Science and Innovation, the Accounting Authority reached the decisions listed below:

- a. Members of the AA are remunerated at Category S rate for all meetings attended as determined by the MHESI based on the National Treasury rates.: and
- b. Members of the AA are reimbursed for all out-of-pocket-expenses, including travel (According to SARS travel and subsistence guidelines).

NB: Meeting fees (preparatory and attendance) are paid as per the AA Remuneration Policy, which is in line with the rates published by the National Treasury each year.

Accounting Authority Member Remuneration				
Name	Meeting fees (R'000)	Travel expenses (R'000)	Other expenses (R'000)	Total (R'000)
Mr T. Tshefuta	267	-	-	267
Ms C. Brink	182	-	-	182
Mr L. Nzimande	184	-	-	184
Ms G. Seokolo	196	3	-	199
Mr P. Makhafane	106	-	-	106
Mr N.N. Maesela	182	2	-	184
Mr K. Kruger	104	-	-	104
Ms A.N. Kelengeshe	-	-	-	-
Ms T. Molefe – Sefanyetso	-	-	-	-
Mr P. Moopelwa	-	6	-	6
Ms V. Matshidza	-	-	-	-
Mr N. Mzizi	54	-	-	54
Ms L. Dludla	-	-	-	-
Adv D. Mushwana	7	-	-	7
Total	1279	11		1294

## 4.8 Remuneration of Members of the Audit Committee

The remuneration of members of the Audit Committee (AC) is in line with a circular issued (24 June 2014) and approved by the National Treasury on the adjustment of the remuneration levels, service benefit packages for office bearers of certain statutory and other institutions. After a directive from the MHESI, the Accounting Authority reached the decisions listed below, which were authorised by the Executive Authority:

- a. Members of the AC are remunerated at Category S rate for all meetings attended; and
- b. Members of the AC are reimbursed for all out-ofpocket-expenses, including travel (According to SARS annual kilometre rates) and accommodation costs.

NB: Meeting fees (preparatory and attendance) are paid as per the AA Remuneration Policy, which is in line with the rates published by the National Treasury each year.

Audit Committee Remuneration					
Name	Meeting fees (R'000)	Travel expenses (R'000)	Other expenses (R'000)	Total (R'000)	
Dr P. Dala (Chairperson)	218	-	-	218	
Mr Z. Myeza	18	-	-	18	
Ms N. Nyakaza	88	1	-	89	
Total	324	1		325	

#### 5. RISK MANAGEMENT

The primary objective of the Risk Management Committee is to assist the Accounting Authority in discharging its responsibility for risk management by reviewing the effectiveness of the entity's risk management systems, practices and procedures, and providing recommendations for improvement through the Audit Committee.

The Risk Management Committee (RMC) is made-up of the EMT and management, chaired by an Independent Chairperson who is not part of management appointed by the Accounting Authority, and supported by the Chief Risk Officer. The post of the RMC Chairperson was vacant during the period under review. In the absence of the Independent Chairperson, the CEO chaired the RMC. Four (4) RMC meetings were held during the period under review.

The following documents and other organisational policies were used in the risk management process: the Risk Management Policy Framework; the Combined Assurance Framework; and the Fraud and Corruption Prevention Control Policy.

The entity, guided by the Risk Management Policy Framework, developed Strategic, Operational, Project COVID-19, and Fraud Risk registers in the 2020/21 financial year, which were monitored by the RMC. The RMC reports were not tabled in the AC meetings as the AC took a decision to consider the reports after the appointment of the RMC Chairperson.

The strategic risk register focussed on the achievement of the strategic outcome and risks that could negatively affect the organisation from achieving its set APP targets, and the operational risk register focused on the day-to-day risk exposures of the organisation. The implemented risk mitigation plans became additional

controls to enhance the control environment of the organisation.

This approach ensured that all entity-wide risks that could affect people, business systems and processes, reputation, financial and performance were identified, assessed, and appropriately mitigated to an acceptable level, to address any unfavourable impacts to benefit both current and future opportunities.

The AA is responsible for all fiduciary duties of which risk management is one of them. To ensure that the function is effectively carried out, the AC has been delegated with the responsibility to oversee it, hence, a dedicated Risk Management Committee chaired by an independent Chairperson who is not part of the staff establishment.

The RMC has an approved risk management charter and a three-year risk plan which directs the risk process from beginning to end. Strategic and operational risk registers set out control procedures, risk responses, treatment and implementation action plans with responsibilities and timelines identified for each risk.

#### 6. INTERNAL CONTROLS

Internal control is the responsibility of the management of the entity, and it is a fundamental requirement in all areas of its operations. Each manager is responsible for identifying areas of weakness and putting into effect mechanisms, such as Standard Operating Procedures (SOPs), to strengthen the controls. Management ensures that controls are at all given times adhered to. Oversight is maintained through audit activities, the Risk Management Committee, the Audit Committee, and various other governance structures which monitor the effectiveness of internal controls.

Management monitors controls through the Risk Management function, where they identify controls and mitigating action plans are put in place to improve them in the risk registers.

A **Combined Assurance Model** is applied to provide a coordinated approach to all assurance activities. The Combined Assurance Model aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the entity.

Within the PSETA, there are several assurance providers that either directly or indirectly provide certain assurances over the adequacy and effectiveness of those controls that mitigate the risks as identified during the risk assessment process described in 5 above. Collectively, the activities of these assurance providers, each representing a line of defence for the entity, are referred to as the combined assurance.

# 7. INTERNAL AUDIT AND AUDIT COMMITTEE

#### 7.1 INTERNAL AUDIT

The PSETA has an Internal Audit unit reporting functionally to the AC and operationally to the CEO. Internal Auditing is an independent, objective assurance and consulting activity that is designed to add value and improve an organisation's operations. It helps the entity accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

During the period under review, the Internal Audit activity performed work that emerged from risks that were identified during planning and as requested by governance structures. Two audits, namely, the audit of ETQA accreditation and the audit of the risk management process were carried over from the 2019/20 financial year.

The following audit projects were executed and completed in line with the approved Internal Audit operational plan for the year:

- a. Audit of quarter 4 2019/20 Performance Information Ref 2020/21–01:
- b. Audit of GRAP compliance for the 2019/20 Annual Financial Statements Ref. 2020/21-02;
- c. Audit of Accreditation Process ETQA Ref 2019/20-08;
- d. Audit of Discretionary Grants Ref 2020/21-04;
- e. Audit of Risk Management Ref 2019/20-11;

- f. Audit of Nkungumathe Ref 2020/21-AC002; and
- g. Audit of Supply Chain Management Ref 2020/21-08.

As at 31 March 2021, the audit of the ETQA Certifications Process ref 2020/21-05 and the audit of ICT General Controls ref 2020/21-03 were at reporting and planning stages respectively. The audit of ETQA Certifications was finalised in the first week of the 2021/22 financial year and the ICT General Controls was included in the new operational plan for the 2021/22 financial year.

#### 7.2 AUDIT COMMITTEE

The independent Audit Committee (AC) reports to the Accounting Authority. The AC is responsible for:

- The effectiveness of internal audit and internal controls;
- b. Risk Management;
- c. The adequacy, reliability, accuracy and regularity of financial information provided to the AA;
- d. Any accounting and audit concerns;
- e. Legal and regulatory compliance; and
- f. ICT governance.

Information relating to the meeting attendance by members of the AC is contained in section 4.6.2 above.

# 8. COMPLIANCE WITH LAWS AND REGULATIONS

The PSETA is a public entity tasked with a training mandate in the public sector and control of public funds. It is therefore obliged to act in compliance with public laws and regulations. The entity has controls in place to monitor compliance with applicable legislation. These are continuously applied by management, who monitor the level of compliance and always ensure compliance.

#### FRAUD AND CORRUPTION

The PSETA has an approved Fraud and Corruption Prevention Control Policy and Action Plan approved by the Accounting Authority. A Whistle-Blowing Policy is in place with an Ethics and Fraud Hotline toll number 0800 202 586. KPMG was appointed as an independent service provider for the Ethics and Fraud Hotline, effective 1st November 2020. An email, <a href="mailto:hotline@kpmg.co.za">hotline@kpmg.co.za</a> is used to report any suspicious incident by any person, both external and internal for action.

Fraud reported through the hotline number is escalated to the Chairperson of the AC, who is independent from

the entity. The Chairperson of the AC reports all fraud related cases to the AC and the cases are included in the AC's report to the AA. Any fraud and corruption reported is investigated adequately. Procedures have been developed to ensure uniformity in reporting and investigating incidences of fraud and corruption.

The PSETA participated in internal fraud and corruption prevention awareness sessions, which took place once every Quarter. The awareness sessions were scheduled for staff and were conducted by an independent service provider managing the Fraud and Ethics Hotline.

# 10. MINIMISING CONFLICT OF INTEREST

Supply Chain Management is a highly regulated area within the PSETA environment. To minimise the risk of Conflict of Interest, a form for Declaration of Interest is circulated to members of Bid Committees before the commencement of meetings. To further enhance this process, management has acquired access into Companies and Intellectual Property Commission (CIPC)'s database to verify the directors of the companies that do business with the entity.

This principle also applies to meetings of the AA, its committees and staff. During the year under review, no cases of misconduct or negligence of duty from the AA members that required removal from office or termination of membership were reported.

Auditors request the following for Computer Assisted Audit Techniques (CAATS) purposes annually:

- a. Details of all employees and AA members;
- b. A list of all suppliers that received payments in the current financial period; and
- c. A list of close family members, partners, and associates of the members of the Accounting Authority, the PSETA management and SCM officials.

#### 11. CODE OF CONDUCT

The PSETA's Code of Conduct, set out in the PSETA's Constitution, is applicable to its AA and committee members. There is also a code of conduct for staff members. During the year under review, no cases of misconduct were reported.

# 12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The entity complied with the Occupational Health and Safety Act (OHASA). The Health and Safety Committee is in place to monitor the safety of staff and other stakeholders in the workplace. The PSETA has an approved COVID-19 Task Team that is responsible for ensuring that the organisation complies with COVID-19 regulations. A COVID-19 Health Risk Assessment was performed at the PSETA for legislative compliance and to recommend control measures aimed at protecting employees, contractors, visitors, the environment, and the public.

#### 13. BOARD SECRETARY

The Board Secretariat function is performed internally and properly resourced. The roles and responsibilities of the Board Secretary are outlined in the entity's Constitution. The Board Secretary functional report is to the AA and operationally to the CEO. During the period under review, the post of the Board Secretary was vacant, and Mr Lwazi Silas was appointed as the Acting Board Secretary.

#### 14. SOCIAL RESPONSIBILITY

The PSETA has in the past associated itself with two annual philanthropic events in the South African calendar; Cell C Take a Girl Child to Work Day® and the Nelson Mandela Day.

This year, the philanthropic events faced an unprecedented challenge in the form of the COVID-19 pandemic and the subsequent national lockdown. Because of government safety regulations during the lockdown, the PSETA was unable to host learners in the PSETA offices and the Nelson Mandela Day event could not take place.

#### Cell C Take a Girl Child to Work

In 2020, Cell C launched a Take a Girl Child to Work Day® online programme, an online version of the Cell C Take a Girl Child to Work Day® programme. On Friday, 26 March 2021, the PSETA hosted girl learners (Grade 10 – 12) from Mothotlung High School in Brits in the North West province.

The Cell C Take a Girl Child to Work Day® Online programme provided the learners with an opportunity to consider how the career choices they make today will shape their future. The learners had an opportunity

to watch videos, get access to resources and complete quizzes and exercises along the way. The programme aims to remind girl learners that they have the power to make their greatest dreams come true by believing in themselves.

# 15. AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2021.

#### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from Sections 51(1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act (PFMA), as well as Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter and has regulated its affairs in compliance with this Charter, as well as discharged all its responsibilities as contained therein.

#### The Effectiveness of Internal Control

Internal Audit continues to provide assurance in terms of control, governance and risk management as per the approved risk-based audit plan. The Audit Committee's review of the findings identified by the internal and external auditors reveals that the control environment is generally adequate and effective. However, the Audit Committee has identified the following key areas of concern that should be addressed to further improve the overall adequacy and effectiveness of the control environment:

- · Quality of Performance Information;
- · Compliance Monitoring;
- Human Resource Management; and
- · Supply Chain Management.

#### In-Year Management and Monthly and Quarterly Report

The PSETA has reported quarterly to the National Treasury and the Executive Authority as is required by the PFMA. The Audit Committee as well as assurance providers provided management with recommendations, which were implemented, to improve the quality of financial and performance information during the year under review. The Audit Committee was satisfied with the content and quality of the monthly and quarterly reports formulated during the year under review.

#### **Evaluation of Financial Statements**

The Audit Committee has:

Reviewed the unaudited financial statements with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by management;

- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions;
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues;
- Reviewed the unaudited information on predetermined objectives with due consideration of the independent assurance provided by IA as well as the assurance provided by management;
- Reviewed the Auditor-General South Africa (AGSA) audit and management reports, with due consideration of the responses provided by management; and
- Reviewed the audited financial statements as well as the information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit and reported to the Accounting Authority.

#### Auditor General's Report

The Audit Committee concurs and accepts the conclusions of the Auditor General South Africa (AGSA) on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the AGSA.

We would like to express our appreciation to the Accounting Authority for their leadership and support, as well as all other assurance providers and most importantly management, for their commitment in maintaining the a "clean" audit outcome (unqualified with no material findings).

P.Dala

Dr. P Dala

Chairperson PSETA Audit Committee

Date: 10 August 2021

#### 16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Broad Based Black Economic Empowerment Act No. 53 of 2003 section 13G paragraph (1) states, "All spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports required under the Public Finance Management Act, 1999.

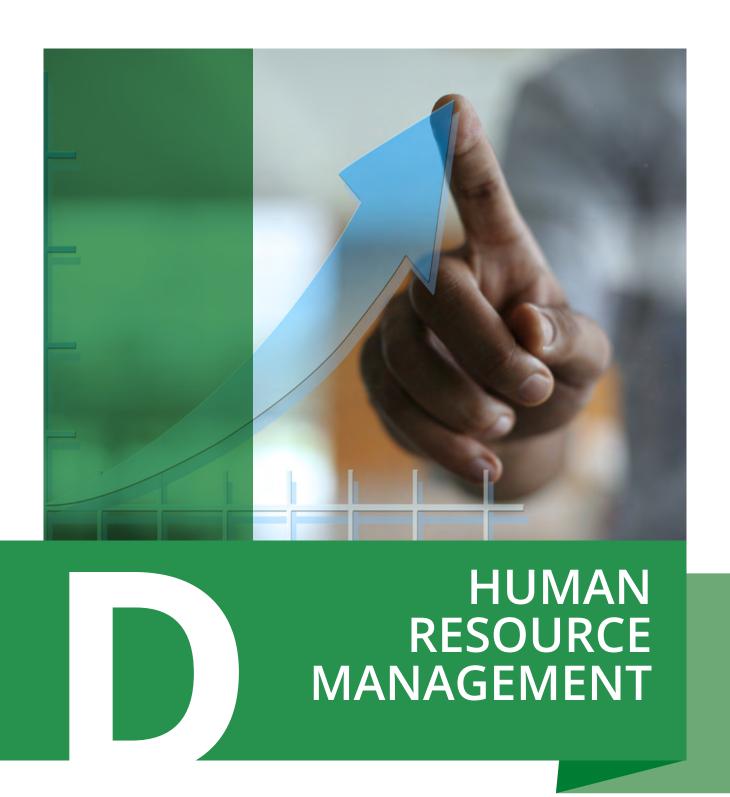
Management agrees to improve compliance monitoring with the requirements of B-BBEE act as well as the

related regulations by reporting on the compliance with B-BBEE on the audited financial statements as well as on the annual reports of the entity. Further, management agrees to submit the annual financial statements together with the annual report to the B-BBEE commission.

A service provider, Fidelity Verification, performed an independent B-BBEE verification exercise on the PSETA and a compliance B-BBEE level 8 was achieved.

### The PSETA applied the relevant Code of Good Practice (B-BBEE Certificate Level 8) with regards to the following:

Criteria	Response Yes / No	<b>Discussion</b> (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	Yes	We offer learnership qualification certificates to learners who qualify for such certificate after a comprehensive learnership programme in accordance with the Skills Development Act.
Developing and implementing a preferential procurement policy?	Yes	The PSETA has a preferential procurement plan which is in line with Preferential Procurement Policy Framework Act. For the financial year ended March 2020, the PSETA's total measured procurement spend was utilised as follows:  1. 51.12% was spent on B-BBEE compliant supplier/ service providers;  2. 5.64% on qualifying small entities;  3. 16.95% on exempted micro enterprises;  4. 46.79% on at least 51% black-owned entities; and  5. 6.91% on at least black women-owned on entities.
Determining qualification criteria for the sale of state-owned enterprises?	No	N/A
Developing criteria for entering partnerships with the private sector?	No	There are no Public Private Partnerships (PPP) developed.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	We offer learnership discretionary grants for qualifying learners to train through accredited training providers.



#### 1. INTRODUCTION

The focus for the financial year under review was to rebuild institutional capacity that will reposition the PSETA to be an employer of choice. However, it has been a difficult year due to the COVID-19 pandemic affecting not only our country, but the whole world.

The world of work has been challenged to respond both to crisis quickly and re-think human resource strategies in real-time. It is important to note that recovery from these challenges will not be static or occur on a specific date.

In responding to the global crisis of the pandemic, the PSETA's priority was to respond to crisis and emphasise the health and safety of employees through the promotion of work virtualisation and working from home, while also encouraging voluntary testing, and the observing of health protocols.

The challenge that is facing organisations is managing continuity and shaping the new normal of work. The PSETA will strive to make the choices and human resource policies that are an opportunity to makeshift towards purpose, potential, and perspective. The recovery process creates an opportunity to ensure adequate supply of tools for virtual work, as well as critical knowledge resources and digital access required to meet both immediate and future work requirements. The below table represents the total staff establishment for the year under review:

Staff Establishment as at 31 March 2021		
Approved Positions	64	
Filled	54	
Vacant	10	
Positions Additional to the Establishment (as at 31 March 2021)		
Temporary Employees	0	
Interns	3	
WIL Learners	0	
TOTAL	3	

#### The PSETA Staff Establishment

As at the end of the 2020/21 financial year, the total staff establishment stands at fifty-four (54) employees with ten (10) vacancies. The approved posts are sixty-four (64) with the vacancy rate of 15.6%.

The vacancy list are as follows:

- · Chief Financial Officer;
- Personal Assistant to the CEO;

- Board Secretary;
- Personal Assistant to the CFO;
- ETOA Specialist;
- · Supply Chain Management Officer;
- Projects Officer;
- Finance Officer;
- · Skills Planning & Research Manager; and
- · Skills Planning & Research Officer.

# 2. HUMAN RESOURCE STRATEGY

#### **Human Resource Planning**

During the financial year under review, the following policies were reviewed:

- a. Policy on Staff Recruitment, Selection, Appointment and Probation; and
- b. Remuneration Policy.

In terms of future projections for the financial year (2021/22), the PSETA will be embarking on a process of reviewing current human resource policies, identifying gaps within the human resource value chain and developing policies that will address the purpose of the entity.

#### **Employee Relations**

The Collective Bargaining Committee (CBC), established in terms of the Recognition Agreement, is a forum that deals with issues of mutual interest. The CBC comprises of the Independent Chairperson, employer, and labour representatives.

The PSETA management implemented the second leg of the signed multi-year Collective Agreement for the Bargaining unit. The Collective Agreement comprises of the annual cost of living salary adjustment plus benefits.

#### **Training and Development**

The PSETA regards training and development as any activity directed at providing the knowledge, skills, moral values, and understanding required in the normal course of life. The concepts training and development, however, guide individuals and prepares them to perform specific activities as directed by the job they occupy or aspire to occupy.

The new world economy forces organisations to become more competitive and to develop a more flexible workforce. This requires employees to operate as knowledge workers. As a result, the PSETA is not exempted to ensure the development of new skills such as decision-making, problem-solving, resolving conflict, negotiating, and leadership.

The creation of a learning culture within the PSETA responds to the strategic objective of the entity and contributes to the better achievement of its goal.

During the financial year under review (2020/21), a detailed Workplace Skills Plan was submitted to ETDPSETA.

#### Performance Management and Development

The 2020/21 Performance Management and Development system was not implemented due to the delay in finalising issues of employment contracts after the proclamation of new SETA landscape by the MHESI.

#### **Employee Wellness Programme (EWP)**

The PSETA appointed ICAS to manage the organisation Employee Wellness Programme effective November 2020 for a period of 36 months. The programme was officially launched on 04 February 2021. Some of the services that ICAS is contracted to perform include the delivery of comprehensive face-to-face counselling to the PSETA employees, providing life management services, managerial support services, managerial consultancy referral services, and fully customised employee wellness awareness campaigns.

#### 3. HUMAN RESOURCE STATISTICS

#### Personnel by level

Level	Personnel Expenditure	% of Personnel Expenditure to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee
	(R'000)			(R'000)
	2020/21	2020/21	2020/21	2020/21
Top Management	5 158	13%	4	1 290
Senior Management	10 754	28%	10	1 075
Professional Qualified	8 754	23%	12	730
Skilled	7 883	21%	12	657
Semi-skilled	5 172	13%	14	369
Unskilled	602	2%	3	201
Total	38 323	100%	55	697

#### **Performance rewards**

The performance rewards for 2019/20 were paid during the 2021/22 financial year.

	1 0	,	
Level	Performance Rewards (R'000)	Personnel Expenditure(R'000)	% of Performance Rewards to Total Personnel Cost (R'000)
Top Management	-	5 158	-
Senior Management	-	10 754	-
Professional Qualified	-	8 754	-
Skilled	-	7 883	-
Semi-skilled	-	5 172	-
Unskilled	-	602	-
TOTAL	-	38 323	-

#### **Training costs**

Staff training costs were centralised to Corporate Services Division.

Objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Costs	Number of Employees	Average Training Cost per Employee
Corporate Services	38 323	253	0,66	54	5
TOTAL	38 323	253	0,66%	54	5

#### Approved Posts by Post Level and Vacancy Rates as at 31 March 2021

The indicated vacancy rates as indicated are for all approved posts.

Levels	2019/20 No. of Employees	2020/21 Approved Posts	2020/21 No. of Employees	2020/21 Vacancies	% of Vacancies	Comments
Top Management	2	4	3	1	25%	CFO position vacant.
Senior Management	11	11	10	1	9.1%	Skills Planning & Research Manager position vacant.
Professional Qualified	12	14	12	2	14.3%	Board Secretary and ETQA Specialist positions vacant.
Skilled	14	16	12	4	25%	Projects Officer, Supply Chain Officer, Finance Officer and Skills Planning & Research Officer positions vacant.
Semi-skilled	16	16	14	2	12.5%	Personal Assistant to CFO and Personal Assistant to CEO positions vacant.
Unskilled	3	3	3	0	0	
TOTAL	57	64	54	10	15.6%	

#### **Employment Changes**

Salary Bands	Employment at the Beginning of the Period	Appointments	Terminations	Employment at the End of the Period
Top Management	2	2	1	3
Senior Management	10	0	1	10
Professional Qualified	14	0	2	12
Skilled	16	0	4	12
Semi-skilled	16	0	2	14
Unskilled	3	0	0	3
TOTAL	62	2	10	54

#### Vacancy Rates for the Year by Business Units

Programme Activity/ Objective	2019/20 No. of Employees	2020/21 Approved Posts	2020/21 No. of Employees	2020/21 Vacancies	% of Vacancies	Comment
Office of the CEO	5	5	3	2	40%	PA to the CEO and Board Secretary positions vacant
Internal Audit	3	3	3	0	0	
Skills Planning and Research	6	6	4	2	33.3%	SP&R Manager and SP&R Officer positions vacant
Learning Programmes	9	9	9	0	0	
ETQA	7	8	7	1	12.5%	ETQA Specialist post vacant
Corporate Services	14	16	16	0	0	
Finance	8	11	7	4	36.4%	SCM Officer, Finance Officer, CFO and PA positions vacant
Projects	5	6	5	1	16.7%	Project Officer position vacant
TOTAL	57	64	54	10	15.6%	

#### Reasons for Staff Leaving.

The list includes all staff movement as per establishment excluding interns

Reason	Number	% Total No. of Employees Leaving
Death	0	0
Resignation	10*	15.6%
Dismissal	0	0
Retirement	0	0
III Health	0	0
Expiry of Contract	0	0
Other	0	0
TOTAL	10	15.6%

<sup>\*</sup> Employees left for better prospects with other organisations.

#### Labour Relations: Misconduct and Disciplinary Action

Description	Number
Verbal Warning	0
Written Warning	1
Final Written Warning	0
Dismissal	0
TOTAL	1

#### Equity Targets and Employment Equity Status as at 31 March 2021

The list includes all employees to the establishment.

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	6	0	0	0	0	0	0	0
Professional Qualified	3	0	0	0	1	0	0	0
Skilled	3	0	0	0	0	0	0	0
Semi-skilled	5	0	0	0	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
TOTAL	19	0	0	0	1	0	0	0

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	1	0	0	0
Senior Management	3	0	0	0	1	0	0	0
Professional Qualified	8	0	0	0	0	0	0	0
Skilled	8	0	0	0	0	0	0	0
Semi-skilled	10	0	0	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
TOTAL	32	0	0	0	2	0	0	0

Levels	Disabled Staff					
	MALE		FEMALE			
	Current	Current Target		Target		
Top Management	0	0	0	0		
Senior Management	0	0	0	0		
Professional Qualified	0	0	0	0		
Skilled	0	0	0	0		
Semi-skilled	0	0	0	0		
Unskilled	0	0 0		0		
TOTAL	0	0	0	0		

None of the staff members have declared any disabilities. No new recruits with disabilities have been identified.

#### **Employment Equity**

The current workforce profile is 34 females and 20 males, with the balance income differentials. Amongst the identified barriers of transformation, is the recruitment and attracting people with disabilities.



# FINANCIAL INFORMATION

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PUBLIC SERVICE SECTOR EDUCATION AND TRAINING AUTHORITY

## Report on the audit of the financial statements

#### Opinion

- 1. I have audited the financial statements of the Public Service Sector Education and Training Authority (SETA), set out on pages 67 to 111, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Service Sector Education and Training Authority as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

#### **Basis for opinion**

- 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' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

## Responsibilities of the accounting authority for the financial statements

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

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

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

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PUBLIC SERVICE SECTOR EDUCATION AND TRAINING AUTHORITY

# Report on the audit of the annual performance report

#### Introduction and scope

- 10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms . thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
- 11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
- 12. 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 programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 - learning programmes and projects	30-35

13. 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.
- 14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
  - Programme 3 learning programmes and projects.

#### Other matters

15. I draw attention to the matters below.

#### Achievement of planned targets

16. Refer to the annual performance report on pages 30 to 35 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

#### Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3 - learning programmes and projects. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

# Report on the audit of compliance with legislation

#### Introduction and scope

18. 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

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PUBLIC SERVICE SECTOR EDUCATION AND TRAINING AUTHORITY

performed procedures to identify findings but not to gather evidence to express assurance.

19. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

#### Other information

- 20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 21. 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 on it.
- 22. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 23. Idid not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However-, if it is corrected this will not be necessary.

#### Internal control deficiencies

24. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report. I did not identify any significant deficiencies in internal control.

Auditor - General

Pretoria 6 August 2021



Auditing to build public confidence

# ANNEXURE - AUDITOR -GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public entity's compliance with respect to the selected subject matters.

#### **Financial statements**

- 2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
  - conclude on the appropriateness of the use of the going concern basis of accounting by the accounting authority, in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Public Service SETA to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures

- are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

- 3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

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#### Accounting Authority Responsibilities and Approval

The Accounting Authority (AA) 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 annual financial statements and related financial information included in this report. It is the responsibility of the AA members to ensure that the annual financial statements fairly present the state of affairs of the PSETA as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The AA members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the AA members to meet these responsibilities, the AA members set standards for internal control aimed at reducing the risk of error 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 PSETA and all employees are required to maintain the highest ethical standards in ensuring the PSETA's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the PSETA is on identifying, assessing, managing and monitoring all known forms of risk across the PSETA. While operating risk cannot be fully eliminated, the PSETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

Although the AA members are primarily responsible for the financial affairs of the PSETA, they are supported by the PSETA's management.

The external auditors are responsible for independently reviewing and reporting on the PSETA's annual financial statements. The annual financial statements have been examined by the PSETA's external auditors.

The annual financial statements set out on pages 67 to 111, which have been prepared on the going concern basis by management and recommended by the CEO, were approved by the AA members on 28 May 2021 and were signed on its behalf by:

Mr Thulani Tshefuta

Chairperson of the Accounting Authority

Date: 06 August 2021

Ms Bontle Lerumo

Date: 06 August 2021

PSETA
Audited Annual Financial Statements for the year ended 31 March 2021

#### Statement of Financial Position as at 31 March 2021

Figures in Rand thousand	Note(s)	2021	2020
ASSETS			
Current Assets			
Receivables from exchange transactions	3	1 562	740
Inventories		-	14
Cash and cash equivalents	4	129 999	136 768
		131 561	137 522
Non-Current Assets			
Property, plant and equipment	5	2 091	2 115
Intangible assets	6	6 399	1 289
		8 490	3 404
Total Assets		140 051	140 926
CURRENT LIABILITIES			
Exchange Transactions			
Payables from exchange transactions	7	3 723	4 163
Provisions	11	5 725	642
Operating lease liability	11	871	-
operating rease habiney		071	
Non-exchange Transactions			
Payables from non-exchange transactions	8	19 096	7 969
Employer grants payables	9	822	715
Provisions	12	190	164
		24 702	13 653
Total Liabilities		24 702	13 653
Net Assets		115 349	127 273
Reserves			
Administration reserve		8 490	3 404
Discretionary reserve		106 859	123 869
Total Net Assets		115 349	127 273

PSETA
Audited Annual Financial Statements for the year ended 31 March 2021

#### Statement of Financial Performance for the year ended 31 March 2021

Figures in Rand thousand	Note(s)	2021	2020
Revenue			
Revenue from Non-exchange Transactions			
Transfer Revenue			
Skills Development Levy: Income	13	2 559	7 970
Skills Development Levy: Penalties and interest	13	59	62
Voted funds received from National Treasury	13	118 516	112 304
NSF projects realised income	10	-	3
Total revenue from Non-exchange Transactions		121 134	120 339
Revenue from Exchange Transactions			
Other income	14	63	114
Investment income	14	4 920	9 237
Total revenue from Exchange Transactions		4 983	9 351
Total Revenue		126 117	129 690
Expenditure			
Administration expenses	16	(16 824)	(18 246)
Audit fees	16	(2 073)	(1 685)
Cost of employment	16	(38 551)	(38 711)
Depreciation and amortisation	5&6	(4 577)	(981)
Employer grant and project expenses	15	(75 123)	(71 335)
NSF project expenses	10	+	(3)
QCTO expenditure		(55)	(45)
Repairs and maintenance	16	(836)	(674)
Total Expenditure		(138 039)	(131 680)
Deficit for the Year		(11 922)	(1 990)

PSETA
Audited Annual Financial Statements for the year ended 31 March 2021

#### Statement of Changes in Net Assets for the year ended 31 March 2021

Figures in Rand thousand	Administrative Reserve	Employer Grant Reserve	Discretionary Reserve	Total Reserves	Accumulated Surplus / (Deficit)	Total Net Assets
Balance at 01 April 2019	2 059	-	127 204	129 263	-	129 263
Changes in net assets						
Surplus for the year	-	-	-	-	(1 990)	(1 990)
Allocation of unappropriated surplus for the year	-	1 686	(3 676)	(1 990)	1 990	-
Employer grant reserves transferred to discretionary reserves	-	(1 687)	1 686	-	-	-
Excess reserves transferred	1 345	-	(1 345)	-	-	-
Total Changes	1 345	-	(3 335)	(1 990)	-	(1 990)
Balance at 01 April 2020	3 404	-	123 869	127 273	-	127 273
Changes in net assets						
(deficit) surplus for the year	-	-	-	-	(11 922)	(11 922)
Allocation of unappropriated surplus for the year	-	408	(12 332)	(11 922)	11 922	-
Employer grant reserves transferred to discretionary reserves	-	(408)	408	-	-	-
Excess reserves transferred	5 086	-	(5 086)	-	-	-
Total Changes	5 086	-	(17 010)	(11 922)	-	(11 922)
Balance at 31 March 2021	8 490	-	106 859	115 349	-	115 349

PSETA Audited Annual Financial Statements for the year ended 31 March 2021

#### Cash Flow Statement for the year ended 31 March 2021

Figures in Rand thousand	Note(s)	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Position			
Receipts		0.042	7,000
Levies, interest and penalties received	10	8 043	7 983
Voted funds received from National Treasury	13	118 516	112 304
Interest income		4 991	9 291
Other cash receipts from stakeholders		63	115
		131 613	129 693
P			
Payments		(20.276)	(20.440)
Compensation of employees		(38 376)	(39 449)
Payments to suppliers and others		(26 517)	(26 639)
Grants and project payments		(63 826)	(68 466)
		(128 719)	(134 554)
Net Cash Flows from Operating Activities	19	2 894	(4 861)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(665)	(1 135)
Purchase of other intangible assets	6	(8 998)	(1 217)
Net Cash Flows from Investing Activities		(9 663)	(2 352)
		, ,	
Net increase/(decrease) in cash and cash equivalents		(6 769)	(7 213)
Cash and cash equivalents at the beginning of the year		136 768	143 981
Cash and Cash Equivalents at the End of the Year	4	129 999	136 768

# **Statement of Comparison of Budget and Actual Amounts**

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Perform	nance					
REVENUE						
Skills Development Levy: income, interest and penalties	1 570	-	1 570	2 618	1 048	27.1
Voted Funds received from National Treasury	118 516	-	118 516	118 516	-	
Surplus fund retention	-	5 800	5 800	-	(5 800)	27.2
Other income	15	-	15	63	48	
Interest received - investment	10 066		10 066	4 920	(5 146)	27.3
Total Revenue	130 167	5 800	135 967	126 117	(9 850)	
GRANTS AND PROJECT EXPENDITURE Mandatory Grants	(213)	-	(213)	(233)	(20)	
Discretionary Grants	(50 878)	(2 300)	(53 178)	(74 890)	(21 712)	27.4
Total Grants and Project Expenditure	(51 091)	(2 300)	(53 391)	(75 123)	(21 732)	
EXPENDITURE						
Cost of employment	(48 311)	-	(48 311)	(38 551)	9 760	27.5
Advertising, marketing and promotions, communications	(1 057)	-	(1 057)	(839)	218	
AGM and Annual Report and related costs	(63)	-	(63)	-	63	
Audit fees	(2 119)	-	(2 119)	(2 073)	46	
Bank charges	(51)	-	(51)	(31)	20	
Catering and refreshments	(356)	-	(356)	(22)	334	
Consumables	(117)	-	(117)	-	117	
Consulting and professional fees	(6 178)	(1 000)	(7 178)	(3 717)	3 461	27.12
Depreciation	-	-	-	(4 577)	(4 577)	27.6
Governance fees	(2 572)	-	(2 572)	(1 878)	694	27.7
Insurance	(83)	-	(83)	(15)	68	
Legal fees	(1 322)	-	(1 322)	(1 223)	99	

PSETA
Audited Annual Financial Statements for the year ended 31 March 2021

# **Statement of Comparison of Budget and Actual Amounts**

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Operating lease rentals	(7 024)	-	(7 024)	(6 707)	317	
Printing and stationery	(750)	-	(750)	(19)	731	27.8
Rates and taxes, water and electricity and security	(363)	-	(363)	(964)	(601)	
Staff recruitment	(168)	-	(168)	(339)	(171)	
Staff welfare	(691)	-	(691)	(404)	287	
Storage costs	(86)	-	(86)	(22)	64	
Sundry items	(327)	(500)	(827)	(42)	785	
Telephones	(449)	-	(449)	(329)	120	
Training and staff development	(868)	-	(868)	(252)	616	
Travel and subsistence	(2 607)	-	(2 607)	(21)	2 586	27.9
Repairs and maintenance	(2 164)	-	(2 164)	(836)	1 328	27.10
QCTO expenditure	(46)	-	(46)	(55)	(9)	
Workshops	(104)	-	(104)	-	104	
Postage and courier	(76)	-	(76)	-	76	
<b>Total Operations Expenditure</b>	(77 952)	(1 500)	(79 452)	(62 916)	16 536	
Net Surplus/(Deficit)	1 124	2 000	3 124	(11 922)	(15 046)	
Capex	(1 124)	(2 000)	(3 124)	(9 663)	(6 539)	
NET Surplus / (Deficit) after Capex	-	-	-	(21 585)	(21 585)	

The original budget was revised during the 2020/21 financial year as a result of National Treasury's approval of the PSETA's request to retain surplus funds. The final budget amounted to R135 967 000, hence expenditure did not exceed total budgeted revenue.

# Presentation of Annual Financial Statements

# 1.1 Basis of Preparation and Going concern assumption

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material aspect, consistent with those of the prior year, except as otherwise indicated.

These 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.

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost basis, except where adjusted for present/ fair values as required by the respective accounting standards.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Public Finance Management Act (PFMA), 1999 (Act No. 1 OF 1999).

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

# 1.2 Presentation Currency and Level of Rounding

These financial statements are presented in South African Rand since it is the currency in which the majority of the entity transactions are denominated. Furthermore, all figures presented are rounded to the nearest thousand.

# 1.3 Revenue Recognition

#### 1.3.1 Revenue from Non-exchange Transactions

Non-exchange revenue transactions result in resources being received by the PSETA, usually in accordance with a binding arrangement. When the PSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that the PSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

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

Where the resources transferred to the PSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. The assets and the corresponding liability are measured at fair value on initial recognition.

Subsequently, any interest that accrues from resources transferred to the PSETA before the fulfilment of conditions are capitalised to the liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of fair value of the asset on initial recognition. Non- exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training, income from the National Skills Funds and contributions received from public entities who contribute voluntarily to the PSETA.

#### 1.3.1.1 Levy income

The PSETA recognises levy income on receipt. The accounting policy for the recognition and measurement of skill development levy income is based on the Skills Development Act (SDA), Act 97 of 1998, as amended, and the Skills Development Levies Act (SDLA), Act 9 of 1999, as amended. In terms of section 3 (1) and 3 (4) of the SDLA (1999) as amended, registered member companies of the SETA pay a Skills Development Levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collect levies on behalf of the Department. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4 (b) of the SDLA (1999) as amended, effective 1 August 2005.

80% of Skills Development levies are paid over to the SETA (net of the 20% contribution to the NSF). Revenue is adjusted for transfers between the SETAs due to employers changing SETAs. Such adjustments are separately disclosed as inter-seta transfers. The amount of the inter-seta adjustment is calculated according to the most recent standard operating procedure issued by the DHET. SDL transfers are recognised on an accrual basis when it is probable that future economic benefits or

service potential will flow to the SETA and these benefits can be measured reliably.

This occurs when the DHET makes an allocation to the PSETA as required by section 8 of the SDLA (1999) as amended.

#### 1.3.1.2 Interest and Penalties

Interest and penalties received on the SDL are recognised on receipt since the nature of contribution is voluntary and not enforced through legislation.

#### 1.3.1.3 Transfer from other Government Entities

The PSETA recognises revenue and a corresponding asset in respect of transfers received from transfers through the National Treasury when the transferred resources meet the definition of revenue and an asset, and satisfy the criteria for recognition as revenue and an asset.

# 1.3.1.4 Funds Allocated by the NSF for Special Projects

Funds transferred by the NSF are accounted for in the financial statements of the SETA as a liability until the related conditions are met. The liability is reduced by any project expenditure incurred and recognised as revenue. Property, plant and equipment acquired for National Skills Fund special projects are capitalised in the financial statements of the SETA, as the SETA has full control of such asset. The depreciation/amortisation expenses related to such assets are expensed against the liability over the lifespan of the asset.

# 1.3.2 Revenue from Exchange Transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. Revenue is measured at the fair value of the considerations received or receivable. The only exchange revenue received by the PSETA is the interest earned on the investment. Unconditional grants received are recognised when the amount has been received.

#### 1.3.2.1 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.

## 1.4 Grants and Project Expenditure

In terms of the Grant Regulations, registered employers may recover 20% of levy payments (excluding interest and penalties) in the form of mandatory grants, provided they timeously submit the documents prescribed in terms of grants regulations specified in the section dealing with monies received and related matters.

In addition, registered employers that participate in training initiatives prescribed in the National Skills Development Plan (NSDP) effective 1 April 2020, as extended by the Department of Higher Education and Training, can apply for and be granted discretionary grants to supplement their training costs.

#### **Mandatory Grants**

Mandatory grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed format within the legislated cut-off period and the application has been approved as the payment then becomes probable. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning and annual training report grants.

# **Retrospective Amendments by SARS**

The PSETA calculates and pays mandatory grants to employers based on the information from the Department of Higher Education and Training as obtained from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the PSETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayments, net of bad debts and provisions for irrecoverable amounts.

The receivable is measured at the net present value of the expected future cash inflow as determined in accordance with the PSETA policy on debtors' management and is based on the actual overpayments.

#### Discretionary Grants and Project Expenditure

The PSETA may in terms of the Grant Regulations, out of funds set aside for discretionary and projects, investment income and any surplus monies from administration allocation and unclaimed mandatory grants, determine and allocate discretionary grants to employers, education

and training providers and workers of the employers. The allocations of discretionary grants and projects are dependent on employers submitting the prescribed application, in the prescribed format and within the prescribed cut-off period. The discretionary grant and project expenditure payable and the related expenditure are recognised when the application has been approved and the conditions for grant payment, as set out in the PSETA grants policy have been met.

The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act and the grant regulations and is based on the amount of levies received, investment income and surplus monies from administration allocations and unclaimed mandatory grants.

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; and
- other costs as are specifically chargeable to the PSETA under the terms of the contract.

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

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

Discretionary grants and 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.

#### 1.5 Pre-payments

The PSETA may, in certain instances in contracting with SMMEs and when required by the terms of the contract of a services provider, make advance payments.

## 1.6 Irregular Expenditure

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including:

- the PFMA;
- the State tender Board Act, 1968; or any provincial legislation providing for the procurement procedures in that provincial government;
- the Skills Development Act;
- the Skills Development Levies Act;
- Irregular Expenditure Framework; and
- the PSETA's SCM Policy (only upon contravention of legislative prescripts is irregular expenditure recognised against the respective class of expense in the period in which it was incurred. These are then recorded in the irregular expenditure register).

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. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements. 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.

#### 1.7 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 irregular, fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period it was incurred. The expenditure is disclosed in the notes to the financial statements of the reporting period that it has been identified.

# 1.8 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and adjusted for any impairment property, plant and equipment acquired at no cost are stated at fair value as at the date of acquisition less any subsequent accumulated depreciation.

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

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.

Property, plant and equipment (owned and leased in terms of finance leases) are 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.

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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

# 1.9 Key Accounting Judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. The financial effects of the reviews to accounting estimates are recognised in the period in which the estimates are reviewed if the revision affects only that period or in the period of the review and future periods if the review affects both current and future periods.

The PSETA reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period, refer to note number 5.

The following average useful lives are used in calculation of depreciation:

Computer equipment	3 years
Leasehold improvements (fixtures and fittings)	Over the lease period
Furniture and equipment	6 years
Motor vehicles	5 years

#### 1.10 Intangible Assets

An asset is identified as an asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with related contract, asset or liability; or
- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separate from the entity or from other rights and obligations.

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.

Intangible assets are initially recognised at cost. An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

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

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

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

Internally Generated Software programmes are initially recognised at cost. Intangible assets with indefinite useful lives, if any, are not amortised but tested for impairment annually and impaired if necessary.

Purchased software: software licenses are carried at cost less accumulated amortisation and impairment. Software is amortised over its useful life on a straight line basis.

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-flows 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 its 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 finite useful life after it was classified as indefinite is an

indicator that the asset may be impaired as 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. Amortisation is provided to write down an intangible assets on a straight line basis to their residual values.

Intangible assets are de-recognised when:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is de-recognised.

An average useful life of two (2) years (or the lifespan of the intangible asset) is used when calculating the amortisation of intangible assets.

#### 1.11 Leasing

#### 1.11.1 Operating Leases

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset, title may not eventually be transferred.

Lease payments under operating lease are recognised as an expense in the Statement of Financial Performance on a straight- line basis over the lease term, unless another systematic basis is more representative of the time pattern of the PSETA's benefit.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### 1.12 Provisions and Contingencies

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

#### 1.12.1 Other provisions

Provisions included in the Statement of Financial Position are provisions for performance awards and provision for exempt companies. Provisions for performance awards are based on estimated performance levels and salary rates prevalent at the reporting date.

The PSETA recognises a provision for the repayment of levies contributed by companies exempted from contributing skills development levy but continue to do

#### 1.12.2 Contingent Liabilities

Contingent Liabilities arise when the PSETA has 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 within the control of the PSETA.

Disclosed amounts in respect of contingent liabilities are measured on the basis of the best estimate, using experience of similar transactions or reports from independent experts.

#### 1.13 Employee Benefits

The cost of other employee benefits (not recognised as retirement 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 raised for the estimated liability as a result of services rendered by employees up to the reporting date.

Liabilities for annual leave are recognised as they accrue to employees. The entity recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual.

The PSETA provides for retirement benefits for some of its permanent employees through a defined contribution scheme to SANLAM.

#### 1.14 Financial Instruments Recognition

Financial assets and financial liabilities are recognised on the SETA's Statement of Financial Position when the

SETA becomes a party to the contractual provisions of the instrument.

#### 1.14.1 Financial Assets

#### 1.14.1.1 Investments and Loans

The following categories of investments are measured at subsequent reporting dates at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:

- loans and receivables;
- held-to-maturity investments; and
- an investment that does not have a quoted market price in an active market and whose fair value cannot be measured reliably.

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

Investments other than those listed above are classified as available-for-sale investments or investments held-for-trading and are measured at subsequent reporting dates at fair value, without any deduction for transaction costs that may be incurred on sale or other disposal.

Financial assets can be classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL); "held to maturity investments"; "available for sale" financial assets; and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

All financial assets of the PSETA are categorised as loans and receivables.

## 1.14.1.2 Loans and Receivables

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

#### 1.14.1.3 Effective Interest Rate Method

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

# 1.14.1.4 Impairment and Un-collectability of Financial Assets

The PSETA assess at the end of each reporting period, whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

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

The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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

#### 1.14.2 Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

#### 1.14.2.1 Financial Liabilities at FVTPL

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

# 1.14.2.2 Gains and Losses on Subsequent Measurement

Gains and losses arising from a change in the fair value of financial instruments, other than available-for-sale financial assets, are included in net profit or loss in the period in which it arises. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

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

## 1.14.2.3 Other Financial Liabilities

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

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

De-recognition:

The PSETA de-recognises financial assets using trade date accounting.

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

#### 1.15 Reserves

Reserves are sub-classified in the statement of changes in net assets between the following:

- Administration reserve;
- Employer grant reserve;

- Discretionary reserve; and
- Accumulated surplus/deficit.

Employer levy payments are set aside in terms of the SDA (1998) and the SETA Grant Regulations for the purpose of:

-	Administration costs of the SETA	10.5%
-	Employer grant fund levy	20.0%
-	Discretionary grants and projects	49.5%
-	Contributions to the National Skills Fund	20.0%

Interest and penalties received from 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 in terms of the above classifications, that is where income is associated with administration activities it is utilised for administration purposes, whereas where it is associated with project activities it is utilised for discretionary grants and projects purposes.

The items of revenue and expenditure are recognised on the accrual basis of accounting in the financial statements. Consequently, the reserves disclosed in the Statement of Changes in Net Assets and movements disclosed in note 2 do not represent cash reserves or fund monies as implied in Grants Regulations issued by the Department of Higher Education and Training in terms of the Skills Development Act, Act No. 97 of 1998 as amended.

Administration reserve represents the net book value of property, plant and equipment and other commitments of an administration nature arising from signed contracts as specifically approved by the PSETA board from time to time.

Employer grant reserve represents possible mandatory grants claims from newly registered employers that are eligible to submit their mandatory grants claims at yearend in terms of the grants regulations.

Discretionary reserve represents the excess of discretionary grants revenue over discretionary and projects expenditure and includes transfers from administration and mandatory grant reserve where appropriate.

# 1.16 Administrative Expenditure

Administrative expenditure, including inter alia Audit fees, have been presented in accordance with the standards of Generally Recognised Accounting Practices (GRAP),

including any interpretations, guidelines and directives issued by the Accounting Standards Board. The PSETA's administrative expenditure has been paid using voted funds received from the National Treasury.

#### 1.17 Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the PSETA. The major classifications of activities identified in budget documentation would usually reflect the segments for which the PSETA reports information to management. Segment information is presented based on service segments as they relate to a distinguishable component of the PSETA, which provides specific outputs or achieves particular operating objectives that are in line with the PSETA's overall mission. The PSETA's service segments are mandatory, discretionary and administration activities. These segments are based on the Skills Development Levies Act, 1999 and the SETA Grant Regulations.

#### 1.18 Related Party Transactions

Transactions are disclosed as other related party transactions where the SETA has in the normal course of its operations, entered into certain transactions with entities either related to the Department of Higher Education and Training or which had a nominated representative serving on the SETA Accounting Authority.

Transactions are disclosed as other related party transactions where Inter-seta transactions arise due to the movement of employers from one SETA to another.

# 1.19 Capital Commitments

Capital commitments are disclosed in respect of contracted amounts for which delivery by the contractor is outstanding at year-end, and for amounts which the Board's approval has been obtained but not yet contracted for.

#### 1.20 Comparatives

Where necessary, comparative figures have been restated, adjusted or re-classified to achieve fair presentation and to conform to changes in presentation that arise due to changes in accounting policies, errors, reporting standards and legislation.

#### 1.21 Inventory

Inventory consists of consumables on hand at the end of the reporting period and is recognised as assets on the date of acquisition. Inventory is stated at cost and it is determined on a first-in first-out basis. It is subsequently recognised in surplus or deficit as it is consumed.

#### 1.22 Taxation

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

# 1.23 Events after Reporting Date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred. The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

#### 2. PREPAYMENTS

# Standards and Interpretations Effective in the Current Year

The effective date of these standards are 1 April 2019. These include the following Standards and Interpretations that are applicable to the SETA and have been assessed to have no material impact on the financial statements:

#### **GRAP 20: Related Party Disclosures**

This standard prescribes the disclosure of information relevant to draw attention to the possibility 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.

#### GRAP 32: Service Concession Arrangements: Grantor

The purpose is to prescribe the accounting for service concession arrangements by the Grantor. It is unlikely that the standard will have a material impact on the PSETA's annual financial statements.

# **GRAP 108: Statutory Receivables**

The objective of this standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. It furthermore covers definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date. It is unlikely that the standard will have a material impact on the PSETA's annual financial statements.

## **GRAP 109: Accounting by Principals and Agents**

GRAP 109 outlines principles to assess whether an entity is party to a principal-agent arrangement. It is unlikely that the standard will have a material impact on the PSETA's annual financial statements.

**IGRAP 17:** Service Concession Arrangements: Where a Grantor Controls a Significant Residual Interest in an Asset

The purpose is to prescribe the accounting for service concession arrangements by the Grantor. It is unlikely that the standard will have a material impact on the PSETA's annual financial statements.

# Standards and Interpretations Issued, but not yet Effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

## GRAP 104 (amended): Financial Instruments

It is unlikely that the standard will have a material impact on the PSETA's annual financial statements.

Figures in Rand thousand	2021	2020
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Operating lease rental deposits	1 042	342
Sundry debtors	4	-
Staff debtors	11	11
Prepayment - operating lease	484	295
Accrued income	21	92
	1 562	740
4. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	12 008	23 199
Investment with CPD	117 991	113 569
	129 999	136 768

# 5. PROPERTY, PLANT AND EQUIPMENT

		2021			2020	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 252	(830)	422	1 252	(745)	507
Motor vehicles	482	(318)	164	482	(236)	246
Office equipment	262	(172)	90	262	(150)	112
Computer equipment	3 913	(2 498)	1 415	3 248	(1 998)	1 250
Total	5 909	(3 818)	2 091	5 244	(3 129)	2 115

# Reconciliation of Property, Plant and Equipment - 2021

	balance	Additions	Depreciation	
Furniture and fixtures	507	-	(85)	
Motor vehicles	246	-	(82)	
Office equipment	112	-	(22)	
Computer equipment	1 250	665	(500)	
	2 115	665	(689)	

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Reconciliation of Property, Plant and Equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	288	310	(5)	(86)	507
Motor vehicles	328	-	-	(82)	246
Office equipment	80	56	-	(24)	112
Computer equipment	889	769	(21)	(387)	1 250
	1 585	1 135	(26)	(579)	2 115

The PSETA has reviewed the residual values at year-end and did not need to re-estimate it, the useful lives of all the items of property, plant and equipment were reviewed and restated where applicable.

Repairs and maintenance disclosed in relation to property, plant and equipment has been disclosed in Administrative Expenses note 16.4 in line with the requirements of GRAP 17.

#### 6. INTANGIBLE ASSETS

	2021			2020			
		Accumulated amortisation and accumulated impairment	Carrying value		Accumulated amortisation and accumulated impairment	Carrying value	
5	12 179	(5 780)	6 399	3 181	(1 892)	1 289	

Computer Software and Licences

#### Reconciliation of Intangible Assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer Software and Licences	1 289	8 998	(3 888)	6 399

# Reconciliation of Intangible Assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer Software and Licences	474	1 217	(402)	1 289

The PSETA has reviewed the residual values and useful lives of all the items of intangible assets.

Figures in Rand thousand	2021	2020
7. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	820	688
Trade accruals - administration	603	1 817
Leave pay accrual	2 300	1 658
	3 723	4 163
8. PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Discretionary grant accruals	14712	7 607
Discretionary grant payables	4 384	362
	19 096	7 969

The increase in payables and accruals is mainly attributed to the large number of invoices relating to services rendered before year-end only being received after year-end from suppliers.

## 9. EMPLOYER GRANTS PAYABLE

Skills Development Grants Payable - Mandatory Grants	195	87
Inter-seta payables Administration	1	1
Mandatory	2	2
Discretionary	3	3
	6	6
DHET levy creditor	622	622
	823	715

The DHET levy creditor relates to an overpayment identified, relating to prior years.

## 10. DEFERRED INCOME LIABILITY - NSF

National Skills Fund

	-	577
	-	77
	-	77
	-	(3)
	-	(651)
	-	-
10.1 NSF project expense detail		
Other project expenses	-	3

Figures in Rand thousand	2021	2020
rigares in Naria crioasaria	2021	2020

#### 11. PROVISIONS

Reconciliation of Provisions - 2021

Performance Bonus 642

Opening Reversed Total
Balance during the
year

642 (642)

Reconciliation of Provisions - 2020

Opening Balance Additions Utilised during the year

1 221 10 (589) 642

Performance Bonus

The performance bonus provision relates to staff performance and a reasonable estimate of this is made.

#### 12. PROVISIONS - NON-EXCHANGE TRANSACTIONS

#### Reconciliation of Provisions - 2021

Exempt employer provision

Opening Balance	Additions	Total
164	26	190

#### Reconciliation of Provisions - 2020

Exempt employer provision

Opening Balance	Additions	Total
150	14	164

Non-exchange Provisions

The provision for SARS reversals is based on employers contributing levies even though they are exempt in terms of the Skills Development Act. The Act requires employers with an annual payroll of at least R500 000, 00 to contribute 1% of the payroll to SARS in the form of skills development levies. The employer contributions are only retained in the provision for a period of 5 years thereafter, recognised as levy income.

Figures in Rand thousand	2021	2020
13. REVENUE FROM NON-EXCHANGE TRANSACTIONS		
13. REVENUE PROMINON-EXCHANGE TRANSACTIONS		
13.1 Skills Development Levy Income		
Administration		
Levies received from SARS	339	1 047
R500k provision	(3)	(2)
	336	1 045
Employer Grants		
Levies received from SARS	648	1 996
R500k provision	(7)	4
	641	2 000
Discretionary Grants		
Levies received from SARS	1 598	4 940
R500k provision	(16)	(15)
	1 582	4 925
Total	2 559	7 970
Total	2 339	7 970
13.2 Skills Development Levy Income: Interest and Penalties		
13.2 Skills Development Levy Medine. Interest and Fertalities		
Skills Development Levy Income:		
Penalties	39	51
Interest	20	11
	59	62
13.3 Voted Funds Received from National Treasury		
(2020/2021: DPSA)		
First tranche	29 629	28 076
Second tranche	29 629	28 076
Third tranche	29 629	28 076
Fourth tranche	29 629	28 076
	118 516	112 304

Figures in Rand thousand	2021	2020
14. REVENUE FROM EXCHANGE TRANSACTIONS		
14.1 Investment Income		
Interest received in the bank accounts	4 920	9 237
14.2 Other Income		
Grant received for training Recovery of wasteful expenditure Assets scrapped income Insurance recoveries	58 1 - 4	51 - 10 53 114
15. EMPLOYER GRANT AND PROJECT EXPENSES		
Mandatory grants Discretionary grants	233 74 890 <b>75 123</b>	314 71 021 <b>71 335</b>
16. ADMINISTRATION EXPENSES		
16.1 General Administration Expenses		
Loss on disposal of property, plant and equipment	-	25
Operating lease rentals	5 836	3 483
Advertising, marketing and promotions	839	710
Bank charges	31	37
Catering and refreshments  Consulting and professional fees*	22	413
Legal fees	3 717 1 223	3 644 832
Travel & subsistence	21	1 843
Training	252	1 089
Governance fees	1 878	3 646
Printing and stationery	19	311
Insurance	15	131
Rates and taxes, water & lights and security	964	816
Staff recruitment	339	216
Storage cost	22	65
Workshop	-	83
Sundry items	3	639
Licences and subscriptions	340	95
Leasehold smoothing	871	-

Figures in Rand thousand	2021	2020
16. ADMINISTRATION EXPENSES (continued)		
Cleaning	357	35
Equipment rentals	75	133
	16 824	18 246

<sup>\*</sup> Consultancy and professional fees consist primarily of payments made to the service provider in relation to support services for the ERP and Payroll system.

## 16.2 Audit Fees

Audit fees (External)	2 073	1 685
16.3 Cost of Employment		
Basic salary	25 460	26 593
PAYE	9 794	10 179
Incentive (Bonus)	(642)	10
Leave accrual	893	(265)
Union fees	43	49
Workmen's compensation	175	105
Provident fund (defined contribution plan)*	1 080	524
Medical	671	392
Housing	609	519
Salaries and wages	38 083	38 106
UIF	204	223
SDL	264	382
	38 551	38 711

<sup>\*</sup> The PSETA provides for retirement benefits to some of its permanent employees through a defined contribution scheme to the Sanlam fund.

## 16.4 Repairs and Maintenance

Motor vehicle repairs	29	98
Computer equipment maintenance	489	424
Building maintenance	318	152
	836	674

# 17. ALLOCATION OF NET SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES

31 March 2021	Total per Statement of Financial Performance	Administration	Mandatory	Discretionary	Special Projects
	R '000	R '000	R '000	R '000	R '000
Total Revenue Skills Development Levy: Income					
Admin levy income (10.5%)	336	336	-	-	-
Grant levy income (20%) Mandatory	641	-	641	-	-
Grant levy income (49.5%) Discretionary	1 582	-	-	1 582	-
Skills development levy: penalties and interest	59	-	-	59	-
Voted funds received from National Treasury	118 516	57 597	-	60 919	-
Investment income	4 920	4 920	-	-	-
Other income	63	63	-		-
	126 117	62 916	641	62 560	-
Total Expenses					
Administration expenses	(62 861)	(62 861)	-	-	-
QCTO expenditure	(55)	(55)	-	-	-
Employer grants and project expenses	(75 123)	-	(233)	(74 892)	-
	(138 039)	(62 916)	(233)	(74 892)	-
Net Surplus/(Deficit) per Statement of Financial Performance Allocated	(11 922)	-	408	(12 332)	-

# 17. ALLOCATION OF NET SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES (continued)

31 March 2020	Total per Statement of Financial Performance	Administration	Mandatory	Discretionary	Special Projects
	R '000	R '000	R '000	R '000	R '000
Total Revenue					
Skills Development Levy: Income	4.045	4.045			
Admin levy income (10.5%)	1 045	1 045	-	-	-
Grant levy income (20%) Mandatory	2 000	-	2 000	-	-
Grant levy income (49.5%) Discretionary	4 925	-	-	4 925	-
Skills development levy: penalties and interest	62	-	-	62	-
Voted funds received from National Treasury	112 304	49 946	-	62 358	-
NSF realised income	3	-	-	-	3
Investment income	9 237	9 237	-	-	-
Other income	114	114	-	-	-
	129 690	60 342	2 000	67 345	3
Total Expenses					
Administration expenses	(60 297)	(60 297)	_	_	_
QCTO expenditure	(45)	(45)	_	_	_
NSF project expenses	(3)	(13)	_	_	(3)
Employer grants and project	(71 335)	_	(314)	(71 021)	(5)
expenses	(71333)		(311)	(/1021)	
	(131 680)	(60 342)	(314)	(71 021)	(3)
Net Surplus/(deficit) per statement of Financial Performance Allocated	(1 990)	-	1 686	(3 676)	-

# 18. SEGMENT INFORMATION

Segment Surplus or Deficit, Assets and Liabilities

2021	Administration	Mandatory	Discretionary	Total
Revenue				
Skills Development Levy: income	336	641	1 582	2 559
Skills Development Levy: penalties and interest	-	-	59	59
Voted funds received from National Treasury	57 193	-	61 323	118 516
Revenue from exchange transactions				
Other income	63	-	-	63
Investment income	_	-	4 920	4 920
Total Revenue	57 592	641	67 884	126 117
Entity's Revenue				126 117
Expenditure				
Employer grant and project expenses	-	233	74 890	75 123
General administration expenses	16 824	-	-	16 824
Audit fees	2 073	-	-	2 073
Cost of employment	38 551	-	-	38 551
Depreciation and amortisation	4 577	-	-	4 577
Repairs and maintenance	836	-	-	836
QCTO expenditure	55	-	-	55
Total Expenses	62 916	233	74 890	138 039
N + Comba W   Color Contact				(44,022)
Net Surplus/(deficit) for the Year				(11 922)
Assets				
Current assets	-	-	-	-
Trade and other receivables from exchange transactions	1 562	-	-	1 562
Cash and cash equivalents	3 033	387	126 579	129 999
Non-current assets	-	-	-	-
Property, plant and equipment	2 091	-	-	2 091
Intangible assets	6 399	-	-	6 399
Total assets	13 085	387	126 579	140 051
Total Assets as per Statement of Financial				140 051
Position				

# 18. SEGMENT INFORMATION (continued)

2021	Administration	Mandatory	Discretionary	Total
Liabilities				
Payables from exchange transactions	-	-	-	-
Trade and other payables-exchange transactions	3 723	-	-	3 723
Operating lease liability	871	-	-	871
Non-exchange transactions	-	-	-	-
Employer grants payables	1	197	624	822
Payables from non-exchange transactions	-	-	19 096	19 096
Provisions	-	190	-	190
Administration reserve	8 490	-	-	8 490
Discretionary reserve		-	106 859	106 859
Total Segment Liabilities and Reserves	13 085	387	126 579	140 051
Total Liabilities and Reserves				140 051

2020	Administration	Mandatory	Discretionary	Special Projects	Total
Revenue					
Skills Development Levy: income	1 045	2 000	4 925	-	7 970
Skills Development Levy: penalties and interest	-	-	62	-	62
Voted funds received from National Treasury	50 544	-	61 760	-	112 304
NSF projects realised income	-	-	-	3	3
Revenue from exchange transactions	-	-	-	-	=
Other income	114	-	-	-	114
Investment income		-	9 237	-	9 237
Total Segment Revenue	51 703	2 000	75 984	3	129 690
Entity's Revenue					129 690
Expenditure					
Employer grants and project expenses	-	314	71 021	-	71 335
General Administration Expenses	18 246	-	-	-	18 246
Audit fees	1 685	-	-	-	1 685
Cost of employment	38 711	-	-	-	38 711
Depreciation and amortisation	981	-	-	-	981
Repairs and maintenance	674	-	-	-	674
QCTO expenditure	45	-	-	-	45
NSF projects expenses		-		3	3
Total Expenditure	60 342	314	71 021	3	131 680
Net Surplus/(deficit) for the Year					(1 990)

# 18. SEGMENT INFORMATION (continued)

2020	Administration	Mandatory	Discretionary	Special Projects	Total
Assets					
Current assets	-	-	-	-	=
Trade and other receivables from exchange transactions	740	-	-	-	740
Inventory	14	-	-	-	14
Cash and cash equivalents	4 696	130	131 942	-	136 768
Non-current assets	-	-	-	-	-
Property, plant and equipment	2 115	-	-	-	2 115
Intangible assets	1 289	-	-	-	1 289
Total Segment Assets	8 854	130	131 942	-	140 926
Total Assets as per Statement of Financial Position					140 926
Liabilities					
Payables from exchange transactions	-	-	-	-	=
Trade and other payables from exchange transactions	4 163	-	-	-	4 163
Provisions	642	-	-	-	642
Non-exchange transactions	-	-	-	-	-
Employer grants payables	623	89	3	-	715
Payables from non-exchange transactions	-	-	7 969	-	7 969
Provisions	22	41	101	-	164
Funds and reserves	-	-	-	-	-
Administration reserve	3 404				3 404
Discretionary reserve	-	-	123 869	-	123 869
Total Segment Liabilities and Reserves	8 854	130	131 942	-	140 926
Total Liabilities and Reserves					140 926

Figures in Rand thousand	2021	2020
19. CASH GENERATED FROM (USED IN) OPERATIONS		
Deficit	(11 924)	(1 990)
Adjustments for:		
Depreciation and amortisation	4 577	981
Loss on disposal of PPE	-	26
Movements in provisions	(616)	(565)
Movement in consumables	14	87
Movement in trade and other receivables from exchange transactions	(822)	379
Movement in donor funding payable - NSF	-	(577)
Movement in operating lease liability	871	-
Movement in trade and other payables - exchange and non-exchange transactions	10 687	(3 203)
Movement in employer grant payables	107	1
	2 894	(4 861)

#### 20. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

To the best of our knowledge, no material losses through criminal conduct, or irregular, fruitless and wasteful expenditure were incurred during the year except as indicated under the relevant heading below.

#### 21. IRREGULAR EXPENDITURE

Opening Balance	76 442	76 442
Add: Irregular expenditure - current year	708	-
	77 150	76 442

Due to non-adherence of the discretionary grant evaluation process in the 2015/16 financial year, the SIU was approached to investigate the evaluation process. Majority of the irregular expenditure disclosed in note 21 above relates to this investigation.

The preliminary investigation has been concluded, which confirmed that the discretionary grants allocation process was irregular. The Accounting Authority took a decision to seek the Presidential proclamation through the SIU for further investigation to establish the possibility of recouping funds where the PSETA suffered losses as a result of this irregularity.

Former President Jacob Zuma had on 23 October 2017, in terms of section 2 (2) of the Special Investigating Unit and Special Tribunals Act, 1996, signed a Proclamation authorising the Special Investigating Unit (SIU), to investigate certain matters in respect to the affairs of the Public Service Sector Education and Training Authority (PSETA). The investigation has been finalised and is awaiting the signature of President Cyril Ramaphosa.

The current year irregular expenditure incurred consists of the irregular appointment of AA members identified during the AGSA audit of the DHET.

Figures in Rand thousand	2021	2020
21. IRREGULAR EXPENDITURE (continued)		
The balance of irregular expenditure comprises the following:		
Opening Balance	76 442	76 442
Irregular appointment of AA members	708	-
Closing Balance	77 150	76 442

The PSETA Accounting Authority has referred some irregular expenditure transactions amounting to R80 492 to the National Treasury for condonation. This was done after investigation of these matters as no losses were reported and the transactions were not related to fraudulent, corrupt or criminal acts. The transactions referred to relate to the contravention of other applicable legislation such as the PFMA and treasury regulations. The PSETA has received a response from the National Treasury confirming that the expenditure would not be condoned. However, the PSETA, in consultation with the National Treasury, is in the process of effecting provisions 44 (c), 58 and 59 of the irregular expenditure framework which allows entities to remove the uncondoned irregular expenditure from the register as well as the notes of the AFS.

#### 22. FRUITLESS AND WASTEFUL EXPENDITURE

Opening Balance	11	13
Add: Fruitless and wasteful expenditure incurred during the year	4	-
Fruitless and wasteful expenditure recovered during the year	(1)	(2)
	14	11

The fruitless and wasteful expenditure relates to an overpayment of AA member during the year and expenses incurred for overbookings and traffic fines for prior years.

The expenditures that are not written-off are still under investigation and will only be considered for condonement once the investigations are finalised.

Expenditures that could be recovered were raised as receivables in the current year.

#### 23. RELATED PARTIES RELATIONSHIPS

#### 1. Controlling Entity

The SETA's controlling entity is the DHET.

#### 2. Entities Under Common Control

By virtue of the fact that the PSETA is a National Public Entity controlled by the DHET, it is considered related to other SETAs, the QCTO, TVET colleges, universities and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.

## 23. RELATED PARTIES RELATIONSHIPS (continued)

## 3. Transactions with Employer Companies Represented at the PSETA Board

Employer representatives of the PSETA Board do not receive allowances for attending Board meetings, except for Ministerial appointees and labour representatives who receive Board attendance fees as determined by the Minister of Higher Education and Training. Members may claim travel expenses incurred as a result of attendance of the PSETA meetings.

# 4. Accounting Authority Members

2021	Meeting Fee	Travel Expense	Total
Name			
T. Tshefuta - Chairperson of AA	267	-	267
C. Brink	182	-	182
L. Nzimande	184	-	184
J. Kruger	104	-	104
G.A. Seokolo	196	3	199
N.N. Maesela	182	2	184
P.B. Makhafane	106	-	106
N. Mzizi	54	-	54
P. Moopelwa	-	6	6
ADV. D. Mushwana - Former Chairperson of the Accounting Authority	7	-	7
	1 283	11	1 294

2020	Meeting Fee	Travel Expense	Total
Name			
ADV. D. Mushwana - Chairperson of the Accounting Authority	496	41	537
Ms G. Tlaletsi	-	8	8
Mr B. Maduna	-	7	7
Mr A. Du Plessis	210	3	213
Mr G. Esitang	9	-	9
Mr M. Shingange	65	3	68
Mr J. Dladla	241	22	263
Ms J.S. Mahlobogoane Mkhize	229	8	237
Mr T. Mokherenyana	147	12	159
Ms S. Oodit	177	-	177
A. Kelengeshe	-	2	2
R. Benjamin	-	12	12
Jab Kruger	16	1	17
P.B. Makhafane	67	12	79
M.S. Moledi	83	3	86
M.S. Maesela	42	8	50
G.A. Seokolo	46	12	58

## 23. RELATED PARTIES RELATIONSHIPS (continued)

	Meeting Fee	Travel Expense	Total
P.B. Makhubedu	47	1	48
E. Mckinney	16	-	16
	1 891	155	2 046

#### 5. Independent Committee Members

2021	Meeting Fee	Travel Expense	Total
Name			
P. Dala - Audit Committee	218	-	218
Chairperson			
N. Nyakaza	88	1	89
Z. Myeza	18	-	18
	324	1	325

2020	Meeting Fee	Travel Expense	Total
Name			
P. Dala - Audit Committee Chairperson	209	4	213
N. Nyakaza - Audit Committee Member	52	2	54
Mr R.G. Nicholls - Chairperson of Risk Management Committee	40	2	42
	301	8	309

## 6. Key Management Personnel

2021	Position	Salary	Other Allowances*	Total
Name				
Ms B. Lerumo	CEO	1 936	12	1 948
Mr F. Shamsoodeen	CFO\$	1 310	11	1 321
Ms S. Nagalingam-Potter	COO#	1 201	153	1 354
Mr S. Ngomane	CSE+	529	5	534
Mr P. Mphaga	CSE^	1 058	92	1 150
Mr P. Mbulaheni	CFO@	1 076	4	1 080
		7 110	277	7 387

<sup>\*</sup> Other allowances include travel, cellphone and acting allowances.

<sup>#</sup> Ms S Nagalingam-Potter, the previous skills planning manager, acted from 1 April 2020 to 30 September 2020 and was subsequently appointed as COO from 1 October 2020.

<sup>^</sup> Mr P Mphaga, the current ICT Manager, acted as CSE from 17 April 2020 to 30 September 2020. @Mr P Mbulaheni, the current Finance Manager, acted as CFO from the 22 February to current.

<sup>+</sup> Mr Sipho Ngomane was appointed as the CSE from 1 November 2020.

<sup>\$</sup> Mr F Shamsoodeen resigned as CFO on the 19 February 2021.

## 23. RELATED PARTIES RELATIONSHIPS (continued)

2020	Position	Salary	Performance Bonus	Other Allowances*	Total
Name					
Ms B. Lerumo	CEO	1 884	-	12	1 896
Mr F. Shamsoodeen	CFO	1 239	18	12	1 269
Mr M. Thibela	COO	202	-	2	204
Ms S. Nagalingam-Potter	COO#	1 001	14	199	1 214
Ms M. Nkabinde	CSE	1 139	-	11	1 150
Mr P. Mphaga	CSE^	1 001	-	55	1 056
		6 466	32	291	6 789

<sup>\*</sup> Other allowances include travel, cellphone and acting allowances.

# 7. Transactions with TVET Colleges and Universities

2021	Position	Intervention	Remaining Commitment	Total
Name				
College of Cape Town	Artisan	4 193	-	4 193
College of Cape Town	Artisan	3 615	-	3 615
Majuba TVET College	Artisan	5 775	-	5 775
Wits Commercial Enterprise	Research	7 158	-	7 158
Flavius Mareka TVET College	Bursary	3 234	-	3 234
Motheo TVET College	Bursary	3 256	-	3 256
Lovedale TVET college	Workplace Integrated Learning	1 813	-	1 813
Boland TVET College	Workplace Integrated Learning	893	-	893
Esayidi TVET College	Workplace Integrated Learning	3 078	-	3 078
Northlink TVET College	Workplace Integrated Learning	1 428	-	1 428
Ikhala TVET College	Workplace Integrated Learning	549	-	549
Flavius Mareka TVET College	Workplace Integrated Learning	549	-	549
Tshwane North TVET College	Workplace Integrated Learning	609	-	609
Coastal KZN TVET College	Workplace Integrated Learning	1 018	-	1 018
Durban University of Technology	Workplace Integrated Learning	99	-	99
Esayidi TVET College	Workplace Integrated Learning	549	-	549
Mnambithi TVET College	Workplace Integrated Learning	1 019	-	1 019
Tshwane South TVET College	Artisan	2 310	-	2 310
Tshwane South TVET College	Artisan	2 310		2 310
		43 455	-	43 455

<sup>#</sup> Ms S Nagalingam-Potter, the current skills Planning Manager, acted as COO from 1 June 2019 to current.

<sup>^</sup> Mr P Mphaga, the current ICT Manager, acted as CSE from 9 December to 20 February 2020.

# 23. RELATED PARTIES RELATIONSHIPS (continued)

2020	Position	Intervention	Remaining Commitment	Total
Name				
College of Cape Town	Artisan	5 775	-	5 775
College of Cape Town	Artisan	4 950	-	4 950
Wits Commercial Enterprise	Research	7 498	-	7 498
Gert Sibande TVET College	Bursary	800	-	800
Flavius Mareka TVET College	Bursary	3 234	-	3 234
Gert Sibande TVET College	Bursary	1 516	-	1 516
Motheo TVET College	Bursary	3 346	-	3 346
Sekhukhune TVET College	Workplace Integrated Learning	880	-	880
Tshwane South TVET College	Workplace Integrated Learning	1 524	-	1 524
Westcol TVET College	Workplace Integrated Learning	1 833	-	1 833
Gauteng South West TVET College	Workplace Integrated Learning	1 524	-	1 524
Gert Sibande TVET College	Workplace Integrated Learning	915	-	915
Majuba TVET College	Workplace Integrated Learning	1 537	-	1 537
Umgungundlovu TVET College	Workplace Integrated Learning	1 524	-	1 524
Lovedale TVET College	Workplace Integrated Learning	5 660	-	5 660
Boland TVET College	Workplace Integrated Learning	4 354	-	4 354
Esayidi TVET College	Workplace Integrated Learning	3 962	-	3 962
Majuba TVET College	Workplace Integrated Learning	5 775	-	5 775
Northlink TVET College	Workplace Integrated Learning	4 528	-	4 528
Kwan2 in Partnership with Walter Sisulu University	Workplace Integrated Learning	200	-	200
		61 335	-	61 335

The related parties note has been adjusted to show the PSETA's commitments with TVET colleges and universities.

## 23. RELATED PARTIES RELATIONSHIPS (continued)

#### 8. Transactions with other SETAs

2021	Amount receivable/ (Payable)	Total
Name		
W&R SETA	(6)	(6)
	(6)	(6)
2020	Amount receivable/ (Payable)	Total
Name		
W&R SETA	(6)	(6)

Inter-seta transactions and balances arise due to the movement of employers from one SETA to another and mandatory grants due from the SETA to which the PSETA contributes its levies and submits its WSP & ATR. No other transactions occurred during the year with other SETAs.

## 9. Transactions with other national public entities and state institutions

2021	Amounts Received	Total
Name		
National Treasury	118 516	118 516
2020	Amounts Received	Total
Name		
National Treasury	112 304	112 304

Figures in Rand thousand	2021	2020
rigares in riana crioasaria	2021	2020

#### 24. COMMITMENTS

## **Operating Lease Commitments**

Minimum Lease Payments Due	Restated	
- within one year	6 230	886
- in second to fifth year inclusive	24 856	-
	31 086	886

The operating lease relates to the rental of building and parking of Ground and 1st floor of Woodpecker Office Block, 179 Lunnon Road, Hillcrest, Pretoria used for office accommodation and rental of office printers.

The office lease agreement entered into effective 1 October 2020 for a period of 5 years, expiring on 30 September 2025. The printers lease is for a period of 36 months starting 4 September 2020.

#### **DG** Commitments

	Opening Balance 01 April 2020	Amendments	Expenditure Incurred	Write Backs	New Contracts	Addendums	Closing Balance 31 March 2021
Type of Programme							
Artisans	23 147	-	(7 857)	(1 936)	6 600	450	20 404
Bursary	16 067	-	(4 477)	(4 580)	-	300	7 310
Internship	847	-	(396)	-	-	132	583
Qualifications Development	465	-	(987)	-	988	-	466
Learnership	4 918	1 081	(9 146)	(205)	10 514	-	7 162
Recognition of Prior Learning	3 450	-	(3 910)	(138)	3 419	-	2 821
Research	8 952	-	(1 893)	-	500	-	7 559
Skills Programme	2 080	-	(7 505)	-	6 571	-	1 146
Workplace Integrated Learning	31 345	(1 533)	(38 719)	(1 006)	13 835	7 898	11 820
Total Discretionary Commitments	91 271	(452)	(74 890)	(7 865)	42 427	8 780	59 271

Figures in Rand thousand	2021
24. COMMITMENTS (continued)	
Other Commitments	
Operational Expenditure	
Approved and contracted	-
Capital expenditure	
Approved and contracted	12 901
Total capital commitments	12 901

Capital Expenditure

The PSETA entered into a contract to appoint a service provider to assist in the development of an Enterprise Resource Planning solution. The services are expected to extend beyond the next 12 months.

#### 25. CONTINGENCIES

#### **Retention of Cash Surplus**

In terms of section 53 (3) of the PFMA, public entities listed in schedule 3A and 3C of the PFMA may not retain cash surplus realised in the previous financial year without obtaining the prior written approval of the National Treasury. During September 2020, the National treasury Issued Instruction No. 12 of 2020/21, which gave more detail to the surplus definition.

According to this instruction, a surplus is based on the formula used below:

As of the 31 March 2020 the cash surplus was calculated as follows:

Cash and cash equivalents	129 999
Add: Receivables	1 562
Less: Current liabilities	(24 702)
	106 859

Notwithstanding the surplus calculated above, the PSETA has commitments at year-end through contracts with several service providers, some of which have been disclosed in note 24 above. Reflected below is the accumulated surplus after taking into account the impact of the PSETA's year-end commitments.

#### Committed Amounts at 31 March 2020

Surplus calculated above	106 859
Commitments	(111 631)
Net Surplus (Deficit) after Commitments	(4 772)

The submission regarding the request to retain the cash surplus will be made to the National Treasury for the 2020/21 financial year upon completion of the audit by the Auditor General.

#### 25. CONTINGENCIES (continued)

#### Other contingent liabilities

#### Salary Deduction Claim

During August 2019, the PSETA received court papers issued out of the Labour Court by NEHAWU regarding the salary deductions that the PSETA implemented during January and February 2019, following the strike action that took place between 30 October and 07 November 2018. The total amount of the salary deductions was R337 732.47.

#### **Acting Allowance Claim**

The SCM Specialist acted as the SCM Manager from 09 March 2018 to 03 March 2019 without being compensated an acting allowance, because the SCM position was not vacant as per the PSETA policies. The SCM Specialist is claiming an amount of R408 000.00 (four hundred and eight thousand Rand) acting allowance for the period 08 February 2018 up to 03 March 2019. The matter has yet to be set down for hearing at the Labour Court.

#### **Mandatory Grants**

In October 2019, an association of private entities won a court case against the DHET, where the department's decision to decrease the mandatory grant levies and grants percentage from 50% to 20% in terms of section 4(4) of the SETA grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards. The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory grant percentage. The DHET continued to show the mandatory levies portion as 20% in the 2019/20 financial year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2019/20 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure, as well as the mandatory grant liability were calculated using mandatory grant percentage of 20%. The SETA therefore discloses a contingent liability in regard to the amount of the mandatory grants payable to qualifying levy payers from the date of the court decision to the year-end. This is disclosed as a liability as the intention of the litigants was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. The PSETA has assessed the potential impact of a significant change to the percentage of mandatory levies and considered this impact to not be material. Currently, the department is in discussions with the entity in regard to the mandatory grant percentage.

#### Non-implementation of Learnership Programme

During the 2018/2019 financial year, the PSETA awarded a discretionary grant to a company for the implementation of a learnership programme. The parties then entered into a Memorandum of Agreement with an effective date of 28 May 2018. The learnership programme was meant to endure for a period of 12 months. The total amount of the grant that was awarded for the implementation of the learnership programme was R10, 017 000.00 (ten million and seventeen thousand Rand). To date, the PSETA has made two (2) tranche payments, amounting to R7, 011,900.00 (seven million, eleven thousand and nine hundred Rand). During 2019, the PSETA officials attended to the various learner workplaces, where the learners were being trained and produced a monitoring report with findings. The findings in the report revealed that the company has been in breach of its contractual obligations, as set out in the MoA. The PSETA has now terminated the MoA entered into with the SDP and is now seeking a court order out of the High Court, in order to attach the SDP's assets for recovery of the tranche payments made to the company. Potential legal costs and disbursements are approximately R300 000.00 (three hundred thousand Rand).

#### **Labour Court Matter Dispute**

On 22 July 2019, the Minister of Higher Education, Science and Technology issued a Government Gazette which extended the PSETA's license period to 31 March 2030. Following the extension of the PSETA's license period to 31 March 2030, during

#### 25. CONTINGENCIES (continued)

February 2020, the PSETA's Accounting Authority (AA) passed a resolution to, inter alia: (a) not renew the employment contracts of the PSETA employees on manager and executive levels; and (b) therefore, their employment contracts would lapse on 31 March 2020, however they are welcome to submit applications once posts have been advertised. Following the announcement of the resolution by the PSETA's AA, the following litigious matters have arisen: (a) legal proceedings by the PSETA employees who are employed as managers or executives, who have issued court papers out of the Labour Court, following the PSETA's decision to not renew their employment contracts; (b) legal proceedings by the PSETA branch of NEHAWU on behalf of the PSETA Bargaining Unit employees against the PSETA. The NEHAWU branch of the PSETA is challenging the SETA's decision to extend its Bargaining Unit's employment contracts for a period of five (5) years, instead of ten (10) years, as per the PSETA licensing period that has been gazetted by the Department of Higher Education and Training (DHET). The PSETA managers and executives whose employment contracts are not going to be renewed have instructed attorneys in this matter and have issued court papers out of the Labour Court. The PSETA NEHAWU branch has also instructed attorneys to challenge the PSETA's AA decision. Although the matter is still at its early stages, the potential legal costs are not certain, however, they should not exceed R500 000.00.

#### **High Court Matter**

The PSETA has received court papers for a notice of motion out of the Pretoria High Court. The court papers were issued by a skills development provider who has applied for extension of scope for certain unit standards with the ETQA department of the PSETA. The application for extension of scope was rejected, as the unit standards that the skills development provider had sought accreditation for are classified and the National Department of International Relations and Cooperation ("DIRCO") is the only institution that is accredited to offer these unit standards. The skills development provider then appealed to the Quality Council for Trades and Occupations (QCTO) after the application for extension of scope was rejected by the PSETA. After not receiving any feedback on the appeal, the skills development provider applied for judicial review of the decision to not extend its application for scope at the Pretoria High Court. The PSETA has held a meeting with the other respondents in this matter, namely, the QCTO and the South African Qualifications Authority (SAQA).. The parties have agreed to oppose the case at the Pretoria High Court. Potential legal costs and disbursements are approximately R400 000.00 (four hundred thousand Rand).

The total known potential contingent liabilities amount to R1 946 000.

#### 26. INVESTIGATIONS

Due to non-adherence of the discretionary grant evaluation process in the 2015/16 financial year, the SIU was approached to investigate the evaluation process. The irregular expenditure disclosed in note 21 above relates to this investigation.

The preliminary investigation has been concluded, which confirmed that the discretionary grants allocation process was irregular.

The Accounting Authority took a decision to seek the Presidential proclamation through the SIU for further investigation to establish the possibility of recouping funds where the PSETA suffered losses as a result of this irregularity.

Former President Jacob Zuma had on 23 October 2017, in terms of section 2 (2) of the Special Investigating Unit and Special Tribunals Act, 1996, signed a Proclamation authorising the Special Investigating Unit (SIU) to investigate certain matters in respect to the affairs of the Public Service Sector Education and Training Authority (PSETA). The investigation has been finalised and is awaiting the signature of President Cyril Ramaphosa.

#### 27. EXPLANATION OF MATERIAL VARIANCES BETWEEN ACTUAL RESULTS AND FINAL BUDGET

The explanation of variances between actual results and the final budget was done on the basis of the entity's materiality framework, whereby all variances in excess of the R625 907 materiality have been explained below.

#### 27.1 Skills Development Levy: Income, Interest and Penalties

Additional levies received in the current year as expectation that more levy payers would resign from the PSETA did not occur.

#### 27.2 Surplus Fund Retention

National Treasury approved the retention of surplus funds amounting to R5.8 Million which would ordinarily not be budgeted for.

#### 27.3 Interest Received Investment

The Reserve bank lowered the interest rate and as such lesser interest was received on investment.

# **Grants and Projects Expenditure**

#### 27.4 Discretionary Grants

Discretionary grants expenditure incurred for the current financial year is above budget. Higher spending can be allocated to payments relating to prior year commitments occurring in the current year.

#### **Administration Expenditure**

#### 27.5 Cost of Employment

This is due to savings from the non-implementation of benefits for managers and vacancies during the course of the financial year.

#### 27.6 Depreciation

Depreciation is a non-cash expense and as such it is not budgeted for.

#### 27.7 Governance Fees

A saving was realised due to lesser travel and board meetings in the current year due to COVID-19 restrictions.

#### 27.8 Printing and Stationery

A saving was realised due to significantly less stationery purchased in the current year because of employees working from home and documents being filed electronically.

#### 27.9 Travel and Subsistence

A saving was realised due to lesser travel in the current year due to COVID-19 restrictions.

#### 27.10 Repairs and Maintenance

A saving was realised due to movement to a new building and employees working from home requiring lesser repairs and maintenance.

## 27. EXPLANATION OF MATERIAL VARIANCES BETWEEN ACTUAL RESULTS AND FINAL BUDGET (continued)

#### 27.11 CAPEX

Additional capital expenditure was realised due to the ERP system that is being implemented at the PSETA.

#### 27.12 Consultancy and Professional Fees

There was a saving realised in the current year due to lesser consultancy required than was expected.

#### 28. FINANCIAL INSTRUMENTS DISCLOSURE

In the course of its operations, the PSETA is exposed to interest rate, credit, liquidity and business risk. The PSETA has developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

	Floating rate		Fix	ed interest	rate	Non-Interest bearing			
	Amount	Effective interest rate	Amount	Weighted average effective interest rate %	Weighted average period for which the rate is fixed in years	Amount	Weighted average period for which the rate is fixed in years	Total	
	R '000	%	R '000	%		R '000	R '000	R '000	
31 March 2021									
Assets									
Cash	129 999	3,78%	-		-	-		129 999	
Accounts receivable	-		-		-	1 562	1 year	1 562	
<b>Total Financial Assets</b>	129 999		-		-	1 562		131 561	
Liabilities Accounts payable Total Financial Liabilities	-		-		-	24 702 <b>24 702</b>	1 year	24 702 <b>24 702</b>	
31 March 2020									
Assets									
Cash	136 768	5,9%			-	-		136 768	
Accounts receivable					-	1 119	1 year	1 119	
<b>Total Financial Assets</b>	136 768				-	1 119		137 887	
Liabilities						12 132	1 year	12 132	
Accounts payable  Total Financial						12 132 12 132	1 year	12 132	
Liabilities			-		-	12 132		12 132	

#### 28. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Cash and Cash Equivalents	31 Mar	ch 2021	31 March 2020			
	Gross	Gross Impairment		Impairment		
	R '000	R '000	R '000	R '000		
Not past due	129 999	-	136 768	-		
Past due 0 - 30 days	-	-	-	-		
Past due 31 - 120 days	-	-	-	-		
Past due 1 year	-	-	-	-		

Cash and cash equivalents comprise cash held by the PSETA and short term bank deposits with an original maturity of less than 1 month. The carrying amount of these assets approximates their fair value.

#### **Accounts Receivable**

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

### **Accounts Payable**

The carrying amount of accounts payable approximates fair value due to the relatively short-term maturity of these financial liabilities.

#### Fair Values

The PSETA's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, and accounts and other payables. No financial instruments were carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

#### Investments

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

#### **Borrowings**

The fair value of interest-bearing borrowings is based on either:

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

The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts.

#### 29. RISK MANAGEMENT

#### Liquidity Risk

The PSETA manages liquidity risk through proper management of working capital, capital expenditure, long term cash projections and monitoring of actual vs forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

31 March 2021	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	R '000	R '000	R '000	R '000	R '000	R '000
Trade and other payables from exchange transactions	4 594	4 594	4 594	-	-	-
Trade and other payables from non- exchange transactions	20 108	20 108	20 108	-	-	-

31 March 2020	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	R '000	R '000	R '000	R '000	R '000	R '000
Trade and other payables from exchange transactions	4 163	4 163	4 163	-	-	-
Trade and other payables from non- exchange transactions	7 969	7 969	7 969	-	-	-

#### Credit Risk

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

The PSETA limits its counter-party exposure by only dealing with well-established financial institution approved by the National Treasury. The PSETA's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The PSETA's concentration of credit risk is limited to the industry (public service industry) in which it operates. No events occurred in the public service industry that may have an impact on the accounts receivable that has not been adequately provided for, as the levy income received from some public entities is minimal.

#### Market Risk

The PSETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the PSETA is aware of, except for the impact of the country's electricity crisis that may result in the shrinking of employment and a reduction is skills development levy income in the future.

#### 30. GOING CONCERN

All SETAs operate on a license term, linked to the life-cycle of the National Skills Development Strategy (NSDS). The entity is currently established until 31 March 2030. There are no known instances which cast doubt on the SETA's ability to continue as a going concern for the next 12 months. The financial position of the PSETA is adequate for a conclusion to be reached that the operations will continue and the going concerns assumption is confirmed. The COVID-19 pandemic has not had a material effect on the operations of the PSETA for the year.

#### 31. EVENTS AFTER THE REPORTING DATE

The performance bonus payment for the 2019/20 financial year was only approved in April 2021 and paid in May 2021.

#### 32. NEW STANDARDS AND INTERPRETATIONS

Standards and Interpretations Effective in the Current Year

In the current year, the PSETA adopted the following new standards and interpretations effective this financial year and that are relevant to its operations:

GRAP 1 Presentation of Financial Statements
The impact of this standard was not material on PSETA's operations.

GRAP 20 Related Party Disclosure Discloses are made in notes 23.

GRAP 34 Separate Financial Statements Not applicable to the PSETA.

GRAP 35 Consolidated Financial Statements Not applicable to the PSETA.

GRAP 36 Investments in Associates and Joint Ventures Not applicable to the PSETA.

GRAP 37 Joint Arrangements
The PSETA currently has no arrangements falling under this.

GRAP 38 Disclosure of Interests in Other Entities Not applicable to the PSETA.

GRAP 110 Living and Non-living resources Not applicable to the PSETA.

IGRAP 1 Applying the Probability Test on Initial Recognition of Revenue The impact of this standard was not material.

IGRAP 20 Accounting for Adjustments to Revenue The impact of this standard was not material for PSETA.

#### 32. NEW STANDARDS AND INTERPRETATIONS (continued)

## Standards and Interpretations Issued But Not Yet Effective

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

GRAP 104 Financial Instruments - No effective date set

Guideline on Accounting for Landfill Sites - No effective date set

Guideline on the Application of Materiality to Financial Statements - No effective date set

Directive 14 Application of Standards of GRAP by Public Entities That Apply IFRS Standards -Effective for accounting periods starting 1 April 2021





