

PSETA
Public Service Sector Education & Training Authority

ANNUAL REPORT

2025/2026 FINANCIAL YEAR

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PART A:
GENERAL INFORMATION

1. Public Entity's General Information

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REGISTRATION NUMBER (if applicable):	
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TELEPHONE NUMBER/S: +27 12 423 5700 **WEBSITE ADDRESS:** www.pseta.org.za **ISBN number:** 978-1-83491-918-8 **RP number:** 139/26	**COMPANY/BOARD SECRETARY: Vacant**

2. List of Abbreviations/Acronyms

AA	Accounting Authority (the Board)
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
DHET	Department of Higher Education and Training
DPSA	Department of Public Service and Administration
ERP	Enterprise Resource Planning (ERP) system
ERRP	Economic Reconstruction and Recovery Plan
4IR	Fourth Industrial Revolution
GPSSBC	General Public Service Sector Bargaining Council
GRAP	Generally Recognised Accounting Practice
HCM	Human Capital Management
HEI	Higher Education Institution
ICT	Information and Communication Technology
IT	Information Technology
MHET	Minister for Higher Education and Training
MTDP	Medium-Term Development Plan
MOU	Memorandum of Understanding
NDP	National Development Plan: Vision 2030
NQF	National Qualifications Framework
NSDP	National Skills Development Plan
NYDA	National Youth Development Agency
OFO	Organising Framework for Occupations
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PSCBC	Public Service Co-ordinating Bargaining Council
PSETA	Public Service Sector Education Training Authority
PSSP	Provincial Sector Skills Plan
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SAAPAM	South African Association of Public Administration and Management
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SDP	Skills Development Provider
SETA	Sector Education and Training Authority
SETMIS	Sector Education and Training Management Information System
SAIGA	Southern African Institute of Government Auditors
SLA	Service Level Agreement
SMS	Senior Management Service
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

Foreword by The Chairperson



DR KHULISO KENNEDY MAIMELA

Introduction

I am pleased to submit the Public Service Sector Education and Training Authority (PSETA) Annual Report for the financial year ended 31 March 2026 on behalf of the PSETA Accounting Authority (AA) in accordance with the requirements of the Public Finance Management Act 1 of 1999, Section 55(1).

The AA (The Board) members appreciate the depth of dedication of PSETA management and staff working with the oversight committees and the AA. We also acknowledge the collaboration with our stakeholders and service providers that drives PSETA's continued improvement. The AA has exercised oversight of the implementation of the Five-Year Strategic Plan 2025/2026–2029/2030 and the Annual Performance Plan (APP), which have culminated in this report. Part C: Governance provides details of the members of the PSETA AA and its committees.

High-level overview of the public entity's strategy and the performance of the public entity in its respective sector

The period under review marks the first year of the PSETA's five-year strategic period. The Service Level Agreement (SLA) signed with the Department of Higher Education and Training quantified the National Skills Development Plan 2030 outcomes into SLA targets for the 2025/2026 financial year. PSETA achieved 93% of its 28 annual SLA targets and thirty-four (34) of its Annual Performance Output Indicators, representing an annual achievement of 94% of Annual Performance Plan targets.

In this foreword, I provide a high-level overview of PSETA's strategy and performance, and outline the strategic relationships, key challenges and strategic focus over the medium to long term.

Strategic Relationships

Strategic relationships remain at the core of PSETA's operations and delivery. Resources and skills development efforts are distributed across the sector, ensuring that PSETA's collaborative approach translates into tangible outcomes for a capable, ethical and developmental state. The PSETA remains committed to working with strategic partners to build a developmental, capable and ethical state, and actively collaborates with a diverse range of stakeholders and providers to fulfil its skills development mandate.

PSETA adopts a delivery through partnerships approach that aligns with the SETA's strategic priorities, enabling the organisation to maximise its reach and impact, particularly in areas where direct delivery alone would be insufficient. This strategy also contributes to broader government objectives of enhancing service delivery across the public service sector.

Key partnerships include collaborations with SETA bodies, national departments overseeing priority state capabilities, provincial Offices of the Premier and provincial departments, public entities, provincial legislatures and Parliament, Technical Vocational Education and Training (TVET) colleges, Community Education and Training (CET) colleges, higher education institutions and professional bodies. These relationships serve as the primary vehicles through which PSETA advances its skills development goals and supports sector-wide growth.

A notable development has been the expanded focus on collaborating with professional bodies such as the South African Association of Public Administration and Management (SAAPAM), the Institute of Risk Management South Africa (IRMSA) and the South African Institute of Government Auditors (SAIGA). These collaborations with professional bodies aim to promote access to Continuing Professional Development (CPD) opportunities to support the professionalisation of the public service workforce, ensure ongoing skills development, maintain industry and occupational standards, and enhance the competence, ethical conduct and career progression of public service employees.

Challenges faced by the Board

The AA members are appointed by the Minister, and they would ordinarily have assumed office on 1 April 2025 for a five-year term. The appointment of the 2025-2030 AA members was delayed, leading the Minister of Higher Education and Training to appoint SETA CEOs to assume the duties and powers of the Accounting Authority for three (3) months effective from 22 May 2025 until 21 August 2025, or until the Accounting Authority was appointed. The appointment of the PSETA CEO was in accordance with Section 49 of the Public

Finance Management Act 1 of 1999 (PFMA). Furthermore, the National Treasury supported the appointment in accordance with the provisions of the PFMA.

The AA members were subsequently appointed on 30 September 2025, and four (4) members and the Chairperson were appointed in December 2025 and January 2026, respectively.

The strategic focus over the medium to long-term period

The Sector Skills Plan (SSP) provided the research evidence which the PSETA AA has used to guide decision-making. The SSP informed its strategic considerations and annual performance to ensure that the utilisation of public funds under PSETA's control addresses the needs of the sector. The SSP informs the PSETA strategy, which ensures that investments in skills development resonate with the needs of PSETA's respective constituencies and the government's key economic and social priorities.

The key component of the PSETA strategy is to deliver interventions that reach a large number of people and contribute towards building capacity for professional, responsive and meritocratic public servants who will deliver on key government priorities. Furthermore, PSETA will continue with training interventions that will continue to uplift and empower women, youth and persons with disabilities through prioritising workplace-based learning experiences that may lead to permanent job placement in targeted jobs.

PSETA has considered the evolving nature of work and the profound impact that digital transformation has on the public service sector skills' demand and supply, both currently and into the future. Technology provides the opportunity for greater government efficiency and effectiveness, and, therefore, the digital transformation of public service sector interventions forms part of the strategic move towards improved information and communication technology (ICT) systems within the sector.

The PSETA SSP has identified the following four key strategic priorities, which guide the SETA over the medium to long term:

- **Strategic Priority 1:** Establish strategic partnerships with key stakeholders
- **Strategic Priority 2:** Increased research and impact assessment of programmes
- **Strategic Priority 3:** Strengthen the capacity of public institutions and the provision of occupational qualifications
- **Strategic Priority 4:** Implement workplace-based learning programmes in building the workplace into a training space.

Furthermore, these strategic priorities have been translated into actions centred around five pillars: occupational qualification development, professionalisation of the workforce, expanded access to work-based learning, improved alignment between skills and demand, and M&E system strengthening.

Acknowledgements/Appreciation

I am grateful towards the Executive Authority, the Minister of Higher Education and Training, Honourable Mr Buti Manamela, and the Deputy Ministers, Honourable Dr Mimi Gondwe and Dr Nomusa Dube-Ncube, for their leadership and unwavering support in implementing various skills development programmes.

My appreciation goes to the former PSETA AA led by the Chairperson, Mr Thulani Tshefuta, for their strategic leadership and commitment to upholding high standards of corporate governance, which translated into improved performance and accountability at PSETA. I extend my deepest appreciation to my AA colleagues for their unwavering commitment to guiding PSETA through this financial year and responding to challenges and emergencies whenever necessary.

I further thank the independent members of the PSETA AA governance structures for sharing their knowledge, skills, and expertise with the entity and the AA. Furthermore, I wish to thank the Chief Executive Officer, Ms Bontle Lerumo, the Executive Management Team, management and all the PSETA staff for their hard work and dedication to ensuring that PSETA continues to deliver on its mandate. Finally, to our stakeholders, thank you for your contribution in assisting PSETA in achieving its vision of being the heart of developing a skilled, capable and innovative public service sector workforce.

Conclusion

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

KK Maimela

Dr Khuliso Kennedy Maimela

PSETA AA Chairperson

29 May 2026

Chief Executive Officer's Overview



MS BONTLE LERUMO

General financial review of the public entity

It is a privilege to report on PSETA's financial performance for the past financial year. The year under review reflects continued financial stability and strong performance, underpinned by sound financial management and governance practices, as evidenced by the sustained achievement of clean audits over the past seven years.

PSETA commenced the year from a solid financial position, which was not only maintained but further strengthened. Revenue increased by 5% compared to the prior financial year, reaching a record high of approximately R149 million. This growth was primarily driven by sustained investment income and an increase in voted funds relative to the previous year.

Strategic investment of PSETA's reserve funds generated investment income of R8 million during the year. Cash flow remained robust, ensuring sufficient liquidity to meet operational requirements, capitalise on emerging opportunities, and withstand potential financial uncertainties. The organisation continues to apply a prudent debt management approach aligned with its long-term financial strategy that limits reliance on short-term debt where necessary. PSETA has maintained a healthy debt-to-equity position and continues to honour its commitment to settling invoices within 30 days. This disciplined approach enables the entity to optimise operational efficiency while effectively managing financial risk.

Revenue Items	2023/24	2024/25	2025/26
	R'000	R'000	R'000
Voted funds	121 461	126 449	132 059
Skills development levies	5 168	4 820	7 308
Investment income	10 796	10 072	7 735
Other income	1 248	466	2 373
Total	138 673	141 807	149 475

Spending trends of the public entity

Discretionary and mandatory grants decreased by 8% compared to the previous financial year, primarily due to the timing of discretionary grant commitments. The recognition of these expenses is linked to PSETA's contractual obligations and the issuance of Memoranda of Agreement (MoAs).

Administrative expenditure increased by 2%, mainly due to inflationary pressures that raised the cost of goods and services procured from service providers.

Expenditure type	2023/24	2024/25	2025/26
	R'000	R'000	R'000
Discretionary and Mandatory Grants	74 944	80 262	74 135
Administration	79 428	86 699	88 172
Total	154 372	166 961	162 307

Capacity constraints and challenges facing the public entity

PSETA experienced several vacancies during the reporting period, resulting in a vacancy rate of 29.68% as at 31 March 2026. In response, the entity developed a recruitment plan, and the process to fill the vacant positions commenced in April 2026.

The limited budget has negatively impacted PSETA's ability to expand its reach and fully implement its mandate. To address this challenge, an integrated skills development funding model was approved by the PSETA Accounting Authority in March 2025 to augment existing budget constraints. The model will be implemented from the start of the 2026/2027 financial year.

Discontinued key activities/activities to be discontinued

PSETA did not discontinue any activities in the 2025/2026 financial year.

New or proposed key activities

PSETA remains committed to strengthening skills development within the public service sector through practical, responsive, and forward-looking interventions. As part of this commitment, the organisation continues to enhance its Enterprise Resource Planning (ERP) system to improve accessibility, efficiency and overall stakeholder experience.

In addition, PSETA is placing increased emphasis on supporting and equipping unemployed youth with entrepreneurial skills, particularly within rural and underserved areas, to promote inclusive economic participation.

Programmes such as internships, work-integrated learning and learnerships remain central to PSETA's strategy in addressing priority skills identified through the Sector Skills Plan (SSP). These initiatives play a critical role in providing graduates with meaningful workplace experience, thus bridging the gap between education and employment, and strengthening the pipeline of skilled professionals within the public service sector.

Requests for rollover of funds

The request for a roll-over of funds for the 2024/2025 financial year of R84 million was granted by National Treasury in the financial year under review. The surplus was mainly used to cover the commitments disclosed in the audited annual financial statements in the 2024/2025 financial year.

Supply chain management

The Supply Chain Management (SCM) function is fully operational, with appropriate systems, processes and internal controls in place. These controls are regularly reviewed and strengthened to ensure ongoing compliance with the Public Finance Management Act (PFMA) and other applicable regulatory frameworks. No unsolicited bids were received during the reporting period. All SCM processes and systems are in place.

Challenges experienced and how resolved

The 2025/2026 financial year commenced with delays in the appointment of AA members across the SETA sector. The previous term of the AA ended in March 2025, with new appointments not being finalised immediately thereafter.

In May 2025, the then Minister of Higher Education and Training, Dr Nobuhle Nkabane, made initial appointments for SETA board chairpersons. These were subsequently withdrawn on 15 May 2025 to allow for a review of the selection process. The Minister announced that a newly established independent panel would oversee a revised nominations process.

The finalisation of appointments extended into the latter part of the year, with the list of new board members published by Minister Buti Manamela in late October 2025. This directly affected PSETA, resulting in a period during which its governance structures were not yet fully constituted.

This challenge has since been resolved with the successful appointment of PSETA's AA members. PSETA now has a fully constituted and functional AA, restoring the necessary governance oversight and strategic leadership structures required to effectively guide the organisation's operations and compliance obligations in the future.

Audit report matters in the previous year and how would be addressed

PSETA tracks the implementation of findings raised by the Auditor-General of South Africa (AGSA) and the internal auditors. Management reports quarterly to the PSETA AA and its governance structures on the progress made in addressing audit findings and, therefore, to avoid recurrence.

Outlook/Plans to address financial challenges

PSETA achieved notable progress during the period under review, but it continued to face challenges arising from budget constraints and growing stakeholder demands on limited resources. In response, PSETA is implementing the approved Integrated Sustainable Development Funding Model (ISDFM) to enhance operational efficiencies, optimise resource utilisation, and minimise wastage. These interventions are aimed at strengthening financial sustainability and ensuring the continued delivery of the organisation's mandate.

Looking ahead, PSETA remains focused on capitalising on emerging opportunities through the effective implementation of the ISDFM and the pursuit of strategic partnerships. The organisation is committed to increasing revenue, strengthening its contribution to skills development and enhancing its impact within the public service sector.

Events after the reporting date

Management has assessed events occurring after 31 March 2026 up to the date of approval of the annual financial statements. No material adjusting events that require amendments to the amounts recognised in the financial statements were identified.

Economic Viability

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

Acknowledgement/s or Appreciation

PSETA conveys its sincere gratitude to the Department of Higher Education and Training (DHET) for its steadfast support and strategic guidance. We would also like to acknowledge and appreciate the co-operation and support received from the Interim AA Chairperson, Mr Reuben Maleka, the Minister for Public Service and Administration, Hon Inkosi Mzamo Buthelezi and the Acting Director-General of the Department of Public Service and Administration, Mr Willie Vukela, in executing critical programmes to build the State's capacity.

We further extend our appreciation to our valued stakeholders for their continued partnership and shared commitment to advancing skills development in the public service sector.

Finally, we acknowledge and thank our employees for their hard work, dedication and passion in delivering on PSETA's mandate. Their contribution remains the cornerstone of the organisation's impact and success.

Other (information that needs to be communicated to users of AFS)

PSETA is funded primarily through allocations from the fiscus, which limits the organisation's ability to expand the reach of its programmes and increase the number of beneficiaries on an annual basis. This constraint impacts the extent to which PSETA can scale its interventions and maximise its contribution to skills development within the public service sector.

The implementation of the ISDFM is expected to strengthen financial sustainability and diversify funding sources, thereby enabling the organisation to expand its targets and enhance its overall impact.

B Lerumo

Ms Bontle Lerumo

Chief Executive Officer

PSETA

29 May 2026

5. Statement of Responsibility and Confirmation of Accuracy for the Annual Report

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2026.

Yours faithfully

KK Maimela

Dr Kennedy Maimela

Accounting Authority Chairperson

29 May 2026

B Lerumo

Ms Bontle Lerumo

Chief Executive Officer

29 May 2026

6. Strategic Overview

6.1 Vision

- to be the heart of developing a skilled, capable, and innovative public service sector workforce.

6.2. Mission

- to facilitate the delivery of a capable, ethical, and developmental public service sector workforce through:
- researching skills demand and supply in the sector
- 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
- being a capable institution.

6.3. Values



Honesty and Integrity



Accountability



Service Excellence



Fairness and Transparency

6.4. Ethics Commitment Statement

The leadership of the PSETA comprising the Accounting Authority (AA) and Executive Management is committed to the highest standards of ethical and moral conduct. In pursuit of our skills development mandate, the PSETA leadership affirms its unwavering commitment to fostering an ethical culture grounded in our core values of integrity, transparency, accountability, fairness and respect.

In line with this commitment, and in accordance with the PSETA Code of Ethics, leadership shall:

- demonstrate full commitment to ethical behaviour and lead by example as role models of ethical conduct
- promote and continuously develop ethical awareness and competencies across all levels of the organisation
- support ethics management initiatives and interventions that reinforce a culture of principled conduct
- ensure that ethics oversight functions with full independence and authority, enabling confident engagement across all levels of the organisation
- ensure the implementation of clear and effective policies that enable and sustain an ethical culture within PSETA
- address unethical conduct promptly and consistently through established disciplinary processes, ensuring that accountability remains a cornerstone of our organisational culture.

All PSETA employees and stakeholders are called upon to embrace this ethical vision, uphold our shared values, and actively contribute to a culture of integrity and excellence in everything we do. Ethical conduct is not merely an expectation; it is a collective responsibility that defines who we are as an organisation.

7. Legislative and other Mandates

7.1 Our mandate

PSETA is classified as a national public entity under Schedule 3A of the Public Finance Management Act (PFMA, Act 1 of 1999, as amended). As a national public entity, PSETA is governed by a legal framework that includes the Constitution of the Republic of South Africa, 1996 (the Constitution), legislation and policies. This legal framework sets out PSETA's constitutional, legislative and policy mandate, and adherence to the legal framework is central to PSETA's operations.

7.1.1 Constitutional mandate

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

PSETA's constitutional mandate is also derived from the prescripts of Section 195(1)(a)–(i) of the Constitution. Section 195(1)(a)–(i) sets out the democratic values and principles by which Public Administration must be governed. These Constitutional prescripts and values are the cornerstone of PSETA's mandate.

7.1.2 Legislative mandate

7.1.2.1 Skills Development Act

PSETA is established in terms of Section 9(1) and (2) of the Skills Development Act (Act 97 of 1998, as amended) (the SDA). The SDA is the enabling legislation that guides our operations as a SETA. Section 10(1) of the SDA sets out the functions of SETAs such as PSETA. These include, but are not limited to, developing and implementing a sector skills plan within our sector, promoting learning programmes, and collecting and disbursing skills development levies within our sector.

7.1.2.2 Skills Development Levies Act

The Skills Development Levies Act (Act 9 of 1999, as amended) (the SDLA) also impacts PSETA's operations. The SDLA regulates a compulsory levy scheme to fund education and training in the various sectors of the economy. This scheme seeks to fund the country's skills development initiative, encouraging a planned and structured learning approach, and increasing employment prospects for work seekers. Section 3 of the SDLA compels employers to pay one percent of their monthly employee remuneration payroll to the South African Revenue Service (SARS) in the form of a levy. These levies are collected by the relevant SETA, which then distributes them in its particular sector.

However, Section 4(a) of SDLA states that public service employers in the national or provincial sphere of government are not compelled to pay the levy to SARS.

This provision impacts PSETA, as its sector encompasses the public service sector and, therefore, the levies amount that PSETA collects is limited. As a result, PSETA is supported largely by funds allocated through Vote 15 under one of the budget programmes of the DHET.

7.1.2.3 The Sector Education and Training Authorities Grant Regulations

The Sector Education and Training Authorities Grant Regulations (2012 Grant Regulations) are also critical to 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 the allocation of grants to stakeholders for skills development within its sector.

Regulation 3 provides guidance on how a SETA must manage its finances, particularly funds received as levies under the SDLA. Regulations 3(1), (2) and (6) state as follows:

"(1) Each SETA must, in compliance with the Public Finance Management Act, establish banking accounts.

(2) A SETA must use all monies received in terms of the Skills Development Levies Act to

- administer the activities of the SETA;
- pay employers their mandatory grants; and
- implement the SSP [Sector Skills Plan] and APP [Annual Performance Plan] as contemplated in the Treasury Regulations issued in terms of the Public Finance Management Act, through the allocation of the discretionary grants."

"(6) A SETA is required to allocate 80% of its available discretionary grants within a financial year to PIVOTAL [Professional, Vocational, Technical and Academic Learning] that address scarce and critical skills in its sectors."

Regulation 4 provides guidance on how 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) compels a SETA to pay 20% of levies received from employers within its sector, to employers who submit Workplace Skills Plans (WSPs).

Regulation 6 deals with the allocation of discretionary grants by a SETA and prescribes various requirements. Regulations 6(4) and 6(8) compel a SETA to approve a discretionary grants policy on an annual basis. The discretionary grant policy must specify how the SETA will allocate the discretionary grants to address the SETA's sector needs as specified in the SSP and should embrace principles of transparency, openness and fairness.

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

On 27 January 2023, the Minister of Higher Education and Training issued draft regulations regarding monies received by a SETA (2023 Grant Regulations). Currently, the 2023 Grant Regulations are undergoing public consultation processes and, therefore, have not been officially adopted in law. The DHET intends to repeal the 2012 Grant Regulations and replace them with the 2023 Grant Regulations once they are promulgated and adopted in law.

7.1.2.4 National Qualifications Framework Act

The National Qualifications Framework Act (Act 67 of 2008, as amended) (NQF Act) provides for the National Qualifications Framework, a comprehensive system, approved by the Minister of Higher Education and Training for the classification, registration and publication of articulated and quality-assured national qualifications and part-qualifications.

The objectives of the National Qualifications Framework are set out in sections 5(1) and (2) of the NQF Act. The objectives include, but are not limited to, creating a single integrated national framework for learning achievements and enhancing the quality of education and training.

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

7.1.2.5 Public Finance Management Act

The Public Finance Management Act (Act 1 of 1999, as amended) (PFMA) is another critical legislation that impacts PSETA's operations. 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 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.

PSETA is governed by its AA, as per the prescripts of Section 49 of the PFMA. The AA's duties and functions are guided by the prescripts of sections 50 and 51 of the PFMA.

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

7.2 Updates to institutional policies and strategies

PSETA's Five-Year Strategic Plan and its Annual Performance Plan (APP) are informed and aligned with the relevant legislation and policy mandates. PSETA is guided by various policies and strategies, including, but not limited to, the following:

7.2.1 National Development Plan

The National Development Plan: Vision 30 (NDP) offers a long-term vision for the country. It defines the desired destination and identifies the role that different sectors of society need to play in reaching that goal. Based on the nine outcomes of the NDP that focus on building a capable State, PSETA has considered the major NDP competencies in its strategic focus areas, namely: a public service which is a career of choice; sufficient technical and specialist professional skills; efficient and effective management and operations systems; procurement systems that deliver value for money; and strengthened delegation, accountability and oversight. These form key inputs into the SETA's strategic focus.

7.2.2 Medium-Term Development Plan

The Medium-Term Development Plan 2024–2029 (MTDP) is a high-level government strategic document that guides the five-year implementation and monitoring of the NDP 2030. The MTDP for 2024–2029 emphasises the need for a paradigm shift towards a comprehensive framework inclusive of resourcing and integration of all public sector institutions. The PSETA is contributing to the strategic priorities of the MTDP, namely:

- **Strategic Priority 1:** Drive inclusive growth and job creation.
- **Strategic Priority 2:** Reduce poverty and tackle the high cost of living.
- **Strategic Priority 3:** Build a capable, ethical and developmental State.

These three strategic priorities, with a set of policy choices and priority interventions, will be implemented across all government departments and overseen and monitored by the centre of government. This includes PSETA, as a national public entity that reports to the DHET as its Executive Authority.

7.2.3 National Skills Development Plan 2030

The National Skills Development Plan: Vision 2030's (NSDP) vision is "An educated, skilled and capable workforce for South Africa". PSETA's strategic focus areas and skills priority areas are aligned with the NSDP outcomes. These are conducting labour market research, addressing sector skills needs and priorities, implementing learning programmes, supporting the Technical Vocational Education and Training (TVET) system, artisan development, and collaborating with relevant quality councils. They form the key focus areas of PSETA's core operations.

7.2.4 White Paper for Post-School Education and Training

The NSDP will be implemented within the context of an integrated and differentiated post-school education and training system. In response to the sharpened focus of SETAs as outlined in the White Paper, the focus on the participation of employers in the submission of credible Annexure 2 (WSPs) has been prioritised. Training of labour representatives on training committees, capacity-building sessions and skills development facilitator training programmes are initiatives aimed at responding to the White Paper and improving the quality of sector expertise available to the SETA.

7.2.5 Public Service Human Resource Development Strategic Framework

The intent of this framework is to create an integrated strategic approach to human resource planning to achieve departmental strategic objectives and the government programme of action. The overall strategic approach and focus for human resource development in the public service sector has been rearticulated to place a greater emphasis on the imperative for the alignment and consolidation of the inward focus of the public service (demand side) with the broader external labour market dynamics. PSETA is facilitating and improving the extent to which skills supply can address the public service sector's skills and talent requirements.

7.2.6 PSETA Sector Skills Plan

The SSP is an evidence-based skills planning guide or 'roadmap' developed by the SETA in consultation with sector stakeholders, and which informs and guides the determination of funding priorities for PSETA. It informs the allocation of resources to develop qualifications and learning programmes, establishes occupation-specific skills priorities for the sector, and monitors skills development provision in the sector.

7.2.7 Economic Reconstruction and Recovery Plan

The Economic Reconstruction and Recovery Plan (ERRP) seeks actively to transform the economy towards positive growth. This requires active and immediate adaptation by parts of the post-school education and training system – the Skills Strategy. The Skills Strategy lays out 10 interventions to introduce specific changes or enabling mechanisms to ensure the skills required are produced. Six interventions focus on delivery (specific skills to be produced immediately and linked to sectoral strategies), while four interventions are systemic, including mechanisms for refining and adding to skills and qualifications needed for fast responsiveness as the economy changes with the ERRP interventions. The ERRP Skills Strategy emphasises accessing targeted skills programmes linked to specific economic sectors to allow for immediate and short-term interventions. These include digital skills, access to workplace-based experience, and retraining/upskilling to preserve jobs. The National Digital and Future Skills Strategy calls for the entire education sector to build a strong focus and invest in digital skills, as well as invest in the development of digital innovation skills.

In summary, the medium and long-term implications of the outlined policies and strategies are reflected in PSETA's strategy of locating itself at the heart of developing highly skilled professional public servants as a means of increasing the pool of required skills and further harnessing and elevating the existing skills within the public service sector. Based on the nine outcomes of the NDP focused on building a capable State, PSETA has considered the major NDP competencies in its strategic focus areas, namely: a public service which is a career of choice; sufficient technical and specialist professional skills; efficient and effective management and operations systems; procurement systems that deliver value for money; and strengthened delegation, accountability and oversight. These form key inputs in the SETA's strategic focus. PSETA focuses specifically on Priorities 1 and 3 of the MTDP driving inclusive growth and job creation, and building a capable, ethical, and developmental State – as a contribution to putting the public service sector on a positive trajectory towards achieving the NDP goals for 2030.

7.2.8 National Growth Plan

The National Growth Plan calls for greater focus on workplace training, targeting on-the-job training and refresher programmes for at least 10% of the workforce every year. PSETA will continue to play a critical role in the education and skills work stream, specifically in supporting access to TVET colleges and facilitating workplace opportunities for youth in the public service sector. Such interventions will support the youth in obtaining the competencies required for employment and self-employment. PSETA has implemented measures to support the ERRP and its Skills Strategy as outlined by the DHET through its 10 interventions. The overarching implication of the analysis of the national strategies and plans may be categorised into two broad themes:

- **Policy landscape**: National policies and plans may not be considered in isolation from one another. In the public service sector, there is a range of agencies with overlapping mandates related to skills development and capacity building, more broadly. Thus, establishing partnerships and coordinating efforts is a key outcome of analysing these plans.
- **Socio-economic agenda**: The secondary aim of addressing issues of inequality, unemployment, poverty and transformation is an inherent feature of South Africa's labour market policies. Conversely, the goal of many socio-economic policies incorporates the need to improve education and skills development, ultimately impacting the labour market. The emergence of COVID-19 exposed the existing inequalities in society. Skills development policies must address not only issues of poverty and unemployment, but also those of economic growth and global competitiveness.

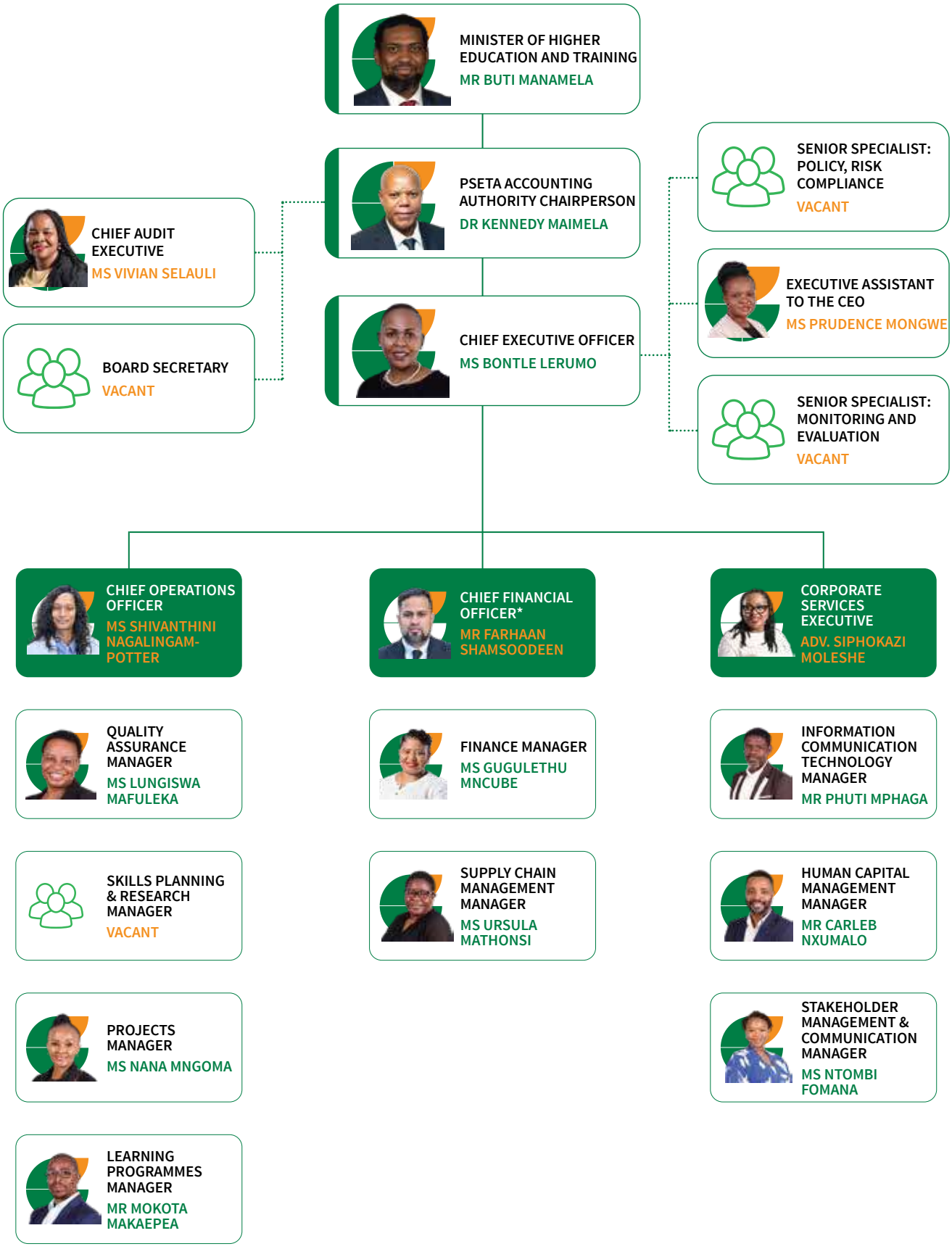
7.2.9 Public Service Amendment Regulations of 2023

On 24 February 2023, the Minister for Public Service and Administration (MPSA) issued Draft Regulations to amend the Public Service Regulations of 2016. The Public Service Regulations of 2016 were promulgated in terms of Section 41 of the Public Service Act (Act 103 of 1994).

The Draft Regulations sought to amend the Public Service Regulations of 2016 to, among other things, address challenges with the interpretation and application of the Public Service Regulations of 2016, to regulate lifestyle audits, to provide for reasonable accommodation for persons living with disabilities, to manage the extension of the term of a head of department, and to provide for periods of prohibition on the re-employment of former employees dismissed for misconduct within the public service sector.

Following a public consultation process, the Public Service Amendment Regulations of 2023 were officially adopted in law and came into operation on 1 November 2023.

8. Organisational Structure



*The position of Chief Financial Officer was vacant from 1 January 2026 to 31 March 2026. Mr Farhaan Shamsoodeen assumed the role of Chief Financial Officer with effect from 1 June 2026.



PART B:
PERFORMANCE INFORMATION

1. Auditor's Report: Predetermined Objectives

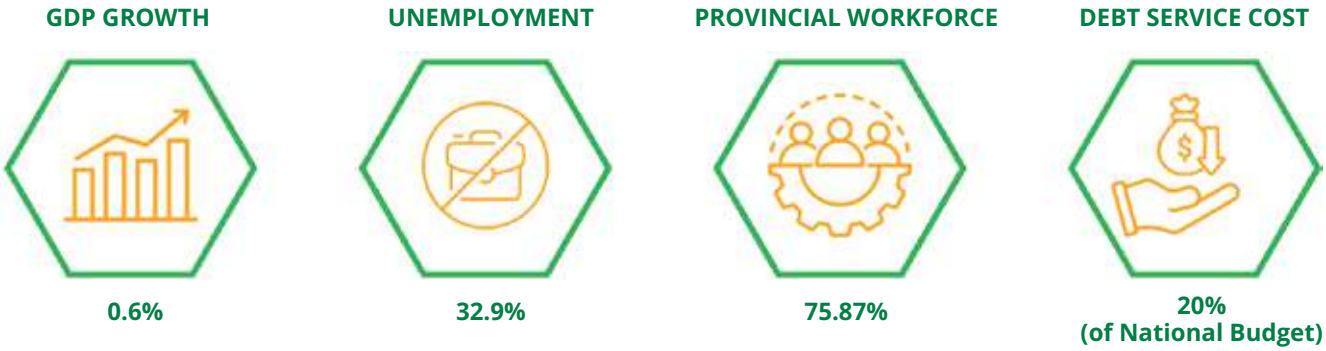
The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance through an audit conclusion. The audit conclusion on performance against predetermined objectives is included in the report to management, with material findings reported under the Predetermined Objectives heading in the auditor's report's Other Legal and Regulatory Requirements section.

Refer to page 80 of the Report of the Auditors Report, published as Part E: Financial Information.

2. Situational Analysis

2.1 Service Delivery Environment

SOUTH AFRICA AT A GLANCE



The PSETA operated during the 2025/2026 financial year within a complex and evolving socio-economic, fiscal, and institutional environment. As articulated in the PSETA Sector Skills Plan (SSP) 2026/2027, this context is characterised by constrained economic growth, persistent labour market challenges, fiscal pressures, and significant structural shifts in the skills demand landscape.

At a macroeconomic level, South Africa continues to experience a modest economic recovery, with GDP growth of approximately 0.6% in 2024. However, this growth remains insufficient to meaningfully absorb labour market entrants, as reflected in the persistently high unemployment rate of 32.9%, with disproportionately severe impacts on the youth. These conditions have direct implications for the public service labour market, including constrained recruitment, limited expansion of the workforce, and increased pressure on the State to optimise existing human capital through targeted skills development interventions.

The fiscal environment further shaped the operating context of PSETA. Rising public-sector wage-bill pressures, increasing debt-service costs (consuming approximately 20% of the national budget), and ongoing cost-containment measures have led to hiring freezes and restricted budget allocations for training and development. Consequently, departments have had to prioritise critical skills areas, placing greater emphasis on efficiency, workforce planning, and the strategic alignment of training investments with organisational performance needs.

Within the public service sector itself, the labour market reflects structural challenges that influence skills planning. The workforce is heavily concentrated in provincial departments, which account for approximately 75.87% of total employment, and is predominantly composed of individuals aged 35–55. This demographic profile raises concerns regarding succession planning, youth absorption, and the long-term sustainability of institutional capacity. In addition, persistent underrepresentation of people living with disabilities and imbalances in senior management demographics highlight the need for more inclusive workforce strategies.

The PSETA SSP further identified significant skills supply-and-demand mismatches. Hard-to-fill vacancies are concentrated in critical transversal occupations such as programme and project management, financial management, and ICT-related roles, driven largely by shortages of specialised skills and relevant experience. At the same time, pervasive skills gaps – particularly in leadership, management, and financial competencies – continue to constrain organisational effectiveness across the sector.

CRITICAL TRANSVERSAL OCCUPATIONS

- Programme Management
- Financial Management
- ICT
- Leadership
- Data Analytics
- Cybersecurity
- Environmental, Social and Governance

Importantly, the operating context is also shaped by a set of transformative drivers of change that are redefining the nature of work in the public service. These include the professionalisation of the public service, rapid digital transformation and the growth of e-government, increasing emphasis on climate resilience, and the expansion of public-private partnerships. These drivers are accelerating demand for new and emerging skills, including data analytics, artificial intelligence, cybersecurity, and environmental, social and governance (ESG) competencies, while simultaneously requiring the modernisation of existing qualifications and training systems.

In response to these dynamics, the SSP emphasises a shift towards a more integrated and evidence-based skills planning system. This includes strengthening occupationally directed qualifications, expanding work-based learning opportunities, and enhancing monitoring and evaluation mechanisms to improve the relevance and impact of interventions. The role of partnerships – with government departments, higher education institutions, training providers, and other stakeholders – has also become increasingly critical in extending reach, improving programme quality, and ensuring alignment with national development priorities.

In summary, PSETA's performance during the period under review must be understood against a backdrop of constrained fiscal space, evolving labour market demands, and systemic transformation within the public service. While these factors present significant challenges, they have also necessitated a more strategic, targeted, and collaborative approach to skills development. The SSP provides the evidence base and strategic direction that guide this response and positions PSETA to contribute to the broader objective of building a capable, ethical, and future-ready public service.

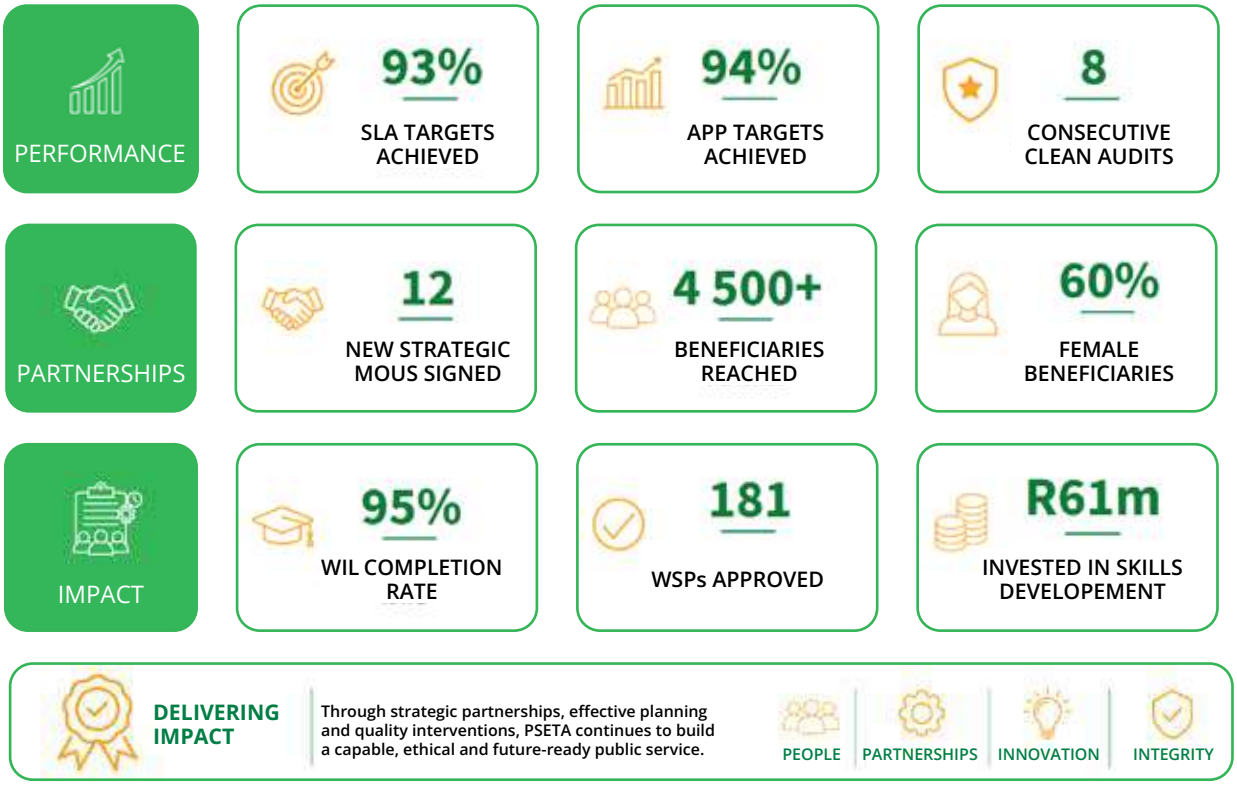
Overall performance:

The APP for the 2025/2026 financial year was implemented through four programmes listed below:

- **Programme 1: Administration** – The purpose of this programme is to develop and implement corporate support strategies and systems that contribute towards the achievement of the organisational mandate.
- **Programme 2: Skills Planning and Research –** This programme aims to conduct and coordinate research to inform the sector's strategic skills development priorities. It is made up of two organisational business units: Skills Planning, and Research. The development and annual update of the 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** – The purpose of this programme is to set standards and establish a discipline to manage a collection of discretionary grant-funded learning interventions identified in an objective manner in the SSP in line with the PSETA's strategy, and 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.
- **Programme 4: Quality Assurance** – The programme is aimed at strengthening the capacity of skills development providers to effectively deliver sector priority skills, support the development and implementation of occupational qualifications, and ensure the quality assurance of learning and assessment. In fulfilling this mandate, the Quality Assurance Department is responsible for developing occupational qualifications and capacitating providers through targeted advocacy and support workshops.



Performance highlights:



The following key achievements were recorded during the reporting period under review by PSETA

- Achieved 93% of its 28 annual SLA targets. In terms of performance against the APP, PSETA achieved 94% of its APP targets.
- Received a clean audit report for the eighth consecutive year in 2025/26 – contributing to the organisations' sustained corporate governance culture.
- Invoices were paid within 30 days to ensure compliance with the Treasury Regulations Section 8.2.3.
- Successfully developed and submitted the SSP 2026/27, which was approved by the Department of Higher Education and Training reinforcing PSETA's role in evidence-based sector planning.
- Completed provincial SSPs for Eastern Cape and KwaZulu-Natal – enhancing provincial-level labour market intelligence and planning alignment.
- Established a research observatory in partnership with the University of Johannesburg – creating a centralised platform for research dissemination, data analysis and policy advisory to strengthen sector intelligence.
- Nationwide capacity-building workshops were conducted to support stakeholders on SSP processes, Workplace Skills Plans (WSPs), and Annual Training Reports (ATRs) improving planning capability across the sector.
- Achieved 182 WSP submissions and 181 approvals, reflecting strong sector participation and improved compliance in skills planning processes.
- Entered into 12 new strategic Memoranda of Understanding (MoUs) strengthening collaborative frameworks for research, planning, and programme implementation.
- Delivered large-scale learning interventions reaching over 2,000 beneficiaries (including public service officials and unemployed learners) across priority skills areas such as Monitoring and Evaluation, HR Management, Financial Management, and Legislative Mediation.
- Strengthened partnerships with key stakeholders, including the National Youth Development Agency, bargaining councils and provincial Offices of the Premiers to expand programme reach and impact.
- Implemented Work-Integrated Learning (WIL) programmes across TVET colleges and universities of technology. Achieved a 95% completion rate, with 195 learners completing qualifications.
- Supported over 280 learners through WIL placements and facilitated diploma completion, strengthening the transition from education to employment.

LEARNING IMPACTS

2 000+
PUBLIC SERVICE OFFICIALS

280+
WIL PLACEMENTS

50
POSTGRADUATE BURSARIES

2 000+
INTERNS COMPLETED

1 400
CPD PARTICIPANTS

- Funded 50 postgraduate bursaries aligned to SSP priority areas, contributing to advanced skills development within the sector.
- Implemented internship and learnership programmes, including rural development initiatives and cooperative training – expanding access to workplace-based learning opportunities.
- Advanced the professionalisation agenda by enrolling 1,400 public sector employees in Continuous Professional Development (CPD) programmes through partnerships with professional bodies such as the South African Institute of Government Auditors.
- Funded and supported the implementation of occupational qualifications, including Public Service Administrator (NQF Level 5) and General Manager Public Service (NQF Level 6), aligned to sector skills needs.
- Allocated approximately R18.6 million towards bursaries, WIL, internships, and cooperative development projects – demonstrating effective utilisation of surplus funds to expand impact.
- Improved monitoring and evaluation systems – ensuring that workplace learning environments meet required standards, including alignment of placements with qualification requirements and availability of qualified mentors.
- Achieved high levels of programme quality and compliance, with no reported deficiencies in learner Portfolios of Evidence by the Department of Higher Education and Training.
- Enhanced capacity of Skills Development Providers (SDPs) through targeted workshops on occupational qualifications, accreditation and assessment requirements.
- Continued to support TVET colleges, universities and State academies in accreditation readiness, institutional capacity-building and the development of e-learning capabilities.
- Initiated the development of recognition of prior learning (RPL) governance frameworks, policies and tools aimed at strengthening the credibility, accessibility and standardisation of RPL implementation in the sector.



RESEARCH AND PLANNING IMPACTS

1
SSP 2026/27 APPROVED

1
RESEARCH OBSERVATORY ESTABLISHED

6
RESEARCH REPORTS COMPLETED

38
CAPACITY-BUILDING SESSIONS

2
NEW LEVY-PAYING ENTITIES

Challenges:

During the reporting period, PSETA encountered several implementation challenges that affected the timely execution and overall effectiveness of various skills development programmes. These challenges are summarised below:

- **Non-achievement of APP targets**: during the financial year under review, the PSETA experienced procurement challenges resulting in the non-appointment of the skills development provider to implement the RPL programme.
- **Implementation of occupational qualification**: the implementation of the occupational qualification had its share of challenges, such as the longer period of training compared to the previous legacy qualifications, preparation for Final Integrated Summative Assessment (FISA) and learners having to sit for the examination (EISA).
- **Delays in learner registration:** A persistent challenge has been the delayed submission of complete and accurate learner documentation by stakeholders, as well as delays in resolving discrepancies identified during the validation of learner agreements. These delays impacted the learner registration process and the turnaround time as stipulated in the Workplace Based Learning Programme Agreement Regulations (WBLPAR).
- **Stakeholder-related delays:** Some projects experienced challenges in the recruitment and onboarding of targeted beneficiaries due to late and incorrect recruitment, resulting in delays to project implementation timelines. In some cases, late enrolments necessitated signing addenda to accommodate replacement learners and extend the scope of the contract.
- **Contract management:** Non-compliance by awarded stakeholders in implementing and concluding contracts within the scope of the contract. Often, this results in an increase in submissions for approval of addenda and non-compliance letters.
- **Workplace preparedness and learner placement:** Monitoring activities revealed that some host workplaces lacked adequate tools of trade necessary to provide a meaningful experiential learning environment for learners, particularly for internship programmes.
- **Monitoring findings related to programme co-ordination:** Through routine project monitoring, gaps were identified in the co-ordination and oversight of learners by designated project co-ordinators. These gaps at times affect learner experience and the quality of programme delivery.
- **Slow uptake and implementation of occupational qualifications:** The implementation of newly developed occupational qualifications within the public service sector remains slow. This is compounded by a general lack of awareness and understanding of these qualifications among public service sector employers, which affects both the demand for, and support of, occupationally-directed learning interventions.
- **Challenges encountered in submitting quarterly monitoring reports via SETMIS:** PSETA encountered some challenges in submitting its quarterly monitoring reports through the Sector Education and Training Management Information System (SETMIS) during the second quarter of the 2025/2026 financial year. These challenges were primarily technical and varied from quarter to quarter until the system was halted in Quarter 2 of the 2025/2026 financial year. The DHET then formally communicated to all SETAs that the SETMIS problem was due to technical maintenance constraints and limited capabilities within the DHET. Consequently, the DHET requested that all SETAs submit their quarterly reports using manual Excel spreadsheets. There is a higher risk of data integrity in the manual data submission process: the handling process sometimes contaminates and compromises the data submitted to DHET.
- **The limited number and skills of RPL advisors:** variability in advisor competence and training remains a challenge. Differences in RPL knowledge, sector-specific expertise and understanding of qualification standards can result in inconsistent advisory services. To enhance the consistency, credibility and quality of RPL implementation, PSETA will consider investing in standardised training, sectoral expertise and continuous professional development.

2.2 Organisational environment



VACANCY REDUCTION
Vacancy rate reduced by 5% in line with APP target.

DIGITAL CAPABILITY
Enhanced ICT systems & digital tools to improve service delivery.

FUNDING SUSTAINABILITY
Advancing the integrated Skills Developement and Funding Model for long-term sustainability.

GOVERNANCE & OPERATIONS
Sound financial management, mature governance, competent personnel and improved stakeholder relations.

- During the previous financial year, PSETA reported a high vacancy rate across the organisation, which posed challenges to operational efficiency and service delivery. In response, a comprehensive post-filling plan was developed and implemented to address the vacancies, with a particular focus on critical and strategic positions. Notable progress has been made in filling several vacant posts. PSETA has met the APP target of reducing the vacancy rate by 5%. However, during the same period the organisation experienced further staff turnover due to career progression opportunities, including the resignation of the Chief Financial Officer (CFO), who exited the organisation at the end of Quarter 3. Despite these challenges, the implementation of the post-filling plan has continued to gain momentum, resulting in the successful recruitment of positions including key leadership positions. The newly appointed CFO is scheduled to commence duties on 1 June 2026.
- The organisation also continued to respond to operational and institutional pressures affecting the broader post-school education and training sector – including budget constraints, increasing demand for digital capability, infrastructure limitations and the need for improved systems integration and data-driven planning. These pressures required PSETA to strengthen operational efficiencies, enhance governance systems and leverage technology to improve organisational performance and stakeholder service delivery.
- Internally, PSETA maintained a stable governance and operational environment supported by sound financial management, a mature ICT environment, competent personnel and improved stakeholder relations. At the same time, the organisation recognised the need to strengthen strategic partnerships, improve data analytics capability and enhance institutional agility in response to the changing world of work.
- One of the key challenges that continued to impact the organisation was the sustainability of its funding model, as public service employers remain exempt from paying the Skills Development Levy. As a result, PSETA continued to rely largely on transfers through Vote 15 of the Department of Higher Education and Training. In response, the organisation advanced the implementation of the integrated skills development and funding model aimed at strengthening long-term sustainability,

improving operational efficiency, and expanding the reach and impact of skills development interventions within the public service sector.

- Despite these environmental and operational challenges, PSETA remained focused on delivering against its strategic outcomes of enhancing institutional capability, improving credible research for skills planning, increasing the pool of skills into and within the public service sector, and delivering quality learning interventions. Through these efforts the organisation continued contributing towards the development of a capable, ethical and developmental State.

2.3 Key policy developments and legislative changes

On 26 March 2026, the President signed the Public Service Amendment Act of 2025 (Act 9 of 2025) into law, which is set to take effect on 1 April 2026. The Act aims to amend the Public Service Act, 1994 and to provide for the devolution of administrative powers from executive authorities to heads of department, amongst other things.

This Amendment Act is relevant to the PSETA, as its sector encompasses stakeholders in the public service.

2.4 Progress towards achievement of institutional Impacts and Outcomes

PSETA's Five-Year Strategic Plan 2025/2026–2029/2030 has four outcomes that aim to address the lack of skills and the shortage of technical and professional skills that support service delivery in the public service sector. To contribute to the desired future of sufficient technical and professional skills in the public service sector, the following progress was made in the period under review towards achieving the desired institutional impact and outcomes:

Outcome 1: Enhanced PSETA capabilities to deliver its strategy

The **outcome indicator** for this programme is measured by improved operational performance and an unqualified audit opinion on PSETA's Annual Report, performance information and financial statements.

To enhance PSETA's capabilities to deliver its strategy, achieve a clean audit outcome, and have an impact on the public service sector that delivers on its mandate, the following output achievements were recorded in the year under review:



- PSETA received a clean audit report from the Auditor-General of South Africa for the 8th consecutive year, a result attributed to the entity's strong corporate governance culture.
- Invoices were paid within 30 days to ensure compliance with the Treasury Regulations section.
- The vacancy rate is being reduced, the post-filling plan is being implemented, and critical strategic positions are being filled. The recruitment and filling of the vacant positions is progressing, and the newly appointed Chief Financial Officer (CFO) is scheduled to commence duties on 1 June 2026.
- The PSETA implemented 97% of its training plan as part of its internal capacity development, reskilling and upskilling employees to deliver on its mandate. The training plan has been fully implemented, and the APP target of 90% implementation has been achieved and exceeded during the period under review.
- We have reduced vacancies and managed to meet the APP target of a reduction of vacancies by 5%. The plan is to continue implementing measures to fill vacancies in 2026/2027 to achieve an acceptable vacancy rate aligned with the sectoral numerical targets and the APP target of 10%. The recruitment and selection policy has been amended to take into consideration the employment equity numerical targets and goals throughout the recruitment process.

- PSETA successfully strengthened governance and compliance through the development and review of 10 policies and a strategy in the current financial year, namely the Leave Management Policy, Incentive Policy, Learning and Development Policy, Recruitment and Selection Policy, Human Capital Management Policy, Policy on Performance Management and Development System, Smoking Policy, Anti-Harassment Policy, Bereavement and Social Welfare Policy, Employee Retention Policy and Human Capital Development Strategy.
- PSETA has a fully established employee wellness programme and has developed an annual employee wellness plan in the year under review. Some of the actions in the year under review were psychosocial services, a team-building inter-SETA sport day, commemoration of important dates like Women's Day, Heritage Day, Cancer Awareness Day, and World AIDS Day, and Health Screening.
- PSETA has been successful in leave management. This process is fully automated and is on the Employee Self-Service (ESS) platform.
- To have a functional organisational structure that enables PSETA to have an effective and efficient human capital, PSETA has commenced with the process of organisational redesign.
- PSETA intensified its stakeholder engagement sessions and reaffirmed PSETA's mandate in skills planning, research, occupational qualifications, and quality assurance within the public service sector. A consistent theme across all engagements was the need to strengthen transversal competencies – including administration, policy development, planning, and governance – while simultaneously responding to emerging demands such as digital transformation, data-driven decision-making, and adaptive leadership in line with the professionalisation agenda.

Key Engagement Dates and Locations

- During the 2025/26 financial year, PSETA implemented a structured and strategic stakeholder engagement programme aimed at strengthening collaboration, aligning skills development priorities, and advancing the professionalisation of the public service.



- The engagement programme was executed through a combination of national flagship events, provincial stakeholder roadshows, strategic partnerships and sector dialogues – enabling PSETA to engage a wide range of stakeholders across the public service ecosystem. This included national and provincial departments, Offices of the Premier, higher education institutions, professional bodies, organised labour and development partners.
- A key highlight of the year was the implementation of the CEO Stakeholder Engagement Roadshows, which provided a platform for direct engagement with provincial stakeholders on skills development priorities and service delivery challenges. These engagements were conducted in the North West (12 March 2026), Mpumalanga (26 March 2026) and the Northern Cape (28 March 2026). The roadshows facilitated dialogue on strengthening Provincial Sector Skills Plans (PSSPs), improving Workplace Skills Plans (WSPs), and aligning skills interventions with provincial socio-economic priorities.



- At a national level, PSETA hosted its 15th Annual General Meeting on 20 November 2025, reinforcing accountability, governance and organisational performance. The organisation further strengthened strategic partnerships through key initiatives such as the launch of the DIRCO Cadet and Internship Programme on 1 October 2025, and engagement with the Council for the Built Environment (CBE) on 25 February 2026 focusing on strengthening professional pathways and expanding access to built environment careers.
- The information and communication technology (ICT) systems have been available 100% of the time during the 2025/26 financial year.
- ICT policies and procedures have been developed and benchmarked against the best practices. We are improving our cybersecurity posture by conducting employee awareness sessions and planning to implement a security operations centre to manage the PSETA ICT infrastructure 24/7.

- During the period under review, significant progress has been made in improving compliance with the provisions of the Protection of Personal Information Act 4 of 2013 (POPIA) and the Promotion of Access to Information Act 2 of 2000 (PAIA).

These include the following highlights:

- PSETA has effectively strengthened governance and compliance by formally appointing and registering the Information Officer (IO) and Deputy Information Officer (DIO), with clearly defined roles aligned to POPIA guidance notes, ensuring accountability for safeguarding personal information.
- The PSETA DIO has established effective collaboration and oversight by coordinating quarterly PAIA and POPIA training with the Stakeholder Management and Communication department, embedding related activities and awareness sessions.
- PSETA has implemented appropriate technical and organisational safeguards, including password-protected platforms such as CRM and SharePoint, encryption of sensitive email communications, and controlled access rights limited to authorised personnel. These measures demonstrate the organisation's commitment to POPIA compliance and strengthen the protection of personal information against unauthorised access, loss, or misuse.
- The PSETA approved and implemented several new POPI policies to strengthen its compliance with POPIA and has adopted a new PAIA Manual during 2025/2026.
- During the 2026/2027 the PSETA will implement further initiatives to strengthen its POPI and PAIA compliance. This includes translating the PSETA PAIA Manual into 2 other South African national languages.

The PSETA will implement further initiatives to strengthen its POPI compliance by conducting an assessment of its cybersecurity network in accordance with the ISO 27001 Standard.

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 on the public service sector that delivers on its mandate, the following output achievements were recorded:



- In preparation for the new strategic cycle, PSETA successfully developed the SSP Update 2026/2027 period. This process was informed by extensive research and stakeholder consultation, culminating in sector-wide SSP feedback sessions to validate and align planning with national priorities and sectoral needs.
- The PSETA Research Agenda and the Research Plan to guide the prioritisation of research requests, support the production of the SSP, and promote evidence-based decision-making were approved and implemented during the year under review.
- In line with the approved Research Plan, six research reports were completed, including PSSPs for Eastern Cape and KwaZulu-Natal. These studies provided nuanced, province-specific insights into skills development challenges. Both PSSPs were conducted by Stellenbosch University.
- The tracking and tracer study was internally conducted to evaluate the long-term outcomes of the learning programme, focused on unemployed **Work Integrated Learning** (WIL) programme beneficiaries from the Boland, False Bay, and Ikhala TVET colleges.
- PSETA completed the Department of Home Affairs' Skills Needs analysis study commissioned to the University of Pretoria. The study analysed and identified the skills needed for the digital transformation required by DHA.
- In responding to the Just Energy Transition (JET) skills needs, PSETA appointed the University of the Pretoria to conduct a dedicated JET skills needs analysis for the public service sector. The findings and recommendations from this study will inform the skills needed to support the JET-related interventions in the sector.
- A total of 38 capacity-building sessions were conducted across all nine provinces during the year under review. These engagements focused

on enhancing the skills planning capabilities of stakeholders through:

- training on WSPs and SSPs;
- dissemination of key findings from WSPs and an Annual Training Report analyses;
- sectoral insights, including skills gaps, hard-to-fill vacancies, and priority areas for development; and
- system workshops to support skills development for facilitators for the WSP submission period.

- Furthermore, PSETA conducted WSP implementation monitoring visits to assist selected stakeholders with addressing skills planning challenges.
- In a continued effort to strengthen sector coverage, two new levy-paying public entities the Council for the Built Environment and NEDLAC – were registered with PSETA during the reporting year. Additionally, there was a reconfiguration of the Department of Mineral Resources and Energy that split into the Department of Energy and Electricity and the Department of Minerals and Petroleum Resources, which were re-registered as new departments with PSETA for separate submission of WSP for the first time.

Outcome 3: Increased pool of skills into and within the public service sector

INVESTMENT & IMPACT DASHBOARD

R61 MILLION
LEARNING PROGRAMME INVESTMENT
26 AGREEMENTS SIGNED

INVESTMENT	PROGRAMME DELIVERY	SECTOR IMPACT
R61 MILLION Programme Investment	**111** Internships Completed	**34%** Employment Absorbtion
26 Funding Agreements	**223** Qualifications Achieved	**2 000+** Public Service Officials Trained
R4.2 MILLION Postgraduate Bursaries	**100%** Programme Monitoring	**149** Rural Development Beneficiaries

The outcomes 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 within the public service sector, and have a positive impact on the public service sector that delivers on its mandate, the following output achievements were realised:

- Discretionary grant funding was allocated for skills development initiatives addressing the priority actions identified in the PSETA SSP, objectives of the NSDP, and the PSETA SLA.
- In the 2025/2026 financial year, PSETA entered into 26 agreements with various stakeholders regarding different learning programmes valued at a total of R60 million (includes surplus allocations).
- PSETA has experienced significant improvements in the expenditure of the funds allocated for the 2025/2026 discretionary grants contracts by ensuring that stakeholders submit payment requests within the designated timeframes of the payment schedule. This has resulted in increased utilisation of the DG funds, as evidenced by reduced accruals and fewer contracts extended.
- Some of the key flagship projects targeting the youth and rural communities that were implemented are as follows:
  - PSETA, in partnership with the NYDA and Council for the Built Environment, collaborated towards the implementation of a rural development project targeting youth from rural and remote communities in Eastern Cape province. The qualification is a New Venture Creation (NVC) learnership programme at NQF Level 4 with 149 credits, valued at R4.835 million and implemented in Buffalo City Municipality. The beneficiaries are students from Walter Sisulu University who studied civil engineering and need practical experience to complete their qualifications. This programme aims to equip beneficiaries with the necessary experiential exposure and empower them with the entrepreneurial skills to be able to identify and assess an entrepreneurial opportunity, design a business model, and write a business plan. The qualification will further assist beneficiaries in starting and growing sustainable businesses that contribute to the mainstream economy.
- In the 2025/2026 financial year, PSETA entered into a Memorandum of Agreement (MOA) with the Free State Office of the Premier for the implementation of the Finance Management Skills programme for 200 public service officials. The funding is intended to support the PSETA-accredited academy, the Free State Training and Development Institution, in training public service officials within the Free State Province.
- PSETA entered into a MOAs with the two bargaining councils within the public service sector for the implementation of a non-PIVOTAL (Professional, Vocational, Technical and Academic Learning) skills programme in Public Service Dispute Management and Negotiation Skills to the value of R300,000.00. More than 500 beneficiaries were trained and deemed competent. This completion achievement is attributed to a collaboration with the two bargaining councils within the public service sector – the Public Service Co-ordinating Bargaining Council (PSCBC) and the General Public Service Sector Bargaining Council (GPSSBC) – to ensure that the beneficiaries were from each of the nine provinces and played a vital role in ensuring that employers provided support to the learners during the training process.
- The PSETA and the two bargaining councils further implemented Human Resources Management for 350 beneficiaries and Legislative Mediation for another 350 beneficiaries to the value of R1.354 million. The programmes aim to equip public service officials with the skills and knowledge required for the prevention or detection of labour disputes at an early stage and to assist the officials with the responsibility of chairing disciplinary hearings to speed up the process and ensure the hearing's timely conclusion.
- In the 2025/2026 financial year, 223 public service officials employed within the Gauteng provincial government and some national departments attained a qualification at NQF Levels 5 and 6 through the Recognition of Prior Learning (RPL) approach. This achievement is attributed to collaboration among the parties involved, especially the Gauteng provincial and national co-ordinators, who ensured clear lines of communication between the beneficiaries and the SDP.
- Furthermore, 99 beneficiaries from the first Southern African Institute of Government Auditors (SAIGA) group completed the Monitoring and Evaluation skills programme, and 189 beneficiaries from the Free State Office of the Premier completed the Financial Management Skills programme.
- PSETA awarded bursary funding to two public Higher Education Institutions (HEIs) – the University of Zululand and Sol Plaatje University. This was valued at R4.2 million for postgraduate students to pursue their studies.
- A total of 111 learners completed the internship programme during the 2025/2026 financial year, from an annual target of 85.
- In collaboration with stakeholders within the public service sector, PSETA achieved an absorption rate of 34% among the 93 learners who participated in an internship programme during the financial year

2025/2026. This result shows that the internship programme had a positive impact, as it prepared learners for a smooth transition into the world of work by providing them with valuable experience and skills.

- During the financial year under review, PSETA successfully achieved its target by reporting an achievement of 64 learners for the learnership unemployed programme.
- Additionally, 100% monitoring of the programme was conducted through either physical site visits or desktop-based monitoring.
- Fifteen Police and Prisons Civil Rights Union (POPCRU) women beneficiaries completed a bursary programme in the Advanced Diploma: Public Management (NQF 7) qualification during the financial year under review. This is the second qualification completed by these beneficiaries from the project implemented together with POPCRU. This bursary programme is aimed at empowering women with economic and public administration knowledge.
- Five National Education, Health and Allied Workers' Union (NEHAWU) beneficiaries completed a bursary programme in Project Management, Financial Management, Public Administration and Information and Technology Management qualifications during the financial year under review.
- During the financial year under review, PSETA successfully achieved its target of 100 and 200 entries for the WIL programme for TVET Colleges and Universities of Technology, respectively. Additionally, 100% monitoring of the programme was conducted through either physical site visits or desktop-based monitoring.

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 the number of accredited SDPs.

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 output achievements were realised:



- Monitoring and verification visits to accredited SDPs were conducted throughout the year to provide support and ensure compliance with training and development policies and procedures.
- SDP workshops were conducted to improve the understanding of policies and procedures, and requirements for accreditation, implementation, and assessment. Two learnership applications were submitted to QCTO for registration:
  - Higher Occupational Certificate: Immigration Officer, NQF Level 5
  - Higher Occupational Certificate: Refugee Status Determination Officer, NQF Level 5
- A total of 486 certificates and 3154 statements of results were issued in the period under review for qualifications and part-qualifications within PSETA's scope.
- PSETA also developed an NQF Level 8 qualification (Specialised Occupational Diploma: Programme Manager) in collaboration with other SETAs, State entities, and national and provincial departments. It was submitted to the QCTO for registration.
- Certificates of competence were issued by the QCTO for the learners who were found competent after the External Integrated Summative Assessment written in May 2024.
- PSETA developed and submitted the following Qualification Assessment Specification Addenda to QCTO for approval:
  - Occupational Certificate: Administrative Attaché, NQF Level 5
  - Higher Occupational Certificate: Immigration Officer, NQF Level 5

- Higher Occupational Certificate: Refugee Status Determination Officer, NQF Level 5
- Occupational Certificate: Legislation Administrative Assistant, NQF Level 5
- Advanced Occupational Certificate: Legislation Facilitator NQF, Level 6
- Advanced Occupational Certificate: Customs Officer
- Occupational Certificate: Customs Border Control Officer
- Occupational Certificate: Customs Declarations Officer
- Occupational Certificate: Customs Warehouse Officer
- Occupational Certificate: Customs Registration, Licensing and Accreditation Officer
- Advanced Occupational Certificate: Excise Officer

- PSETA concluded the development of learning materials for the Occupational Certificate: Public Service Administrator, NQF Level 5, and started issuing the learning materials to SDPs accredited to implement the occupational qualification.



3. Institutional Programme Performance Information

3.1 Programme 1: Administration

Programme purpose: To provide the support services and governance needed by PSETA to fulfil its core mandate. This programme comprises three sub-programmes:

1. Governance
2. Finance and Supply Chain Management
3. Corporate Services

The purpose is to ensure that the organisation has effective and efficient governance structures that lead, monitor and evaluate organisational performance, and that ensure prudent financial management and procurement of goods and services while reporting on compliance with relevant Acts and regulations.

Furthermore, the programme works to provide efficient and effective corporate services to internal departments and external stakeholders by providing the following services: human resources, ICT, improved communication, marketing and stakeholder engagements, legal services, and auxiliary services.

Outcome

Enhanced PSETA capabilities to deliver its strategy.

Outputs

- Training and development interventions to PSETA employees provided to support the National Skills Development Plan 2030
- Vacancy rate reduced
- Integrated Marketing & Communication and Stakeholder Relations Management Plan implemented
- Career guidance advocacy sessions delivered
- Availability of ICT systems
- Valid invoices paid within 30 days of receipt.

Progress and achievement

All six performance indicators (100%) were achieved.

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2023/2025**	**Audited Actual Performance 2024/2025**	**Planned Annual Target 2025/2026**	**Actual Achievement 2025/2026**	**Deviation from planned target to Actual Achievement 2025/2026**	**Reasons for deviations**
Enhanced PSETA capabilities to deliver its strategy	Training and development interventions for PSETA employees are provided to support the National Skills Development Strategy 2030.	Percentage of training and development interventions implemented for PSETA staff in line with the approved training plan	43%	27.2%	90%	97%	+7%	Annual target exceeded as more training was undertaken as a result of new strategic partnerships with professional bodies that provided training to PSETA staff.
	Vacancy rate reduced.	Percentage of the vacancy rate reduced	N/A	N/A	5%	5%	None	Annual target achieved.
	Integrated Marketing & Communication and Stakeholder Relations Management Plan implemented.	Percentage of the Integrated Marketing & Communication and Stakeholder Relations Management Plan implemented	90%	100%	100%	100%	None	Annual target achieved.
	Career guidance advocacy sessions delivered.	Number of career guidance advocacy sessions delivered	Total = 40 Urban = 24 Rural = 16	Total = 32 Urban = 20 Rural = 12	Total = 34 Urban = 20 Rural = 14	Total=36 Urban=20 Rural=16	+2	Annual target exceeded due to additional events in support of DHET.
	Availability of ICT systems	Percentage of the availability of ICT systems	100%	95%	95%	100%	+5%	Annual target exceeded due to concerted effort to ensure downtime is avoided.
	Valid invoices paid within 30 days of receipts	Percentage of valid invoices paid within 30 days of receipt	100%	100%	100%	100%	None	Annual target achieved.

Strategy to overcome areas of underperformance

The PSETA has achieved its targets as set out under Programme 1: Administration.

Linking performance with budgets

The table below depicts expenditure against the budget for the reporting period under review and the previous financial year for the Administration Programme. The under expenditure on the overall Administration budget of approximately R1.9 million is attributable to planned relocation activities that did not materialise due to non-responsive bids received during the procurement process.

	2024/2025			2025/2026		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Administration	63 875	67 971	-4 106	71 576	68 851	2 725
Total	63 875	67 971	-4 106	71 576	68 851	2 725

3.2 Programme 2: Skills Planning and Research

Programme 2: Skills Planning and Research								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2023/2024**	**Audited Actual Performance 2024/2025**	**Planned Annual Target 2025/2026**	**Actual Achievement 2025/2026**	**Deviation from Planned Target to Actual Achievement 2025/2026**	**Reasons for Deviations**
Outcome: Improved credible research for skills planning								
Outcome: Improved credible research for skills planning	To collaborate and conduct labour market research and develop a Sector Skills Plan	Number of labour market-related research studies conducted	6	6	6	6	None	Annual target achieved.
	To strengthen workplace capabilities in relation to skills planning in the sector.	Number of organisations' Workplace Skills Plans (WSPs) approved by PSETA.	Total = 159 Small = 11 Medium = 14 Large = 134	Total = 165 Small = 13 Medium = 16 Large = 136	Total = 142 Small = 6 Medium = 10 Large = 126	Total = 181 Small = 16 Medium = 18 Large = 147	Total = + 39 Small = +10 Medium = +8 Large = +21	Annual target exceeded. The increase is attributed to more departments and public entities whose core functions align with other line function SETAs being encouraged and supported to submit their WSPs to PSETA through a dual reporting process. This proactive engagement contributed to the higher number of submissions received.
		Number of workplace engagements related to labour market trends and skills planning interventions	34	34	34	38	+4	Annual target exceeded. The increase is attributed to more demand for training committee inductions.

Programme purpose: 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 (SPR). The development and annual update of the SSP, research studies, coordinating research activities and conferences, and capacity building of stakeholders in skills planning are core outputs within this programme.

Outcome: Improved credible research for skills planning.

During the financial year under review, the programme achieved all its planned targets. A total of six labour market-related research studies were conducted, in line with the annual target. All Workplace Skills Plans (WSPs) submitted by organisations were reviewed and approved, contributing to sector-wide compliance and planning alignment. In addition, 34 workplace engagements were undertaken to support organisations in understanding labour market trends and strengthening skills planning interventions.

Key outputs delivered include the updating of the Sector Skills Plan (SSP), as well as the completion of the Eastern Cape and KwaZulu-Natal Provincial Skills Plans (PSSPs). Furthermore, a tracking and tracer study was completed to assess learner outcomes and inform future programme design. These outputs were achieved through collaboration with sector stakeholders and targeted research initiatives aimed at strengthening labour market intelligence.

The achievement of these targets contributed directly to improving the credibility and depth of evidence used for skills planning within the sector. The strengthened SSP and provincial plans provide a more responsive and data-informed basis for identifying priority skills needs, while workplace engagements enhanced the capacity of organisations to undertake more meaningful and aligned skills planning.

Collectively, these achievements support the broader objectives of the National Skills Development Plan 2030 and the National Development Plan 2030, particularly in relation to building a capable State and improving alignment between skills supply and labour market demand in the public service sector.

Strategy to overcome areas of underperformance

There were no areas of underperformance.

Linking performance with budgets

	2024/2025			2025/2026		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Skills Planning and Research	15 126	8 936	6 190	12 853	6 998	5 855
Total	15 126	8 936	6 190	12 853	6 998	5 855

3.3 Programme 3: Learning Programmes and Projects

Programme purpose: To set standards and establish a discipline to manage a collection of Discretionary Grant-funded learning interventions identified in the SSP objectively and aligned with PSETA's strategy, and to facilitate and manage the implementation of learning programmes for and within the public service sector. This programme includes special projects (including partnerships), as well as monitoring, evaluating, and reporting learning interventions.

Outcome: Increased pool of skills into and within the public service sector: This outcome focuses training interventions for existing and future employees on priority skills required to deliver the NDP, and to bridge unemployed graduates and learners into internship and placement opportunities in the public service. The overarching goal is to open up the public service sector as a training space and to encourage workplace learning and WIL. It will increase access to occupationally-directed programmes, encourage better use of workplace-based skills development, and build career and vocational guidance.

PSETA made a substantive contribution towards achieving the strategic outcome of an increased pool of skills into and within the public service sector through the effective implementation of workplace-based learning programmes and targeted skills development interventions.

Central to this outcome is the strengthening of the interface between the education and training system and the workplace. Through the successful implementation of WIL, internship and learnership programmes, PSETA achieved both its entry and completion targets, thereby demonstrating the effectiveness of workplace-based learning as a mechanism for facilitating transitions into the labour market. These interventions directly support

the objectives of the post-school education and training system by enhancing employability and aligning graduate output with the skills demands of the public service sector.

These workplace-based programmes are strategically positioned to prepare graduates for employment in priority and high-demand occupational areas within the public service. Beyond facilitating entry into employment, the programme contributes to broadening the public service as a site of learning, strengthening workplace-based training, and promoting structured pathways for career development and vocational progression. In doing so, it advances the objectives of the National Development Plan 2030, particularly in relation to building a capable, ethical, and developmental state.

Performance during the reporting period reflects strong programme outcomes. Participation levels remained high, with a notable completion rate higher than the baseline set by the SETA, indicating both programme effectiveness and improved learner retention. Importantly, a proportion of learners transitioned into employment within host institutions, signalling positive absorption outcomes and reinforcing the value of workplace exposure.

In addition, to supporting new entrants into the labour market, PSETA exceeded its targets for public service employees entering and completing learning programmes. These interventions are critical in addressing systemic challenges within the public service, including skills deficits, limited occupational mobility, and productivity constraints. By investing in the continuous development of existing employees, PSETA contributes to strengthening internal capability and ensuring that the workforce remains responsive to evolving service delivery demands.

Furthermore, the recognition of prior learning (RPL) initiatives enabled the formal certification of existing competencies, thereby enhancing professionalisation and career progression within the sector. These efforts support the broader policy agenda of building a skilled and capable public service workforce.

Overall, PSETA's integrated approach has contributed to expanding the skills pipeline, improving workforce capability, and strengthening institutional performance across the public service sector.

From a gender perspective, participation across PSETA-funded interventions continues to reflect a strong representation of women. Within programmes targeting the unemployed, women accounted for 78% of participants in WIL programmes, 62% in learnerships, 57% in internships and 60% in bursary-funded initiatives. Similarly, women represented 56% of beneficiaries in skills programmes and 69% in RPL interventions, reinforcing PSETA's contribution to advancing gender equity within the public service workforce.

In relation to youth participation, the programmes remain strongly youth-oriented, particularly within entry-level interventions. This reflects a deliberate strategy by the PSETA to support labour market entry for young graduates and to address youth unemployment through structured workplace exposure and skills development pathways.

From a race perspective, participation trends indicate that 93% of beneficiaries were African, 4% Coloured, 1% Indian, and 2% White across all programme streams. This distribution demonstrates alignment with national transformation imperatives and reflects targeted efforts to ensure that historically disadvantaged groups are prioritised in access to skills development opportunities within the public service sector.

Geographically, programme implementation achieved coverage across provinces, with the highest concentration of beneficiaries from Gauteng province (27%), followed by the Free State Province (22%), and Limpopo and Eastern Cape provinces at 12% and 11% respectively. Participation in rural and underserved areas accounted for 11% of total beneficiaries, indicating progress towards improving equitable access to skills development opportunities across geographic locations. However, disparities in participation levels across provinces suggest the need for continued targeted interventions to expand reach in lower-performing regions.

In relation to disability inclusion, persons with disabilities constituted 0.63% of beneficiaries across all learning programmes implemented during the reporting period. While this reflects progress in extending access to skills development opportunities to persons with disabilities, the proportion remains below desired transformation benchmarks and highlights a critical area for targeted intervention.

Collectively, these demographic and geographic trends demonstrate that PSETA's interventions are not only contributing to the expansion of the skills pool but are doing so in a manner that advances equity, redress and inclusive access. This aligns with national priorities to build a representative, skilled and capable public service, while simultaneously addressing structural inequalities in the labour market.

Sub-programme 3.1: Learning Programmes and Projects								
Outcome	**Output**	**Output Indicator**	**Audited Actual Perfor-mance 2023/2024**	**Audited Actual Performance 2024/2025**	**Planned Annual Target 2025/2026**	**Actual Achievement 2025/2026**	**Deviation from Planned Target to Actual Achievement 2025/2026**	**Reasons for Deviations**
Outcome: Increased pool of skills in and within the Public Service Sector								
Increased pool of skills into and with-in the public service sector	Programmes that address priority skills identified in the Sector Skills Plan (SSP)	Number of public service employees entering learning pro-grammes	L/Ship: N/A	L/Ship: 136	L/Ship (Occ Qual): 100	106	+6	Annual target exceeded. Additional beneficiaries were nominated by employ-ers and were recruited into the programme with no additional financial implications.
			SP: 687	SP: 1381	SP: 1200	1332	+132	Annual target exceeded. Additional beneficiaries were nominated by employ-ers and were recruited into the programme with no additional financial implications.
			RPL: 202	RPL: 255	RPL: 80	0	-80	Target not achieved. The discretionary grant (DG) allocation process was initially advertised and subsequently re-advertised. However, the process was ultimately discontinued following the identification of evaluation-related issues. In order to uphold governance standards and mitigate potential risk, a decision was taken not to proceed with an award.
		Number of public service employees completing learning pro-grammes	SP: 767	SP: 1283	SP: 1080	1088	+8	Annual target exceeded. The overachievement against this target is due to a higher-than-anticipated number of learners recruit-ed and successfully completing the programme with-in the current reporting period.
			RPL: 198	RPL: 176	RPL: 150	223	+73	Annual target exceeded. The overachievement against this target is due to a higher than anticipated number of learners recruit-ed in the previous financial year, and successfully completing the programme within the current reporting period.
			L/Ship: N/A	L/Ship: 137	L/Ship: 80	0	-80	Target not achieved. Delays associated with the implementation of occupational qualifications resulted in beneficiaries concluding their training in March 2026 and the programme not being able to be concluded before the end of the financial year.

Sub-programme 3.1: Learning Programmes and Projects								
Outcome	**Output**	**Output Indicator**	**Audited Actual Perfor-mance 2023/2024**	**Audited Actual Performance 2024/2025**	**Planned Annual Target 2025/2026**	**Actual Achievement 2025/2026**	**Deviation from Planned Target to Actual Achievement 2025/2026**	**Reasons for Deviations**
Outcome: Increased pool of skills in and within the Public Service Sector								
Increased pool of skills into and within the public service sector	Programmes that address priority skills identified in the Sector Skills Plan (SSP)	Number of unemployed learners entering learning programmes	TVET WIL: 200	TVET WIL: 100	100	100	None	Annual target achieved.
			HEI/ HET WIL: 200	HEI/ HET WIL: 200	200	200	None	Annual target achieved.
			Burs: 60	Burs: 50	Burs: 50	50	None	Annual target achieved.
			Internship: 70	Internship: 50	Internship: 50	67	+17	Annual target exceeded. The overachievement against this target is due to the higher demand for learners within the public service sector.
			L/Ship: 80	L/Ship: 50	L/Ship: 50	50	None	Annual target achieved.
		Number of unemployed learners completing learning programmes	TVET WIL: 176	TVET WIL: 193	TVET WIL: 80	85	+5	Annual target exceeded. The attrition rate is decreasing.
			HEI/ HET WIL: 272	HEI/ HET WIL: 186	HEI/HET WIL: 160	195	+35	Annual target exceeded. There has been an improvement in the completion rate. The attrition rate has dropped.
			Burs: 55	Burs: 53	Burs: 35	55	+20	Annual target exceeded. Learners from the previous financial year completed in the year under review.
			Internship: 53	Internship: 52	Internship: 84	111	+27	Annual target exceeded. Learners from the previous financial year completed in the year under review, and the pass rate exceed-ed the baseline.
			L/Ship: N/A	L/Ship: 60	L/Ship: 58	L/Ship: 64	+6	Annual target exceeded Learners from the previous financial year completed in the year under review and the pass rate exceeded the baseline.

HEI/HET WIL: Higher Education Institute/Higher Education and Training Work Integrated Learning; RPL: Recognition of Prior Learning; SP: Skills Programmes; TVET WIL: Technical Vocational Education and Training Work Integrated Learning; L/Ship: Learnership; Burs: Bursary.

Additional performance recorded during the year

The following achievements relate to learners funded through 2024/2025 surplus funds and for non-PIVOTAL programmes, and were achieved in the current year under review, contributing to PSETA's overall performance during the 2025/2026 financial year. PSETA supports the implementation of learning programmes funded through surplus funds by registering, monitoring, and completing learners. Learners are reported when they enter the programme and are registered by the SETA.

Output	Output Indicator	Actual Achievement 2025/2026
Outcome: Increased pool of skills in and within the public service sector		
Programmes that address priority skills identified in the Skills Sector Plan	Number of public service employees entering learning programmes	Skills Programme (Non-PIVOTAL): 550
	Number of public service employees completing learning programmes	Skills Programme (Non-PIVOTAL): 542
	Number of public service employees completing learning programmes	Burs: 23
	Number of unemployed learners entering learning programmes	TVET WIL; 80
		Learnership: 25
		Co-ops Programme: 167
		Internship: 28

Sub-programme 3.2: Special Projects and Partnerships

Programme Outcome

Increased pool of skills into and within the public service sector.

Output

Programmes that address priority skills identified in the Sector Skills Plan.

Progress and achievement

All six performance indicators were achieved (100% achievement).

	Sub-programme 3.2: Special projects and partnerships							
Outcome	Output	Output Indicator	Audited Actual Perfor-mance 2023/2024	Audited Actual Perfor-mance 2024/2025	Planned Annual Target 2025/2026	Actual Achieve-ment 2025/2026	Deviation from Planned Target to Actual Achieve-ment 2025/2026	Reasons for Devia-tions
Outcome: Increased pool of skills into and within the public service sector								
Increased pool of skills into and within the public service sector	Programmes that address priority skills identified in the Sector Skills Plan (SSP)	Number of worker-initiated training (federations/ trade unions) interventions supported through capacity building	1	1	1	1	None	Annual target achieved.
		Number of rural development projects initiated	2	2	2	2	None	Annual target achieved.
		Number of TVET partnerships established	4	4	4	4	None	Annual target achieved.
		Number of HEI partnerships established	2	3	2	2	None	Annual target achieved.
		Number of SETA-employer partnerships established	4	4	4	5	+1	Annual target ex-ceeded. Additional part-ner-ships estab-lished.
		Number of small businesses supported	7	5	30	30	None	Annual target achieved.

Strategy to overcome areas of underperformance

Two out of 22 performance indicators were not achieved due to procurement challenges for the RPL programme and the issues related to the implementation of the new occupational qualification – mainly the timing of completion of the programme. These learners on occupational qualification are anticipated to complete the programme in the 2026/2027 financial year.

Linking performance with budgets

	2024/2025			2025/2026		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Learning programmes and projects	161 275	85 615	75 660	132 162	84 852	47 313
Total	**161 275**	**85 615**	**75 660**	**132 162**	**84 852**	**47 313**

3.4 Programme 4: Quality Assurance

Programme purpose: To build the provider capacity required to deliver priority skills for the public service sector while developing standards and accrediting providers, and to provide quality assuring learning. The Quality Assurance Department undertakes the review of legacy qualifications, the development of new occupational qualifications, and the capacitation of providers through advocacy workshops.

Outcome: Quality learning interventions in the public service sector. This outcome aims to align supply-side provisioning to demand-side needs, and to bridge current supply-demand mismatches. It includes work to align qualifications to the Organising Framework for Occupations (OHO) codes; build State training academies and TVET college capacity to deliver the qualifications; and improve economy and efficiency on the supply side. It includes promoting the growth of a public provider (national, sectoral and provincial academies, and TVET colleges) system that is responsive to sector, local, regional and national skills needs and priorities. Specifically, to address the increasing need for recognition of prior learning (RPL), skills development provider capacity will be increased through focused capacity-building for RPL delivery.

During the reporting period, Programme 4: Quality Assurance played a pivotal role in strengthening the credibility, consistency and integrity of the quality assurance system. The programme continued to fulfil its mandate of ensuring that all learning programmes, assessments and certifications complied with the relevant quality standards and regulatory requirements.

Stakeholder capacity-building remained a key priority. During the year under review, four capacity-building workshops and individual briefing sessions were conducted, reaching four hundred and seventy-four (474) stakeholders. These interventions improved understanding of quality assurance requirements and reduced recurring noncompliance findings.

In support of assessment quality, the programme registered and monitored two hundred and twenty-four (224) ETD practitioners, ensuring alignment with policy requirements and occupational competence standards. Verification activities were conducted across sixty-seven (67) learning programmes, with four thousand four hundred and forty-eight (4 448) learner achievements verified and endorsed during the year, thereby safeguarding the credibility and validity of assessment outcomes.

Significant progress was achieved in the accreditation and monitoring of SDPs by conducting one hundred and six (106) site visits, achieving 85% implementation of the approved annual monitoring plan. Findings from these engagements informed corrective actions and contributed to continuous quality improvement across providers. Through targeted support, compliance audits and continuous engagement with eight TVET colleges and State academies, the programme improved adherence to quality assurance frameworks, resulting in enhanced understanding of the QCTO accreditation processes and requirements. The implementation of both physical and virtual monitoring approaches enabled the programme to focus resources on high-impact areas, ensuring both efficiency and effectiveness in quality assurance oversight.

Quality assurance systems and processes were further strengthened through the review and refinement of policies, standard operating procedures and reporting tools. These improvements contributed to increased turnaround times for accreditation, evaluation and certification processes, while maintaining the integrity and robustness of quality assurance decisions.

Overall, Programme 4: Quality Assurance achieved 100% of its planned annual performance targets. The programme's achievements demonstrate a continued commitment to quality, accountability and continuous improvement, ensuring that learning provision, assessment and certification processes remain credible, responsive and aligned with national skills development priorities.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 4: Quality Assurance								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2023/2024**	**Audited Actual Performance 2024/2025**	**Planned Annual Target 2025/2026**	**Actual Achievement 2025/2026**	**Deviation from Planned Target to Actual Achievement 2025/2026**	**Reasons for Deviations**
Outcome: Quality learning interventions in the Public Service Sector								
Quality learning interventions in the public service sector	A quality assurance system that allows for effective monitoring, analysis, support, and continuous improvement of provisioning within the public service sector	Percentage of accredited skills development providers implementing PSETA-funded programmes monitored	100%	100%	100%	100%	None	Annual target achieved.
		Number of TVET colleges and State academies supported	4	4	4	8	+4	Annual target exceeded. Additional TVET colleges and provincial academies were provided with support for accreditation on occupational qualifications.
		Number of qualifications developed and/or realigned and submitted to QCTO	4	2	2	2	None	Annual target achieved.
		Percentage of accredited skills development providers monitored	N/A	80%	80%	85%	+5%	Annual target exceeded. The overachievement is attributable to the increased number of site visits required for accreditation, as assigned to PSETA by QCTO.
		Number of capacity-building workshops conducted for skills development providers	4	4	4	4	None	Annual target achieved.

Strategy to overcome areas of under performance

There were no areas of underperformance.

Linking performance with budgets

	2024/2025			2025/2026		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Quality Assurance	8 653	4 436	4 217	12 065	5 364	6 701
Total	**8 653**	**4 436**	**4 217**	**12 065**	**5 364**	**6 701**

4. REVENUE COLLECTION

	2024/2025			2025/2026		
Sources of revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Skills Development Levy: income including interest and penalties (public entities)	5 600	4 820	(780)	7 615	7 306	309
Prior year surplus	8 164	-	8 164	-	-	-
Voted funds	126 449	126 449	-	132 059	132 059	-
Investment income	11 250	10 072	-1 178	6 900	7 735	-835
Other income	539	466	-73	2 501	2 373	129
Total	**152 002**	**141 807**	**-10 195**	**149 076**	**149 439**	**-398**

Overall, the entity exceeded its revenue estimates by R0.4 million, primarily due to higher-than-anticipated interest earned on investments. This favourable variance offset shortfalls in levy income and other revenue streams compared to the amounts budgeted for the current year.

5. CAPITAL INVESTMENT

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

	2024/2025			2025/2026		
Infrastructure projects	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Property, plant and equipment	1 397	1 253	144	3567	2 898	669
Intangible Assets	-	-	-	-	452	-452
Total	**1 397**	**1 253**	**144**	**3 597**	**3 332**	**235**



PART C:
GOVERNANCE

1. Introduction

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

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. Portfolio Committees

The Portfolio Committee on Higher Education and Training is responsible for oversight over all SETA Governance processes. This includes budgetary processes and delivery on its constitutional mandate. The Portfolio Committee has the prerogative to invite a SETA to present its financial and non-financial information contained in its annual report. The PSETA was not required to appear before the Portfolio Committee during the 2025/26 financial year.

3. Executive Authority

PSETA is a public entity established in terms of the Skills Development Act (Act 97 of 1998, as amended) (SDA) and classified as a Schedule 3A entity under the PFMA. It reports to the Ministry of Higher Education and Training and is governed by the Standard Constitution, which was determined by the Minister in terms of Regulation R1399. Several statutory bodies play an oversight role over the functioning of PSETA.

The Minister of Higher Education and Training is the Executive Authority. The Department of Higher Education and Training monitors PSETA's performance through quarterly reports. PSETA is obligated to review and submit reports for the Minister's consideration and approval, in line with prescripts found in the Skills Development Act, PFMA and other relevant legislative frameworks. The following reports were submitted to the Minister for approval:

- Five-Year Strategic Plan 2026-2030
- Annual Performance Plan and Budget 2026-2027
- Sector Skills Plan 2026-2027
- Materiality Framework 2026-2027
- Quarterly Performance Reports 2025-2026

The Minister approved all the reports submitted, and there were no issues raised.

4. THE ACCOUNTING AUTHORITY / BOARD

Introduction

PSETA has fourteen (14) Accounting Authority (AA) members, appointed by the Minister with Cabinet approval for a five-year term until March 2030. There is currently one vacancy. The AA consists of non-executive members nominated from constituent organisations representing professional bodies, bargaining councils, organised employers and organised labour. The 14 members include the AA Chairperson, who is appointed by the Minister. The CEO is an executive member and serves as an *ex officio* member of the AA.

The appointments of the AA members commenced in September 2025 rather than on 1 April 2025. The Minister, through Section 49 of the Public Financial Act (PFMA), 1 of 1999, appointed SETA CEOs to assume the duties and powers of the AA for a three-month period, effective from 22 May 2025, or until the AA is appointed, whichever comes first.

The importance and purpose of the Accounting Authority

The AA is the highest decision-making body in PSETA and has the primary responsibility for providing leadership and upholding the principles of good corporate governance. The AA is ultimately accountable for monitoring performance against predetermined targets set out in the Annual Performance Plan (APP) and the Service Level Agreement (SLA) entered with DHET. The AA provides strategic direction supported by a sound policy framework. Furthermore, the AA has an overall responsibility of establishing an environment in which adequate risk management and internal control measures exist and are actively administered.

Board's responsibilities and accountable for the public entity's performance and strategic direction.

The AA governs and manages PSETA in accordance with the PFMA, the Act, and any other applicable legislation. It ensures that PSETA achieves the objectives contemplated in item 5 of the PSETA Constitution and relevant regulations. The AA provides effective leadership and oversight of the implementation of the goals of the NSDP 2030 and the SLA entered with the Executive Authority.

It is the fundamental responsibility of the AA to provide strategic direction for the PSETA and to engage with stakeholders to communicate the PSETA mandate. As the custodian of PSETA policies, the AA is responsible for upholding principles of good corporate governance and ensuring that PSETA complies with relevant statutory requirements, the PSETA Constitution and relevant regulations. The AA is responsible for identifying strategic risks and determining the risk appetite and tolerance levels against the Five-Year Strategic Plan annually. The AA must monitor the performance of the SETA and ensure that its members and the members of the committees established by it comply with the Code of Conduct set out in Annexure 2 of the PSETA Constitution.

The role of the Board is as follows:

PSETA may exercise all the powers necessary to enable it to perform its functions in terms of the Act, the Constitution and any other relevant legislation. The PSETA AA may delegate any of its functions to:

- the PSETA Executive Committee
- the PSETA Chief Executive Officer, or
- any other committee or chamber of PSETA.

A delegation by the PSETA AA is subject to such conditions as the PSETA AA may impose and must be in writing, must state the terms and conditions of the delegation and must be recorded in the PSETA AA Charter.

The PSETA AA operates in accordance with the Charter that sets the parameters within which the AA will exercise its fiduciary responsibilities. The Charter distinguishes between the strategic, operational, and administrative roles of the AA, Management and Secretariat, while promoting the interests of all stakeholders. The Charter is established in terms of item 8 of the PSETA Constitution, which includes the regulatory framework such as the Skills Development Act 97 of 1998, the Public Finance Management Act 1 of 1999, the Regulations for the Conditions of Service and Appointment of the CEO of a SETA as per Government Gazette No. R902 of November 2011, and the PSETA Delegations of Authority, among others.

In instances where certain provisions of the Charter conflict with the provisions of the above-mentioned legal framework, the provisions set out in the legal framework shall take precedence.

The Charter outlines the meeting and voting procedures that regulate the convening of PSETA AA meetings. Since its appointment, the AA convened six meetings, four of which were special meetings to approve matters recommended for its consideration. The AA held its first Annual General Meeting (AGM) on 20 November 2025 to present the 2024/2025 audited Annual Performance Results and Annual Financial Statements, and these were approved accordingly. The AGM was soon followed by the AA Annual Strategic Planning Session to review the Five-year Strategic Plan as part of its fiduciary responsibility.

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees	No. of Meetings attended
Dr Khuliso Kennedy Maimela	Independent Chairperson	18/12/2025	N/A	Doctor of Administration Master's in Public & International Affairs (MPIA/Economics & Social Development Specialisation) Honours in Public Administration (Human Resource Major) Bachelor of Social Science & Humanities Public Administration Major	Forward thinking, corporate governance, risk analysis and management, strategy development, leadership development, business process reengineering, prowess in group dynamics, and harmonizing diversity & conflict management.	TEDA	EXCO Chairperson	2
Prof Harry Munzhedzi	AA Member	30/09/2025	N/A	Doctor of Administration (Public Administration) Master of Administration B Admin (Honours) B Admin	Extensively published on governance, public finance, and local government issues. Well-experienced academic, lectured and served at no less than three universities in South Africa. A trainer who trained junior and middle managers in different government departments.	N/A	GSC Member	6
Mr Frikkie De Bruin	AA Member	30/09/2025	N/A	Masters in Labour Law Post Graduate Diploma – Practical Labour Law Post Graduate Diploma in Labour Practice Advanced Diploma in Public Accountability	In-depth knowledge of the Bargaining Council system and legislation, organisational knowledge & restructuring, public relations, stakeholder relations & management, management & leadership principles, corporate/good governance. Business/commercial acumen.	SITARA	FINCOM Chairperson and EXCO Member	6

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees	No. of Meetings attended
Adv Gugulethu Thimane	AA Member	30/09/2025	N/A	Honours Bachelor of Commerce in Economics B Com Economics and Business Management Bachelor of Laws (LLB) Diploma Human Resource Management Bachelor of Arts Social Work	Strategic direction and leadership, ethics and moral competence, performance planning, monitoring & evaluation management, contract management, corporate governance and compliance, enterprise risk management, financial management and reporting.	N/A	GSC Chair-person and EXCO Member	5
Ms Susan Mathonsi	AA Member	30/09/2025	N/A	Master's in Business Administration Bachelor of Arts Higher Education Diploma	Human resource management, HR planning, performance management, compliance with labour legislation. Employee well-being and diversity initiatives in the workplace.	N/A	REMCO Member FINCOM Member	6
Ms Tampane Molefe - Sefanyetso	AA Member	30/09/2025	N/A	Post Graduate Diploma: Health Management Post Graduate Diploma in Health Management Bachelor of Public Administration	Strategic assertive engaging, presentation skills, decision maker, analytical strong communication skills, developmental (self and others), tenacious ability to motivate others energetic, strong sense of ethics, conflict management skills, change management leadership.	N/A	GSC Member AC Member	6
Mr Nyiko Mabunda	AA Member	22/11/2025	N/A	Bachelor of Arts (Honours) Bachelor of Arts	Policy development, analysis, and implementation, governance management, international relations intergovernmental relations, human resources management and governance.	Chandler Governance Group Durban University of Technology	REMCO Member GSC Member	2

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees	No. of Meetings attended
Mr Nicodemus Ntsimane	AA Member	22/11/2025	N/A	Postgraduate Diploma in Management LLB B Com Advanced Business Project Management	Proficiency in information and communication technology (ICT), law, human resources management and development.	N/A	REMCO Member	3
Mr Patrick Moopelwa	AA Member	22/11/2025	N/A	Honours Degree in Public Administration B Tech Degree in Public Management National Diploma in Public Management and Administration	Executive and strategic management. financial management, governance, parliamentary procedure and legislative administration, human capital and labour relations management, corporate governance and compliance, leadership and stakeholder management, public sector policy and legal drafting, public education, communication and stakeholder engagement.	EZT Mocumie Educational Foundation EXPO Tech Capital Moopelwa Family Trust	FINCOM Member	1
Mr Reuben Mpono Maleka	AA Member	30/09/2025	N/A	Master of Laws Labour Law Advanced Diploma Labour Law	Excellent interpersonal and communication skills (written and verbal), leadership and management skills, negotiation and conflict resolution.	N/A	REMCO Member EXCO Member	6
Mr Justice Shiburi	AA Member	30/09/2025	N/A	Bachelor of Arts (BA)	Communication, negotiation, conflict resolution, strategic planning, problem solving, financial management, legal.	N/A	FINCOM Member GSC Member	5

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees	No. of Meetings attended
Mr Nkojane Nelson Maesela	AA Member	30/09/2025	N/A	Bachelor of Arts Communication Science Diploma in Corporate Governance Advanced Diploma in Management	Coordination, handling disciplinary hearings, coordinating, conciliation and arbitrations, providing strategic direction, planning, negotiation, conflict resolution.	N/A	REMCO Member AC Member	5
Ms Thulile Kumalo	AA Member	22/11/2025	N/A	National Education Diploma	Negotiation skills. communication and listening skills, planning and organisational skills, people management skills, problem solving skills.	N/A	REMCO Member FINCOM Member	3
Mr Sidney Kgara	AA Member	27/01/2026	N/A	Masters in Town and Regional Planning Bachelor of Social Science, University of Natal-Durban	Public policy research and development advocacy & lobbying, corporate governance.	N/A	GSC Member	1

State alternate members

Although the PSETA Constitution paragraph 7(8) makes provision for the appointment of AA members for organisations contemplated in sub item (5) (b), and to nominate an alternate for each member in the same manner as nominations for members, the PSETA has not appointed alternate members.

Also state outgoing Board members and their designation;

The outgoing PSETA AA members served for a period of five years from April 2020 up to March 2025, under the leadership of PSETA AA Chairperson, Mr Thulani Tshefuta. During their term of office, the PSETA achieved seven clean audits.

No.	Name and surname	Designation
1.	Mr Thulani Tshefuta	PSETA AA Chairperson
2.	Mr Noah Bodiba	PSETA AA Member
3.	Mr Patrick Babsy Makhafane	PSETA AA Member
4.	Ms Linda Dludla	PSETA AA Member
5.	Mr Patrick Boitumelo Moopelwa	PSETA AA Member
6.	Ms Christelene Brink	PSETA AA Member
7.	Mr Moeketsi Napo	PSETA AA Member
8.	Ms Okuhle Sidumane (resigned 31 December 2024)	PSETA AA Member
9.	Ms Nelisiwe Nzimande	PSETA AA Member
10.	Mr Ncedisa Mahala	PSETA AA Member
11.	Mr Lewis Nzimande	PSETA AA Member
12.	Mr Nkojane Nelson Maesela	PSETA AA Member
13.	Ms Tampane Molefe-Sefanyetso	PSETA AA Member
14.	Mr OJ Dingake	PSETA AA Member

Committees

The Board established six committees whose members were selected based on their knowledge and skills. The Executive Committee members were nominated by the AA as committee chairpersons.

The Audit Committee is an independent committee of the AA, although the term of the Audit Committee ended at the same time as the term of the AA ended. Before the outgoing AA's term ended, the AA resolved to extend the Audit Committee's term by three months. The CEO, in her capacity as the AA, extended the term of the Audit Committee by a further three months, so that it ended on 30 October 2025. The AA re-established the Audit Committee and its sub-committees in the fourth quarter of the 2025/2026 financial year, in accordance with Section 77 of the PFMA. The Audit Committee comprises the Independent Chairperson and two non-executive AA members. The two Audit Committee sub-committees (RMC and ICTSC) are headed by independent Chairpersons who are also members of the Committee.

Committee	No. of meetings held	No. of members	Names of members
Executive Committee	2	4	Dr Khuliso Kennedy Maimela Adv. Gugulethu Thimane Mr Reuben Maleka Mr Frikkie De Bruin
Governance and Strategy Committee	2	5	Adv Gugulethu Thimane Prof Harry Munzhedzi Ms Tampane Molefe-Sefanyetso Mr Nyiko Mabunda Mr Sidney Kgara
Finance Committee	2	5	Mr Frikkie De Bruin Ms Susan Mathonsi Ms Thulile Kumalo Mr Justice Shiburi Mr Patric Moopelwa

Committee	No. of meetings held	No. of members	Names of members
Remuneration Committee	3	5	Mr Reuben Maleka Ms Thulile Kumalo Ms Susan Mathonsi* Mr Nelson Maesela Mr Nicodemus Ntsimane Mr Nyko Mabunda
Audit Committee	4	4	Dr Pritish Dala (Chairperson) (term ended 30 October 2025) Ms Lorraine Francios (term ended 30 October 2025) Mr Zenzele Myeza (term ended 30 October 2025) Mr Sandile Ndaba (term ended 30 October 2025) Mr George Higgins (Chairperson) Mr Vernon Makaleni Mr Ashley Latchu Ms Felicia Nchabeleng (RMC Chairperson) Mr Sandile Ndaba (ICTSC Chairperson) Ms Tampane Molefe-Sefanyetso (AA member) Mr Nelson Maesela (AA member)
Risk Management Committee	4	7	Ms Lorraine Francios (term ended 30 October 2025) Ms Felicia Nchabeleng
Information, Communication, Technology Steering Committee	4	7	Mr Sandile Ndaba

Disclaimer: Committee Composition

Please note that with effect from April 2026, Mr Sandile Ndaba has been re-appointed as the Chairperson of the Information, Communication, Technology Steering Committee (ICTSC), and Ms Felicia Nchabeleng has been appointed as Chairperson of the Risk Management Committee (RMC).

Remuneration of board members

The remuneration of the members of the AA and Committees is in line with the circulars on the adjustment of the remuneration levels and service benefit packages for office bearers of certain statutory and other institutions issued by the National Treasury annually:

- Members of the AA are remunerated at the Category S rate for all meetings attended as determined by the Minister of Higher Education and Training based on National Treasury rates; and
- Members of the AA are reimbursed for all out-of-pocket expenses, including travel, according to the SARS travel and subsistence guidelines.

Note: Meeting fees (preparatory and attendance) are paid in accordance with the AA Remuneration Policy, which aligns with the rates published annually by the National Treasury.

Name Rands	Remuneration	Other allowances	Other reimbursements	Total
Dr Khuliso Kennedy Maimela	171 808	-	2 747	174 555
Prof Harry Munzhedzi	86 799	-	-	86 799
Mr Frikkie De Bruin	156 813	-	1 845	158 658
Adv Gugulethu Thimane	-	-	2 416	2 416
Ms Susan Mathonsi	-	-	12 891	12 891
Ms Tampane Molefe-Sefanyetso	-	-	660	660
Mr Nyiko Mabunda	-	-	1 114	1 114
Mr Nico Ntsimane	-	-	1 763	1 763
Mr Patrick Moopelwa	-	-	-	-
Mr Reuben Mpono Maleka	180 027	-	3 608	183 635
Mr Justice Shiburi	95 478	-	1 797	97 275
Mr Nkojane Nelson Maesela	93 162	-	7 721	100 883
Ms Thulile Kumalo	69 435	-	2 357	71 792
Mr Sidney Kgara	18 516	-	1 129	19 645
		-	-	0

5. Risk Management

PSETA regards risk management as a vital part of the organisation's governance and decision-making processes. PSETA has an approved risk management policy and a strategy that was endorsed by the AA as part of its commitment to ensure a proactive, systematic and formalised approach to managing risks. This approach helps the organisation to stay resilient against potential risks and to seize opportunities.

PSETA conducts strategic and operational risk assessments, which are presented quarterly to the Risk Management Committee and Audit Committee to evaluate the effectiveness of its risk management strategies. Additionally, new and emerging risks are identified, and mitigation measures are implemented.

PSETA has a Risk Management Committee, chaired by an independent Chairperson, that meets quarterly. The Committee advises management on the overall risk management system, particularly on reducing unacceptable risk levels. Additionally, PSETA's Audit Committee advises on risk management and independently monitors the effectiveness of the risk management system.

There is maturity in risk management within the organisation, as evidenced by the internal audit on risk management revealing no findings and the SETA achieving a clean audit report. This progress has delivered measurable improvements in organisational performance, with PSETA consistently meeting its annual performance targets year after year. The proactive identification and mitigation of operational and strategic risks have enabled the organisation to effectively implement its core mandate of skills development within the public service sector.

6. Internal Control Unit

Internal control is the responsibility of PSETA's management and is a fundamental requirement across all operational areas. Each manager is responsible for identifying areas of weakness and implementing mechanisms such as policies and standard operating procedures to strengthen controls. Management ensures that controls are adhered to. Oversight is maintained through audit activities, the Risk Management Committee, the Audit Committee, and various other governance structures that monitor the effectiveness of internal controls.

Management monitors controls through the Risk Management and Compliance function, where they identify risks, implement controls, and develop mitigation action plans with target dates for monitoring improvements in the risk registers.

7. Internal Audit and Audit Committees

7.1 Key activities and objectives of the internal audit

The PSETA Internal Audit Unit reports functionally to the Audit Committee and administratively to the CEO. Its purpose, as required by the Global Internal Audit Standards, is to strengthen PSETA's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

During the period under review, the Internal Audit Department achieved 100% implementation of its annual Audit operational plan, completing all 19 planned projects. The audit projects aimed to provide risk-based assurance and advisory services on PSETA's 2025/2026 risk profile, including *ad hoc* requests from PSETA management

Summary of audit work done

The following audit projects were executed and completed in line with the approved 2024/2025 Internal Audit operational plan for the year:

1. Audit of Draft 2024/2025 Annual Performance Information Report
2. Generally Recognised Accounting Practice (GRAP) Review
3. Audit of Quarters 1 & 2 Performance Information
4. Review of 2026/2027 APP
5. Risk Management Follow-Up Review
6. Learning Programmes Review
7. Qualifications Development Review
8. Discretionary Grant Review
9. POPIA and PAIA Compliance Review
10. Cyber Security Review
11. ICT Governance Review
12. ICT General and Application Controls Review
13. Financial Management Review
14. Supply Chain Management (SCM) Review
15. Asset Management Review
16. Human Capital Management (HCM) Review
17. Follow-Up Audit on Internal Audit Matrix and AGSA Matrix – Quarter 1 reported progress
18. Follow-Up Audit on Internal Audit Matrix and AGSA Matrix – Quarter 3 reported progress
19. Performance Audit of the Employee Wellness Program (EWP)

Over and above the planned audit projects, the following *ad hoc* projects/activities were undertaken by internal audit:

- Probity Audit on Provisioning of Microsoft Licenses Bid – conducted in Quarter 4 of 2025/2026
- Probity Audit on Panel of Assessment Service Provider bid – conducted in Quarter 1 of 2025/2026
- Review of the 2024/2025 Annual PMDS Assessments – conducted in Quarter 2 of 2025/2026
- Facilitation of and reporting on PSETA's combined assurance forum activities.

7.2 Key activities and objectives of the audit committee

The Audit Committee (AC) is an independent sub-committee of the AA and is required to perform the following oversight responsibilities in terms of the PFMA and the Treasury Regulations:

- Effectiveness of PSETA's internal audit function
- External audit process
- Reliability of financial and performance information provided to the AA, including any accounting and audit concerns
- Oversight over the management of legal, risk, ethics, regulatory compliance, and ICT governance. This includes ensuring that a combined assurance model is in place to enable a coordinated approach to all PSETA assurance activities.

7.3 Attendance of audit committee meetings by audit committee members

Name of Member	Meetings Held	Meetings Attended
Dr P Dala (Chairperson)	6	6
Mr Z Myeza	6	6
Ms L Francois	6	6
Mr S Ndaba	6	6

The table below discloses relevant information regarding the audit committee members:

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Date Resigned	Meetings Attended
Dr Prittish Dala	PhD (Information Technology); Masters (Information Technology); BSc Hons (Computer Science); Bachelor of Information Technology; Chartered Director: SA; Certified Information Systems Auditor; Certified Information Security Manager; Certified Information Systems Security Professional; Lead Auditor ISO 27001; Certified in the Governance of Enterprise Information Technology; Certified in Risk and Information Systems Control; Certified Ethical Hacker; Computer Hacking Forensic Investigator	External	N/A	1 April 2020	30 October 2025	6
Mr Zenzele Myeza	Master's in Business Administration; Bachelor of Commerce Accounting; Certificate in Corporate Governance; Certificate in Aviation Management; Chartered Director: SA	External	N/A	1 April 2020	30 October 2025	6

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Date Resigned	Meetings Attended
Ms Lorraine Francois	Master's in Business Administration; General Internal Auditor Certification; Postgraduate Certificate: Accounting; Bachelor of Commerce Degree	External	N/A	29 July 2022	30 October 2025	6
Mr Sandile Ndaba	Bachelor of Science; Diploma in Datametrics; Postgraduate Diploma in Business Management; Master of Commerce (Information Technology); Master's in Business Leadership	External	N/A	29 July 2022	30 October 2025	5
Mr George Higgins	B Com B Com (Hons)CA (SA)	External	N/A	13 March 2026	N/A	0
Mr Veron Makaleni	B Com (Accounting) Master's in Public Administration Postgraduate Diploma in Management (Specialising in Corporate Governance) B Com (Law)	External	N/A	26 March 2026	N/A	0
Mr Ashley Latchu	MSc Degree Honours Degree BSC IT Management Degree Diploma in Networking	External	N/A	26 March 2026	N/A	0
Ms Felicia Nchabeleng	Post Graduate Diploma Internal Auditing BTech in Internal Auditing	External	N/A	27 March 2026	N/A	0

8. Compliance with Laws and Regulations

PSETA has implemented a compliance policy, a compliance framework and a compliance universe to ensure systematic and structured management of its regulatory obligations. These instruments are grounded in the requirements of the Public Finance Management Act (PFMA) and the Constitution of the Republic of South Africa, and are aligned with the principles of good governance, accountability, transparency, and business ethics.

To ensure ongoing compliance, PSETA conducts regular compliance monitoring and assessments against its compliance universe, which maps all applicable legislation, regulations and internal policies relevant to the organisation. Compliance reports are compiled and submitted to the Risk Management Committee and the Audit Committee quarterly, ensuring that any identified areas of non-compliance are escalated, monitored and resolved timeously.

PSETA has also invested in building internal capacity by promoting and enforcing a culture of compliance throughout the organisation. This includes ensuring that all staff are aware of their compliance obligations and that management takes accountability for adherence to regulatory and legislative requirements within their respective areas of responsibility.

As a result of these measures, PSETA has maintained a strong compliance record during the reporting period, with any instances of non-compliance identified, addressed and reported in accordance with the requirements of the PFMA. This is further evidenced by the organisation's achievement of a clean audit, which reflects the effectiveness of its compliance management processes.

9. Fraud and Corruption

PSETA has an approved Fraud and Corruption Prevention and Control Policy and a Fraud Prevention Strategy, which together define the organisation's zero-tolerance approach to fraud, theft and corruption. These instruments outline the principles for maintaining an environment free of fraudulent and corrupt activities, detail the procedures for reporting suspected incidents, and describe the disciplinary and legal actions that will be pursued upon confirmation of fraud or corruption.

To demonstrate ongoing commitment to implementing the fraud prevention plan, all staff members were required to sign the 2025/2026 Annual Fraud and Corruption Prevention Pledge during the reporting period, formally committing each employee to upholding PSETA's zero-tolerance stance and acknowledging their individual responsibility in preventing, detecting and reporting fraudulent or corrupt activities.

To support confidential reporting, PSETA uses the independently operated Vuvuzela Fraud and Ethics Hotline, which provides employees and stakeholders with a secure, confidential and anonymous channel to report suspected fraud, corruption and ethical violations. The hotline operates independently of management to protect whistleblowers' confidentiality, in line with the principles of the Protected Disclosures Act 26 of 2000. This ensures that officials can make disclosures without fear of retaliation or victimisation.

All incidents reported through the hotline and other reporting channels are escalated to the relevant governance structures, including the Risk Management Committee, Audit Committee, Governance and Social Committee and the Accounting Authority, on a quarterly basis. Upon receipt of a reported case, PSETA follows a structured investigation process to determine the merits of the allegation. Where fraud or corruption is confirmed, appropriate disciplinary measures and legal actions are pursued in accordance with the organisation's policies and applicable legislation. This continuous monitoring and reporting process serves as a key control measure in support of PSETA's commitment to ethical conduct and good governance.

10. Minimising Conflict of Interest

PSETA has implemented processes to minimise conflict of interest in its supply chain management and discretionary grant allocations processes. Declarations of interest are conducted by all Bid and Grant Committee members at the commencement of each bid committee meeting. This requires members to formally disclose any personal interests that may influence or be perceived to influence their decision-making.

Where a conflict of interest is identified, the affected member must recuse themselves immediately from the relevant proceedings and may not participate in any discussions, evaluations, or decisions related to that specific bid. All declarations are documented and maintained as part of PSETA's commitment to ethical supply chain management and compliance with the PFMA and National Treasury regulations.

11. Code of Conduct

PSETA has an approved Code of Conduct that sets the standard of behaviour expected of all employees and reflects the organisation's core values of integrity, accountability, transparency and respect. The Code guides all interactions with internal and external stakeholders and has helped to foster a culture of ethical behaviour and professionalism across the organisation. Mechanisms are in place to encourage the reporting of misconduct, and all employees are expected to comply with the Code and all applicable policies and legislative requirements. Where a breach is identified, PSETA follows a formal disciplinary process in line with its Disciplinary Policy and the Labour Relations Act, ensuring that all cases are handled fairly, consistently and with due process. Outcomes range from a written warning to dismissal, depending on the severity of the transgression.

12. Health, Safety and Environmental Issues

PSETA, in its commitment to ensure a safe and healthy workplace environment, implements its approved occupational health and safety policy and standard operating procedures. The aim of these measures is to ensure effective and efficient management of health and safety concerns in the organisation.

To ensure preparedness for all emergency situations, PSETA successfully conducted three (3) evacuation drills during the year under review. The drills are an important component of PSETA's strategy to uphold governance and compliance on health and safety matters that may impact employees and our stakeholders.

PSETA has established an Occupational and Health Committee in compliance with the provisions of the Occupational Health and Safety Act (Act 85 of 1993). The committee meets quarterly to manage and oversee health and safety-related matters. This oversight ensures ongoing compliance with legislative requirements and regulations.

PSETA continuously strives to maintain a safe working environment and improve health and safety standards.

13. Board Secretary

The Board Secretariat function is performed internally. The roles and responsibilities of the Board Secretary are outlined in the entity's Constitution. The Board Secretary reports functionally to the PSETA AA, and operationally to the CEO. The Board Secretary position is currently vacant.

14. Social Responsibility

Corporate Social Investment (CSI): Mandela Day Initiative

Planting Seeds of Hope at Lehwelereng Secondary School

In commemoration of International Nelson Mandela Day, PSETA implemented a targeted Corporate Social Investment (CSI) initiative at Lehwelereng Secondary School in Hammanskraal – a school adopted under PSETA's broader community development programme.

This initiative marked the launch of a structured, long-term partnership to foster sustainable socio-economic development within the school community. In collaboration with the Department of Agriculture, PSETA facilitated the establishment of a vegetable garden on the school premises. This intervention is designed to promote food security, support nutritional needs, and introduce learners to sustainable agricultural practices.

Complementing this effort, PSETA launched a school-based book club to advance literacy development and foster a culture of reading and critical thinking among learners. The initiative seeks to enhance educational outcomes by encouraging intellectual curiosity and lifelong learning, in alignment with PSETA's mandate to support skills development and capacity building.

These interventions reflect the holistic CSI approach that addresses both immediate community needs and long-term developmental outcomes. By investing in both nutritional sustainability and educational enrichment, PSETA helps build resilient communities and empower young people with the tools for future success.

The Mandela Day initiative at Lehwelereng Secondary School further underscores PSETA's commitment to active citizenship and social impact beyond symbolic observance. It reinforces the organisation's role in advancing inclusive development and demonstrates how collaborative partnerships can drive meaningful and sustainable changes.

15. Audit Committee Report

The Audit Committee herewith presents its report for the financial year ended 31 March 2026, as required by section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999) (PFMA) read with Treasury Regulation 27.1.10.

Part 1: Audit Committee Reflections for the year 2025/26

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has an appropriate charter, which is reviewed annually, regulates its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. The Audit Committee further understands and has internalised the requirements of the Global Internal Audit Standards™ in its work. The Audit Committee confirms that it has functioned without hindrance or limitation throughout the reporting period

We also assessed the financial performance and performance against pre-determined objectives in our quarterly meetings to contribute to the PSETA achieving its key mandate addressing areas where the targets are not being achieved.

Part 2: Audit Committee Composition and Attendance

The Audit Committee consists of 5 members, 3 Independent members and 2 Board representatives. The Committee is properly constituted, with a balanced representation of independent members with a diverse and appropriate mix of qualifications, skills, and experience. The Committee convened eight times during the year, with six being ordinary meetings and the remainder special meetings. For more information, please refer to page 54 in the annual report where more detail is included.

The table below shows the attendance of these meetings, and Special meetings:

Name and Surname	Tenure	Qualification	Number of meetings scheduled 2025/2026	Number of meetings attended 2025/2026
Dr Prittish Dala	5 years	PhD (Information Technology); Masters (Information Technology); BSc Hons (Computer Science); Bachelor of Information Technology; Chartered Director: SA; Certified Information Systems Auditor; Certified Information Security Manager; Certified Information Systems Security Professional; Lead Auditor ISO 27001; Certified in the Governance of Enterprise Information Technology; Certified in Risk and Information Systems Control; Certified Ethical Hacker; Computer Hacking Forensic Investigator	6	2
Mr Zenzele Myeza	5 years	Master's in business administration; Bachelor of Commerce Accounting; Certificate in Corporate Governance; Certificate in Aviation Management; Chartered Director: SA	6	2
Ms Lorraine Francois	3 years	Master's in Business Administration; General Internal Auditor Certification; Postgraduate Certificate: Accounting; Bachelor of Commerce Degree	6	2
Mr Sandile Ndaba	3 years	Bachelor of Science; Diploma in Data metrics; Postgraduate Diploma in Business Management; Master of Commerce (Information Technology); Master's in Business Leadership	5	2
Mr Lewis Nzimande AA Representative (term ended 31 March 2025)	5 years	Bachelor of Education; Certificate in Leadership and Communication	0	0
Ms Nelisiwe Nzimande AA Representative (term ended 31 March 2025)	5 years	Bachelor of Commerce; Bachelor of Commerce: Honours; Master's in Business Leadership; Chartered Director: SA	0	0

The Audit Committee held meetings with the senior management of the PSETA, internal audit function and the external auditors, both collectively and individually, on matters related to governance, internal control and risk in the PSETA, throughout the reporting period. The Chairperson was also in attendance at the Board meetings to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the PSETA. Members have confirmed throughout the year that no conflict of interest exists.

The Audit Committee's tenure came to an end in October 2025, we further would like to thank the previous committee for the leadership and guidance provided to the PSETA.

The following AC members were appointed with effect from March 2026.

No.	Name and Surname	Designation	Date of Appointment
	Mr George Higgins	Audit Committee Independent Chairperson	13 March 2026
	Mr Vernon Makaleni	Audit Committee Independent Member	26 March 2026
	Mr Ashley Latchu	Audit Committee Independent Member	26 March 2026
	Ms Felicia Nchabeleng	RMC Committee Chairperson and Independent Member	27 March 2026
	Mr Sandile Ndaba	ICTS Committee Chairperson and Independent Member	27 March 2026

Part 3: Audit Committee Focus Areas

The Effectiveness of Internal Control

The Audit Committee recognises management's efforts in fortifying internal controls within the entity, evidenced through management's implementation of action plans for issued internal and external audit reports. Overall, the AC's review of the entity's control environment reveals that management has generally complied with established policies and procedures, with cybersecurity controls identified as requiring further attention. The Audit Committee will maintain vigilant oversight over these critical areas, including efforts to ensure continued mitigation against non-compliance issues, including irregular and wasteful expenditure.

Follow-Up on Audit Findings

The Audit Committee monitored management's progress in addressing audit findings raised by both the Auditor-General of South Africa (AGSA) and the Internal Audit function. The Committee required management to prepare action plans with clear timelines, responsible officials, and measurable outcomes. Progress reports were tabled at each quarterly meeting, and the Committee tracked the closure of findings to ensure accountability.

- **AGSA Findings:** All significant matters raised in the prior audit report were addressed, with corrective actions implemented. The Committee verified that weaknesses in year-end reconciliations and ICT controls were being resolved.
- **Internal Audit Findings:** Recommendations from internal audit reviews were followed up, and management provided evidence of corrective measures.
- **Management Accountability:** The Committee emphasised that unresolved findings must be reported back until closure, and corrective actions are embedded into operational processes.

The Audit Committee is satisfied that management has demonstrated commitment to resolving audit findings and that the majority of the previous year's issues have been closed. Remaining matters are being monitored closely, with deadlines set for completion in the next reporting cycle.

Risk Management

The Audit Committee is responsible for the oversight of the risk management function. The risk management committee reports to the Audit Committee on the PSETA's management of risk. The Risk Management Committee reports at each quarterly meeting on the progress with regards to management of strategic and operational risks in the organisation. The Audit Committee is satisfied of the adequacy and effectiveness of the entity's risk management activities in supporting the achievement of goals and objectives.

Effectiveness of the Internal Audit Function (IAF)

PSETA Internal Audit Function (IAF) has adopted the mandatory requirements of the Institute of Internal Audi-

tors (IIA)'s Global Internal Audit Standards. The Audit Committee (AC) is satisfied that IAF operated consistently throughout the year in terms of its mandate, AC-approved strategy and annual internal audit plan, with no reported impairment of the function's independence and objectivity. The AC has further reviewed reports of IAF activities as tabled by the Chief Audit Executive (CAE) on a quarterly basis, including progress made by management in addressing internal audit findings. The AC is satisfied with the level of support and co-operation afforded to the CAE and IAF by management, including the availability of human and technological capacity to execute the internal audit mandate.

To promote coordination of efforts with other assurance providers, the CAE assumed coordination and reporting roles for the PSETA's Combined Assurance Forum as approved by the Audit Committee. To ensure that there are no unresolved issues of concern, the AC met with the Chief Audit Executive at least twice without the presence of management.

The AC is thus satisfied with effectiveness of the IAF in the execution of its governance, risk management and internal control assurance responsibilities, evidenced by 100% implementation of the approved risk-based audit plan and its role within the combined assurance forum.

In-Year Management and Monthly/Quarterly Report

The Audit Committee is pleased with the content and quality of the management and quarterly reports prepared and issued throughout the year, in full compliance with the statutory framework. The Committee has actively engaged with management to identify and rectify any deficiencies, particularly concerning reports on performance against predetermined objectives.

Performance management

As part of its responsibilities, the Audit Committee has undertaken a thorough review of performance management within the entity. The Committee's functions included:

- Evaluating compliance with statutory requirements and performance management best practices and standards.
- Assessing the alignment of the annual performance plan, budget, strategic plan, and performance agreements.
- Ensuring that performance indicators are relevant, measurable, and aligned with the services provided by the entity.
- Reviewing instances of non-compliance with legislation.
- Monitoring adherence to in-year reporting requirements.
- Reviewing the quarterly performance reports submitted by management.
- Evaluating the entity 's performance management system and providing recommendations for its enhancement.

The Audit Committee is satisfied that the performance report has been prepared in accordance with the Public Finance Management Act (PFMA), Treasury Regulations, and other relevant regulatory requirements. AC has satisfied itself of the adequacy, reliability and accuracy of the performance information produced. The Committee has noted the entity's overall satisfactory performance as well as areas where a few core business targets were not achieved and has emphasised to management the importance of achieving all targets related to the critical mandate of PSETA.

Evaluation of Financial Statements

The Audit Committee has reviewed the annual financial statements during the reporting period. The focus was on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements;
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context;
- Quality and acceptability of, and any changes in, accounting policies and practices;
- Compliance with accounting standards and legal requirements;
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations;
- Calculation and levels of general and specific provisions;
- The basis for the going concern assumption, including any financial sustainability risks and issues
- Recommend to the Accounting Authority, submission of draft annual reports to the Auditor-General for its annual audit;

- Recommend to the Accounting Authority, audited annual financial statements to be included in the annual report; and
- Auditor-General's reporting on annual financial statements and management's response thereto.

The Audit Committee is satisfied that the Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice and the PFMA.

Adequacy and effectiveness of Information and Communication Technology (ICT) Governance:

The Audit Committee (AC) has satisfied itself, through activities of the ICT Steering Committee, of the adequacy and effectiveness of the entity's ICT governance frameworks, policies, and prescripts in supporting the protection, integrity, and availability of electronic information, systems, and infrastructure. The AC further confirms that ICT-related business risks, including information security and cybersecurity risks, are appropriately identified, managed and mitigated, and are subjected to periodic assurance through internal audit. The AC also confirms that a Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) were in place during the reporting period and aligned with the entity's Business Continuity Management (BCM) framework.

Evaluation of the Finance Function

The Audit Committee is satisfied with the performance of the Finance Function for the year under review, including the adequacy, reliability and accuracy of the financial information produced throughout the reporting period.

Compliance with laws and regulations

The Audit Committee (AC) evaluated management's controls for compliance with all material laws and regulations which impact on the financial statements and performance report. No material non-compliance was identified during the year under review. Furthermore, the Committee executed its oversight responsibility over PSETA's compliance universe through quarterly reporting by management to the Risk Management Committee as well as assurance reports from the internal audit function.

Combined Assurance

For the reporting period, PSETA adopted a Combined Assurance Framework as detailed in the King IV report on Corporate Governance. A Combined Assurance Forum, chaired by the CEO and coordinated by the CAE, operated throughout the financial year in terms of its approved Charter. A combined assurance coverage plan was approved by the AC and implemented under quarterly oversight of the Risk Management Committee (RMC) and AC. The Audit Committee will continue to monitor its implementation as well as ensuring the effectiveness of the Combined Assurance Forum.

Auditor General's Report

The Audit Committee concurs with the opinion of the AGSA in respect of the annual financial statements. The committee is satisfied with the conclusions drawn in the performance report and the committee is satisfied with the conclusion regarding compliance with laws and regulations. The committee is of the view that the audited financial statements and annual performance report be accepted and read together with the report of the AGSA. The Audit Committee confirms that it has provided adequate oversight throughout the audit process.

We would like to congratulate management and all other stakeholders for maintaining the Clean Audit status.

G Higgins

George Higgins

Chairperson of the Audit Committee

Public Service Sector Education and Training Authority

Date: 29 July 2026

16. B-BBEE Compliance Performance Information

The following table has been completed to comply with the Broad-Based Black Economic Empowerment (B-BBEE) requirements of the B-BBEE Act of 2013, and as determined by the Department of Trade and Industry.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1–8) with regard to the following:		
Criteria	**Response Yes/No**	**Discussion (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?	No	PSETA does not issue licences, concessions, or other authorisations for economic activity.
Developing and implementing a preferential procurement policy?	Yes	PSETA has a Supply Chain Management Policy in accordance with the Preferential Procurement Policy Framework Act (PPPFA) and regulations prescribed by the National Treasury. All procurement activities are conducted in compliance with B-BBEE requirements, and B-BBEE contributor status is considered during supplier evaluation and scoring.
Determining qualification criteria for the sale of state-owned enterprises?	No	PSETA is not involved in the sale of state-owned enterprises.
Developing criteria for entering into partnerships with the private sector?	No	PSETA does not enter partnerships with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	Yes	PSETA administers discretionary grants and other funding in support of skills development within the public service sector.



PART D:
HUMAN RESOURCE MANAGEMENT

1. Introduction

1.1. Overview of Human Capital Management (HCM) at PSETA.

- The HCM function at PSETA is instrumental in ensuring the effective management of the organisation's workforce while supporting the achievement of its strategic mandate. Through a deliberate focus on human capital, the function aims to foster a workforce that is engaged, high-performing, and aligned with the organisation's objectives.
- During the period under review, the HCM function prioritised the implementation of key initiatives aimed at addressing existing challenges while enhancing overall workforce effectiveness. Notably, the organisation achieved 97% against the 90% target of the implementation of the training plan, reflecting a strong commitment to employee development and capacity building. In parallel, targeted interventions are being implemented to reduce the vacancy rate by 5% from its current level of 29.68%, with plans in place to fill critical positions. This approach is intended to strengthen organisational capacity and support the effective delivery on PSETA's mandate.
- The HCM function places strong emphasis on ensuring compliance with applicable legislation, including labour laws and public sector governance frameworks, while fostering a high-performance culture. In this regard, HCM policies are continuously developed and reviewed to ensure alignment with current legislative requirements. These policies are formally approved and effectively communicated to all employees to reinforce governance, promote compliance, and ensure consistent application across the organisation. Key priorities further include organisational effectiveness, talent management, employee wellness, performance management, and employment equity and/or transformation.
- To support these priorities, the AA has approved key initiatives to undertake an Organisational Structure Design and Review process aimed at aligning positions with PSETA's strategic mandate. In parallel, work is in progress to develop a customised performance management framework aligned to employee job profiles. This framework is intended to strengthen performance management practices, promote continuous improvement, and ensure that individual performance is effectively aligned with and contributes to the achievement of PSETA's strategic objectives.

1.1.1. Human Resource Workforce Planning

- *Enhancing Human Resources Workforce Planning at PSETA: A Focus on Strategic Initiatives*

Workforce planning at PSETA is a structured and forward-looking process aimed at ensuring that the organisation has the right people with the right skills in the right positions at the right time.

The process involves the following:

- Analysing current workforce capacity and capabilities – skills development, recruitment, and selection.
- Identifying critical and scarce skills requirements – to be implemented post completion of the Organisational Design and Review.
- Forecasting future workforce needs aligned to strategic priorities – appointment of a service provider to help with the implementation of the Organisational Design and Review project.
- Developing succession planning and talent pipelines – implementation of the succession planning policy approved in October 2024.
- PSETA has initiated the development of a Five-Year Human Resource (HR) Plan to provide a strategic framework for building a capable, agile and high-performing workforce aligned to the organisation's mandate. The plan is designed to ensure that human capital priorities are fully integrated with PSETA's Strategic Plan and its APP, thereby enabling effective service delivery within the skills development sector.
- The HR Plan focuses on key priorities, including strategic workforce planning to identify current and future skills requirements, targeted recruitment to address critical vacancies, and the implementation of talent management and succession planning initiatives to ensure leadership continuity. It further incorporates a structured approach to learning and development to address skills gaps and strengthen organisational capability.
- In addition, the plan supports the implementation of a fit-for-purpose organisational structure through ongoing design and review processes, ensuring optimal alignment of roles and responsibilities. The development of a customised performance management framework is also prioritised to enhance accountability and align individual performance with organisational objectives.

1.1.2. Vacancies

PSETA's current approved organisational structure comprises 64 funded posts. However, PSETA has 19 posts that are currently vacant, representing a vacancy rate of 29.68%. The HCM department has prioritised the filling of these critical positions and is implementing targeted interventions to reduce the vacancy rate by at least 5% per annum.

To accelerate this process, a structured recruitment plan has been developed and is being implemented to fast-track the filling of vacant posts, particularly those critical to service delivery. This proactive approach underscores the organisation's commitment to strengthening its human capital capacity, improving operational efficiency, and ensuring effective execution of its mandate. The filling of vacancies contributes immensely to the PSETA employees' workload management and supports the employee wellness programme to prevent employee stress and burnout.

1.1.3. Implementation of the Organisational Design and Review

The PSETA AA has approved an organisational redesign process. The Organisational Structure Design and Review is a strategic initiative aimed at ensuring that the PSETA structure is aligned to its mandate, the 5-year Strategic Plan, operational requirements, and long-term objectives. This process typically involves assessing current structures, identifying inefficiencies, redefining roles, and proposing an optimal organisational model which includes digitalisation that enhances service delivery and organisational performance. The implementation of the Organisational Design and Review is planned to be completed by the end of the 2026/2027 financial year.

2. Human Resource Oversight Statistics

Personnel related expenditure

Personnel Cost by programme/activity/objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees 2025/2026	Average personnel cost per employee (R'000)
Administration	72 274	32 489	44%	29	1 120
Skills Planning and Research	6 740	2 727	40%	3	909
Learning Programmes	74 981	7 928	10%	9	881
Projects Management	3 270	3 131	96%	4	782
Quality Assurance	5 559	3 842	69%	6	640
Total	**162 823**	**50 117**		**51**	**4 332**

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	11 082	22%	6	1 847
Senior Management	13 560	27%	6	2 260
Professional qualified	11 788	24%	8	1 474
Skilled	8 848	18%	10	885
Semi-skilled	4 225	8%	19	222

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Unskilled	613	1%	2	307
TOTAL	**50 117**		**51**	**6 995**

Performance Rewards

Programme//activity/ objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	1 044	11 082	9%
Senior Management	857	13 560	6%
Professional qualified	540	11 788	5%
Skilled	512	8 848	6%
Semi-skilled	499	4 225	12%
Unskilled	0	613	0%
TOTAL	**3 452**	**50 117**	**7%**

Training Costs

Programme/ activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee (R'000)
Administration	50 117	2 035	4%	31	66

Employment and vacancies

Programme	2024/2025 No. of Employees	2024/2025 Approved Posts	2025/2026 No. of Employees	2025/2026 Vacancies	% of vacancies
Administration	24	36	25	11	31%
Skill Planning and Research	3	6	3	3	50%
Learning Programmes	9	9	9	0	0%
Project Management	4	4	3	1	25%
Quality Assurance	5	9	5	4	44%

Equity status per occupational categories

Programme	2024/2025 No. of Employees	2024/2025 Approved Posts	2025/2026 No. of Employees	2025/2026 Vacancies	% of vacancies
Top Management	5	5	6	1	17%
Senior Management	7	11	6	4	66%
Professional qualified	8	15	8	8	100%
Skilled	10	16	10	6	60%
Semi-skilled	12	15	19	0	0%
Unskilled	2	2	2	0	0%
TOTAL	**44**	**64**	**51**	**19**	**29.68%**

The positions are at different stages of the recruitment process, as some have been advertised, some are at short-

listing stages, and for others, interviews will be concluded. For some positions where interviews were conducted, management could not identify suitable candidates and positions are re-advertised.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	5	0	1	4
Senior Management	7	1	0	8
Professional qualified	7	3	1	9
Skilled	10	0	0	10
Semi-skilled	13	3	4	12
Unskilled	2	0	0	2
Total	**44**	**7**	**6**	**45**

Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	0	0%
Resignation	6	100%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	**6**	**100%**

Employees tendered their resignations from PSETA for reasons including personal growth and career development opportunities.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	1
Dismissal	0
TOTAL	**1**

Equity Target and Employment Equity Status

The variances are mainly attributable to the limited number of vacancies, employee turnover patterns, and the availability of suitably qualified candidates from designated groups during recruitment processes. The recruitment process for employment equity targets to fill vacancies is in progress.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	1	0	0	0	0
Senior management	3	0	0	1	0	1	0	0
Professional qualified	3	0	0	1	0	1	0	1
Skilled	2	1	0	0	0	1	0	0
Semi-skilled	3	1	0	1	0	1	0	1
Unskilled	0	1	0	0	0	0	0	0
TOTAL	**11**	**3**	**0**	**4**	**0**	**4**	**0**	**2**

Equity status: female categories

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	1	0	1	1	1	0	0
Senior Management	4	0	0	0	0	1	0	0
Professional qualified	6	0	0	1	0	1	0	1
Skilled	7	0	0	1	0	1	O	1
Semi-skilled	12	0	0	1	0	1	0	1
Unskilled	2	0	0	0	0	0	0	0
TOTAL	**33**	**1**	**0**	**4**	**1**	**5**	**0**	**3**

Equity status: male categories

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	1
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**0**	**1**	**0**	**1**



PART E:
FINANCIAL INFORMATION

1. Irregular, Fruitless and Wasteful Expenditure and Material Losses

1.1 Irregular expenditure

Reconciliation of irregular expenditure

Description	2025/2026	2024/2025
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	143	-
Opening balance as restated	143	-
Add: Irregular expenditure confirmed	867	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable1		-
Less: Irregular expenditure not recoverable and written off		-
Closing balance	**1 010**	**-**

Reconciling note

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure that was under assessment	1 195	-
Irregular expenditure that relates to the prior year and identified in the current year	143	-
Irregular expenditure for the current year	867	-
Total	**2 205**	**-**

Details of irregular expenditure (under assessment, determination and investigation)

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure under assessment	1 195	-
Irregular expenditure under determination	1 010	-
Irregular expenditure under investigation	-	-
Total	**2 205**	**-**

Details of irregular expenditure condoned

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure condoned	-	-
Total	**-**	**-**

Details of irregular expenditure removed (not condoned)

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	**-**	**-**

Details of irregular expenditure recoverable

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure recoverable	-	-
Total	**-**	**-**

Details of irregular expenditure written off (irrecoverable)

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2025/2026	2024/2025
	R'000	R'000

Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Appropriate disciplinary action will be instituted during the 2026/27 financial year against the responsible officials, in accordance with PSETA's disciplinary policies and procedures.

1.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2025/2026	2024/2025
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated		-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	-	-

Reconciling note

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	-	-

Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	-	-

Details of fruitless and wasteful expenditure recoverable

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	-
Total		-

Details of fruitless and wasteful expenditure not recoverable and written off

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
Not applicable as there was not fruitless and wasteful expenditure incurred.

1.3 Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii)9

Details of material losses through criminal conduct

Material losses through criminal conduct	2025/2026	2024/2025
	R'000	R'000
Theft	43	73
Other material losses	-	235
Less: Recoverable	-38	-259
Less: Not recoverable and written off	-5	-49
Total	-	-

Details of other material losses

Nature of other material losses	2025/2026	2024/2025
	R'000	R'000
Car accident that resulted in the vehicle being written off	-	235
Total	-	235

Other material losses recoverable

Nature of losses	2025/2026	2024/2025
	R'000	R'000
Insurance payout from the vehicle that was written off	-	212
Total	-	212

Other material losses not recoverable and written off

Nature of losses	2025/2026	2024/2025
	R'000	R'000
Amount not recovered from insurance for the vehicle written off	-	23
Total	-	23

Information on late and/or non-payment of suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	1660	129 532
Invoices paid **within** 30 days or the agreed period	1660	129 532
Invoices paid **after** 30 days or the agreed period	-	-
Invoices older than 30 days or the agreed period **(unpaid and without dispute)**	-	-
Invoices older than 30 days or the agreed period **(unpaid and in dispute)**	-	-

2. Information on Supply Chain Management

2.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Appointment of a service provider for the provision of the CaseWare solution	Adapt IT	Sole Supplier	RFP/2021/001196	118

2.2 Contract variations and expansions

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Appointment of a service provider to provide end to end recruitment services for Senior Specialist: Policy, Compliance and Risk Management	New Beginnings Recruitment	Contract Variation	RFP/2021/000989	877	-	438
Appointment of a service provider for provision of internet solution	Vodacom	Contract Variation	RFP/2021/000257	594	-	211
Appointment of a service provider for provision of lease of office space	Redefine Properties	Contract variation	LEASE02/PSE-TA/11-19	3 337	-	3 803
Appointment of a service provider to handle recruitment of response handling services	Interdot Solution	Contract Variation	RFP/2021/001226	113	-	49
Appointment of a service provider for maintenance and support of the ERP system	VisionWave	Contract Variation	RFP/2021/001222	869	-	912
Appointment of a recruitment agency for the appointment of the Board Secretary	To the Recruitment	Contract Variation	RFP/2021/001205	565	-	285
Appointment of a service provider for the provision of office space on lease	Redefine Properties	Contract Variation	LEASE02/PSE-TA/11-19	33 371	3 803	3 803
Total				39 726	3 803	9 501



PART F:
REPORT OF THE EXTERNAL AUDITOR

Report of the Auditor-General to Parliament on the 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 (PSETA) set out on pages 90 to 132, which comprise the statement of financial position as at 31 March 2026, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and 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 PSETA as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa 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

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general 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 Standards of 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 cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general 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. This description, which is located at page 84, forms part of my auditor's report.

Report on the audit of the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following programmes presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2 – Skills planning and research	36-37	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 (SPR). The development and annual update of the Sector Skills Plan, research studies, coordinating research activities and conferences and capacity-building of stake-holders in skills planning are core outputs within this programme.
Programme 3 – Learning pro-grammes and projects	37-43	The purpose of this programme is to set standards and establish a discipline to manage a collection of Discretionary Grant funded learning interventions identified in the SSP in an objective manner and in line with the PSETA's strategy and 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 learn-ing interventions
Programme 4 – Quality assurance	43-45	The purpose of this programme is to build the provider capacity re-quired to deliver the priority skills for the public service sector, devel-oping standards, accrediting providers, and quality assuring learning. The Quality Assurance department undertakes the review of legacy qualifications, the development of occupational qualifications and the capacitation of providers through advocacy workshops.

12. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achieve-ments
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures for the purpose of reporting material findings only; and not to express an assur-

ance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected programmes.

Other matters

16. I draw attention to the matters below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.

18. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on page 39.

Programme 3: Learning programmes and projects

Targets achieved: 91 %
Budget spent: 61 %

Key indicators not achieved	Planned target	Reported achievement
Number of public service employees entering learning programmes: RPL	80	0
Number of public service employees completing learning programmes: Learnerships	80	0

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

23. The accounting authority is responsible for the other 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 on in this auditor's report.

24. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. I did not identify any significant deficiencies in internal control.



Pretoria

29 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the Auditor's Report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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 programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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.
- conclude on the appropriateness of the use of the going concern basis of accounting 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 entity 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 the 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

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



PSETA
Public Service Sector Education & Training Authority



PART G:
ANNUAL FINANCIAL STATEMENTS

Abbreviations used:	
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
CRR	Capital Replacement Reserve
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act
SA GAAP	South African Statements of Generally Accepted Accounting Practice
AG	Auditor General
AA	Accounting Authority (the Board)
AGSA	Auditor-General South Africa
DG	Discretionary Grants
DHET	Department of Higher Education and Training
MHET	Minister of Higher Education and Training
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NT	National Treasury
PSETA	Public Service Sector Education Training Authority
QCTO	Quality Council for Trades and Occupations
SARS	South African Revenue Service
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
TVET	Technical Vocational Education and Training
WIL	Work Integrated Learning
FY	Financial Year
SCM	Supply Chain Management

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

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

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

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

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements as well as receives the necessary assurance from the CEO and management team. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

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

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

The audited annual financial statements set out on pages 90 - 132, which have been prepared on the going concern basis by management and recommended by CEO, were approved by the Accounting Authority on 31 March 2026 and were signed on its behalf by:

KK Maimela

Dr Khuliso Kennedy Maimela

Chairperson of the Accounting Authority

B Lerumo

Ms Bontle Lerumo

Chief Executive Officer

Statement of Financial Position as at 31 March 2026

	Note(s)	31 March 2026 R '000	31 March 2025 Restated* R '000
Assets			
Current Assets			
Inventories	4	-	120
Receivables From Exchange Transactions	3	2 639	1 742
Cash And Cash Equivalents	5	90 510	110 642
		93 149	**112 504**
Non-Current Assets			
Property Plant and Equipment	6	4 959	3 117
Intangible Assets	7	977	1 276
		5 936	**4 393**
Total Assets		**99 085**	**116 897**
Liabilities			
Current Liabilities			
Exchange Transactions			
Payables From Exchange Transactions	8	3 939	4 907
Provisions -exchange Transactions	11	4 041	3 258
Operating lease liability	13	-	466
Non-Exchange Transactions			
Payables from non-exchange transactions	9	17 284	21 718
Mandatory Grants Payable	10	213	74
Provisions - Non-exchange Transactions	12	157	192
Total Liabilities		**25 634**	**30 615**
Net Assets		**73 451**	**86 282**
Reserves			
Administration reserve		5 936	4 394
Discretionary grant reserve		67 515	81 888
Total Net Assets		**73 451**	**86 282**

Statement of Financial Performance for the period ended 31 March 2026

	Note(s)	31 March 2026 R '000	31 March 2025 Restated* R '000
Revenue			
Revenue from exchange transactions			
Other income	15.2	2 373	466
Investment Income	15.1	7 735	10 072
Total revenue from exchange transactions		**10 108**	**10 538**
Revenue from non-exchange transactions			
Transfer revenue			
Skills Development Levy: Income	14.1	7 200	4 731
Skills Development Levy: Penalties & Interests	14.2	108	89
Voted Funds received from DHET	14.3	132 059	126 449
Total revenue from non-exchange transactions		**139 367**	**131 269**
Total revenue		**149 475**	**141 807**
Expenditure			
General Administration Expenses	17	(33 590)	(33 718)
Audit Fees	18	(1 938)	(2 502)
Cost of Employment	19	(50 118)	(46 567)
Repairs and Maintenance	20	(778)	(1 288)
Depreciation and Amortisation	6&7	(1 712)	(2 590)
Mandatory grants and Discretionary Grants Expense	16	(74 135)	(80 262)
QCTO Expense		(36)	(34)
Total expenditure		**(162 307)**	**(166 961)**
Surplus (deficit) for the year		**(12 832)**	**(25 154)**

Statement of Changes in Net Assets

	Administrative reserve	Discretionary reserve	Mandatory	Total reserves	Accumulated surplus / deficit	Total net assets
	R '000	R '000	R '000	R '000	R '000	R '000
Balance at 01 April 2024	**6 350**	**105 086**	**-**	**111 436**	**-**	**111 436**
Changes in net assets						
Surplus (Deficit) for the period	-	-	-	-	(25 154)	(25 154)
Allocation of Unappropriated surplus for the year	-	(25 898)	744	(25 154)	25 011	(143)
Employer grant reserves transferred to discretionary reserves	-	744	(744)	-	-	-
Excess reserves transferred	(1 956)	1 956	-	-	-	-
Total changes	(1 956)	(23 198)	-	(25 154)	(143)	(25 297)
Restated* Balance at 01 April 2025	**4 394**	**81 889**	**-**	**86 283**	**-**	**86 283**
Changes in net assets						
Surplus (Deficit) for the period	-	-	-	-	(12 832)	(12 832)
Allocation of Unappropriated surplus for the year	-	(13 889)	1 057	(12 832)	12 832	-
Employer grant reserves transferred to discretionary reserves	-	1 057	(1 057)	-	-	-
Excess reserves transferred	1 542	(1 542)	-	-	-	-
Total changes	1 542	(14 374)	-	(12 832)	-	(12 832)
Balance at 31 March 2026	**5 936**	**67 515**	**-**	**73 451**	**-**	**73 451**
Note(s)	21	21	21			

Cash Flow Statement

	Note(s)	31 March 2026 R '000	31 March 2025 Restated* R '000
Cash flows from operating activities			
Receipts			
Levies, Interest, Penalties received		7 308	4 820
Other Cash receipts from stakeholder		2 373	466
Voted Funds received from DHET		132 059	126 449
Interest income		7 735	10 072
		149 475	141 807
Payments			
Compensation of Employees		(48 881)	(46 627)
Payments to Suppliers and Others		(38 964)	(36 213)
Mandatory and Discretionary Payments		(78 430)	(77 057)
		(166 275)	(159 897)
Net cash flows from operating activities	23	**(16 800)**	**(18 090)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2 880)	(990)
Purchase of other intangible assets	7	(452)	-
Net cash flows from investing activities		(3 332)	(990)
Net increase/(decrease) in cash and cash equivalents		**(20 132)**	**(19 080)**
Cash and cash equivalents at the beginning of the year		110 642	129 722
Cash and cash equivalents at the end of the year	5	**90 510**	**110 642**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	R'000
Statement of Financial Performance						
Revenue						
Other income	251	2 250	**2 501**	2 373	**(128)**	33.1
Investment Income	9 295	(2 395)	**6 900**	7 735	**835**	33.2
Voted funds received from DHET	132 059	-	**132 059**	132 059	**-**	33.9
Skills Development Levy: Income	5 816	1 749	**7 565**	7 200	**(365)**	33.10
Skills Development Levy: Interest & Penalties	117	(67)	**50**	108	**58**	33.10
Total revenue	**147 538**	**1 537**	**149 075**	**149 475**	**400**	
Mandatory Grants and Discretionary Grants Expense						
Mandatory Grant	(1 068)	502	**(566)**	(743)	**(177)**	33.11
Discretionary Grant	(51 730)	(87 236)	**(138 966)**	(73 392)	**65 574**	33.3
Total Mandatory Grants and Discretionary Grants Expense	**(52 798)**	**(86 734)**	**(139 532)**	**(74 135)**	**65 397**	
Expenditure						
Cost of employment	(58 971)	9 823	**(49 148)**	(50 118)	**(970)**	33.4
Goods and Services	(34 302)	(6 822)	**(41 124)**	(38 054)	**3 070**	33.5
Total Operations Expenditure	**(93 273)**	**3 001**	**(90 272)**	**(88 172)**	**2 100**	
Net Surplus/(Deficit)	**1 467**	**(82 196)**	**(80 729)**	**(12 832)**	**67 897**	
Capex	(1 467)	(2 100)	**(3 567)**	(3 332)	**235**	33.6
Deficit after Capex	**-**	**(84 296)**	**(84 296)**	**(16 164)**	**68 132**	
Approved surplus	-	84 061	84 061	-	(84 061)	33.7
Net Surplus/ (Deficit) after Approved Surplus	**-**	**(235)**	**(235)**	**(16 164)**	**(15 929)**	**33.8**

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

1.1 Basis of preparation and Going concern assumption

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

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 PSETA will continue to operate as a going concern for at least the next 12 months.

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

1.2 Significant accounting judgements

In the application of PSETA's accounting policies management is required to make judgments, estimates and assumptions about the carrying amount 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 in the future could 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 6.

1.3 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 PSETA transactions are denominated. Furthermore, all figures presented are rounded to the nearest thousand.

1.4 Revenue recognition

1.4.1 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by PSETA, usually in accordance with a binding arrangement. When PSETA receives resources as a result of a non-exchange transaction, it recognizes an asset and revenue in the period that the arrangement becomes binding and when it is probable that 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.

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 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 PSETA before the fulfilment of conditions are capitalized 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, and contributions received from public entities who contribute voluntarily to PSETA.

Levy income

The PSETA recognizes 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 DHET. 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 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.

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.

Transfer from other government entities

The PSETA recognizes 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.

1.4.2 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 PSETA is the interest earned on the investment. Unconditional grants received are recognised when the amount have been received.

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.

1.5 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.

1.6 Prepayments

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.

1.7 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial 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 also 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.

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 Authority may condone and disclose as 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 AA may remove the expenditure from the irregular expenditure register.

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

- Public Finance Management Act.
- State tender Board Act, 1968; or any provincial legislation providing for the procurement procedures in that provincial government.
- Skills Development Act,
- Skills Development Levies Act
- Irregular Expenditure Framework
- 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.)

1.8 Fruitless and wasteful expenditure

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

All 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.

1.9 Property, Plant and Equipment

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

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

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

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

Property, plant and equipment acquired at no cost is measured at fair value at the date of acquisition less any subsequent accumulated depreciation and any impairment loss.

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

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.

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

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

Item	Depreciation method	Average useful life
Furniture and Fixtures	Straight-line	6 Years
Motor Vehicles	Straight-line	3 Years
Office Equipment	Straight-line	3 Years and 6 Years
Computer Equipment	Straight-line	3 Years
Leasehold Improvements	Straight-line	Over the lease period

The entity assesses, at each reporting date, whether there is any indication that the residual value and the expected useful life of an asset have changed since the previous reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

1.10 Intangible Assets

An intangible asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from 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 it.
- 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 the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets with indefinite useful lives, if any, are not amortised but tested for impairment annually and impaired if necessary.

Intangible assets are amortised on the straight line basis over their expected useful lives to their estimated residual value.

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

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

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

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

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

An average useful life of 2 years is used when calculating the amortisation of intangible assets.

1.11 Leasing

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.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Operating 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:

- entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Contingent Assets

Contingent Assets arise when the PSETA has a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the PSETA.

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

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

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.

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

1.13 Employee benefits identification

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. PSETA 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.

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

1.14 Financial Instruments

Recognition

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial assets and financial liabilities are recognised when the PSETA becomes a party to the contractual provisions of the instrument.

Financial Assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104. PSETA has the following classes of Financial assets:

Classes of Financial Assets	Classification in terms of GRAP
Cash and cash equivalent	Financial asset at amortised cost
Receivable from exchange transactions	Financial asset at amortised cost

Financial Liability

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. PSETA has the following financial liabilities **are categorised as financial liabilities measured at amortised cost.**

Classes of Financial Assets	Classification in terms of GRAP
Trade and Other payables from exchange transactions	Financial liability at amortised cost
Trade and Other payables from non-Exchange transactions	Financial liability at amortised cost

Initial and Subsequent Measurement

Financial Assets

Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs. The fair value of short-term receivables is the transaction price where the initial credit period granted is no longer than 30 days.

Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. All gains and losses, interest and impairment losses are recognised in surplus or deficit.

Financial Liability

Financial liabilities at amortised cost are initially measured at fair value less directly attributable transaction costs. The fair value of short-term payables is the transaction price where the initial credit period granted is no longer than 30 days.

Subsequently, these liabilities are measured at amortised cost using the Effective Interest Method, with interest recognised on an effective yield basis. All gains and losses and interest are recognised in surplus or deficit.

Impairment of Financial Assets (GRAP 104 Revised)

For the impairment of Financial Assets PSETA applies the expected credit loss (ECL) model to financial assets measured at amortised cost comprising cash and cash equivalent, rental deposit.

General approach

PSETA applies the general approach and recognises a loss allowance for expected credit loss cash and cash equivalent, rental deposit.

When credit risk is low, the expected credit losses measured at 12 months expected credit loss.

At each reporting date, PSETA measures the loss allowance for these financial instruments at an amount equal to 12-month expected credit losses if credit risk has not increased significantly since initial recognition

Lifetime expected credit losses if credit risk has increased significantly.

Credit risk

At each reporting date, PSETA shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition by comparing the risk.

of a default occurring on the financial instrument as at the reporting date with the

risk of a default occurring on the financial instrument as at the date of initial recognition.

This assessment considers reasonable and supportable information without undue cost and effort.

PSETA applies a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless reasonable and supportable information demonstrates that a significant increase in credit risk has not occurred.

Low credit risk

PSETA considers a cash and cash equivalents balance to have low credit risk when the financial institution's credit rating is equivalent to the globally understood definition of investment grade.

A financial asset may be credit-impaired when one or more of the following events have occurred: Significant financial difficulty.

There is a breach of contract, such as default or significant delinquency in payments.

It is probable that the borrower will enter bankruptcy, liquidation, or another form of financial reorganization. An active market for the financial asset has disappeared because of financial difficulties.

Simplified approach

PSETA applies the simplified approach and recognises a loss allowance for expected credit losses on receivables from exchange transactions. SETA always measures the loss allowance for these instruments at an amount equal to lifetime expected credit losses.

Measurement of expected credit losses

PSETA measures expected credit losses of a financial instrument in a way that reflects:

1. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
2. The time value of money; and
3. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The methods and assumptions used to measure expected credit losses, including the provision matrix applied to receivables and the forward-looking information incorporated, are disclosed in the financial instruments risk management note. (See note **30**.

Derecognition

Financial Assets

PSETA derecognises financial assets only when the contractual rights to the cash flows from the asset expire, are cancelled, or waived, or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. Any resulting gain or loss is recognised in surplus or deficit.

Financial Liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire. Any resulting gain or loss is recognised in surplus or deficit.

1.15 Reserves

The insurance fund is accounted for at net cost, and any liability thereto, and adjustments are made only where there are valid claims to the fund.

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- 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 grant claims from newly registered employers that are eligible to submit their mandatory grant claims at year end in terms of the grant's 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. PSETA's administrative expenditure has been paid using voted funds received from DHET.

1.17 Tax

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)

1.18 Inventories

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.

1.19 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 Events after reporting date

Events after reporting date are those events, both favorable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized 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.

1.21 Comparative figures

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

1.22 Related parties

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies.

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.

2. CURRENT STANDARDS AND INTERPRETATIONS

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 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, de-recognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date. It is unlikely that the standard will have a material impact on 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 PSETA's annual financial statements.

GRAP 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 PSETA's annual financial statements.

Standards and interpretations issued but not yet effective.

PSETA has not applied the following standards and interpretations, which have been published and are mandatory for PSETA'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 PSETA's annual financial statements.

	31 March 2026 R'000	31 March 2026 R'000
3. Receivables from exchange transactions		
Trade debtors	10	-
Travel Advances	-	4
Deposits	1 042	1 042
Prepaid expenses	1 523	634
Accrued Income	64	62
	2 639	**1 742**
4. Inventories		
Consumable stores	-	120
	-	120
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	10 212	6 499
Investment with SARB	80 298	104 143
	90 510	110 642

Figures in Rand thousand

6. Property, plant and equipment

	2026			2025		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Furniture and Fixtures	2 354	(1 348)	1 006	2 362	(1 152)	1 210
Motor Vehicles	247	(238)	9	247	(234)	13
Office Equipment	171	(149)	22	171	(142)	29
Computer Equipment	9 289	(5 367)	3 922	6 728	(4 863)	1 865
Total	**12 061**	**(7 102)**	**4 959**	**9 508**	**(6 391)**	**3 117**

Reconciliation of property, plant and equipment - 31 March 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and Fittings	1 210	-	(3)	(201)	1 006
Motor Vehicles	13	-	-	(5)	8
Office Equipment	29	-	-	(7)	22
Computer Equipment	1 865	2 880	(59)	(763)	3 923
	3 117	**2 880**	**(62)**	**(976)**	**4 959**

Reconciliation of property, plant and equipment - 31 March 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and Fittings	1 392	111	(55)	(238)	1 210
Motor Vehicles	49	-	(24)	(12)	13
Office Equipment	22	16	-	(9)	29
Computer Equipment	1 972	863	(66)	(904)	1 865
	3 435	**990**	**(145)**	**(1 163)**	**3 117**

Repairs and maintenance disclosed in relation to property, plant and equipment has been disclosed in note 20 in line with the requirements of GRAP 17. The PSETA has reviewed the residual values at year end and did not need to re-estimate it.

Change in Accounting Estimate

The useful lives of some items of property, plant and equipment were reviewed and restated to reflect the actual pattern of service potential derived from the assets. They were revised as follows:

- Computer Equipment: revised to 36 months
- Motor Vehicles: revised to 36 months
- Furniture and Fittings: revised to 72 months.
- Office Equipment: revised to 36 months and 72 months.

Figures in Rand thousand

6. Property, plant and equipment (continued)

Item of Property, plant and equipment	Decrease (Increase) in depreciation current year	Decrease (Increase) in depreciation future years
Computer Equipment	274 739	274 739
Motor Vehicles	2 153	2 153
Office Equipment	2 658	2 658
Furniture and Fittings	37 989	37 989
	317 539	**317 539**

Figures in Rand thousand

7. Intangible assets

	2026			2025		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Total	10 532	(9 555)	977	12 064	(10 788)	1 276

Reconciliation of intangible assets - 31 March 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Computer Software and Licenses	1 276	452	(59)	(763)	978

Reconciliation of intangible assets - 31 March 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Computer Software and Licenses	2 915	-	(212)	(1 427)	1 276

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

The useful lives of some items of intangible assets were reviewed and restated to reflect the actual pattern of service potential derived from the assets. They were revised as follows:

- Microsoft Dynamics 365: revised to 24 months
- Decrease (Increase) in amortisation current year is R 540 431

	31 March 2026 R'000	31 March 2026 R'000

8. Payables from exchange transactions

Trade payables	282	422
Salary Payables	184	-
Admin Trade Accruals	1 411	2 693
Leave Pay Accrual	2 062	1 792
	3 939	**4 907**

Restated, please refer to note 34 .

9. Payables from non-exchange transactions

Discretionary Grant Accruals	5 692	20 036
Discretionary Grant Payables	11 592	1 682
	17 284	**21 718**

Restated, please refer to note 34.

10. Mandatory grants payable

Skills development grants payable - mandatory grants	213	74
	213	**74**

Restated Refer to note 34.

11. Provisions

Reconciliation of provisions - 31 March 2026

	Opening Balance	Additions	Utilised during the year	Total
Workman's Compensation	87	106	(87)	106
Performance Bonus	3 171	3 935	(3 171)	3 935
	3 258	**4 041**	**(3 258)**	**4 041**

Reconciliation of provisions - 31 March 2025

	Opening Balance	Additions	Utilised during the year	Total
Workman's Compensation	262	87	(262)	87
Performance Bonus	2 827	3 171	(2 827)	3 171
	3 089	**3 258**	**(3 089)**	**3 258**

The finalisation of the performance bonus process for the 2024/25 financial year was completed and paid in August 2025.

	31 March 2026 R '000	31 March 2025 R '000

12. Provisions from non-exchange

Reconciliation of provisions - 31 March 2026

	Opening Balance	Utilised during the year	Total
Provision for Exempt Employer (<R500K)	192	(35)	157

Reconciliation of provisions - 31 March 2025

	Opening Balance	Additions	Total
Provision for Exempt Employer (<R500K)	190	2	192

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 recognized as levy income.

13. Operating lease liability

Operating Lease Liability	-	466
	-	**466**

14. Revenue from non-exchange transactions

14.1. Skills Development Levy Income

Administration		
Levies received from SARS	940	621
R500K Provision	5	-
	945	**621**
Employer grants		
Levies received from SARS	1 791	1 183
R500K Provision	9	-
	1 800	**1 183**
Discretionary grants		
Levies received from SARS	4 433	2 928
R500K Provision	22	(1)
	4 455	**2 927**
Total	**7 200**	**4 731**

14.2. Skills development Levy income: Interest and penalties

Skills Development Levy Income:		
Penalties	60	46
Interest	48	43
	108	**89**

14.3. Voted funds received

Voted Funds Received from DHET	132 059	126 449
	132 059	**126 449**

	31 March 2026 R '000	31 March2025 R '000

15. Revenue from exchange transactions

15.1. Investment income

Interest received in the bank accounts	7 735	10 072
	7 735	**10 072**

15.2. Other income

Mandatory Grant Received	85	83
Refunds received	2 239	19
Sale of scrap assets	11	4
Insurance recoveries	38	360
	2 373	**466**

16. Mandatory grants and Discretionary Grants Expense

Mandatory grants and Discretionary Grants Expense		
Mandatory grants	743	439
Discretionary Grants	73 392	79 823
	74 135	**80 262**

17. General Administrative Expenses

Licences	2 233	2 347
Advertising, Marketing and Promotions	1 067	1 895
Bank charges	48	36
Cleaning	10	16
Consulting and professional fees	12 752	11 074
Governance	1 269	2 432
Insurance	98	122
Conferences and seminars	161	121
Printing and Stationery	190	268
Training	2 035	1 384
Travel & Subsistence	1 966	2 688
Rates and taxes, water & lights and security	1 867	2 022
Equipment rentals	162	141
Sundry Expense	1 208	699
Staff Recruitment	88	21
Legal Fees	162	395
Storage Cost	74	170
Catering and Refreshments	906	857
Loss on disposal of property, plant and equipment	76	356
Operating lease rentals	7 140	6 674
Loss Allowance	78	-
	33 590	**33 718**

	31 March 2026 R '000	31 March 2025 R '000
18. Audit Fees		
Audit fees (External)	1 938	2 502
19. Employee related costs		
Basic	29 758	27 157
Bonus	3 983	3 428
Medical Aid	757	628
UIF	187	196
SDL	464	458
PAYE	12 773	13 067
Leave pay provision charge	270	(121)
Provident Fund (defined contribution Plan)	1 243	1 154
Housing Allowance	534	471
Workmen's Compensation	111	87
Union Fee	38	42
	50 118	**46 567**
20. Repairs and Maintenance		
Maintenance of Buildings and Facilities	259	809
Maintenance of Computer Equipment	474	416
Maintenance of Motor Vehicles	45	63
	778	**1 288**

21. Allocation of net surplus/(deficit) for the year to reserves

Allocation of net surplus or deficit - 31 March 2026	Administration	Mandatory	Discretionary	Total per Statement of Financial Performance
Total Revenue				
Admin levy income (10.5%)	945	-	-	945
Grant levy income (20%)	-	1 800	-	1 800
Mandatory				
Grant levy income (49.5%)	-	-	4 455	4 455
Discretionary				
Skills development levy:	-	-	108	108
penalties and interest				
Voted Funds received	84 854	-	47 205	132 059
Investment Income	-	-	7 735	7 735
Other Income	2 373	-	-	2 373
	88 172	**1 800**	**59 503**	**149 475**
Total Expenses				
Administration expenses	(88 136)	-	-	(88 136)
QCTO Expense	(36)	-	-	(36)
Mandatory grants and	-	(743)	(73 392)	(74 135)
discretionary grants				
expense				
	(88 172)	**(743)**	**(73 392)**	**(162 307)**
Net surplus/deficit per Statement of financial performance allocated	**-**	**1 057**	**(13 889)**	**(12 832)**

21. Allocation of net surplus/(deficit) for the year to reserves (continued)

Allocation of net surplus or deficit - 31 March 2025	Administration	Mandatory	Discretionary	Total per Statement of Financial Performance
Total Revenue				
Admin levy income (10.5%)	621	-	-	621
Grant levy income (20%) Mandatory	-	1 183	-	1 183
Grant levy income (49.5%)	-	-	2 927	2 927
Skills development levy: penalties and interest	-	-	89	89
Voted Funds received	85 612	-	40 837	126 449
Investment Income	-	-	10 072	10 072
Other Income	466	-	-	466
	86 699	**1 183**	**53 925**	**141 807**
Total Expenses				
Administration expenses	(86 665)	-	-	(86 665)
QCTO Expense	(34)	-	-	(34)
Mandatory grants and discretionary grants expense	-	(439)	(79 823)	(80 262)
	(86 699)	**(439)**	**(79 823)**	**(166 961)**
Net surplus/(deficit per Statement of financial performance allocated	**-**	**(744)**	**(25 898)**	**(25 154)**

22. New standards and interpretations

22.1 Standards and interpretations effective and adopted in the current period

In the current period, the entity has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 22 Foreign Currency Transactions and Advance	01 April 2025	The impact of the is not material.
• GRAP 104 (as revised): Financial Instruments	01 April 2025	The impact of the is not material.

22.2 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 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 (as revised) Mergers	01 April 2027	Unlikely there will be a material impact
• GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	01 April 2027	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2027	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial State-ments (Going Concern)	01 April 2027	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	01 April 2027	Unlikely there will be a material impact

Figures in Rand thousand	31 March2026 R '000	31 March2025 R '000

23. Cash generated from operations

Deficit	(12 832)	(25 154)
Adjustments for:		
Depreciation and amortisation	1 712	2 590
Movements in operating lease liability	(466)	(684)
Movements in provisions	783	169
Changes in working capital:		
Inventories	120	(120)
Movement Trade And Other Receivables From Exchange Transactions	(976)	137
Movement In Trade And Other Payables - Exchange Transactions	(968)	1 409
Movement in Trade and other payables (non-exchange)	(4 434)	3 174
Movement in Mandatory Grants	139	31
Loss on Disposal	78	358
Loss Allowance	78	-
Movement in provision for below R500k	(34)	-
	(16 800)	**(18 090)**

Restated Refer to note 31

24. Material losses through criminal conduct

Theft/losses	43	308
Less: Recoverable	(38)	(259)
Less: Not recoverable and written off	(5)	(49)
Closing balance	**-**	**-**

During the year under review, PSETA experienced theft of one computer equipment amounting to R 42 969,75 respectively. R 37 949,44 was recovered through insurance payout, and the balance of R 5020,35 was written off.

	31 March 2026 R '000	31 March 2025 R '000
25. Unauthorised, irregular, fruitless and wasteful expenditure		
Irregular Expenditure	1 010	-
Fruitless and Wasteful Expenditure	-	-
Closing balance	**1 010**	**-**
***Please refer to reconciling notes in the annual report**		**-**

During the current year, management identified irregular expenditure amounting to R 1 010 450, comprising R 867 312,48 relating to the 2025/26 financial year and R 143 135,38 relating to the 2024/25 financial year. The irregular expenditure arose from non-compliance with Supply Chain Management prescripts and expenditure incurred in excess of the approved purchase order

There were no Unauthorised, Fruitless and Wasteful expenditure for the year under review.

26. Related parties

Relationships

Controlling entity

PSETA is controlled by the Department of Higher Education and Training (DHET). The Department is controlled by the Minister of Higher Education and Training.

Entities under common control

By virtue of the fact that the PSETA is a National Public Entity that falls within the portfolio of the Department of Higher Education and Training (DHET). Accordingly, PSETA is related to entities that are under the common control of DHET.

The transactions are consistent with the normal operating relationships between the entities and were undertaken in the ordinary course of business on terms and conditions that are normal for such transactions. Where transactions were negotiated, they were concluded on an arm's length basis.

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 determined by the Minister of Finance. Members may claim travel expenses incurred as a result of attendance of PSETA meetings.

Accounting Authority Members

31 March 2026 Name	Meeting Fee	Travel Expense	Total
Dr Khuliso Maimela (AA	172	3	175
Chairperson) Nkojane Nelson Maesela	93	8	101
Reuben Mpono Maleka	180	4	184
Susan Mathonsi	-	13	13
PROF Harry Munzhedzi	87	-	87
Justice Shiburi	95	2	97
Adv Gugulethu Thimane	-	2	2
Frikkie De Bruin	157	2	159
Thulile Kumalo	69	2	71
Nyiko Mabunda	-	1	1
Sidney Kgara	19	1	20
Nicodemus Ntsimane	-	2	2
	872	**40**	**912**

31 March 2025 Name	Meeting Fee	Travel Expense	Total
Thulani Tshefuta (AA Chairperson)	180	88	268
Christelene Brink	155	1	156
Lewis Nzimande	155	-	155
Nkonjane N Maesela	162	11	173
Patrick B Makhafane	186	11	197
Marcus A Ramakgale	47	-	47
Moeketsi Napo	219	4	223
Ncedisa Mahala	125	1	126
Noah Bodiba	101	-	101
Othusitse Dingake	99	13	112
	1 429	**129**	**1 558**

Independent Committee Members

31 March 2026 Name	Meeting Fee	Total
Prittish Dala (Independent chairperson)	57	57
Sandile L Ndaba (Independent chairperson)	73	73
Zanele L Francois (Independent chairperson)	63	63
Zenzele Myeza	30	30
	223	**223**

31 March 2026 Name	Meeting Fee	Total
Prittish Dala (Independent chairperson)	144	144
Sandile L Ndaba (Independent chairperson)	121	121
Zanele L Francois (Independent chairperson)	141	141
Zenzele Myeza	61	61
	467	**467**

Management Class: Executive Management

31 March 2026 Name	Basic salaries	Bonuses and performance related payments	Other short-term employee benefits	Total
Ms. B. Lerumo (Chief Executive Officer)	2 557	221	247	3 025
Mr P Mbulaheni (Chief Financial Officer)	1 277	214	361	1 852
Ms S Nagalingam-Potter (Chief Operating Officer)	1 885	219	98	2 202
Adv Siphokazi Moleshe (Corporate Services Executive)	1 718	209	151	2 078
Ms V Selauli (Chief Audit Executive)	1 527	181	109	1 817
Ms. G Mncube (Acting Chief Financial Officer)	230	-	221	451
	9 194	**1 044**	**1 187**	**11 425**

1. Other allowances include travel, cellphone, data, acting allowance and leave gratuity payout.
2. Ms B Lerumo contract as CEO ended 30 September 2025 and was reappointed on 21 October 2025.
3. Mr P Mbulaheni resigned as Chief Financial Officer on the 31 December 2025..
4. Ms G Mncube started acting as Chief Financial Officer on the 12th of January 2026.

Management Class: Executive Management 31 March 2025				
Name	Basic salaries	Bonuses and performance related payments	Other short-term employee benefits	Total
Ms. B. Lerumo (Chief Executive Officer)	2 454	270	26	2 750
Mr P Mbulaheni (Chief Financial Officer)	1 541	184	263	1 988
Ms S Nagalingam-Potter (Chief Operating Officer)	1 745	201	106	2 052
Adv Siphokazi Moleshe (Corporate Services Executive)	1 464	-	201	1 665
Ms V Selauli (Chief Audit Executive)	1 390	-	136	1 526
	8 594	**655**	**732**	**9 981**

1. Other allowances include travel, cellphone, data, acting allowances and leave gratuity payout"

Transactions with TVET Colleges and Universities 2026			
Name	Interventions	Remaining Commitments	Total
University of Limpopo	Bursary	208	208
University of Pretoria	Internship	303	303
University of North West	Internship	1 025	1 025
University of Witwatersrand	Internship	227	227
University of Venda	Bursary	132	132
University of North West	Qualifications	640	640
Lovedale TVET College	Development Facilitator Workplace Integrated	1 479	1 479
University of Pretoria	Learning Qualifications Development Facilitator	2 615	2 615
Letaba TVET College	Workplace Integrated	1 444	1 444
University of Free State	Learning Qualifications Development Facilitator	722	722
Stellenbosch University	Research	853	853
University of Johannesburg	Research	3 000	3 000
Goldfields TVET College	Workplace Integrated Learning	963	963
Flavius Mareka TVET College	Workplace Integrated Learning	990	990
Muluti TVET College	Workplace Integrated Learning	926	926
Sol Plaatje University	Workplace Integrated Learning	1 050	1 050
Teletso TVET College	Workplace Integrated Learning	1 752	1 752
University of Pretoria	Research	768	768
University of Zululand	Bursary	1 050	1 050
		20 147	**20 147**

2025 Name	Interventions	Remaining Commitments	Total
Lovedale TVET College	Workplace Integrated Learning	3 872	3 872
Letaba TVET College	Workplace Integrated Learning	3 872	3 872
Capricorn TVET College	Workplace Integrated Learning	880	880
Vhembe TVET College	Workplace Integrated Learning	878	878
Waterberg TVET College	Workplace Integrated Learning	883	883
Lephalale TVET College	Workplace Integrated Learning	1 082	1 082
University of Mpumalanga	Bursary	2 000	2 000
University of Limpopo	Bursary	208	208
Walter Sisulu University (WSU)	Bursary	1 050	1 050
University of Venda	Bursary	750	750
Stellenbosch University	Research	1 550	1 550
University of Johannesburg	Research	3 000	3 000
University of Pretoria	Research	885	885
University of Free State	Qualifications Development Facilitator	902	902
University of Pretoria	Qualifications Development Facilitator	2 906	2 906
University of Pretoria	Internship	1 112	1 112
University of North West	Internship	3 464	3 464
University of Witwatersrand	Internship	438	438
University of North West	Internship	640	640
Tshwane University of Technology	Qualifications Development Facilitator	490	490
University of North West	Bursary	2 400	2 400
		33 262	**33 262**

The related parties note has been adjusted to show PSETA's commitments with TVET Colleges and Universities.

* Restated - Refer to note 31.

Transactions with other national public entities and state institutions

31 March 2026

Name

	Amounts Received	Amounts Paid
Voted funds from DHET	132 059	-
QCTO	-	36
	132 059	**36**

31 March 2025

Name

	Amounts Received	Amount Paid
Voted funds from DHET	126 449	-
QCTO	-	34
	126 449	**34**

27. COMMITMENTS

Operating Leases Commitments		
Minimum lease payments due		
• within one year	3 945	3 980
• in second to fifth year inclusive	-	176
	3 945	**4 156**

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 the 30 September 2025.The lease agreement was extended for 1 year, starting from the 1st of October 2025 up until 30 September 2026.

Discretionary Grant Commitments	Adjusted opening balance 01 April 2025	Expenditure Incurred	Writebacks	Adjustments	New Contracts	Closing balance 31 March 2026
Bursary	10 268	(4 905)	(1 909)	(84)	2 100	5 470
Internship	27 697	(19 716)	(1 734)	(414)	16 027	21 860
Qualifications Development	4 595	(1 478)	(34)	-	1 977	5 060
Learnership	14 260	(11 504)	(2 492)	(982)	8 061	7 343
Recognition of Prior Learning	1 320	(1 287)	(33)	-	-	-
Cooperative Development Programme	4 980	(3 486)	-	-	-	1 494
Continuous Professional Development Training Programme	1 400	(1 400)	-	-	2 000	2 000
Research	5 884	(3 076)	-	-	1 813	4 621
CADET Programme	-	-	-	-	4 836	4 836
Skills Programme	300	(3 392)	(21)	(73)	3 612	426
Workplace Integrated Learning	11 467	(23 148)	(735)	-	21 021	8 605
	82 171	**(73 392)**	**(6 958)**	**(1 552)**	**61 447**	**61 716**

The opening commitments balance was understated due to a prior period error, see note 34.

See note 28,2 for Approved surplus.

28. Contingencies

28.1 Retention of cash surplus

In terms of section 53 (3) of the PFMA, public entities listed in schedule 3A and 3 C to the PFMA may not retain cash surplus that was realized in the previous financial year without obtaining the prior written approval of DHET. During August 2025, National treasury Issued Instruction No. 03 of 2024/2025 which gave more detail to the surplus definition. According to this instruction, a surplus is based on the formula used below:

28.2 Surrender of Surplus

PSETA annually declares all surpluses or deficits to the National Treasury on the 31st of August each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

In accordance with section 53(3) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) and National Treasury Instruction No. 03 of 2025/2026 on the Accumulation, Retention and Surrender of Surpluses, Schedule 3A public entities are required to obtain prior written approval from National Treasury to retain cash surpluses realised at the end of a financial year. The request to retain the cash surplus must be submitted to the relevant Treasury together with the audited annual financial statements and the prescribed supporting documentation.

At the date of authorisation of these annual financial statements, PSETA had not yet received approval from National Treasury to retain the cash surplus for the financial year ended 31 March 2026. Management will submit the required application to National Treasury in accordance with the prescribed timelines. The outcome of the application will not affect the recognition or measurement of the assets, liabilities, revenue or expenditure reported in these annual financial statements but will determine whether the cash surplus may be retained or must be surrendered in accordance with the applicable Treasury Instruction.

Should National Treasury approve the application, PSETA will retain the approved cash surplus for the purposes set out in the approved motivation and invests surplus funds with the Corporation for Public Deposits. Should the application not be approved, PSETA will surrender the cash surplus to National Revenue Fund by 30 November 2026 in accordance with section 53(3) of the Public Finance Management Act, 1999 and National Treasury Instruction No. 03 of 2025/2026

Had the audit not been finalised by the prescribed date, PSETA would be required to notify National Treasury of the reasons for the delay before 31 August and submit its application for the retention of the cash surplus within 30 days after the audit had been finalised.

As of the 31 March 2026 the cash surplus was calculated as follows:	
Cash and cash equivalents	90 510
Receivables from exchange transactions	74
Current liabilities	(21 436)
Commitments	(61 716)
	7 432

Notwithstanding the surplus calculated above as at 31 March 2025, PSETA has commitments at year end through contracts with several service providers, some of which have been disclosed in note 27 above. Reflected below is the accumulated surplus after taking into account the impact of PSETA's year-end commitments.

As of the 31 March 2025 the cash surplus was calculated as follows:	
Cash and Cash equivalents	110 642
Receivables from exchange transactions	1 742
Current liabilities	(30 615)
	81 769
Committed amounts at 2025	
Surplus calculated above	81 769
Commitments	(82 171)
	(402)

The submission regarding the request to retain the cash surplus will be made to the National Treasury for the 2025/26 financial year upon completion of the audit by the Auditor General.

Restated please refer to note 31

28.3 Other contingent liabilities

Acting allowance claim

A Specialist acted as a manager from 09 March 2018 to 03 March 2019 without being compensated an acting allowance because the position was not vacant as per PSETA policies. The Specialist is claiming an amount of R202 080.39 acting allowance for the period 08 February 2018 up to 03 March 2019.

Mandatory grants

In October 2019, an association of private entities won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased 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. DHET continued to show the mandatory levies portion as 20% in 2019/20 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. 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 PSETA in regard to the mandatory grant percentage.

The total known potential contingent liabilities are R202,080.39

28.4 Other contingent assets

Service provider dispute

During the 2017/18 financial year, PSETA awarded a discretionary grant to a service provider. The Apprenticeship Programme was meant to endure up to 31 May 2022.The total amount of the grant that was to be awarded for the successful implementation of the Apprenticeship Programme was R6 000 000.00 (six million Rand). To date, PSETA has made 3 tranche payments to the skills development provider, amounting to approximately R4, 200, 000.00 (four million, two hundred thousand Rand). During the implementation of the Apprenticeship Programme, the skills development provider, committed several breaches of contract. PSETA sent written notice to the skills development provider, in order to enable it to remedy its breach. The skills development provider has not remedied the breach. PSETA believes that it has now exhausted all contractual remedies in its effort to give Protech Training an opportunity to remedy its breach of contract. We are now proceeding with issuing legal processes in this matter.

The known potential contingent asset amount to R 4 200 000.

29. Change in Accounting Policy for GRAP 104 (Revised)

PSETA adopted GRAP 104 (Revised) on Financial Instruments with effect from 1 April 2025 in accordance with the effective date prescribed by the Accounting Standards Board.

The revised standard introduces new requirements for the classification and measurement of financial assets based on PSETA's business model and the contractual cash flow characteristics of the financial asset. It also introduces an expected credit loss (ECL) impairment model, replacing the previous incurred loss model.

Management assessed the impact of adopting the revised GRAP 104 on PSETA financial assets. Based on this assessment, it was concluded that the adoption of the revised standard did not result in a material impact on the recognition, measurement or carrying amounts of PSETA's financial assets. This is because PSETA's financial assets primarily comprise cash and cash equivalents, investments held with South African Reserve Bank and a deposit held with a listed company, that are considered to have a low credit risk profile.

In accordance with the transitional provisions of GRAP 104 (Revised), the Standard was applied prospectively from 1 April 2025. As the impact of adopting the revised Standard was not material, no adjustment to the opening accumulated surplus was required.

Statement of Financial Position	Carrying amount before adoption	Adjustment	Carrying amount after adoption
Accumulated Surplus	9 993	-	9 993

30. 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	Fixed interest rate		Non-Interest bearing	
31 March 2026					
Financial assets	**Amount**	**Effective Interest rate**	**Amount**	**Weighted average period for which the rate is fixed in years**	**Total**
Cash	90 510	7,03%	-		90 510
Trade Debtors	-	-	10	1 year	10
Deposits	-	-	1 042	-	1 042
Accrued income	-	-	64	-	64
	90 510		**1 116**		**91 626**
Financial liabilities					
Trade Payables	-	-	282		282
Admin Trade Accruals	-	-	1 411	-	1 411
Salary Payables	-	-	184	-	184
Trade and other payables from non-exchange transactions	-	-	17 284	-	17 284
	-	-	19 161	19 161	19 161
31 March 2025					
Financial assets					
Cash	110 642	7.75%	-		110 642
Trade Debtors	-	-	-	1 year	-
Deposits	-	-	1 042	-	1 042
Accrued Income	-	-	62	-	62
Travel Advances	-	-	4	-	4
	110 642	**-**	**1 109**		**111 750**
Financial liabilities					
Trade Payables	-		422	1 year	422
Admin Trade Accruals	-	-	2 693	-	2 693
Trade and other payables from non-exchange transactions	-	-	21 718	-	21 718
	-	**-**	**24 834**	**24 834**	**24 833**

Carrying Amounts of Financial Instruments

30. Financial instruments disclosure (continued)

	31 March 2026	31 March 2025
Financial Assets at Amortised costs	-	-
Cash and cash equivalents (note 5)	90 510	110 642
Receivables from exchange transactions (note 3 *)	1 116	1 108
Total Carrying Amount of Financial Assets	**91 626**	**111 750**
	-	-
Financial Liabilities at amortised costs	-	-
Payables from exchange transactions (note 8)	1 877	3 115
Payables from non-exchange transactions (note 9#)	17 284	21 718
Total Carrying Amount of Financial Liabilities	19 161	24 833

*Included in the above receivables from exchange transaction is Trade debtor, deposits and accrued income that met the definition of a Financial Asset.

#Included in the above payables from exchange transaction is only Trade payables, salary payables and admin trade accruals that met the definition of a Financial Liability.

The carrying amounts of financial instruments measured at amortised cost approximate their fair values due to the short-term maturity of these instruments.

Nature and extent of risks arising from financial instruments.

PSETA is exposed to the following risks from its use of financial instruments in the normal course of its operations:

(a) Credit risk

(b)Liquidity risk

(c) Interest rate risk

This note presents information on exposure to each of the above risks, its objectives, policies and processes for measuring and managing risks. PSETA management is responsible for establishing and overseeing risk management framework. Risk management policies are established to identify and analyse risks, set appropriate risk limits and controls. and monitor risks and adherence to limits.

Credit risk Scope and objectives

Credit risk is the risk of a counterparty to a financial instrument defaulting on its obligation to PSETA thereby causing financial loss. Exposure to credit risk arises primarily from cash and cash equivalents held with ABSA and the Corporation for Public Deposits (CPD), and from receivables from exchange transactions (trade debtors, rental deposit, accrued income).

Exposure to credit risk is monitored on an ongoing basis and there is no significant ration of credit risk at the reporting date. Reputable financial institutions are used for investing and cash-handling purposes.

There have been no significant changes in PSETA's exposure to credit risk or in its objectives, policies and processes for managing credit risk during the reporting period.

The credit risk management practice

Methods, assumptions and information used to measure ECL

Trade receivables are assessed for impairment using the simplified expected credit loss approach prescribed by GRAP 104 (Revised). Lifetime expected credit losses are recognised for all trade receivables. The impairment allowance is determined using a provision matrix based on historical credit loss experience, adjusted for current conditions and reasonable and supportable forward-looking information. Receivables are grouped according to shared credit risk characteristics and ageing categories. Individually significant receivables or those exhibiting indicators of impairment are assessed separately. The expected credit loss allowance is reviewed at each reporting date and adjusted to reflect changes in credit risk and recoverability.

Cash and cash equivalents and deposits

All financial assets within scope have been assessed as low credit risk at the reporting date, based on the absence of significant credit deterioration, the short-term nature of expected settlement, and the financial capacity and willingness of counterparties and financial institutions. Accordingly, loss allowances have been measured on a 12-month ECL basis rather than a lifetime ECL basis.

The Undiscounted ECL for each exposure is calculated as EAD x Loss Rate, where the loss rate is derived from the applicable PD and LGD. These parameters are determined with reference to the nature of the receivable and the specific counterparty involved. Further discounting is then applied to the ECL to reflect the time value of the expected cash shortfall.

Low credit risk

PSETA's cash and cash equivalents and rental deposit balance are assessed to have low credit risk, as financial institution's credit rating is equivalent to the globally understood definition of 'investment grade and the latter is a deposit with a listed REIT.

	31 March 2026 R'000		31 March 2025 R'000	
Cash and Cash Equivalents	Gross	Impairment	Gross	Impairment
Not past due	90 510	-	110 642	-
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.

Receivables from exchange transactions

The carrying amount of receivables measured at amortised cost, net of the expected credit loss (ECL) allowance, approximates their fair value due to the short-term maturity of these financial assets.

Payables from exchange transactions

The carrying amount of payables 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

Deposits are not publicly traded and are measured at amortised cost. The carrying amount of the deposits approximates their fair value due to their short-term nature and/or the application of market-related interest rates.

Expected Credit Loss Assessment

In assessing the expected credit loss (ECL) for the financial assets measured using the general approach in accordance with GRAP 104 (Revised), PSETA considered both historical information and current conditions.

Commercial Paper / Call Deposit (CPD).

Historically, PSETA has not experienced any defaults, delayed repayments, or other credit-related losses on its investments in commercial paper/call deposits. The investments have consistently matured as contracted, and funds have been readily accessible whenever requested. Based on this historical performance, together with the current financial standing of the issuing institution, there is no evidence of a significant increase in credit risk since initial recognition.

Rental Deposit.

PSETA assessed the recoverability of its rental deposit by considering the historical relationship with the lessor and the current operating environment. The lessor has consistently maintained the leased premises in accordance with the lease agreement and has demonstrated the financial and operational capacity to meet its contractual obligations. In addition, the lessor operates within a regulated environment as a listed entity and is subject to established governance, regulatory oversight, and financial reporting requirements. These factors indicate a low risk of default and support the conclusion that there has been no significant increase in credit risk.

Based on the assessment of historical experience and current conditions, management concluded that both the commercial paper/call deposits and the rental deposit remain low-credit-risk financial assets. Accordingly, a 12-month expected credit loss has been recognised, which was assessed to be immaterial at the reporting date.

Cash and cash equivalents - Reconciliation of loss allowance (general approach)

	12 month ECL (Stage1) 2026
Loss allowance at beginning of year	-
Write-offs	-
Changes in models, assumptions and risk parameters	-
Loss allowance recognised during the year	2
	2

Rental deposit - reconciliation of loss allowance (general approach)

	12 month ECL (Stage1) 2026
Loss allowance at beginning of year	-
Write-offs	-
Changes in models, assumptions and risk parameters	-
Loss allowance recognised during the year	4
	4

No comparative is presented as GRAP 104 (Revised) was applied in 2025 and no ECL was recognised for cash and cash equivalents, rental deposits under the previous standard.

Receivables from exchange transactions - provision matrix (simplified approach)

Credit risk arises mainly from trade and other receivables. PSETA's to credit risk arises because of the default of counterparties, with maximum exposure equal to the carrying amount of these instruments. Receivables are grouped as follows:

Group 1 - current debtors, not in default.
Group 2 - debtors outstanding between 31 and 90 days.
Group 3 - debtors greater than 91 days, subject to impairment.
Group 4 - debtors greater than 91 days, not subject to impairment

Ageing / Group	Gross carrying amount 2026	ECL rate 2026 %	Loss allowance	* Net carrying amount 2026
Group 1 - Current	74,00	-	-	74,00
Group 2 - 31 to 90 day	-	-	-	-
Group 3 - >91 days (im	-	-	-	-
Group 4 - >91 days (no	78,00	100,00	-78,00	-
Total 2026	**147,00**	**100,00**	**-**	**74,00**

Maximum exposure to credit risk

PSETA's maximum exposure to credit risk for financial assets subject to the Expected Credit Loss (ECL) model is represented by the gross carrying amount of those financial assets at the reporting date.

The expected credit loss (ECL) assessment performed on cash and cash equivalents and the rental deposit resulted in an estimated loss allowance of R6 170. Management concluded that the estimated loss allowance is immaterial to the Annual Financial Statements and, accordingly, no impairment loss was recognised against these financial assets.

31. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments and payables from exchange transactions. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

PSETA manages liquidity risks by monitoring forecasted cash flows and ensuring that the necessary funds are available to meet any commitments that arises, PSETA further manages liquidity risk by only spending according to its approved budget, which is fully funded. The budget is reviewed and approved annually by the Board and by the Minister of Higher Education. Cash that is not needed immediately is invested with the Corporation for Public Deposits. As funds are needed, the necessary cash is transferred to the operational account. Creditors are paid within 30 days of receipt of the invoice. The entity has minimal exposure to foreign exchange currency fluctuations.

The amounts disclosed in the table are the financial liabilities. These balances are due within 12 months, and they equal their carrying balances as the impact of discounting is not significant.

31 March 2026	Carrying Amount	Contractual cash flows	6 Months or less
Trade and other payables from exchange transactions	1 877	1 877	1 877
Trade and other payables from non-exchange transactions	17 284	17 284	17 284
	19 161	**19 161**	**19 161**

31 March 2025	Carrying Amount	Contractual cash flows	6 Months or less
Trade and other payables from exchange transactions	3 115	3 115	3 115
Trade and other payables from non-exchange transactions	21 718	21 718	21 718
	24 833	**24 833**	**24 833**

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.

PSETA limits its counter party, the exposure to credit risk is monitored on an ongoing basis. Reputable financial institutions are used for investing and cash-handling purposes. PSETA's exposure is continuously monitored by the Accounting Authority.

At the statement of financial position date, there was no significant concentration of credit risk on the financial assets held by PSETA.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, see note 30 financial assets.

Market risk

The primary market risk to which PSETA is exposed to, is interest rate risk arising from deposits held with the Corporation for Public Deposits (CPD) and cash held with financial institutions. Interest income earned on these balances may fluctuate as a result of changes in prevailing market interest rates. Management monitors interest rate movements and invests surplus funds in accordance with the entity's investment policy to optimise returns while preserving capital. Please see note 30.

The fair values

The fair values of all financial instruments are substantially identical to carrying amounts reflected in the statement of financial position.

32. Going concern

All SETAs operate on a license term, linked to the life cycle of the National Skills Development Plan (NSDP). PSETA 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 PSETA is adequate for a conclusion to be reached that the operations will continue and the going concerns assumption is confirmed.

Going Concern assessment includes:

Assessing the DG commitments register, accruals, and contingent liabilities to determine future cash outflows. Preparing a Going Concern assessment including ratios, which supports the disclosure in the AFS.

Reviewing the approved budget, and strategic and annual performance plans for the forthcoming period (at least 12 months from reporting date).

33. 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 PSETA's materiality framework whereby all variances in excess of the **R1 106 542,50** materiality have been explained below.

The budget is approved by the Minister of the Department of Higher Education and Training for the financial year 2025/2026. The approved budget items are classified by economic nature and the budget is on accrual basis.

33.1 Other income – Refunds, insurance, and grants received

No material variance

33.2 Investment income

No material variance.

33.3 Discretionary Grants

The variance in DG expenditure is attributable to MOAs that span multiple reporting periods. Expenditure relating to these MOAs will only be recognised as the associated deliverables and milestones are achieved in future periods.

33.4 Cost of employment

No material variance

33.5 Goods and Services

The variance is mainly attributable to relocation and ICT cost, that are anticipated to be incurred in the next financial year, when the procurement process for the office space is finalized.

33.6 CAPEX

No material variance

33.7 Approved surplus

This is a balancing figure as a result of a new requirement of including commitments from previous years to the current financial year's budget.

33.8 Net surplus/ deficit after approved surplus.

This is a balancing figure as a result of a new requirement of including commitments from previous years to the current financial year's budget.

33.9 Voted funds received from DHET.

No variance.

33.10 Skills Development Levy: Income and Interests

Skills Development Levy: Income

No material variance

Skills Development Levy: Interest and Penalties

No material variance

33.11 Mandatory Grants

No material variance.

34. Prior period errors

To comply with GRAP 3, adjustments to correct the prior period errors were effected onto the comparative figures.

The above necessitated the adjustments below:

- An accrual relating to North West University amounting to R 2 124 000,00 was omitted in previous financial year. This has an effect on the opening balance of commitments in the current year as shown in table below.
- Mandatory Grant Payments amounting to R 25 705,83 was not paid in previous financial year. This has an effect on the opening balance of payables in the current year as shown in table below year as shown in table below.
- An administrative expenditure amounting to R 143 135,38 relating to goods and services was omitted in the previous financial year.
  This has an effect on the opening balance of Admin Trade Accruals in the current year as shown in table below.
- Prepaid Expenses amounting to R 634 000 and Leave Accruals amounting to R 1 792 000 was incorrectly recorded as Financial instruments the previous financial year.
  This has an effect on the opening balance of Financial Instruments in the current year as shown in table below.
- Interest and penalties from SARS, as well as interest received on investments was incorrectly allocated to administration instead of discretionary grants in the allocation of net surplus reserves note.

This has an effect on the Allocation of net surplus for the year reserves disclosure note as shown in table below.

34. Prior period errors (continued)

Statement of Financial Position	Note Reference	As previously reported	Adjustment	Restated
Increase in Discretionary Grants Accruals	33.1	17 912	2 124	20 036
Increase in Mandatory Grants Payables	33.2	49	26	74
Increase Admin Trade Accruals	33.3	2 550	143	2 693
Statement of Financial Performance		-	-	-
Increase in Discretionary Grants Expense	33.1	77 699	2 124	79 823
Increase in Mandatory Grants Expense	33.2	413	26	439
Increase in Advertising, Marketing and Promotions Expense	33.3	1 752	143	1 895
Statement of Cash Flow From Operating Activities				
Total Expenditure for the year	33.1 & 33.2& 33.3	164 667	2 293	166 960
Mandatory grants and Discretionary Grants Expense	33.1 & 33.2	78 112	2 150	80 262
Movement in payables from exchange transactions	33.3	4 764	143	4 907
Admin Trade Accruals	33.3	2 550	143	2 693
Payments to suppliers and others		**36 215**	**-**	**36 215**
Mandatory grants and Discretionary Grants Expense	33.1 & 33.2	78 112	2 150	80 262
Movement in payables from non-exchange transactions	33.1	19 593	2 124	21 718
Movement in Mandatory Grant Payables	33.2	6	26	31
Mandatory and discretionary payments		**77 057**	**-**	**77 057**
Commitments Disclosure Note		**-**	**-**	**-**
Commitments	33.1	84 296	(2 124)	82 171
Related Party Disclosure Note		**-**	**-**	**-**
Transactions with TVET Colleges and Universities	33.1	12 392	(2 124)	10 268
Financial Instruments		**-**	**-**	**-**
Financial Assets	33.4	112 384	(634)	111 750
Financial Liabilities	33.4	4 764	(1 649)	3 115
Risk Management		**-**	**-**	**-**
Trade and other payables from exchange transactions	33.3 & 33.4	4 764	(1 649)	3 115
Trade and other payables from non-exchange transactions	33.1	19 594	2 124	21 718
Net allocation of Net Surplus/(Deficit) for the year to reserves		**-**	**-**	**-**
Voted Funds Received (Administration)	33.5	75 397	10 215	85 612
Voted Funds Received (Discretionary)	33.5	51 052	(10 215)	40 837
Investment Received (Administration)	33.5	10 072	(10 072)	-
Investment Received (Discretionary)	33.5	-	10 072	10 072

35. Events after the reporting date

There were no events after reporting period.

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