



ANNUAL REPORT

2023 | 2024



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

SERVICES SECTOR EDUCATION
AND TRAINING AUTHORITY



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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



Dr M Gondwe (DSC)

Deputy Minister of Higher Education
and Training



Dr N Nkabane

Minister of Higher Education and
Training



Mr B K Manamela (SIA)

Deputy Minister of Higher Education
and Training

It is my privilege and honour to present - in terms of Section 65 of the Public Finance Management Act, 1999 - the 2023/24 Annual Report of the Services Sector Education and Training Authority (Services SETA) to the Minister of Higher Education and Training, Dr Nobuhle Nkabane.

Mr Stephen De Vries

Chairperson: Accounting Authority
Services Sector Education and Training Authority



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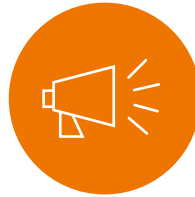
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CLEANING & HIRING SERVICES

This chamber focuses on the cleaning, pest control, and hiring services industries. It works to improve the skills and competencies of workers within these sectors through targeted training programmes and initiatives. It also supports sustainable job creation and the development of high standards of service delivery.



COMMUNICATION & MARKETING

This chamber serves the advertising, public relations, publishing, and marketing sectors. It aims to enhance the skills of professionals in these industries, ensuring they are equipped to manage and lead effective communication strategies in a rapidly evolving media landscape.



LABOUR & COLLECTIVE SERVICES

Dedicated to labour recruitment, employment agencies, and trade unions this chamber provides skills development programmes to promote fair labour practices, effective recruitment strategies, and the advancement of collective bargaining processes in line with South Africa's labour laws.



MANAGEMENT & BUSINESS SERVICES

This chamber supports the consulting, project management, and business administration sectors. Its focus is on improving managerial competencies, fostering leadership skills, and encouraging innovative business practices that contribute to organisational efficiency and growth.



PERSONAL CARE SERVICES

This chamber addresses the needs of the beauty, hairdressing, and wellness industries including funeral services. It aims to raise professional standards by providing comprehensive training programmes in personal care, ensuring practitioners are well-equipped to meet consumer demands and adhere to industry regulations.



REAL ESTATE & RELATED SERVICES

This chamber is involved in property development, management, and estate agency services. It offers skills development and training to improve the professionalism and ethical standards within the real estate industry, while also promoting the growth of this sector in a dynamic market.

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PART A

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

PUBLIC ENTITY'S CONTACT DETAILS AUDITORS AND BANKERS:

REGISTERED NAME

Services Sector Education and Training Authority

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

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EXTERNAL AUDITORS:

Auditor-General of South Africa (AGSA)

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Centre, Lynwood Bridge Office Park, Lynwood
Manor, Pretoria, 0001

BOARD SECRETARIAT:

Mr Phillip Kwampe

BANKERS INFORMATION:



South African Reserve Bank

Physical Address: 370 Helen Joseph Street,
Pretoria, 0001
Postal Address: PO Box 427, Pretoria, 0001



Physical Address:
Riviera Road, Killarney Mall, Killarney,
Johannesburg, 2193



NEDBANK

Physical Address:
Clocktower Precinct, V&A Waterfront, Cape Town, 8001
Postal address: PO Box 1510, Cape Town, 8000

2. LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution	M&E	Monitoring and Evaluation
AA	Accounting Authority	MOA	Memorandum of Agreement
ABP	Association of BEE Professionals	MOU	Memorandum of Understanding
AC	Audit Committee	NDP	National Development Plan
AET	Adult Education & Training	NGO	Non-Governmental Organisation
AFS	Annual Financial Statements	NGP	New Growth Path
AGSA	Auditor-General of South Africa	NLRD	National Learners Record Database
APP	Annual Performance Plan	NPO	Non-Profit Organisation
APR	Annual Performance Report	NQF	National Qualifications Framework
APSO	Federation of African Professional Staffing Organisations	NSDP	National Skills Development Plan
ARPL	Artisan Recognition of Prior Learning	OD	Organisational Design
ATR	Annual Training Report	OFO	Organising Framework for Occupations
B-BBEE	Broad-Based Black Economic Empowerment	OHS	Occupational Health and Safety
BEE	Black Economic Empowerment	PDP	Personal Development Plans
CBO	Community-Based Organisation	PFMA	Public Finance Management Act
CCMA	Commission for Conciliation, Mediation and Arbitration	PPRA	Property Practitioners Regulatory Authority
CEASA	Construction Engineering Association of South Africa	PRISA	Public Relations Institute of Southern Africa
CEO	Chief Executive Officer	PSET	Post-School Education and Training
CET	Community Education and Training College	QCTO	Quality Council for Trades and Occupations
CFO	Chief Financial Officer	RPL	Recognition of Prior Learning
COVID-19	Coronavirus Disease 2019	SA	South Africa
DHET	Department of Higher Education and Training	SAFPA	South African Funeral Practitioners Association
DPSA	Disabled People of South Africa	SAPS	South African Police Services
EAP	Employee Assistance Programme	SAQA	South African Qualifications Authority
ECD	Entrepreneurship and Cooperative Development	SATAWU	South African Transport and Allied Workers Union
EISAs	External Integrated Summative Assessment	SARS	South African Revenue Service
EM	Executive Manager	SCM	Supply Chain Management
EMC	External Moderation Certification	SDA	Skills Development Act
EOHCB	Employers' Organisation for Hairdressing, Cosmetology and Beauty	SDF	Skills Development Facilitator
ERM	Enterprise Risk Management	SDL	Skills Development Levy
ERRP	Economic Reconstruction and Recovery Plan	SDP	Skills Development Provider
ESS	Employee Self Service	SEDA	Small Enterprise Development Agency
ETDP	Education Training and Development Programme	SETA	Sector Education and Training Authority
ETI	Employment Tax Incentive	SIC	Standard Industrial Classification
EXCO	Executive Committee	SME	Subject Matter Expert
FASA	Franchise Association of South Africa	SMME	Small, Medium, and Micro Enterprise
GRAP	Generally Recognised Accounting Practice	SOE	State-Owned Enterprises
GRSC	Governance Risk and Strategy Committee	SP	Strategic Plan
HRCM	Human Resources Capital Management	SSP	Sector Skills Plan
HOTELICCA	Hotel, Liquor, Catering, Commercial and Allied Workers Union	TES	Temporary Employment Services
HRDS	Human Resource Development Strategy	TVET	Technical and Vocational Education and Training
HTFV	Hard-To-Fill Vacancies	UASA	United Association of South Africa
IBASA	Institute of Business Advisors Southern Africa	USAf	Universities South Africa
ICT	Information and Communications Technology	WBLPA	Workplace-Based Learning Programme Agreement
LMIS	Learner Management Information Systems	WIL	Work Integrated Learning
		WPPSET	White Paper on Post-School Education and Training
		WSP	Workplace Skills Plan



Mr Stephen De Vries
Chairperson

3. Foreword by the Chairperson

Once again, I am pleased to present this Annual Report for the 2023/24 Financial Year. This year marks the final year of this Accounting Authority. We are very proud of the changes we brought about to the Services SETA. Therefore, we shall reflect on our progress and areas that require closer attention to help the 7th Administration. Most noteworthy, we are aware of our country's current financial challenges, which are characterised by slow growth, rising living costs, and high unemployment rates. More than ever, these challenges call for expanding skills development opportunities.

For the Services SETAs' Accounting Authority, this report marks the penultimate year before the current Board's term ends in March 2025. This requires us to conduct more profound reflections on the organisation's performance over the last four years, taking stock of areas of success and where we need to pay closer attention to realise the objectives we have set for ourselves. As this overview will illustrate, we have made good strides in some areas and fell short of our expectations in others.

We have made significant progress in stabilising the organisation's operations, including reducing the overcommitments we inherited, stabilising the financial position, and enabling high performance. While we have not yet achieved our apex goal of a

clean audit outcome, it is encouraging to note that the number of audit findings has reduced drastically, and we did not have material findings on performance information. We are confident that we will steer the organisation to achieve a clean audit during the remaining period of our tenure in office, reinforcing our commitment to stability and high performance. This is largely due to progress in implementing the Audit Action Plan to rectify the audit findings from the 2022/23 financial year. This has been a significant focus for us, and we have mobilised our resources to address the identified shortcomings comprehensively.

At the AAs' mid-term strategic session in July, it was decided to appoint a task team to monitor and advise the accounting team on the progress of the audit action. Amongst the measures already undertaken was to extend the scope of Internal Audit to include the probity review of supply chain management (SCM) processes, DG commitments, ICT and performance information. The task team consists of the chairpersons of the Finance Committee, Governance Risk Strategic Committee, and Audit Committee, as well as one member of each Committee. The Chairperson of Finance leads the team.

Upon inauguration, this Accounting Authority's main focus was to bring about stability in operations, human resources, financial resources, information

and communication technology and governance, and ultimately improve overall organisational performance to realise our mandate.

Through hard work, our financial position has drastically improved. We moved the organisation from commitments of over R4 billion to approximately R2.3 billion against DG reserves of approximately R2.8 billion, leaving us with a positive going concern. This has been achieved largely due to prudent financial management, including rationalising prior years' commitments. We want to thank our stakeholders, especially training providers, who collaborated with us in this difficult exercise. Through this cooperation, we reduced our commitment schedule and opened new discretionary grants.

Employers' contribution to our revenue through skills levies is essential to improving our financial position. Despite challenging economic conditions, the Services SETA's revenue continues to grow from a baseline of R1,073,980.00 in 2020/21 to R1,932,673.00 in 2023/24. Equally encouraging has been the increased number of employers participating in skills development as measured by WSP/ATR submissions. The rate of WSP/ATR submissions rose from 3,925 to 4,096 in 2020 and 2024, scheme year. This is a testament to our employers' confidence in our processes and systems, and we are proud of our impact on skills development.

We continued to improve organisational performance from a low of 40% in 2020/21 to a high of 85% in the 2022/23 financial year. While we missed this milestone by 2% in the period under review, by realising 83% overall organisational performance, we are optimistic about the future. We take pride in the skills development opportunities provided to more than 16,891 learners, including bursary opportunities for the missing middle. We are particularly proud to have contributed to the Presidential Youth Employment Initiative by offering internship opportunities to 3,290 universities, TVET and CET colleges and interns in the period under review, and we look forward to further improving our performance in the future.

Our transformation agenda remains on track, with the majority of our beneficiaries being black, women and youth. We need to do more to reach out to people with disabilities and those living in rural areas. This is the priority of the Accounting Authority in the remaining period of its term. Supporting the growth and development of SMMEs remains one of our key strategies to promote transformation in the service sector. In the period under review, we provided skills

development opportunities to about 1,190 entities and entrepreneurs. Furthermore, we provided focused coaching and mentoring support to 60 emerging and growing SMMEs to reverse the unfortunate trend of many SMMEs failing within a few years of establishment. With lessons learnt from this flagship programme, we will continue to extend this support to the rest of the sector.

Strategic relationships and partnerships are central to our operating model. We believe that by working together with key role players in the Post-School Education and Training ecosystem, in particular employers, labour, Technical Vocational Education and Training (TVET) and Community Education and Training (CET) colleges, as well as training providers, we can realise a more significant impact. Partnerships we forged focussed on our strategic areas, where we aim to contribute significantly to skills development and strengthen our processes to realise our strategic intent.

To strengthen our service delivery, we forged a closer collaboration with the Quality Council for Trades and Occupations (QCTO) to address the backlog on the development of occupational qualifications, including the re-alignment of historical qualifications. Through this partnership, we provided funding for additional resources in the form of Interns (35) and Subject Matter Experts to be used as and when required. This support will benefit the entire SETA system as these additional resources will enable the QCTO to process applications and review occupational qualifications timeously.

To further strengthen the capacity of supply, we have developed partnerships with universities, TVET, and CET college systems. More than 40 institutions of higher education benefited from this partnership. We established partnerships with 13 universities, 20 TVET, and 9 CET colleges. To build capacity within the college sector, we provided skills development opportunities to 101 TVET and CET lecturers. In addition, we provided bursary funding opportunities to 51 TVET lecturers to further their studies.

Furthermore, we extended support to four Centres of Specialisations (CoS) and provided infrastructure support to three TVET colleges and one CET college. Progress has been made in completing the construction of three Skill Development Centres in Mkuze (completed), Dumbe, and Prieska. These centres are located in rural areas to expand access to skills development opportunities. They are also linked

to a local TVET college to ensure they are adequately utilised.

Partnerships with our employers and labour gained impressive traction. We provided ring-fenced support to top levy entities and professional bodies to strengthen working relationships with them. In collaboration with CCMA, we provided customised shop-stewards training interventions to support work-initiated skills training initiatives. Sixty individuals representing four union bodies will benefit from this intervention.

We have also expanded partnerships and collaborations with the other SETAs to improve the delivery of skills development opportunities, especially in areas where we need to use qualifications falling outside of our development scope to better serve the services sector. This initiative is a clear demonstration of our commitment to the goals of the SETA Integrated High Impact Programme, an initiative by SETA's CEOs Association and Chairpersons Forum to deepen SETA's impact through collaboration and partnerships.

The Accounting Authority is fully constituted and remains stable and functional. The scheduled meetings took place as planned. All Committees and structures reported to the Accounting Authority through the Executive Committee (EXCO). Strengthening governance structures has remained a key priority for my tenure as the Accounting Authority Chairperson.

The Accounting Authority has tirelessly engaged with management on challenges experienced in the year under review, and we are confident that issues raised relating to resolving the audit findings by both AGSA and Internal Audit and implementing Board resolutions will be attended to as agreed.

To strengthen oversight and accountability, we continue to emphasise the role of consequence management in promoting good governance.

Accountability and integrity are the cornerstones of our operations, and we are committed to ensuring that any misconduct is addressed decisively. To this end, at our mid-term strategic session, we resolved to review our Lost Control Function to strengthen timeframes and sanctions. Where necessary, we will review other related human resource policies. The task team mentioned earlier will monitor the review and implementation. We continue to support both internal and external investigations of potential maladministration to promote clean governance.

Following the resignation of the Chief Executive Officer (CEO), Mr Menzi Fakude, who left the organisation in September 2023, the Minister appointed Mr Andile Sipengane as the Acting Chief Executive Officer (CEO). As directed by the Minister, the Accounting Authority went through the recruitment and selection process, and three candidates were recommended to the Minister for appointment to the CEO position. Services SETA is awaiting the Minister's feedback on the appointment of the new CEO.

Expanding access to skills development opportunities in rural areas by operationalising skills development centres remains an essential area of focus. The Services SETA has invested heavily in the construction of skills development centres, especially in rural areas. The aim was to ensure that rural areas could access quality skills development interventions. The programme was conducted in partnership with the TVET and CET colleges and local municipalities. Promoting these facilities' use is essential to achieve the intended objectives. In this endeavour, we shall partner with civil society, labour, business, and different spheres of government in line with the District Delivery Model.

Many SMMEs characterise the services sector as both a challenge and an opportunity. One challenge we need to overcome is meeting the diverse needs of these entities, taking into account their different life cycle statuses, which requires a customised service for each.

In addition to providing capacity-building workshops in what are considered rural provinces, we have also provided coaching and mentorship opportunities to 120 SMMEs. We aim to double this number in the next financial year.

It is vital to support the SMME sector because of its potential to drive the transformation agenda and improve the livelihoods of many people. The SMME sector is considered ideally situated to generate job opportunities as it is growing. It is one of the apex strategies of this Accounting Authority.

Improving internal controls continues to be one of the Accounting Authority's strategic focus areas. This will be achieved by strengthening the alignment between ICT infrastructure, systems, and business requirements. Key among them is the automation of manual processes and integration of various applications used in the organisation. This intervention will enable the organisation to improve performance information reporting and financial controls.

I sincerely thank the many who contributed to our efforts, particularly the Honourable Minister of Higher Education, Science and Innovation, for his guidance and leadership during the year and to the Department of Higher Education and Training officials. We are also indebted to the Portfolio Committee, National Skills Authority (NSA), National Treasury (NT) and the Auditor-General of South Africa (AGSA), all of which provide us with considerable advice and assistance. I extend appreciation to Services SETA's stakeholders as they have and continue to play a vital role in the SETA's achievements.

I am also grateful for our senior and executive management and every staff member whose hard work and dedication have made Services SETA's achievements this year possible.



Mr Stephen De Vries
Services SETA

26 August 2024

Date





Mr Andile Sipengane
Acting Chief Executive Officer

4. Acting Chief Executive Officer's Overview

I am pleased to report that the Services SETA continues to sustain its overall organisational performance and that realising financial sustainability of organisational performance during the period under review is at 83%, a one-percent decline from the previous financial year, which was at 84%.

Services SETA's learning programmes enrolments decreased by 2,221 compared with 19,112, which was achieved in the 2022/23 financial year, to 16,891 in the 2023/24 financial year. Our records indicate that most of our lead employers enrolled learners outside the 60 working days, which is not aligned with our business process and has negatively impacted our enrolment targets. The Services SETA will introduce a lead employer performance ranking process to mitigate this risk, effective from the 2024/25 financial year. Most beneficiaries are unemployed learners, black, female, and youth.

Considerable investment has been made in promoting the growth and development of the Small, Medium, and Micro Enterprise (SMME) sector by providing relevant skills development opportunities and linking SMME with relevant partners that can further unleash their potential. More than 917 SMMEs, Cooperatives, Community-Based Organisations (CBOs), Non-Governmental Organisations (NGOs) and Non-Profit Organisations (NPOs) benefitted from these

interventions. About 274 budding entrepreneurs and enterprises were reached through skills development interventions. Collaborations with inter-government funding agencies and industry bodies further exposed SMMEs to various funding training and advisory opportunities.

For 2023/24, the Accounting Authority (AA) had tasked the management to focus on the intervention:

1. To support Technical and Vocational Education and Training (TVET) learners to ensure that they can obtain their qualifications;
2. Supporting Community Education and Training College (CET) with interns to ensure that we strengthen their capacity;
3. The partnership with the Commission for Conciliation, Mediation and Arbitration (CCMA) to support our organised labour;
4. Artisan trade skills to ensure that we contribute towards it;
5. Operationalisation of skills centres to ensure that they are operating to their full capacity and are sustainable;
6. Development and realignment of occupational qualifications; and
7. Sectoral transformation interventions in Auctioneering and Real Estate.

In addition, the Services SETA has continued to address the overcommitment and improve its financial position. Through our project realignment efforts and stakeholder engagements, we have closed the gaps between commitments and available funding, paving the way for a more stable and sustainable future. This process indicated some of our projects were not closed on time by lead employers, some were staggered, and some have not commenced since allocation. We express our gratitude to our stakeholders for their support and commitment and look forward to continued collaboration and success in the future.

Services spending is composed primarily of administrative and grant expenditures. Expenditures for administrative and employer grants totalled R198 million and R733,830, respectively. Compared to the previous financial year, both expenditures increased from R173,942 million and R596,953, respectively. We are pleased that we have been able to increase our expenditures on employer grants, which is our core mandate. We hope this trend will continue as the organisation continues to contribute to the recovery and reconstruction plan as well as the long-term strategic goals of the government.

Our biggest challenge is the entities not closing projects on time. For the project commenced between the 2021/22 and 2023/24 financial year, about 46% are closed. The reasons for not closing projects, among others, are Services SETA External Moderation Certification (EMC) remediation pending, Non-compliance with the tranche payment model, lead employer capacity constraints, lead employer dispute with SDP or Host employer, other SETAs' external Moderation and certification pending, documentation and validation pending, the lead employer terminated, high learner termination, learners incorrectly enrolled, lead employer replaced and SDP/host employers.

As part of its commitment to skill development, the Services SETA offers continuous training and development for its employees. We minimised the likelihood of capacity constraints through our training and development efforts. Among other initiatives and offerings are bursaries and training interventions identified in the approved Workplace Skills Plan (WSP). We do not only expect commitment from employers in our sector, but we believe it is the right thing to do. Lastly, we leveraged our employees' internal strengths and expertise by having them train their peers. Among these training programmes were report writing, brand management, and customer service, to name a few.

Undoubtedly, highly skilled employees will be in demand, especially from other SETAs. Despite losing some talent to other organisations, our ability to deliver was not adversely affected.

During the next two years, the Services SETA will focus on strengthening its supply capacity and on developing and realigning historical qualifications into occupational qualifications. With the AA's support, the organisation has created a monthly management committee meeting and quarterly Accounting Authority meeting to monitor the implementation plan. I am pleased to report that the organisation has developed and/or aligned 55 occupational qualifications (full and partial) and 13 occupational skills programmes and registered with the South African Qualifications Authority (SAQA).

The Services SETA will expand its capacity to develop and implement occupational qualifications in the future. We invite our Skills Development Providers (SDPs) to take advantage of the new qualifications landscape by getting accredited into the new occupational qualifications.

Per Instruction Note 12 of 2020/21, the Services SETA must apply to the National Treasury by September 2024 to roll over accumulated surpluses. The Services SETA has a surplus of R994 million, for which a rollover application has been submitted for the next financial year in 2024/25.

The organisation did not accept any unsolicited bids or proposals. In line with the *National Treasury Guidelines*, the organisation strives to maintain effective supply chain management processes. The AGSA identified two issues with our supply chain management (SCM) process: the weakness in maintaining registers when the tender briefing is undertaken and the appointment of bid committees in evaluating a panel.

One of our internal challenges has been our ageing Information and Communications Technology (ICT) infrastructure, which is incompatible with the current business delivery model. Despite our efforts to automate and digitalise our processes to improve efficiency, the ICT infrastructure has hindered us from achieving our goals on time. The affected areas include learner management information systems (LMIS), contract management systems, and e-learning platforms. Our efforts to fix the issue are starting to yield positive results. We are scheduled to complete our modernisation project in the current financial year.

In the transition to occupational qualification with occupational qualification development, we still have qualifications that need to be developed and aligned. We have supported the Quality Council for Trades and Occupations (QCTO) with resources (interns) to improve the turnaround time to finalise the registration of occupational qualifications.

While we are disappointed with the AGSA's qualified audit opinion for the Services SETA, we remain determined to continue our efforts in managing finances. We saw improvement in our performance information reporting. In previous years, audits were classified as Commitment and Compliance. The number and nature of issues raised have changed and significantly decreased. The AA and Management of the Services SETA are constantly seized with this matter to enhance and improve performance around audit matters.

Our focus is to ensure that commitments are at a level where we understand each project's status and that old projects are closed. For this strategy to work, open communication, transparency, and collaboration with our stakeholders is paramount.

The Services SETA approved Special Projects before year-end; however, offer letters were only finalised

post-year end. The organisation also continued with the process of confirming the commitment with stakeholders on the discretionary grants. We appreciate the cooperation from our stakeholders for their positive response.

Our levy contributions continue to improve post-COVID-19, which is an indication that the services sector is sustaining itself under the economic condition where the economy is not growing.

I sincerely convey my gratitude to all Services SETA employees, labour representatives, the AA, and other key stakeholders who ensured we achieved our performances. We acknowledge the former CEO, Mr Menzi Fakude, for the foundation he created to move the organisation. Together, we continue to make an impact in the services sector. The focus is to improve the organisation's efficiency and effectiveness and build the capacity to roll out occupational qualifications in the sector.



Mr Andile Sipengane
Acting Chief Executive Officer
Services SETA

26 August 2024

Date



Services SETA's chambers are deeply involved in the development and review of occupational qualifications, ensuring that training programmes are not only relevant but also forward-looking, addressing emerging trends and future skills requirements.

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 (AFS) audited by the Auditor General of South Africa (AGSA).

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 the National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the Services SETA.

The Accounting Authority is responsible for preparing the annual financial statements and the judgments made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, 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 Services SETA for the financial year ending 31 March 2024.

Yours faithfully,



Acting Chief Executive Officer

Mr Andile Sipengane

Date: 26 August 2024



Chairperson of the Board

Mr Stephen De Vries

Date: 26 August 2024



6. Strategic Overview



6.1. VISION

A flourishing services sector that cultivates inclusive opportunities for all South Africans.



6.2. MISSION

To facilitate skills development for employment and entrepreneurship in the services sector, fostering economic growth.



6.3. VALUES

Accountability
 Innovation
 Integrity
 Professionalism
 Inclusivity

7. Legislative and Other Mandates

The Services SETA is a public entity established in terms of the Skills Development Act No.7 of 1998. It receives levy income in terms of the Skills Development Levies Act (1999). The Services SETA is a national public entity established in terms of Schedule 3 (Part A) of the Public Finance Management Act (PFMA) (Act No. 1 of 1991). Therefore, the Services SETA must conduct its financial affairs in line with the PFMA. PFMA regulates financial management in the national government, provincial governments, and State-Owned Enterprises (SOEs) to ensure that all their revenue, expenditure, assets, and liabilities are managed efficiently and effectively. It provides for the responsibilities of persons entrusted with the financial management of those governments.

7.1. LEGISLATIVE MANDATE

The Services SETA operates within the following legislative and policy mandates:

- › Skills Development Act (SDA), 1998 (Act No. 97 of 1998) as amended
- › Skills Development Levies Act, 1999 (Act No 09 of 1999)
- › Public Finance Management Act (Act No 29 of 1999)

7.2. OTHER LEGISLATIVE MANDATE

- › South African Qualifications Authority Act, 1995 (Act No 58 of 1995)
- › National Qualifications Framework (NQF) Act (Act No 67 of 2008)

- › Employment Equity Act, 1998 (Act No 55, 1998)
- › Broad-Based Black Economic Empowerment Amendment Act (B-BBEE), 2003 (Act No. 53 of 2003) as amended.
- › Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- › Protection of Personal Information Act, 2013 (Act No. 4 of 2013)
- › Regulations published in the Government Gazette, No. 35940, 03 December 2012 regarding Monies Received by a SETA and Related Matters

7.3. POLICY MANDATE

- › National Development Plan (NDP)
- › National Skills Development Plan 2030 (NSDP)
- › Human Resource Development Strategy (HRDS)
- › New Growth Path (NGP)
- › White Paper on Post-School Education and Training (WPPSET)
- › Economic Reconstruction and Recovery Plan (ERRP)

The National Skills Development Plan: 2030 provides a framework for the Services SETA to align its work to the National Development Plan, New Growth Path, the Economic Reconstruction and Recovery Plan, and other mandates, such as Broad-Based Black Economic Empowerment and other provisions relating to employment equity and the Charter processes in so far as they impact the services sector.

8. Organisational Structure

Figure 1. Accounting Authority Structure

COMMUNITY ORGANISATIONS



STEPHEN DE VRIES

(Chairperson-Ministerial Appointee)



ANDREW MADELLA

Disabled People South Africa (DPSA)



ALICE KARANJA

Think Foundation

ORGANISED EMPLOYERS



JULIA NZIMANDE

Association of BEE Professionals (ABP)



NOXOLO GOGO

Public Relations Institute of Southern Africa (PRISA)



NOMFUNDO MCOYI

South African Funeral Practitioners Association (SAFPA)



JACQUI FORD

Federation of African Professional Staffing Organisations (APSO)



KEVIN COWLEY

Construction Engineering Association of South Africa (CEASA)



KURUMARAN GOVENDER

Employers' Organisation for Hairdressing, Cosmetology and Beauty (EOHCB)

ORGANISED LABOUR



WISEMAN DINWA

Hotel, Liquor, Catering, Commercial & Allied Workers Union (HOTELICCA)



ASIF JHATHAM

United Association of South Africa (UASA - the Union)



SHADRACK MOTLOUNG

United Association of South Africa (UASA - the Union)



PATRICIA SITHOLE

Hotel, Liquor, Catering, Commercial & Allied Workers Union (HOTELICCA)



RENDANI DLAMINI

South African Transport and Allied Workers Union (SATAWU)



THEMBA MTSWENI

South African Transport and Allied Workers Union (SATAWU)

Figure 2. Macro Organisational Structure



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PART B

PERFORMANCE INFORMATION

1. Auditor's Report: Predetermined Objectives

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the auditor's report.

Refer to page 96 of the Report of the Auditor's Report, published as Part F: Financial Information.

2. Overview of Performance

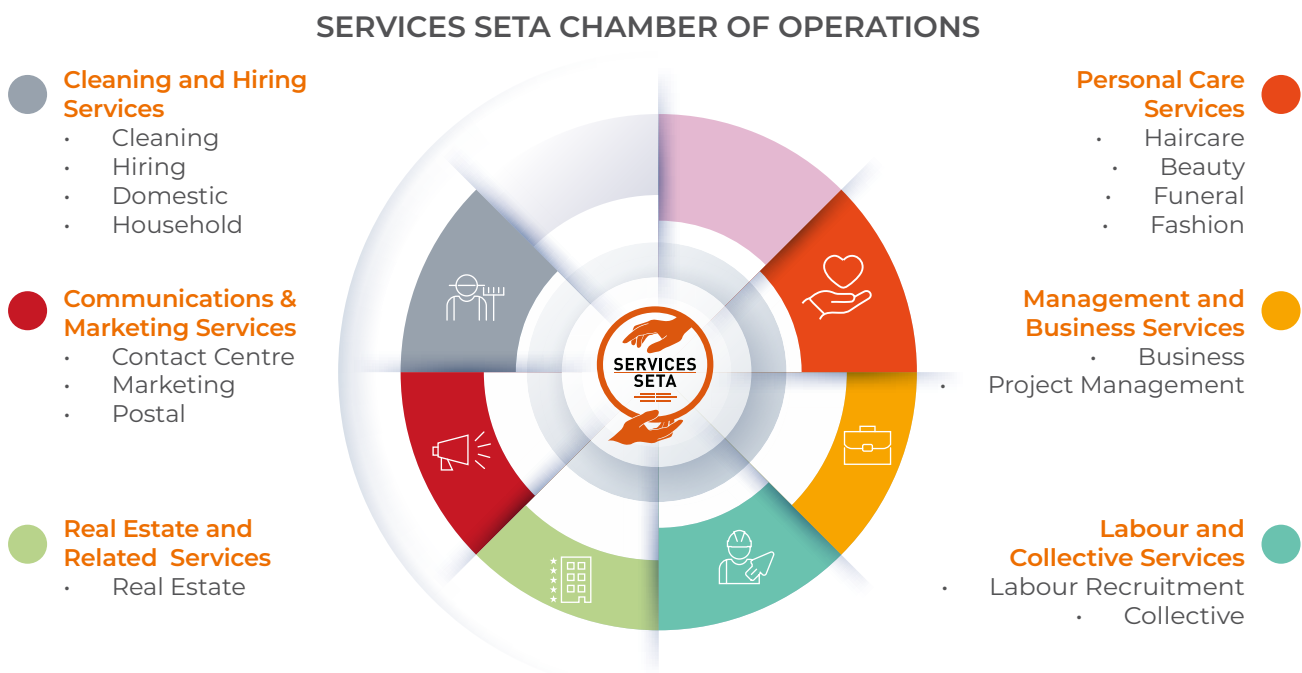
2.1. SERVICE DELIVERY ENVIRONMENT

2.1.1. Services Sector Profile

The Services SETA is one of the largest SETAs in terms of the number of employers falling within its scope. Approximately 191,170 employers fall within its demarcation (as of February 2023). Most of our employers are SMMEs, which accounts for 78%. About 35,931 employers pay skills levies, which equates to 19% of the total number of employers.

The Services SETA is tasked with the responsibility of ensuring the supply of the skilled labour force to support economic growth. Our scope covers 68 Standard Industrial Classification Codes (SIC Codes) grouped into 16 subsectors and six chambers, as demonstrated below -see Figure 3.

Figure 3. Services SETA Chambers and Sub-sectors

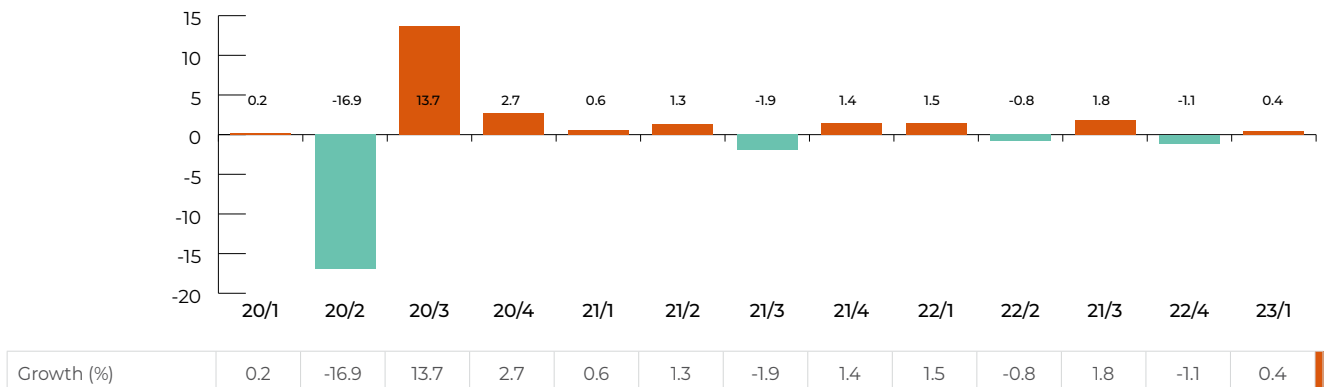


The Chamber operations are the backbone of the Services SETA as they facilitate relationships across the services sector industries. Their key function is mobilising industry role players to participate in the Services SETA initiatives and opportunities.

2.1.2. Economic Profile

Overall, the services sector is struggling to recover from years of underperformance, superimposed on the devastation wrought by the COVID-19 pandemic. Despite the promising signs of recovery with the easing of lockdown regulations, economic growth as measured in Gross Domestic Product terms has not fully recovered. The South African economy grew by 0.4% in Quarter 1 of 2023, following a decline of -1.1% in Quarter 4; see figure below.

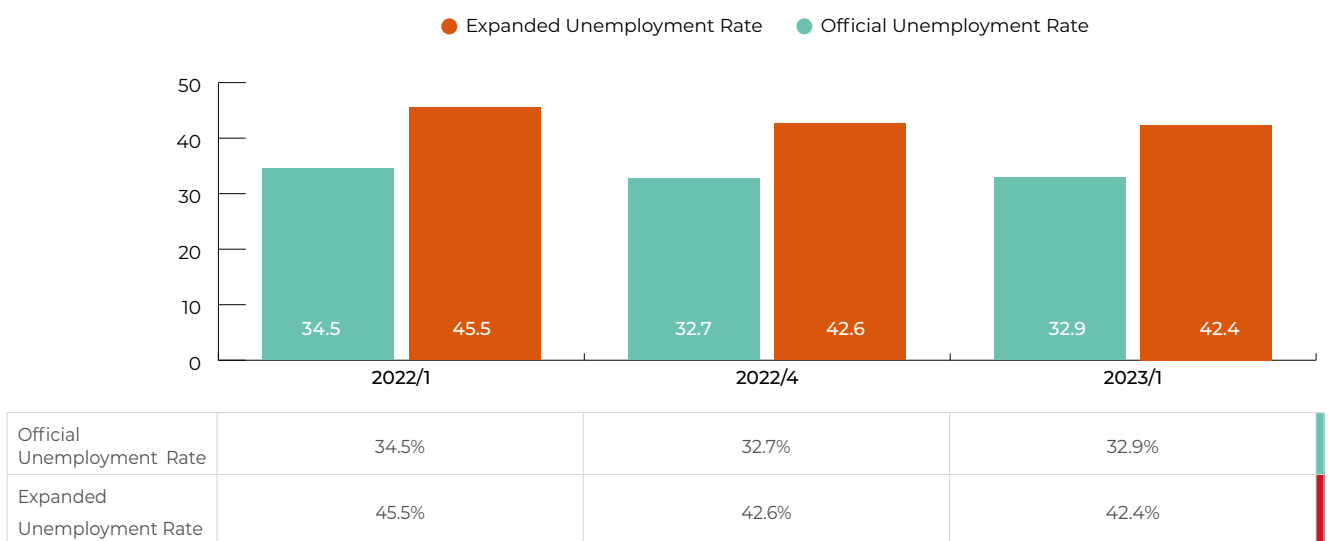
Figure 4. Growth in GDP, Q1 2020- Q1 2023 (%)



2.1.3. Labour Market Profile

In line with the falling economic growth, unemployment levels have persistently increased in the last two years. As illustrated below in Figure 5, the expanded unemployment rate is higher than the official unemployment rate. The official unemployment rate increased by 0.2% to 32.9% in the first quarter of 2023 compared to quarter four of 2022. The expanded unemployment rate decreased by 0.2% in the first quarter of 2023 compared to quarter four of 2022. This trend contributes significantly to poverty and inequality in the country.

Figure 5. Unemployment rates, Q1 2022-Q1 2023



Source: Statistics South Africa (2023b)

Regarding unemployment by gender, women still bear the harshest brunt of unemployment compared to men. In addition to women, youth and people with low levels of education are disproportionately affected by unemployment. Unemployed work seekers with no matric accounted for more than half of the total unemployed, followed by those with matric. Unemployment was lowest among graduates at 2,8%.

On the other hand, most of the workforce within the services sector has not completed secondary education (40.8%), with some having completed secondary education (27.7%). Only 13.4% of the workforce had tertiary education. Of particular interest in the analysis of the educational qualification of the services sector labour force, is that the number of completions with no schooling is decreasing, whilst those who have completed secondary education are steadily increasing. Skills development interventions play a central role in this regard by ensuring an adequate supply of skilled workforce. The Services SETA is monitoring these developments carefully to ensure an appropriate response from a skills development perspective.

2.1.4. Drivers of Skills Demand and Supply

The skills change drivers impacting the demand and supply of skills include; COVID-19, Information

and Communication Technology, Economy, Climate Change and Globalisation. The emergence of COVID-19 has spread worldwide at an unprecedented speed and has worsened business operations' challenges. Businesses have had to adapt to the new norms in terms of remote working and the threat of mass unemployment. This requires investment in ICT infrastructure to allow for remote working. Many companies are also diversifying their operations. This resulted in a need to re-skilling and upskilling the current services sector workforce.

Lastly, to address the challenges faced by the services sector, the Services SETA forged close working relationships with the industry, labour and government, and all key role players in the Post-School Education and Training (PSET) ecosystem to address the shortage of critical skills that can help grow the economy.

2.1.5. Nature and Extent of Skills Demand and Supply

During the financial year, we implemented 80% of interventions from our top 10 priority occupations, an improvement from 50% in the last two financial years. The organisation will partner with other SETAs to ensure we address interventions that do not fall within the Services SETAs' scope.

Table 1. Nature and Extent of Skills Demand and Supply

#	OFO CODE	HARD-TO-FILL VACANCIES	INTERVENTIONS EMPLOYED	QUANTITY IN NUMBERS	INTERVENTIONS UNEMPLOYED	QUANTITY IN NUMBERS
1	2021-515104	Cleaning Supervisor	Learnership	6	0	0
2	2021-122201	Advertising/Public Relations Manager	0	0	Internships	39
3	2021-251201	Software Developer	0	0	0	0
4	2021-226302	Health and Safety Officer	0	0	Internship	5
					Learnership	64
5	2021-242304	Industrial Relations Advisor	Candidacy	49	0	0
6	2021-121905	Project Manager	Skills Programme	153	Internship	1
			Learnership	293	Learnership	15
7	2021-252901	ICT Security Specialist	0	0	0	0
8	2021-516301	Mortician	Learnership	25	Learnership	71
			RPL	32		
			Skills Programme	89		
9	2021-333901	Auctioneer	0	0	Learnership	165
10	2021-333402	Real Estate Agent	RPL	96	Learnership	113
			Candidacy	197		

2023/24 Hard-To-Fill Vacancies Performance Review

During the year under review, our industries identified 68 Hard-To-Fill Vacancies (HTFVs), which were identified through various ways. These “scarce” skills, as previously named, were identified per Chamber, and the organisation ensured their implementation through the Annual Performance Plan (APP). There were minor challenges in implementing some of the interventions that do not fall within the services sector space; however, they were deemed mandatory by some of our employers that fall within our sector. In mitigating this challenge, the Services SETA will form partnerships with other SETAs to ensure the smooth implementation of these scarce skills in the 2024/25 financial year. There has been an improvement in addressing these HTFVs compared to the previous three financial years.

Table 2. HTFV Performance Analysis 2023/24

HAMBER	NUMBER OF H-T-F-V	RESULT
Cleaning and Hiring services	8	4/8 = 50%
Communications and Marketing services	16	10/16 = 62%
Labour and Collective services	11	2/11 = 18%
Management and Business services	13	6/13 = 46%
Personal Care services	10	4/10 = 40%
Real Estate and Related services	10	3/10 = 30%

2.1.6. Partnerships Required to Drive Skills Supply

In implementing our mandate and the national skills development priorities relevant to the services sector, we have identified the need to form key partnerships with:

- › Education and Training institutions (public and private);
- › Industry and Professional bodies;
- › Employer bodies;
- › Government Departments;
- › Municipalities and District departments; and
- › Other SETAs.

Several Memorandums of Agreement (MoA) or Memorandums of Understanding (MoU) were concluded to finalise the partnership. Below are the highlights from the few successful partnerships that were formed;

- › SMME & Startup mentorship and capacitation programme led to the capacitation of SMMEs and Startups in the six provinces, i.e. Eastern Cape, Free State, Northwest, Northern Cape, Limpopo & Mpumalanga. 90 SMMEs and 30 Startups were onboarded on the mentorship programme specifically targeted for their businesses. This was a joint partnership with the Small Enterprise Development Agency (SEDA), Franchise Association of South Africa (FASA), Institute of Business Advisors Southern Africa (IBASA) and Harambee.

- › Funding for tuition fees is one of the biggest obstacles to many students in the country accessing university education. The missing middle students are the hardest hit as their parents do not earn enough money to afford university tuition or qualify for a study loan. To close this gap, the Services SETA has partnered with Universities South Africa (USAf) to provide bursary opportunities to university students, and over 1,000 students have benefited from this funding per financial year.
- › The construction and operationalisation of skills development centres aim to bring skills development closer to the communities. This partnership wouldn't have been possible without the support of the municipalities, TVET/CET colleges, and tribal authorities. Some of these centres were launched during the year under review.

2.1.7. Sector Skills Plan (SSP) Priority Action Plans

In line with the SSP Framework and Guidelines, the Services SETA has developed SSP Priority Actions over the years. These actions were monitored continuously to track progress. Where sufficient progress had been made, concerned priority actions were retired or modified to align with current developments in the industry and sector at large. Table 3 provides a high-level analysis of changes to priority actions over the last five years.

Table 3. Changes in Priority Actions 2020/21-2024/25

CHANGES OVER TIME					
Recommended Actions	2020/21	2021/22	2022/23	2023/24	2024/25
Promote social and circular economy through entrepreneurship and cooperative development initiatives.	Yes	Yes	Modified	Modified	Modified
Increase throughput rate of occupationally directed qualifications by mobilising key industry role players.	Yes	Yes	-	-	-
Improve the supply pipeline by ensuring the relevance of qualifications and capacitation of training providers, including TVET Colleges.	Yes	Yes	-	-	-
Expand access to skills development to employees and learners residing in rural and peri-urban areas of South Africa.	Yes	Yes	-	-	-
Secure workplace training opportunities in collaboration with the industry, employers, and the Services SETA.	-	-	Yes	Yes	Yes
Work with QTCO and industry role players to complete and implement registered occupationally directed qualifications.	-	-	Yes	Yes	Yes
Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured M&E.	-	-	Yes	Modified	Modified

Overall, the Services SETA has been responsive to changes in the sector and the general economy, as demonstrated by changes in priority actions, which frequently responded to new challenges. The economy has changed rapidly and often in the past four years due to the COVID-19 pandemic and global geopolitical events. The pandemic almost paralysed the global economy, requiring businesses to change operations to respond to the challenges effectively. Conflicts in Europe and the Middle East affected the supply of energy, together with COVID-19, driving inflation and business costs.

Simultaneously, a few priority actions were retained over time, even though in a changed format. This is once again a testament to the Services SETA's efforts to respond to industry needs. Priority actions requiring mention in this context include support to SMMEs and effective Monitoring and Evaluation (M&E) practices at the Services SETA. The growth of the SMME sector remains a top priority of the government and that of the Services SETA, given the critical role this sector plays in growing the economy and creating job opportunities. Effective M&E practices are crucial to measuring the

impact of the Services SETA in the services sector and informing decision-making processes.

2.2. ORGANISATIONAL ENVIRONMENT

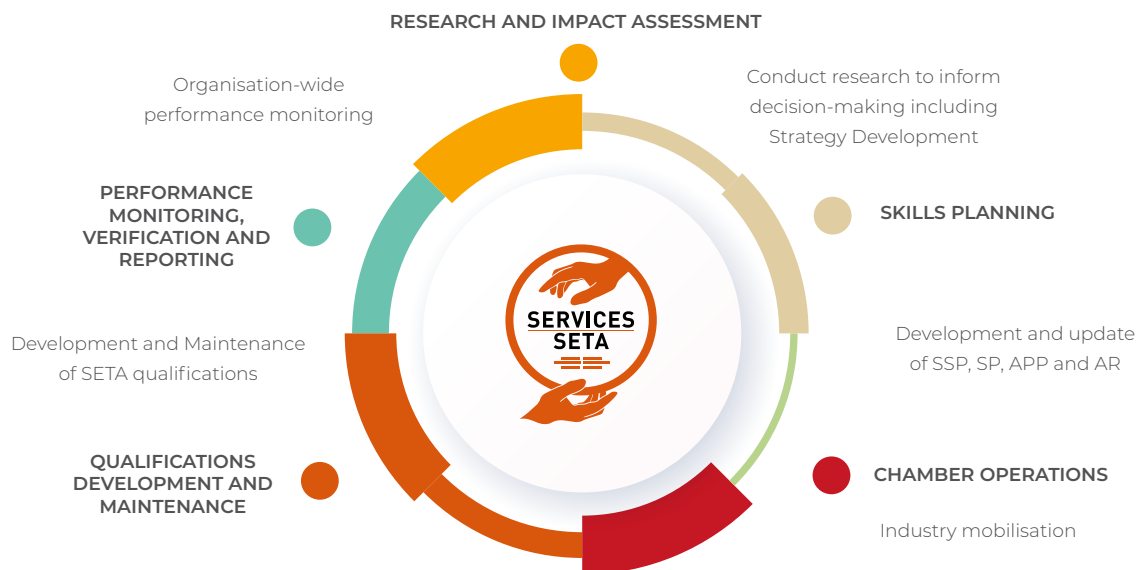
Despite the resignation of the CEO (Mr Menzi Fakude) in September 2023 and the process for the Organisational Design (OD), the organisation managed to deliver its strategic objectives. The acting CEO (Mr Andile Sipengane) was appointed to ensure operations continue. The organisation achieved 84% performance with an unqualified audit opinion on performance information, though we need to enhance our internal controls to mitigate the negative audit results on our financials.

2.3. PERFORMANCE OVERVIEW

2.3.1. Strategy & Research Department

This department comprises five key functions: Research and Impact Assessment, Skills Planning, Chamber Operations, Qualifications Development and Maintenance, Performance Monitoring, Verification, and Reporting.

Figure 6. Strategy & Research Department



a. Research and Impacts Assessments

The Services SETA Research within the Planning Unit is responsible for developing research plans, conducting research in the services sector, and critical for developing planning documents such as APP, SSP and Strategic Plans (SPs), and informing decision-making within the organisation. The unit conducted six research projects in the previous financial year and is currently implementing four.

Table 4. Completed and Current Research Projects

COMPLETED RESEARCH PROJECTS	CURRENT RESEARCH PROJECTS
Learner Tracer Study 2023 – tracing cohorts of learners completed in the past three years to determine their destinations. A total of 674 learners were traced and the report revealed that some of them are employed while others started their own businesses.	Development of Monitoring & Evaluation Framework for Services SETA – development of Services SETA customised M&E framework aligned with SETA-wide M&E framework.
TVET Research Partnership on occupational programmes – analysis of the uptake of SETA qualifications by TVET colleges and employers.	Attracting and Retaining Stakeholders – identification of strategies to attract and retain key stakeholders for the Services SETA.
Employer Interviews 2023 – Qualitative interviews of employers to confirm SSP HTFV, Skills Gaps and Change Drivers, as well as the impact of the economy on business.	Alignment of SSP Frameworks with Industry Needs and Fourth Industrial Revolution (4IR) – identification of relevant methodologies to identify key skills to address implications of 4IR on business and planning for skilling the workforce.
Temporary Employment Sector (TES) Survey – analysis of skills needs of the TES sector and identification of interventions required.	Impact of the Informal Sector on Cleaning and Personal Care Services – the potential of embalmer and hygiene cleaning occupational qualifications to unlock opportunities for informal businesses within these industries.
AET Framework and implications for the Services SETA – analysis of innovative ways of implementing Adult Education and Training (AET) within the Services SETA.	
Work Integrated Learning (WIL) in the services sector – identification of the nature and extent of occupational qualifications requiring WIL in the services sector.	

b. Skills Planning

In today’s rapidly evolving economy, the Services sector plays a pivotal role in driving national growth and development. However, one of the critical challenges this sector faces is the alignment of skills development with market demands. Addressing this

challenge requires a credible apparatus for identifying occupations in high demand, thus contributing to reality-driven skills development plans. This unit plays a critical role in guiding the Services SETA in fulfilling this mandate. It is responsible for the development and/or update of SSPs, SPs, APPs and ARs.

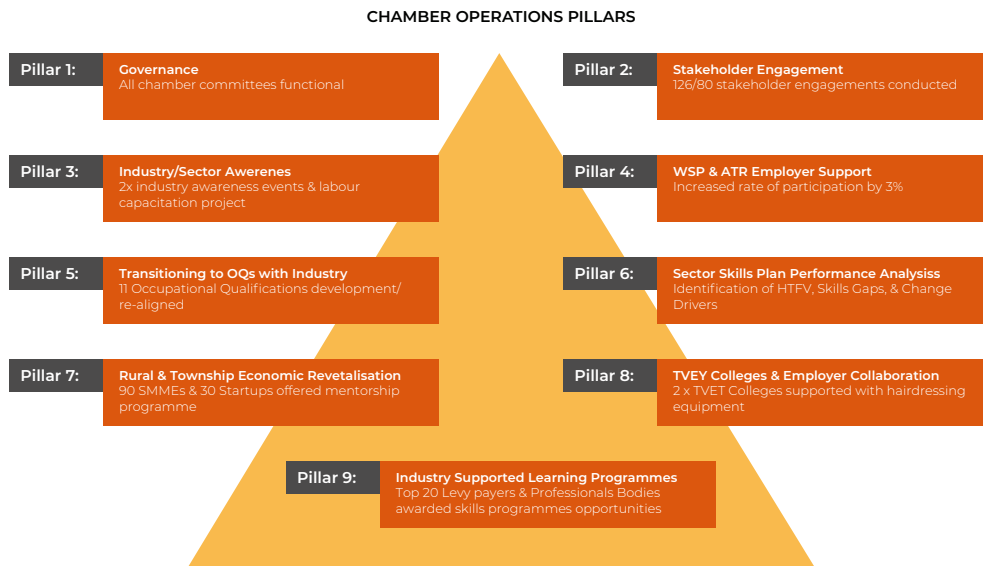
Figure 7. Skills Planning Deliverables



c. Chamber Operations

Chamber Operations is a vital component of the Services SETA, serving as the bridge between the organisation and its stakeholders. The department plays a crucial role in ensuring the success of Services SETA initiatives by fostering relationships, engaging and mobilising industry players, facilitating access to opportunities, and enhancing collaboration. The Chamber of Operations helps create a more dynamic, responsive, and resilient services sector, ultimately contributing to national growth and development goals. The Chamber Operations archived the following for the fiscal year 2023/24: strategic pillars and highlights as key focus areas:

Figure 8. Chamber Operations Pillars



d. Qualifications Development and Maintenance

The Services SETA has identified qualifications as one of its highest strategic priorities. Addressing this challenge requires a focused effort on developing and realigning historically registered qualifications into occupational ones while simultaneously maintaining and enhancing the capacity to implement learning against existing ones. The following outlines the strategic initiatives and progress made in this regard, highlighting the critical importance of this endeavour for the sector’s skills development.



The Services SETA is mandated to drive skills development across a broad spectrum of services sectors, directly impacting over 600,000 businesses in South Africa. Through targeted training and upskilling initiatives, the SETA is instrumental in shaping a skilled workforce that meets the evolving demands of the country’s economy.

Figure 9. Qualifications Development Progress



e. Performance Monitoring, Verification, and Reporting

The Performance Monitoring, Verification, and Reporting (PMVR) unit has made remarkable strides in enhancing the quality and standardisation of reported information for the Financial Year 2023-24. Through a series of strategic initiatives, the PMVR unit has not only streamlined the reporting process but also strengthened data integrity and reliability, reflecting a robust commitment to continuous improvement and operational excellence. Through the stewardship of this unit, the Services SETA did not have material findings on performance information.

African Revenue Services (SARS). Employers with an annual payroll cost less than R500,000 are exempted in accordance with Section 4(b) of the SDLA (1999) as amended. In addition, Services SETA received interest through investments made in line with Section 14(2) of the Skills Development Act.

b. Management Account

FINANCIAL ANALYSIS

The figures below provide a three-year trend of our financial performance, position, and commentary on the Annual Financial Statements for the year ended 31 March 2024.

2.3.2. Finance Department

a. Projects Account

FUNDING

Services SETA is mainly funded by Skills Development Levies as imposed by the Skills Development Levies Act. As amended, sections 3(1) and 3(4) of the Skills Development Levies Act No. 9 of 1999 prescribe for registered member employers of the Services SETA to pay a skills development levy (SDL) of 1% of the total payroll cost to the Department of Higher Education and Training (DHET) through the South

Figure 10. Revenue, 2022-2024

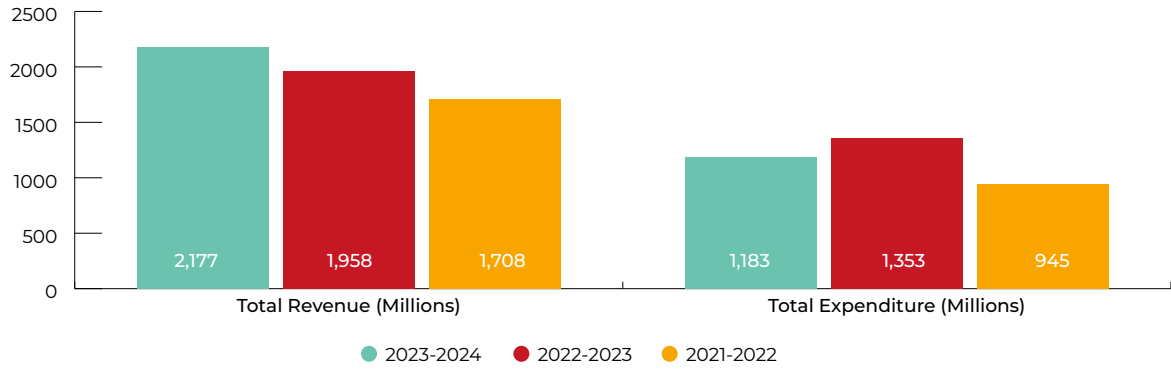
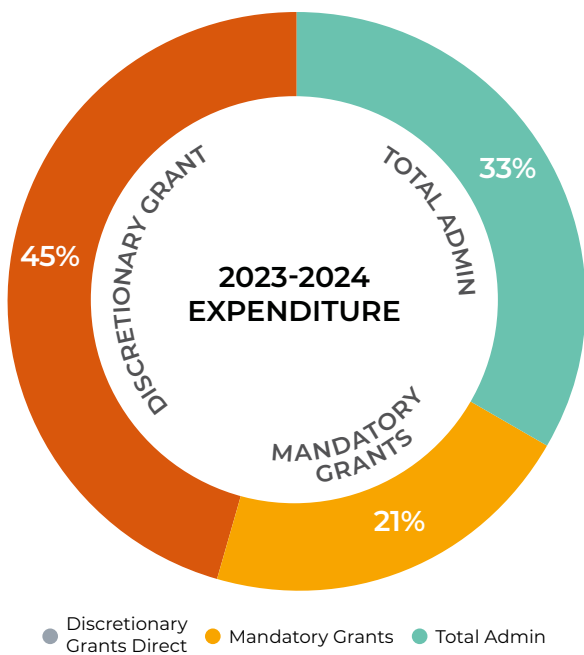


Figure 11. Expenditure, 2023/24



REVENUE

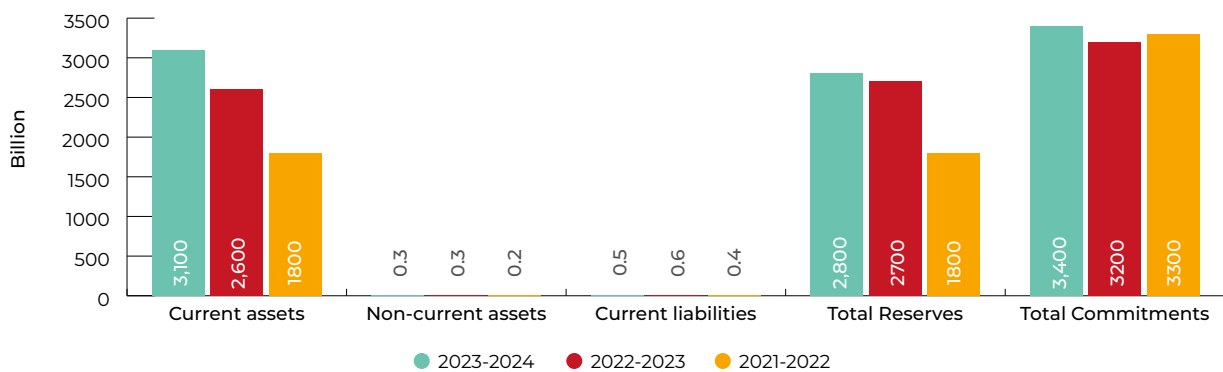
An overall revenue increase of 11% compared to 2022-2023 is due to the stabilised performance of services sector employers post-COVID-19. The 2023-2024 revenue is a positive indicator of the services sector's resilience. All surplus funds remain invested with the Reserve Bank on a CPD account as PFMA prescribes.

EXPENDITURE

The direct discretionary grant spending accounts for 45% of the total expenditure incurred in the 2023-24 financial year. This shows a decline from 2022-23, wherein direct discretionary grants accounted for 55% of total expenditure. In addition, the expenditure incurred for direct discretionary grants is still lower than the approved budget allocated for project spend, indicating that the implementation of projects is still not fully aligned to disbursement for the same period, furthermore highlighting some inefficiencies in the implementation of projects. Mandatory grants expenditure indicates that 52% of the mandatory grants levy portion has been claimed by employers (a slight increase from 51% in 2022/23).

FINANCIAL STABILITY

Figure 12. Financial Position



The continuous increase in current assets is attributable to the availability of funds due to learning programmes being implemented later than initially planned and low disbursement, resulting in low

throughput. On average, it takes Services SETA 30 days to settle administration and discretionary grants payables, which indicates improved processes linked to verifying invoices and payment processing. Services

SETA continues to improve its controls to support suppliers and commits to reducing unnecessary delays. The current ratio is 7.57:1. The commitment balance is now lower than the reserves balance due to the realisation of measures to minimise legacy commitments.

c. Supply Chain Management

We have established and maintained a sound supply chain management system, as prescribed by Section 76(4) of the PFMA.

During the 2023 - 2024 financial year, the following were awarded:

- › R94,434,620.12 to more than 51% black-owned service providers.
- › R56,494,702.00 to more than 30% women service providers.
- › R98,354,843.47 with services providers with a favourable Black Economic Empowerment (BEE) Status level (1 – 4)

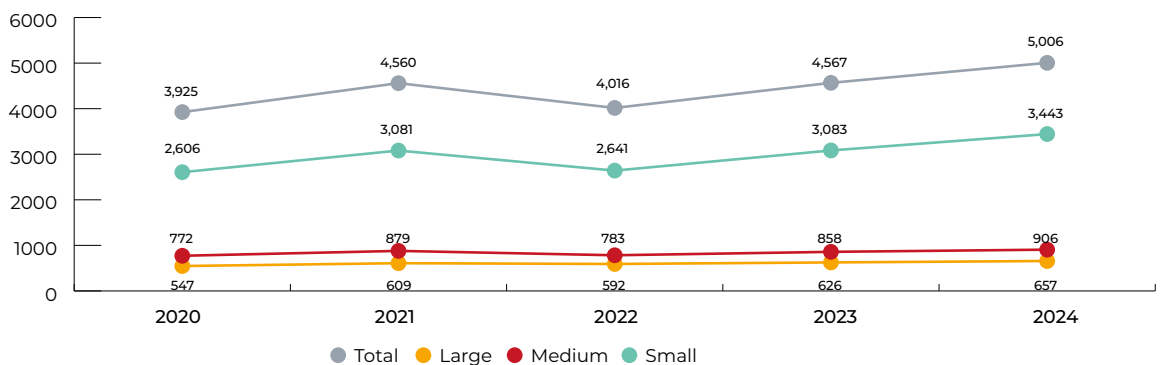
SUPPLIER DEVELOPMENT

The Services SETA continues to develop qualifying suppliers by availing payment of their compliant invoices within ten days, which is in alignment with internal processes. The goal remains to pay service providers within 15 days of receiving goods or services accompanied by a compliant invoice. Apart from responding to limited cash flow challenges SMMEs face, this intervention also yields BEE points on the organisation’s scorecard, assisting us in complying with the B-BBEE Act. We are engaging in further interventions for the following financial year.

2.3.3. Operations Department

a. Operations

Figure 13. WSP/ATR Submissions, 2020-2024



Source: Services SETA WSP/ATR Data, 2020-2024

Services SETA Operations integrates skills development, provincial services, and quality assurance functions.

The 2023/24 financial year was characterised by the continued rationalisation of discretionary grant commitments, the transition from Historical Qualifications to Occupational Qualifications, and the implementation of an Organisational Design project intended to realign Human Resources for optimal performance.

Subject to consultation, rationalisation resulted in a reduction of discretionary grants and/or redirection to learning programmes for which there was an unmet target and associated budget, enabling immediate activation aligned to current skills demand. Rationalisation unblocked prior-year commitments, enabled implementation, and strengthened records.

Stakeholders and Services SETA officials engaged in dialogue about the readiness for a full transition from historical to occupational qualifications. Considerable progress has been made in developing qualifications and accrediting providers. The biggest challenge was developing the exemplars and assessment papers for External Integrated Summative Assessments (EISAs).

b. Mandatory Grants

As at the end of the 2023/24 financial year, 1,793 prior scheme year claims remained valid but required remediation of documentation for payment. Outstanding declarations of truth, proof of banking details and evidence of implementation often delay reimbursement. Given that claims are valid for five years, 19% (342/1,793) of prior scheme year claims expire on 01 April 2024, leaving a balance of 1,451.

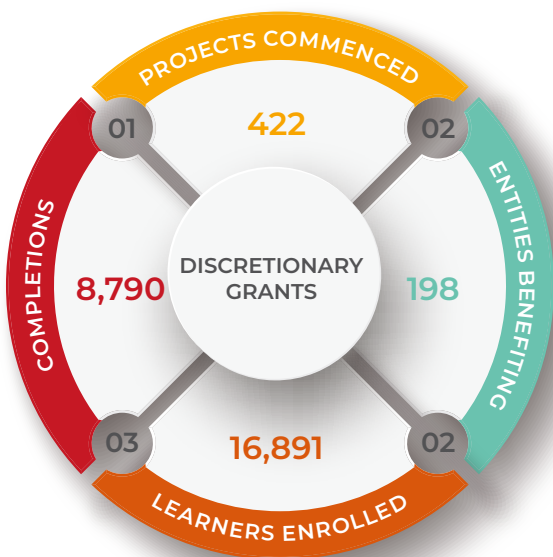
In addition to the above, a total of 90% applications received in the 2023/24 financial year were approved for payment. From the balance, 29% (135/474) applications were WSP submissions only, which are not eligible for reimbursement and 71% (339/474) require remediation and will be added to the prior scheme year claims of 1,451, totalling 1,790.

The Services SETA Accounting Authority project offering Skills Development Facilitators (SDFs) a part-qualification aimed at increasing the volume and quality of mandatory grant applications continued from 2022/23 to 2023/24. To date, 165 learners have enrolled in the programme. Demand is unexpectedly low despite advocacy across chamber operations.

c. Discretionary Grants

The Services SETA implements a tranche payment model informed by deliverables at implementation milestones. The budget for stipend-bearing learning programmes is split into non-stipends and minimum stipend contributions per learner. Employers are required to disburse learner stipends in compliance with applicable legislation. Expenditure is subject to evidence of learner retention and attendance. Learner terminations and validating deceased learner achievements are important aspects of implementation that affect audit outcomes.

Figure 14. Discretionary Grants Analysis



The Services SETA is monitoring project closure rates from 2021/22 to strengthen accountability. The underlying reasons for project failure have been identified, and overdue projects either need special intervention to be closed or should be terminated. Entity performance is calculated across six indicators

that assess turnaround times and outcomes, including learner termination rates, completion rates, and throughput rates.

Based on the above, remediation of documentation appears to be the most significant factor contributing to poor performance. To mitigate the impact of remediation on entity performance, lead employers are encouraged to establish and maintain their own internal controls to strengthen the accuracy and completeness of records submitted to the Services SETA.

Lead employers are responsible for project management implementation, while Service SETA officials monitor implementation. Monitoring produces findings at tranche intervals, but the remediation and resolution of these findings and documentary evidence facilitate expenditure, accountability and success.

The Services SETA AA resolved to increase the monthly stipend from R2,000.00 to R3,000.00 for Unemployed Learnerships from 01 January 2024 to bolster learner recruitment, retention and overall throughput rates, recognising that the unemployed are disproportionately affected by challenging economic conditions and the rising cost of living.

d. Employer Skills Development

In 2023/24, 2,738 employer funded learners were enrolled. In 2024/25, we are going to review our business processes to strengthen internal controls, and focus will also be given to exiting these learners and closing out these projects.

e. Workplace Approval

The objective of workplace approval is to strengthen workplace-based learning outcomes by facilitating the preparedness and suitability of workplaces.

The approval process typically involves evaluating factors such as the physical workspace, resources, equipment, health and safety, compliance with employment and industry regulations, the presence of qualified and experienced mentors to guide and support learners during implementation, and the employer's commitment to providing practical, hands-on learning experiences for learners. For Occupational Qualifications, the business process will be strengthened to ensure compliance with qualification-specific criteria set out in the curriculum document.

A total of 310 workplace approval applications were received in 2023/24. In 2024/25, remediation, timeliness, scope, and validity of workplace approval and alignment to Occupational Qualification requirements will be re-evaluated, and internal controls and stakeholder capacity will be strengthened.

f. Skills Development Provider (SDP) Accreditation

A total of 253 accreditation applications were successfully processed.

Occupational Qualifications expand the registration of constituent assessors and moderators to include facilitators and mentors clustered under Subject Matter Experts (SMEs).

g. External Moderation of Learner Achievements and Certification

In 2023/24, the Services SETA externally moderated and issued certificates or statements of results for 100% (78,964/78,987) of learners that Skills Development Providers registered as having achieved a full or part qualification. Comparable with funded learner completions, the majority of the demand stems from non-Services SETA-funded learning programmes.

SETAs are required to upload all learner achievements onto the SAQA National Learners Records Database (NLRD) twice annually as scheduled. The Services SETA successfully uploaded its data and achieved a green status in 2023/24.

h. External Integrated Summative Assessment (EISA)

In 2023/24, two inaugural External Integrated Summative Assessments (EISAs) were conducted for the Occupational Certificate: Project Manager NQF Level 5 SAQA ID: 101869. These Assessments took place in August 2023 and March 2024 and produced many valuable lessons. EISAs will be scheduled for learners currently enrolled in Occupational Qualifications, which are anticipated to be ready for final assessment and subject to registration and approval by the QCTO.

2.3.4. Strategic Partnerships and Collaborations Department

a. Entrepreneurship and Cooperative Development

The services sector comprises a large number of SMMEs and entrepreneurs operating in the informal sector. Through the Entrepreneurship and Cooperative Development (ECD) Business Unit, the Services SETA aims to cater to the needs of business start-ups, NPOs, SMMEs, and cooperatives.

During the period under review, the following interventions for SMME and Cooperatives skills development were embarked upon:

- › The implementation of the self-based and self-paced eLearning courses that were developed and customised for Business Start-ups, Entrepreneurial skills development;
- › Strategic partnerships and collaborative efforts with various public and private intermediaries ranging from local government LED departments, The National Development Agency (NDA), the Department of Forestry, Fisheries and Environment, DSB and SEDA provincial offices to business forums and sector networks, ensured the extensive reach across a mixture of urban, rural and remote locations across the country. These collaborations can be credited for the success of this skills development intervention; and
- › The Services SETA considered access challenges to allow participation to be more inclusive. We therefore decided to implement a hybrid model, to ensure that all beneficiaries benefit in this intervention. On-site eLearning training interventions were made possible through the intermediary collaborations and availability of the Services SETA mobile learning facility trucks.

Despite the success of the skills training implementation, several external challenges impacted both the demand and, in some instances, the organisation's inability to render the on-site (hybrid) training for prospective small business participants who had expressed interest in the Services SETA's eLearning short courses. These included:

- › Political instability in some municipalities;
- › Network infrastructure limitations;
- › Power outages;
- › Security risks; and
- › Geographic spread of prospective participants.

Whilst these challenges were widespread and impacted most socio-economic sectors, entities, and the general population across South Africa, the Services SETA overachieved its targets and performed remarkably well against its key objective of meaningfully increasing SMME and Cooperative participation in Services SETA offerings.

b. Infrastructure Development

The infrastructure development unit is responsible for all construction-related projects. These projects can be Greenfields (new projects on open fields) or Brownfields (refurbishments on existing buildings). This initiative assists the organisation in achieving the mandate of providing access to education, as per NSDP 2030, through the facilities being constructed. The main focus is on the rural areas.

In the financial year 2023/24, the organisation had the following active projects:

- › **The Mkuze Skills Development Centre** – the project was completed and handed over to Mthashana TVET College for operationalisation. In addition, a service provider has been appointed to conduct an in-depth business study to assist the TVET college and all other stakeholders involved in optimally operating the enterprise;
- › **The Dumbe Skills Development Centre** is still in construction and is projected to be completed by 05 August 2025. This centre will be handed over to Mthashana TVET College for operationalisation in collaboration with the Kwazulu-Natal Department of Social Development and the eDumbe local municipality. The operationalisation study is underway; and
- › **The Prieska Skills Development Centre** is still under construction and is projected to be completed by January 2025. The centre will be handed over to the Northern Cape Rural TVET College for operationalisation in collaboration with the Northern Cape Department of Roads and Public Works.

The University of Cape Town Laboratory – the project is in the planning phase. Construction is estimated to commence within FY2024/25.

The Infrastructure Development unit had 2 APP targets, and all targets were met:

- › The TVET college Infrastructure support (3/2 achieved)
- › The CET college infrastructure support (1/1 achieved)

The main challenge facing the construction industry currently is the threat of construction mafias, who make the working conditions on site unbearable by forcefully soliciting funds from the contractors and disrupting works on site. The Services SETA has, in this regard, joined forces with the South African Police Services (SAPS) to respond to this scourge proactively.

2.3.5. Corporate Services Department






The Corporate Services department at Services SETA supports the organisation's goals by supporting internal operations across critical areas.

- › Information and Communication Technology (ICT);
- › Human Resources (HR);
- › Marketing and Communications;
- › Records Management; and
- › Facilities Management, including Occupational Health and Safety (OHS).

The department's role is to promote coordination and collaboration among different functions to ensure that resources are allocated efficiently and activities are aligned with organisational goals. This enables teams to work seamlessly to deliver a unified and cohesive customer experience, driving greater efficiency and effectiveness. This is a significant endeavour, and we are pleased to present the key milestones achieved in pursuing this goal.



Figure 15. Corporate Services Achievements/Highlights

FUNCTION	ACHIEVEMENT
	<p>Information and Communication Technology (ICT)</p> <ul style="list-style-type: none"> › Upgraded organisational IT infrastructure, enhancing system reliability and security. › Implemented a cloud-based data management system, improving data accessibility and collaboration. › Launched a comprehensive cybersecurity training programme for staff, significantly reducing cyber threat risks.
	<p>Human Resources (HR)</p> <ul style="list-style-type: none"> › Introduced a talent management framework, increasing employee retention by 20%. › Conducted training and development workshops, enhancing staff skills and productivity. › Implemented a wellness programme that improved overall employee well-being and reduced absenteeism.
	<p>Marketing and communications</p> <ul style="list-style-type: none"> › Launched the “One Voice” unified communication strategy, streamlining internal and external communications. › Executed successful awareness campaigns, increasing stakeholder engagement and participation in Services SETA programmes. › Developed and distributed impactful promotional materials, boosting organisational visibility. › Embarked on various career guidance initiatives, stakeholder engagements, and employee engagement activities aimed at creating a psychological contract with employees, reinforcing their value as assets to the organisation. › Updated the Corporate Identity (CI) manual to refresh and modernise the brand, ensuring it remains relevant and impactful. › Career guidance is an essential component of our mission at Services SETA. We empower individuals to make informed decisions about their futures through various initiatives, contributing to a skilled and competent workforce. Effective career guidance bridges the gap between education and employment, ensuring that the skills taught align with industry needs. It also fosters personal and professional growth, which is vital for the economic development of our nation.
	<p>Records Management</p> <ul style="list-style-type: none"> › Implemented a robust records management policy, ensuring compliance with legal and regulatory requirements. › Conducted regular audits to maintain record integrity and accuracy.
	<p>Facilities Management, including Occupational Health and Safety (OHS)</p> <ul style="list-style-type: none"> › The OHS Committee meets quarterly, and re-training OHS committee members, SHE representatives, firefighters, and first aiders is underway. › Following an Organisational Development project in 2023 and 2024, the AA recommended and approved a Senior Officer: OHS position. This position will soon be advertised.

The Corporate Services department has continued to effectively support the organisation’s mission, contributing to Services SETA’s overall success and growth by addressing these challenges proactively and implementing corrective measures.

2.4. KEY POLICY DEVELOPMENT AND LEGISLATIVE CHANGES

2.4.1. Property Practitioners Regulations (PPRA)

The Regulation was approved in 2022 and came into effect in 2024. These Regulations have several impacts on property practitioners in South Africa, requiring (i) aggressive public awareness for practitioners (and consumers) and upskilling of property practitioners to enhance compliance. The Services SETA has designed several interventions to upskill property practitioners, focusing on black people, women and youth.

2.5. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

2.5.1. Impact Statement

IMPACT STATEMENT

A skilled, competitive, and entrepreneurial workforce that drives the economic growth of the services sector and contributes to improved quality of life and eradication of poverty

2.5.2. Strategic Outcomes and Outcome Indicators

Outcome 1: Enhanced organisational capabilities to deliver the strategy (NSDP)

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2024 (4 YEARS PERFORMANCE; 2020/21- 2023/24)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
1.1. Quality of financial statements and reliable performance information submitted	Qualified	Clean Audit	Qualified Audit Opinion in the past four years	Unqualified audit opinion	Strengthen the monitoring of project spend and closures.
1.2. Percentage of staff complement maintained	70%	70%	82% average for four years	12%	Staff wellness and well-being are central to Services SETA's operations. Sufficient staff complements are always maintained to ensure work balance.
1.3. Percentage alignment between business and ICT strategies	60%	80%	80%	0%	ICT is a critical enabler for the Services SETA. As a result, the Services SETA has invested heavily in upgrading, modernising, and integrating ICT infrastructure and systems.
1.4. Stakeholder satisfaction rating score	-	75%	72%	-3%	A second wave of employer satisfaction surveys is underway and will be reflected in the next five-year Annual Report to measure any progress.
1.5. Effective governance and assurance monitoring system	Governance Report	Governance Report	Governance Report for the past four years	None	Good Governance is central to Services SETA's lifeblood. The period under review has experienced a most stable AA and Management.

Outcome 2: Enhanced mechanism for effective skills planning through collaborative research and partnerships

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2024 (4 YEARS PERFORMANCE; 2020/21- 2023/24)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
2.1. Credible and integrated strategic plans developed	Approved SSP, SP and APP	Approved SSP, SP and APP	Approved SSP, SP and APP for the past four years	None	SSP, SP, and APP are statutory documents enabling the executive and accounting authorities to oversee the Services SETA. The Services SETA has submitted these documents annually without any disapproval from these oversight bodies.
2.2. Number of partnerships to broaden access to skills development opportunities	9	80	74	-6	The Services SETA is forging closer collaboration with public universities, colleges, and employer and labour bodies to promote the uptake of skills development opportunities.

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2024 (4 YEARS PERFORMANCE; 2020/21- 2023/24)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
2.3. Percentage increase in submissions of WSPs	-3%	5%	0%	-5%	Closer collaboration with employers and employer bodies is being forged to ensure wider participation by employers in submitting WSP/ATRs. Capacitation workshops are also being held to assist employers keen to submit their WSP/ATRs.

Outcome 3: Promote access to technical and professional skills for employment and entrepreneurship across the service sector

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2024 (4 YEARS PERFORMANCE; 2020/21- 2023/24)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
3.1. Number of learners enrolled in priority occupations	158,334	65,000	50,509	-14,491	The Services SETA has opened two DG windows to improve the supply pipeline. This target is expected to be met with the current windows.
3.2. Number of entrepreneurs and cooperatives supported	-	3,500	3,280	-220	Due to its dominance in the services sector, SMME support and development is central to the Services SETA. As a result, the Services SETA has invested heavily in supporting the growth of this sector, as reflected in this performance.
3.3. Number of interventions embarked upon with employers to improve enrolment in and completion of priority occupations	-	150	792	642	Partnerships with employers are very crucial to Services SETA's mandate. Occupational Qualifications can only be successfully implemented in collaboration with employers.

Outcome 4: Enhanced Quality Assurance efficiencies to execute QCTO delegated functions

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2024 (4 YEARS PERFORMANCE; 2020/21- 2023/24)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
4.1. Percentage of external moderation and evaluation conducted within specified timelines	90%	85%	96%	11%	Timely issuance of learners' Statement of Results or certificates is critical to unlocking employment and self-employment. The Services SETA has strengthened internal processes to ensure the timely issuing of these important documents.
4.2. Percentage of developed occupationally directed qualifications aligned to priority skills	31%	60%	57%	-3%	The Services SETA has invested resources in improving the capacity of supply by developing occupations that respond to industry needs and are aligned with the qualifications regulatory framework.

3. Institutional Programmes Information

As demonstrated below, the Services SETA has made significant progress towards achieving institutional impact and outcomes. The organisation has achieved **83%** during the **2023/24** financial years. The institutional programme performance outlined below illustrates the extent of progress.

The APP comprises four programmes. Programme 1 achieved **88%**, Programme 2 achieved **75%**, Programme 3 achieved **83%**, and Programme 4 achieved **100%**, respectively, as demonstrated below.

Table 5. Performance by Programme

PROGRAMME	ACHIEVED	NOT ACHIEVED	TOTAL	% ACHIEVED
Programme 1: Administration	7	1	8	88%
Programme 2: Skills Planning	9	3	12	75%
Programme 3: Learning Programmes	25	5	30	83%
Programme 4: Quality Assurance	2	0	2	100%
Total	43	9	52	83%

PERFORMANCE INDICATOR RATING SCALE:

	Target achieved or exceeded 100% and above		Target not achieved - below 100%
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3.1. PROGRAMME 1: ADMINISTRATION

3.1.1. Purpose

The purpose of the administration programme is to enable the delivery of the Services SETA Mandate through the delivery of support services.

3.1.2. Sub-Programme and Purpose

- 1. Finance:** To ensure that reporting on financial matters must be in line with legislative requirements.
- 2. Human Resources Management and Development:** Facilitate improved organisational performance through people, processes, and systems.
- 3. Information and Communication Technology:** Provide an integrated, efficient, and innovative ICT service.
- 4. Marketing and Communications:** Expands stakeholder participation by promoting access to services across all subsectors and provinces and growing visibility.
- 5. Compliance:** To ensure the AA is assured of compliance with statutory and regulatory provisions and that internal policies and

procedures are monitored and strengthened to mitigate risk and improve organisational performance.


- 6. Risk Management:** To implement enterprise-wide risk and fraud management frameworks and mitigation strategies, strengthening the overall achievement of strategic objectives and reducing fraud and corruption.
- 7. Governance:** To ensure that governance structures and processes are established, capacitated, and maintained in accordance with the Standard Constitution of Services SETA Regulations.

3.1.3. Outcomes, Outputs and Output Indicators


This programme primarily supports **Outcome 1:** "Enhanced organisational capabilities to deliver the strategy (NSDP)", but it also supports the implementation of the other four outcomes as a support programme. Outputs and indicators which support the realisation of the outcomes are outlined below:


Table 6. Programme 1 Performance

SUB-PROGRAMME 1.1 FINANCE									
Responsibility Chief Financial Officer and Executive Manager: Strategy & Planning									
Outcome Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output Indicator/Annual Targets
Error-free Financial Statements and reliable performance information report	1.1.1. No material findings on financial statements and performance information	Qualified (audited financial year 2020/21)	Qualified (audited financial year 2021/22)	Unqualified (audited financial year 2022/23)	Qualified (audited financial year 2022/23)	-100%		In the Audit Report issued by the Auditor-General for the financial year 2022/23, the Services SETA received a qualified audit opinion on financial statements; commitments; irregular expenditure disclosure notes, and performance information: unreliable supporting evidence.	N/A
SUB-PROGRAMME 1.2. HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT									
Responsibility Executive Manager: Corporate Services									
Outcome Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output Indicator/Annual Targets
Human resource capacitation	1.2.1. Percentage occupancy maintained	88%	90%	70%	85%	15%		The organisation maintained an 85% out of 70% targeted occupancy rate due to healthy staff turnover and timely filling of critical positions.	N/A
	1.2.2. Percentage of Personal Development Plans implemented	84%	-	75%	83%	8%		The organisation successfully implemented 83% of personal development plans to enhance employees' skills. The overachievement was due to the high appetite for training and good staff attendance, contributing to investment in staff development as per Services SETA Workplace Skills Plan.	N/A

SUB-PROGRAMME 1.3. INFORMATION AND COMMUNICATION TECHNOLOGY									
Responsibility Executive Manager: Corporate Services									
Outcome Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output Indicator/Annual Targets
ICT infrastructure and application systems to support Services SETA	1.3.1. Percentage achievement against prioritised ICT implementation plan	100%	78%	75%	80%	5%		Increased focus and support by the ICT Steering Committee and Finance to the ICT management team enabled the implementation of identified strategic projects and performance overachievement.	N/A

SUB-PROGRAMME 1.4. MARKETING & COMMUNICATIONS									
Responsibility All Executive Managers and Chief Executive Officer									
Outcome Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output Indicator/Annual Targets
Effective stakeholder management	1.4.1. Number of stakeholder engagements	165	-	160	171	11		171 stakeholder engagements were initiated across different sectors, recording a significant positive variance. This signifies that the majority of stakeholders participated in skills development-related activities. The overachievement is attributed to engagements related to stakeholder capacity for transitioning arrangements from historical to occupational qualifications.	N/A

SUB-PROGRAMME 1.5. COMPLIANCE									
Responsibility Chief Executive Officer and Organisational Compliance									
Outcome Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output Indicator/Annual Targets
Enterprise-wide integrated compliance	1.5.1. Percentage of audit and compliance action plans actioned	100%	100%	100%	100%	0%		100% of the organisation's audit and compliance action plans were executed. The achievement of the action plans was monitored to ensure improved audit and compliance.	N/A

SUB-PROGRAMME 1.6. RISK MANAGEMENT									
Responsibility Chief Executive Officer and Enterprise Risk Management									
Outcome Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output Indicator/Annual Targets
Enterprise-wide integrated risk management	1.6.1. Percentage of risk action plans actioned	100%	100%	100%	100%	0%		Services SETA combined assurance improved and contributed to implementing risks identified by the combined risk register.	N/A

SUB-PROGRAMME 1.7. GOVERNANCE									
Responsibility Chief Executive Officer and Board Secretariat									
Outcome Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output Indicator/Annual Targets
Effective governance oversight	1.7.1. Quarterly Good Governance Report	4	4	4	4	0		The organisation ensured there was transparency, accountability, and effective and efficient good governance. The Good Governance Reports were submitted to DHET on time as an oversight tool to monitor good governance at the Services SETA.	N/A

3.2. PROGRAMME 2: SKILLS PLANNING

3.2.1. Purpose

To enable the Services SETA and the Services Sector to target relevant skills development, it is responsible for researching skills needs within the Services Sector, issuing the Sector Skills Plan, developing strategic and annual performance plans for the Services SETA, monitoring and evaluating organisational performance, and conducting targeted evaluations to strengthen programme improvement in executing its mandate.

3.2.2. Description of the Programme

This programme consists of two sub-programmes, as outlined below:

1. Sub-Programme: Planning, Monitoring & Reporting, Research, and Impact Evaluation

The services sector needs to be researched, documented, and communicated with to enable effective planning across all economic

sub-sectors annually. Sector skills and Strategic, Annual, and Operational Performance Plans should be aligned and updated annually in compliance with regulatory frameworks.

2. Sub-Programme: Mandatory Grants

This sub-programme facilitates employers' participation in skills development by requiring them to submit WSP/ATRs annually.

3. Sub-Programme: Special Projects

This sub-programme aims to promote transformational imperatives and national priorities through partnership development with public college systems and organised labour.

3.2.3. Outcomes, Outputs and Output Indicators



This programme contributes to **Outcome 2**: "Enhanced mechanisms for effective skills planning through collaborative research and partnerships". The outcome has three outcome indicators and a five-year target. The alignment of outcomes to the outputs is demonstrated below.





Table 7. Programme 2 Performance

SUB-PROGRAMME 2.1. RESEARCH, PLANNING, MONITORING AND REPORTING										
Responsibility Executive Manager: Strategy and Planning										
Outcome Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships										
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/ Output Indicator/ Annual Targets	
Revised SSP, SP and APP	2.1.1. Evidence-based SSP, SP and APP	Approved	Approved	Approved	Approved	0		The Strategic Plan (2020/21–2024/25 planning period), Annual Performance Plan, Sector Skills Plan, Budget, and Materiality Framework for the 2024/25 financial year were approved.	N/A	
Skills planning research conducted	2.2.1. Number of sector research agreements signed for TVET growth occupationally directed programmes	2	2	3	6	3		Strong Networking Efforts: Services SETA's team has actively engaged in networking activities with TVET colleges, DHET, private research partners, and other SETAs, reaching out to potential partners and fostering relationships within the TVET community. This proactive approach resulted in more partnership opportunities emerging than initially expected.	N/A	

SUB-PROGRAMME		2.1 RESEARCH, PLANNING, MONITORING AND REPORTING (Continued)									
Responsibility		Executive Manager: Strategy and Planning									
Outcome		Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/ Output indicator/ Annual Targets		
Skills planning research conducted	2.2.2. Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment	9,235	6,678	500	674	174		The target overachievement was due to the research team's implementation of highly effective outreach and promotion strategies to attract learners to participate in the survey. These strategies used social media, e-mail, and direct text messages. The team's collective effort improved the database accuracy, tracking, and monitoring mechanisms used to access learners.	N/A		
	2.2.3. Percentage of discretionary grants allocated at developing different skills levels	100%	100%	100%	100%	0%		While more than 80% of the sector workforce have secondary education and there is more capacity to supply elementary skills level, during the implementation of legacy commitments and new projects, interventions above NQF level 4 were in demand and implemented compared to elementary skill level.	N/A		
	High-level skills	17%	17%	20%	25%	5%					
	Intermediate level skills	40%	52%	30%	54%	24%					
	Elementary level skills	43%	31%	50%	21%	-29%					

SUB-PROGRAMME		2.3. MANDATORY GRANT									
Responsibility		Executive Manager: Core Business									
Outcome		Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/ Output indicator/ Annual Targets		
Increased number of employers participating in SETA programmes	2.3.1. Number of WSPs and ATRs approved	4,560	4,016	3,929	4,096	167		The target was not achieved due to the non-achievement of large firms. The Services SETA promoted programmes by embarking on roadshows and offering technical support to employers to submit their plans and reports. However, the submission by large companies was low. The effects of COVID-19 have resulted in retrenchments in some large companies, which have led to their being re-classified under the medium category due to the reduction of employees.	N/A		
	Number of WSPs and ATRs approved for small firms	3,081	2,641	2,563	2,696	133					
	Number of WSPs and ATRs approved for medium firms	870	783	792	1,007	215					
	Number of WSPs and ATRs approved for large firms	609	592	574	393	-181					
	2.3.2. Number of SETA-Employer partnerships established	649	267	570	464	-106		There were not enough projects in the pipeline to ensure the achievement of this indicator – more projects implemented were from existing partnerships already reported as per the existing Commitment Register and were minimal due to new partnerships.	N/A		

SUB-PROGRAMME 2.4. STRATEGIC PARTNERSHIPS										
Responsibility Executive Manager: Strategic Partnerships and Collaborations										
Outcome Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships										
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/ Output Indicator/ Annual Targets	
Promote access to skills development opportunities, including in rural areas	2.4.1. Number of Career Development Practitioners trained	40	45	40	44	4		A total of 44 practitioners were trained on the National Certificate: Occupational Directed Education Training & Development Practices across the country, covering various colleges located in Limpopo and Western Cape Provinces.	N/A	
	2.4.2. Number of Career Development Events in rural/urban areas on occupations in high demand	25	49	18	30	12		The organisation hosted and participated in various career exhibitions across the country. There was an increased demand for the organisation to participate in exhibitions to increase Services SETA's accessibility, visibility, and awareness.	N/A	
	Urban Rural	13 12	27 22	8 10	15 15	7 5				
	2.4.3. Number of capacity-building workshops on Career Development Services initiated	18	19	20	24	4		The capacity-building workshops were conducted in Elangeni and Ikhala, Nkangala, and eThekweni TVETs, among other Colleges, to Career Practitioners and Lecturers on occupational qualifications programmes.	N/A	

SUB-PROGRAMME 2.4. STRATEGIC PARTNERSHIPS (Continued)									
Responsibility Executive Manager: Strategic Partnerships and Collaborations									
Outcome Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/ Output indicator/ Annual Targets
Promote access to skills development opportunities, including in rural areas	2.4.4. Number of Universities/ TVET/ CET Colleges partnerships established	21	29	14	42	28		Partnerships with higher education institutions increased to implement different learning interventions, such as Bursaries, Skills Programmes, AET, Learnerships, and Artisan programmes. The strategic intent of the following University WIL, CET-targeted approach to providing interns and TVET-artisanal programmes, the increased uptake of Services SETA learning interventions by the public college systems, and bursaries targeted for students resulted in a high number of partnerships with TVET Colleges and Universities.	N/A
	Number of TVET Colleges partnerships established	11	12	7	20	13			
	Number of Universities and College partnerships established	6	12	3	13	10			
	Number of CET college partnerships established	4	5	4	9	5			

SUB-PROGRAMME 2.4. STRATEGIC PARTNERSHIPS (Continued)										
Responsibility Executive Manager: Strategic Partnerships and Collaborations										
Outcome Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships										
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/ Output indicator/ Annual Targets	
Promote access to skills development opportunities, including in rural areas	2.4.5. Number of SETA offices established and maintained in TVET colleges	-	-	1	1	0		The Services SETA office at Capricorn TVET College was maintained to ensure functionality and easy access to services for beneficiaries in the Limpopo province. Note: there is no Provincial Office for the organisation situated in Limpopo, hence the need for a satellite office.	N/A	
	2.4.6. Number of Federations /Trade Unions supported through the relevant skills training interventions	7	6	5	6	1		Various trade unions/federations were supported with short skills programmes and/or workshops as interventions to encourage and support worker-initiated interventions. The target was over-achieved with an additional federation due to an increased need to capacitate organised labour constituencies.	N/A	

3.3. PROGRAMME 3: LEARNING PROGRAMMES

3.3.1. Purpose

The skills development programme aims to deliver the Services SETA service offerings to the target stakeholders to achieve the mandate. The programme is responsible for the disbursement of Services SETA discretionary grants through special and regular projects for infrastructure development, to expand access to skills development in rural and underserved areas, and pivotal learning interventions.

3.3.2. Description of the Programme

This programme consists of the following sub-programmes:

1. Sub-Programme: Special Projects

This sub-programme aims to ensure that transformational imperatives and national priorities are promoted through partnership development and strategic integration, resulting in contracting for learners across learning interventions.

2. Sub-Programme: Entrepreneurship and Corporative Development initiative

The programme promotes the growth and sustainability of SMMEs through targeted interventions.

3. Sub-Programme: Learning Interventions

This sub-programme facilitates the uptake of funded and unfunded learning interventions that should be improved and monitored to take good stock of the pool of labour provided within the sector.


3.3.3. Outcomes, Outputs and Output Indicators

This programme contributes to: **Outcomes 3:** "Promote access to technical and professional skills for employment and entrepreneurship across the services sector". The outcome has three outcome indicators and a five-year target. The alignment of outcomes to the outputs is demonstrated below:






Table 8. Programme 3 Performance

3.1. ENTREPRENEURSHIP AND COOPERATIVE DEVELOPMENT											
Executive Manager: Strategic Partnerships and Collaborations											
Promote Access to Technical and Professional Skills across the Services Sector											
Sub-Programme	Responsibility	Outcome	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output Indicator/ Annual Targets
Increased participation by entrepreneurs in SETA offerings			3.1.1. Number of enterprises funded for skills that enhance their growth/ development/ sustainability of their organisation's activities	763	783	700	857	157		Using the e-learning platform ensured a broader reach of beneficiaries across all provinces. The Services SETAs deliberate approach to promoting access to skills development opportunities through skills programmes, capacitation, and mentoring workshops with industry and government entities responsible for ECD ensured an over-achievement of this target.	N/A
			3.1.2. Number of enterprises trained on sector and national priority occupations or skills.							The enterprises embarked on a new venture creation skills programme for the audience falling under the services sector.	N/A
			Established or emergent cooperatives	29	30	30	30	0			
			Small and emerging enterprises	30	31	30	30	0			

Increased participation by entrepreneurs in SETA offerings	3.1.3. Number of people trained on entrepreneurship supported to start their business.	121	218	200	274	74		More people took entrepreneurial skills short courses through the e-learning platform and industry start-up capacity workshop to learn techniques and gain insight into starting their own businesses. There was a considerable demand for entrepreneurship training programmes, resulting in oversubscription of this training event.	N/A
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SUB-PROGRAMME
3.2. STRATEGIC PARTNERSHIPS
Executive Manager: Strategic Partnerships and Collaborations
 Outcome: Promote Access to Technical and Professional Skills across the Services Sector

Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output indicator/ Annual Targets
Partnerships established to promote access to skills development opportunities, including rural areas	3.2.1. Number of Centres of Specialisation supported	4	5	4	4	0		Various (four) Centres of Specialisation were supported to provide an essential service for closing skills gaps in artisanal programmes, which are in high demand.	N/A
	3.2.2. Number of TVET Lecturers exposed to the industry through Skills Programmes	40	42	50	32	-18		The TVET lecturers from various TVET colleges were trained in Project Management, NQF level 4. More TVET staff enrolled in the programme than lecturers, which resulted in the non-achievement of the target for lecturers even though the capacitation responded to public colleges.	N/A
	3.2.3. Number of Managers receiving training on curriculum related studies - TVET	11	11	5	15	10		The TVET Managers from various TVET colleges were trained in Project Management, NQF level 4, and more managers enrolled than planned.	N/A

SUB-PROGRAMME 3.2. STRATEGIC PARTNERSHIPS (Continued)									
Responsibility Executive Manager: Strategic Partnerships and Collaborations									
Outcome Promote Access to Technical and Professional Skills across the Services Sector									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output indicator/ Annual Targets
Partnerships established to promote access to skills development opportunities, including rural areas	3.2.4. Number of TVET colleges Lecturers awarded Bursaries	57	75	50	51	1		The TVET lectures from multiple Colleges were awarded bursaries to study towards various qualifications as an initiative to support Public College System growth through human capital investment.	N/A
	3.2.5. TVET colleges infrastructure development (equipment/ workshops)	5	3	2	3	1		Operationalisation of Mthashane TVETs college (Mkhuze Skills Centre) and Hairdressing equipment tools were delivered to Sekhukhune and Ingwe TVET colleges to establish hair salons to assist learners in training in the hair industry, hence the over-achievement, which resulted in an over-achievement due to high demand of tools of trade for artisanal programmes at Colleges	N/A
	3.2.6. Number of CET colleges lecturers awarded skills development programmes	16	10	20	42	22		The KwaZulu Natal CET College lectures received a short course training on End User Computing. More managers and lecturers invest in personal development interventions, resulting in over-achievement.	N/A
	3.2.7. CET colleges infrastructure development support (equipment/ workshops/ Connectivity/ICT)	3	1	1	1	0		Desktop computers were delivered at Limpopo CET to assist the college in improving capacity and tools of trade or resources to support it in implementing its mandate.	N/A

SUB-PROGRAMME 3.2. STRATEGIC PARTNERSHIPS (Continued)										
Responsibility Executive Manager, Strategic Partnerships and Collaborations										
Outcome Promote Access to Technical and Professional Skills across the Services Sector										
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output indicator/ Annual Targets	
Partnerships established to promote access to skills development opportunities, including rural areas	3.2.8. Number of Managers receiving training on curriculum related studies - CET	11	10	5	11	6		The managers in KZN CET were trained in occupationally directed education, training, and development practice.	N/A	
	3.2.9. Number of learners accessing AET Programmes	20	20	20	51	31		The WC CET learners were trained on the General Education Training Certificate: Adult Basic Education and Training. More managers and lecturers invest in personal development interventions, resulting in over-achievement.	N/A	
	3.2.10. Number of Rural Development Projects Initiated	7	11	10	13	3		Of the learning programme interventions implemented during the year, only 13 were for rural development. Interventions were implemented from current/activated projects, with the support of various tribal authorities, NPCs, municipalities, and SDP in rural areas, and the target was over-achieved.	N/A	

SUB-PROGRAMME 3.3. LEARNING PROGRAMMES

Responsibility Executive Manager: Core Business



Outcome Promote Access to Technical and Professional Skills across the Services Sector

Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24 until 20 December 2023	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output indicator/ Annual Targets
Increased access and throughput of learners to support the flow of skills to the sector	3.3.1. Number of industry learners entered	1,650	2,793	610	2,738	2,128		There was high demand by the industry for the registration of workplace-based learning programmes within the service sector.	N/A
	3.3.2. Number of learners enrolled learnership programmes	4,520	6,736	9,512	4,549	-4,963		There were not enough projects in the pipeline to ensure the achievement of this indicator. Most activated pipelines within Q3 and Q4 could not materialise at year-end and needed more support to pass quality assurance and commence projects.	DHET Director-General requested that the number of learner enrolment targets be increased. Therefore, the target had to change.
	Unemployed	3,817	5,717	8,062	3,988	-4,074			
	Worker	703	1,019	1,450	561	-889			
	3.3.3. Number of learners completed learnership programmes	262	1,425	3,262	3,014	-248		There was an adequate pipeline of active projects, and most projects were completed. External moderation was conducted, and some classes had low competent/throughput rates.	The DHET Director General requested an increase in the number of learner completion targets, so the target had to change.
	Unemployed	262	1,313	2,612	2,515	-97			
	Worker	0	122	650	499	-151			
	3.3.4. Number of learners granted bursaries	1,627	1,808	1,500	2,523	1,023			
	Unemployed learners (new enrolments)	1,072	1,353	800	1,660	860		Over the past two financial years, the organisation has significantly invested in funding newly employed and unemployed individuals, contributing towards key national priorities that continued during 2023/24. An active pipeline contributes to continuing achievements.	N/A
	Unemployed learners (continuing)	112	101	400	434	34			
Workers (new entries)	430	354	300	429	129				

SUB-PROGRAMME 3.3. LEARNING PROGRAMMES (Continued)

Responsibility Executive Manager, Core Business




Outcome Promote Access to Technical and Professional Skills across the Services Sector

Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24 until 20 December 2023	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output indicator/ Annual Targets
Increased access and throughput of learners to support the flow of skills to the sector	3.3.5. Number of learners granted Bursaries completed their studies	1,006	654	492	1,265	773		Bursaries completion targets achieved from the activated pipeline of bursar funded from prior years. Return of Investment.	N/A
	Unemployed	768	619	410	899	489			
	Worker	238	35	82	366	284			
	3.3.6. Number of Internships entered	1,161	2,079	2,285	3,279	994			
	Number of Unemployed learners enrolled on Internships	427	503	535	655	120			
	Number of TVET students requiring Work Integrated Learning to complete their qualifications placed in workplaces	375	1,016	1,150	1,953	803		Alignment of Organisational strategic interventions with National Priorities, the Services SETA investment/ contribution to unemployed graduates enabled the over-achievement of each sub-indicator and internship overall indicator, including placement of graduates at CET Colleges, building capacity for CETs to deliver their mandate.	The DHET Director General requested an increase in the number of learner enrolment targets, so the target had to change.
	Number of CET learners enrolled on Internships	-	-	100	134	34			
	Number of University students requiring Work Integrated Learning to complete their qualifications placed in workplaces	359	560	500	537	37			

SUB-PROGRAMME 3.3. LEARNING PROGRAMMES (Continued)

Responsibility Executive Manager: Core Business

Outcome Promote Access to Technical and Professional Skills across the Services Sector



Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24 until 20 December 2023	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output indicator/ Annual Targets
Increased access and throughput of learners to support the flow of skills to the sector	3.3.7. Number of Internships Completed	108	182	731	1,031	300			
	Number of Unemployed learners completed Internships	93	110	281	296	15		It was achieved due to a healthy pipeline from the previous financial year.	
	Number of TVET students completed their Work-Integrated Learning Placement	15	15	243	371	128			
	Number of University students completed their Work Integrated Learning Placement	0	57	207	364	157			
	3.3.8. Number of learners enrolled for Skills Programmes	5,896	6,656	4,100	4,392	292			
	Unemployed	2,622	2,631	1,300	1,500	200			
	Worker	3,274	4,025	2,800	2,892	92			N/A
	3.3.9. Number of learners completed Skills Programmes	1,625	3,194	1,815	3,149	1,334			
	Unemployed	1,130	1,316	1,075	1,140	65			
	Worker	495	1,878	740	2,009	1,269			

SUB-PROGRAMME 3.3. LEARNING PROGRAMMES (Continued)

Responsibility

Executive Manager, Core Business

Outcome Promote Access to Technical and Professional Skills across the Services Sector

Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24 until 20 December 2023	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output indicator/ Annual Targets
Increased access and throughput of learners to support the flow of skills to the sector	3.3.10. Number of unemployed learners enrolled for Candidacy Programmes	216	157	214	246	32		Investment through industry professional bodies, a partnership with the real estate industry, and business advisory-related professional bodies ensured a high subscription to this training intervention.	The DHET Director General requested an increase in the number of learner enrolment targets, so the target had to change.
	3.3.11. Number of unemployed learners completed Candidacy Programmes	0	125	61	63	2		It was achieved due to a healthy pipeline from the previous financial year.	N/A
	3.3.12. Number of artisan learners enrolled	355	1,036	1,000	1,046	46		Continuing increased focus to invest in artisanal development intervention	N/A
	3.3.13. Number of artisan learners completed	1,517	1,031	1,070	1,179	109		It was achieved due to a healthy pipeline from the previous financial year.	The DHET Director General requested an increase in the number of learner completion targets, so the target had to change.
	3.3.14. Number of learners enrolled in RPL/ARPL	144	190	500	456	-44		There were not enough projects in the pipeline to ensure the achievement of this indicator. The activated pipeline could not materialise at year-end; performance reported from RPL-related projects needs to improve investment into hairdresser ARPL interventions to achieve this target and industry skills in demand.	N/A

SUB-PROGRAMME 3.3. LEARNING PROGRAMMES (Continued)									
Responsibility Executive Manager: Core Business									
Outcome Promote Access to Technical and Professional Skills across the Services Sector									
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24 until 20 December 2023	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/Output indicator/ Annual Targets
Increased access and throughput of learners to support the flow of skills to the sector	3.3.15. Number of learners completed RPL/ARPL	0	79	76	60	-16		This was not achieved due to low intake and learners not being deemed competent regarding their unit standards. With a new pipeline commencing in the current year, the target should be achieved in the future.	N/A
	3.3.16. Number of workers enrolled in AET programmes	350	450	150	400	250		Activated projects for employed learners needing Adult Education and Training, and an adequate pipeline was created, enabling a higher volume of learners to commence.	N/A
	3.3.17. Number of workers completed AET programmes	0	143	29	294	265		It was achieved due to a healthy pipeline from the previous financial year.	N/A

3.4. PROGRAMME 4: QUALITY ASSURANCE

3.4.1. Purpose

This programme contributes to **Outcome 4**: “Enhanced quality assurance efficiencies to execute QCTO delegated functions.” This sub-programme aims to accredit skills development providers and fulfil the QCTO delegated quality assurance of learner achievement function.

3.4.2. Description of the Programme

This programme consists of two sub-programmes:

1. Sub-programme: External Moderation and Certification

Learner achievements are quality-assured according to the QCTO assessment policy and certification process.

2. Sub-programme: Qualifications Development

Support, facilitate and promote the quality of occupational-based learning, work-integrated learning and professionalisation in the sector.

3.4.3. Outcomes, Outputs and Output Indicators

It contributes to **Outcome 4: Strengthened quality partners to improve the supply side**. The outcome has an outcome indicator(s) and a five-year target. The alignment of outcomes to the impact statement is as demonstrated below:



Table 9. Programme 4 Performance

SUB-PROGRAMME 4.1. CERTIFICATIONS										
Responsibility Executive Manager, Core Business										
Outcome Enhanced Quality Assurance Efficiencies to Execute QCTO Delegated Functions										
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/ Output indicator/ Annual Targets	
Improve the capacity of skills supply	4.1.1. Percentage of learners receiving certificates/ SOR	97%	98%	85%	100%	15%		Stakeholder capacitation/education on the process is evidenced by a high demand rate above 78,000, in which all supplied, reviewed processes and stable ICT systems enabled improved learner achievements and turn-around time, hence the 100% performance. All SORs/ Certificates were processed.	N/A	
SUB-PROGRAMME 4.2. QUALIFICATIONS DEVELOPMENT										
RESPONSIBILITY Executive Manager, Strategy and Planning										
OUTCOME Enhanced Quality Assurance efficiencies to execute QCTO delegated functions.										
Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Audited Actual Performance 2023/24	Annual Variance	Rating	Variance Explanation and Plan of Action	Reasons for revisions to the Outputs/ Output indicator/ Annual Targets	
Strengthen the development and alignment of SETA qualifications to occupational qualifications.	4.2.1. Number of qualifications developed or aligned to the priority skills	10	11	10	11	1		Occupational qualifications development interventions for new or re-alignment planned activities were successful. The indicator was over-achieved due to additional qualifications developed and submitted to QCTO during 2023/24. Industry experts' support improved during the 2023/24 development cycle. The expiry of historical qualifications and end of enrolment dates contributed largely to the overachievement of ensuring the capacity to supply occupations in high demand.	N/A	

3.5. LINKING PERFORMANCE WITH BUDGETS

Table 10. Linking Performance with budget

Programme/activity/objective	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1	240,305	355,717	(115,412)	232,823	315,336	(82,513)
Programme 2	330,821	92,666	238,155	124,600	99,182	25,418
Programme 3	1,266,042	731,013	535,029	1,170,767	929,448	241,319
Programme 4	37,550	3,808	33,742	17,210	5,227	11,983
Total	1,874,718	1,183,204	691,514	1,545,400	1,349,193	196,207

3.6. STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

To address poor organisational performance experienced in the year under review, relative to the previous year, the organisation has engaged in rigorous process of developing annual operational plans with clear monthly and quarterly milestones. The organisation has also invested heavily in reporting ICT systems to ensure veracity of information collected and reported. To address adverse audit findings, the organisation has established an Audit Task Team comprising of all executive managers and chairpersons of strategic AA committees such as Audit, Finance and Governance, Risk and Strategy committees. Progress will be monitored monthly and quarterly, reporting to EXCO and AA, respectively.

4. REVENUE COLLECTION

Table 11. Revenue Collection

Sources of revenue	2023/2024			2022/2023		
	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
Levies received	1,883,908	1,965,714	(81,806)	1,775,404	1,852,702	(77,298)
Interest Received	60,770	211,248	(150,478)	59,000	105,135	(46,135)
Total	1,944,678	2,176,962	(232,284)	1,834,404	1,957,837	(123,433)

5. CAPITAL INVESTMENT

Table 12. Capital Investment

INFRASTRUCTURE PROJECTS	2022/2023			2023/2024		
	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 Centres	50,000,000.00	29,482,267.65	(20,517,732.35)	75,000,000.00	30,786,333.02	(44,213,666.98)
Total	50,000,000.00	29,482,267.65	(20,517,732.35)	75,000,000.00	30,786,333.02	(44,213,666.98)



PART C: GOVERNANCE

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PART C

GOVERNANCE

1. INTRODUCTION

The Services SETA is committed to the principles and practices of fairness, openness, integrity, and accountability in all dealings with its stakeholders. The AA conducts all its affairs according to ethical standards and values, and within a recognised governance framework made of the Services SETA Constitution, organisational policies and through the precepts of the Public Finance Management Act (PFMA) run in tandem with the principles contained in the King's Report on Corporate Governance.

The Services SETA acknowledges its role in skills development in the services sector and its responsibility to each beneficiary and the wider community. The organisation recognises that sustainability can be achieved through strong relationships with all stakeholders and responsible risk management.

2. PORTFOLIO COMMITTEES

The Services SETA is a public entity accountable to Parliament through the Minister of Higher Education, Science and Innovation. Parliament, through the Portfolio Committee on Higher Education, Science and Innovation, is responsible for overseeing the performance of the Department of Higher Education and Training and its public entities with a primary focus on service delivery. The Services SETA reports to the Portfolio Committee when required to comply with the latter's oversight responsibilities.

During the period under review, the Services SETA met with the Portfolio Committee on 20 March 2024, and all parliamentary questions posed to the Services SETA were answered. In particular, the questions focused on the audit's organisational performance, including implementing an audit action plan to improve the internal controls.

3. EXECUTIVE AUTHORITY

The Minister of Higher Education, Science and Innovation is Services SETA's Executive Authority, and the Minister is accountable to Parliament for Services SETA activities. Services SETA has complied with its statutory obligations and made all the required submissions to the Executive Authority, National Treasury, and Parliament.

During the period under review, the Services SETA submitted reports to the Executive Authority and other relevant authorities, including quarterly reports (performance and financial), the Annual Report, the Sector Skills Plan, the Annual Performance Plan, and the Service Level Agreement.

The Services SETA Chairperson met with the Executive Authority on 27 February 2024 to discuss the process of filling the vacant Chief Executive Officer position, which was left vacant following the resignation of Mr Menzi Fakude.

4. THE ACCOUNTING AUTHORITY / BOARD

The PFMA makes provision for every public entity to have an Accounting Authority that must be accountable for the purposes of the PFMA. The Services SETA board is the AA and has the highest governance structure in the organisation. The AA provides oversight and support to management and provides strategic leadership to the organisation, ensuring that it fulfils its mandate and obligations in terms of the constitution and Act.

The AA is responsible for the organisational performance and fully accountable to the Executive Authority for such performance. In line with the Services SETA constitution, the AA constitutes a fundamental base for applying corporate governance principles in the organisation. The AA meets at least once per quarter during the financial year and when required.

The role and functions of the board are described in the Services SETA constitution and include, but are not limited to, the following:

- › Governs the management of risk and formal risk management process in accordance with the approved Risk Management policy;
- › Reviews the five-year strategic plan and annually review and make adjustments based on changing realities and interrelated plans such as business plans approved;
- › Provides effective leadership and ensures that the Services SETA implements the goals of the National Skills Development Plan (NSDP) and Service Level Agreement with the Minister;

- › Ensures that the Services SETA complies with all relevant statutory requirements and requirements of the constitution, code of conduct, accounting principles, and such other principles;
- › Ensures that its members and the members of the committees comply with the Code of Conduct; and
- › Provides strategic guidance and oversight to the Services SETA and monitors performance and outcomes against strategic objectives.

The Board Charter is the cornerstone of the Services SETA governance system and defines the governance parameters within which the AA functions. The Charter sets out the respective roles, functions, and responsibilities discharged by the AA, members collectively, and management in setting the control and direction of the organisation.

The Board Charter is in accordance with the provisions of the Constitution and sets out the composition of the AA and its Committees to ensure a quorum at all meetings. It also outlines the powers and delegations of authority to the committees and management.



COMPOSITION OF THE BOARD

Table 13. Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings attended
Mr Stephen de Vries	Chairperson- Ministerial Appointee	1 April 2020	N/A	Master of Public Administration	Ministerial Appointee	Executive Committee	11/11
Mr Andrew Madella	Community Organisations	1 April 2020	N/A	BA Honours: Public Administration Higher Diploma in Social Work (equivalent to an Honours degree) BPhil in Values Analysis and Policy Postgraduate Diploma in Poverty Land and Agrarian Studies Post Graduate Diploma in Disability Studies	Disabled People South Africa (DPSA)	Executive Committee Human Resources and Remuneration Committee Transformation Committee	11/11
Ms Alice karanja	Community Organisations	1 April 2020	N/A	BA Honours: Industrial Sociology	Think Foundation	Executive Committee Human Resources and Remuneration Committee Governance, Risk and Strategy Committee	11/11
Mr Wiseman Dinwa	Organised Labour	1 April 2020	N/A	Master of Arts: Labour Policy and Globalisation.	Hotel, Liquor, Catering, Commercial & Allied Workers Union (HOTELICCA)	Executive Committee Finance Committee Governance, Risk and Strategy Committee	9/11
Ms Patricia Sithole	Organised Labour	1 April 2020	N/A	Diploma: Paralegal	Hotel, Liquor, Catering, Commercial & Allied Workers Union (HOTELICCA)	Finance Committee Governance, Risk and Strategy Committee	11/11
Ms Rendani Dlamini	Organised Labour	1 April 2020	N/A	SAMTRAC Diploma Occupational Health and Safety (Diploma in progress)	South African Transport and Allied Workers Union (SATAWU)	Human Resources and Remuneration Committee Transformation Committee	11/11
Mr Themba Mtsweni	Organised Labour	1 April 2020	N/A	Diploma: Financial Accounting	South African Transport and Allied Workers Union (SATAWU)	Human Resources and Remuneration Audit Committee Information and Communication Technology Steering Committee	11/11

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings attended
Mr Shadrack Motloung	Organised Labour	1 April 2020	N/A	Certificate: Nursing Science Certificate in AMA Guide Evaluation of Permanent Impairment and Disability Assessment Certificate in Local Government Administration and Management. Diploma in Environmental Health and Safety Management.	United Association of South Africa (UASA-the Union)	Transformation Committee Human Resources and Remuneration Committee	11/11
Mr Asif Jhatham	Organised Labour	1 April 2020	N/A	BCOM Honours: Accounting	United Association of South Africa (UASA-the Union)	Finance Committee Human Resources and Remuneration Committee	8/11
Ms Jacqui Ford	Organised Business	1 April 2020	N/A	Management Advancement Programme	Federation of African Professional Staffing Organisation (APSO)	Information and Communication Technology Steering Committee Executive Committee Human Resources and Remuneration Committee	11/11
Ms Julia Nzimande	Organised Business	1 April 2020	N/A	Masters in Law	Association of BEE Professionals (ABP)	Transformation Committee Finance Committee	11/11
Mr Kevin Cowley	Organised Business	1 April 2020	N/A	Master of Arts: Labour Practices	Construction Engineering Association of South Africa (CEASA)	Governance, Risk and Strategy Committee Human Resources and Remuneration Audit Committee	11/11
Ms Noxolo Gogo	Organised Business	1 April 2020	N/A	PRISA Membership Certificate for Accredited Public Relations (APR) in line with the certificate attached Diploma in Education	Public Relations Institute of Southern Africa (PRISA)	Transformation Committee Governance, Risk and Strategy Committee	11/11
Ms Nomfundo Mcoyi	Organised Business	1 April 2020	N/A	Diploma in Education	South African Funeral Practitioners Association (SAFPA)	Governance, Risk and Strategy Committee Finance Committee	9/11
Mr Kumaran Govender	Organised Business	1 April 2023	N/A	Trade Tested – Certificate of Hairdressing	Employer's Organisation for Hairdressing, Cosmetology & Beauty (EOHCB)	Transformation Committee Finance Committee	11/11

COMMITTEES

Table 14. Committees

Committee	No. of meetings held	No. of members	Name of members
Executive Committee	27	5	1. Stephen De Vries
			2. Andrew Madella
			3. Alice Karanja
			4. Jacqui Ford
			5. Wiseman Dinwa
Finance Committee	4	6	1. Asif Jhatham
			2. Wiseman Dinwa
			3. Julia Nzimande
			4. Nomfundo Mcoyi
			5. Patricia Sithole
			6. Kumaran Govender
Audit Committee	5	6	1. Kgotlo Rabothata
			2. Themba Mtsweni
			3. Kevin Cowley
			4. Oupa Galane
			5. Nadira Singh
			6. Thandazile Mkhize
Governance, Risk and Strategy Committee	5	7	1. Nomfundo Mcoyi
			2. Kevin Cowley
			3. Patricia Sithole
			4. Alice Karanja
			5. Noxolo Gogo
			6. Wiseman Dinwa
			7. Shadrack Motloung
Human Resources and Remuneration Committee	5	7	1. Themba Mtsweni
			2. Asif Jhatham
			3. Andrew Madella
			4. Alice Karanja
			5. Rendani Dlamini
			6. Jacqui Ford
			7. Kevin Cowley
Transformation Committee	4	6	1. Noxolo Gogo
			2. Shadrack Motloung
			3. Rendani Dlamini
			4. Julia Nzimande
			5. Andrew Madella
			6. Kumaran Govender

REMUNERATION OF BOARD MEMBERS

Table 15. Remuneration of board members

Name	Remuneration	Other allowance	Other reimbursements	Total
Stephen de Vries	428,000.00	-	840,000.00	1,268,000.00
Andrew Madella	323,000.00	64,000.00	40,000.00	427,000.00
Alice Karanja	323,000.00	96,000.00	96,000.00	515,000.00
Wiseman Dinwa	305,000.00	96,000.00	168,000.00	569,000.00
Patricia Sithole	107,000.00	104,000.00	139,000.00	350,000.00
Rendani Dlamini	115,000.00	80,000.00	155,000.00	350,000.00
Themba Mtsweni	227,000.00	65,000.00	88,000.00	380,000.00
Shadrack Motloung	107,000.00	94,000.00	163,000.00	364,000.00
Asif Jhatham	152,000.00	121,000.00	48,000.00	321,000.00
Jacqui Ford	323,000.00	40,000.00	115,000.00	478,000.00
Julia Nzimande	107,000.00	96,000.00	196,000.00	399,000.00
Kevin Cowley	115,000.00	104,000.00	115,000.00	334,000.00
Noxolo Gogo	227,000.00	99,000.00	112,000.00	438,000.00
Nomfundo Mcoyi	168,000.00	96,000.00	32,000.00	296,000.00
Kumaran Govender	107,000.00	88,000.00	155,000.00	350,000.00
Total	3,134,000.00	1,243,000.00	2,462,000.00	6,839,000.00

5. RISK MANAGEMENT

The Services SETA has a risk management policy and strategy in place. This document aims to articulate the Services SETA's Risk Management philosophy and identify, assess, monitor, and manage risks, therefore adopting a comprehensive approach to risk management. We acknowledge that Risk Management is a systematic and formalised process.

The organisation conducts monthly and quarterly risk assessments to review the relevance of the risks, assess the effectiveness of its controls and/or mitigating strategies, and identify any emerging risks.

Our Audit Committee (AC) deals with the overall risk management system, especially in mitigating unacceptable levels of risk. They also receive and consider quarterly reports from the Enterprise Risk and Compliance Management department, where the top risks are presented and the effectiveness of their controls are evaluated. Recommendations are given on the controls and mitigating strategies. This committee also takes cognisance of the limits for risk appetite and tolerance set by the Board. It independently monitors the effectiveness of the risk management system through the Internal Audit, which must conduct a review annually.

There has been an improvement in risk management, resulting in improvements in the Services SETA's performance in the way management needs to report on risks as part of their monthly management reports. Management also makes risk-based decisions and recognises the importance of risk management in the planning phases of the Annual Performance Plan. Quarterly combined assurance forum sessions are held to review the risks already identified in the combined risk register and the effectiveness of the related controls. These sessions assist in improving the entity's performance and, in other instances, avoid certain risks.

6. INTERNAL CONTROL UNIT

The Services SETA is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance of the integrity of performance information. Services SETA's control environment encompasses various governance functions and operational management practices, including (but not limited to):

- › Internal Audit;
- › Enterprise Risk Management (ERM) and combined assurance;

- › Strategic execution and performance management;
- › Governance of stakeholder engagement and management;
- › Information technology (IT) management and ICT governance;
- › Ethics and fraud risk management; and
- › Regulatory compliance.

The scope of the work to be performed by the Internal Audit will be based on its risk assessment (with management input) as approved by the AC to achieve full effectiveness. Audit coverage and any other areas are risk-based as directed and approved by the AC.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The objective of the Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve Services SETA's operations. The internal audit aims to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. Internal Audit helps Services SETA accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

Internal Audit assists the AA in achieving the objectives of the institution by evaluating and developing recommendations for enhancement or improvement of the processes through which:

- › Objectives and values are established and communicated;
- › The accomplishment of objectives is monitored;
- › Accountability is ensured; and
- › Corporate values are preserved.

In carrying out audits, the scope of work of the Internal Audit is to determine whether the Services SETA's network of risk management, control systems, and

governance processes, as designed and represented by management, is adequate and functioning in an effective manner to provide reasonable assurance that:

- › Significant risks relating to achieving Services SETA's strategic objectives are appropriately identified and managed. Interaction with the various governance groups within the organisation occurs as needed;
- › Significant financial, operational, managerial, performance and information technology information is accurate, reliable, and timely;
- › The actions of Services SETA's employees follow Services SETA's policies, procedures, and applicable laws, regulations, and governance standards;
- › Resources and assets are acquired and disposed of economically, used efficiently, and protected adequately;
- › The results of operations or programmes are consistent with the established goals and objectives of Services SETA and are being carried out effectively and efficiently;
- › Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Services SETA;
- › Information and the means used to identify, measure, analyse, classify, and report such information is reliable and have integrity;
- › The Services SETA's fraud prevention plan is implemented and operating effectively and efficiently; and
- › Assets, revenue, income, and interests of the Services SETA are accounted for and safeguarded against fraud, corruption, losses of all kinds, wastage, inefficient administration, and any other causes.

Table 16. Audit Committee

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
1. Mr Kgotlo Rabothata	B Compt Honors in Accounting, CA(SA)	External	N/A	1 October 2020	N/A	9
2. Mr Themba Mtsweni	Diploma: Financial Accounting	Internal	Board Member	1 October 2020	N/A	7
3. Mr Kevin Cowley	Masters in Human Resources Management	Internal	Board Member	1 October 2020	N/A	7
4. Mr. Oupa Galane	MPhil: Accounting Sciences	External	N/A	1 October 2020	N/A	9
5. Ms Nadira Singh	B Compt Honors in Accounting, CA(SA)	External	N/A	1 October 2020	N/A	8
6. Ms Thandazile Mkhize	B Compt Honors in Accounting, CA(SA)	External	N/A	1 October 2020	N/A	5

8. COMPLIANCE WITH LAWS AND REGULATIONS

The organisation has tasked the Governance, Risk and Strategy Committee (GRSC) to provide overall oversight of compliance and risk management functions. A legislative universe and an Annual Compliance Plan are developed yearly, and relevant legislation that impacts our business are listed. This plan articulates when each legislation listed in the universe will be assessed, the legislation's owner, and if any areas of non-compliance are identified, what action to take to remedy that area, and the timelines for when that action should be taken.

9. FRAUD AND CORRUPTION

The Services SETA has a Fraud Prevention Plan in place, which is reviewed annually and approved by the Board. This plan explains the process for reporting unethical conduct by a member of the Services SETA.

A whistle-blower line allows public and internal staff members to report fraud and corruption incidents anonymously. The number of the line is on each email address of the internal staff and the website. Posters and pamphlets of any Services SETA promotional materials also have the whistle-blower line number to ensure that the number is broadly advertised. The whistle-blower line is managed by an independent entity, and the reports are received by the Ethics Committee, which is internal and scrutinised by them against the Whistleblower policy and reported in the GRSC and the AC.

10. MINIMISING CONFLICT OF INTEREST

The Services SETA manages conflicts of interest through two mechanisms. The first is through the annual declarations that employees submit to the Human Resources Capital Management department. These declarations are then analysed, and a report is presented to the relevant governance committees. No significant conflicts of interest have been reported in the current year.

The second mechanism is the Ethics Committee, established under the CEO's Office and represented by Legal Services, Risk and Compliance management and Corporate Services managers. The committee meets quarterly to assess ethical matters affecting the Services SETA, including conflicts of interest and reports quarterly to the Governance, Risk and Compliance Committee. To date, no significant issues have been reported by the committee.

11. CODE OF CONDUCT

The Services SETA has a code of conduct that all employees must aspire to maintain. The code of conduct is presented during all employees' induction and is shared with all staff members. The code of conduct is a guideline to employees as to what is expected from them from an ethical point of view, both in their individual conduct and their relationship with others. Compliance with the code of conduct can be expected to enhance professionalism and help to ensure confidence in the Services SETA. Specifically, compliance with the Code of Conduct enhances employees' integrity, accountability and transparency, prevents corrupt practices and the risk of reputational

damage, fosters ethical decision-making adherence to organisational procedures and further enhances public trust.

The Service SETA has values that are fundamental to how the organisation conducts its business and all activities. The values are reviewed regularly to ensure that they remain relevant. To promote good ethics management, an ethics committee was established that reports to the Governance Risk and Strategy Committee (GRSC) and AC.

The Services SETA has a disciplinary code and procedure policy that outlines the procedural framework that the Services SETA can exercise in instances where employees have breached the code of conduct by deviating from the standard of conduct expected from them. The disciplinary code and procedure policy stipulates that:

- › Management is responsible for and has the authority to take disciplinary action regarding employee conduct.;
- › In exceptional circumstances, if the employer cannot reasonably be expected to comply with these guidelines, the employer may, for such extraordinary circumstances, dispense with these disciplinary formalities;
- › Any employee who commits an act of misconduct or is guilty of omission that falls short of an acceptable standard of conduct required of the employer's employees may be subject to appropriate disciplinary action; and
- › The application of discipline may take any of the following forms, depending upon the circumstances of the case, the frequency and/or the severity of the misconduct:
 - + Verbal warning;
 - + Written warning;
 - + Final written warning;
 - + Suspension without pay in the case of very serious offences only, as an alternative to dismissal; and
 - + Dismissal.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

In promoting the Occupational Health and Safety Act (Act 85 of 1993), Services SETA has established an OHS committee to foster a health and safety culture and facilitate the appointment of safety representatives within the organisation. The OHS Committee meets

quarterly. No incidents have been reported except for instances where employees were unwell and required ambulance services.

An approved OHS policy is in place and currently under review. An evacuation plan has been established, and annual evacuation drills are conducted.

13. COMPANY/BOARD SECRETARY

The AA Board Secretariat is responsible for, *inter alia*, providing advice and guidance to the Board and its Committees, with a primary focus on procedural and compliance issues and compliance with the King IV report and statutory regulations. The Board Secretariat works closely with the Board Chairperson and CEO to ensure the effective functioning of the Board and governance processes.

The Board Secretariat is responsible for preparing the year's Board and Committee meeting schedule. Together with the Chairperson and executive management, it prepares meeting agendas. The Secretariat ensures that information is timeously circulated to all Board and Committee members to enable proper preparation of meetings and that minutes of meetings are recorded.

The Secretariat is also responsible for facilitating the annual performance evaluation process for the Board and its Committees, facilitating the induction of new AA members, and developing mechanisms for providing continuous capacity building and training for Board members to maintain and improve performance.

14. SOCIAL RESPONSIBILITY

In the 2023/24 financial year, Services SETA reaffirmed its commitment to social responsibility through an impressive array of charitable donations and community support initiatives. Guided by its mission to foster positive social change, the organisation's philanthropic efforts included substantial contributions in the form of vehicles and cash donations, benefiting educational institutions and organisations dedicated to promoting diversity and inclusivity.

1. Vehicle Donations

Services SETA donated seven vehicles in underserved regions as part of its educational support initiative. The donation targeted schools and eligible nonprofit organisations, including those serving persons with disabilities. These vehicles were intended to

facilitate transportation for learners, staff and any other relevant beneficiary, particularly in areas where access to reliable transportation is a significant barrier to education. This donation was to the value of R980,000.00 in book value accounting terms.

2. Cash Donations

In addition to the vehicle donations, cash donations were made to several organisations, including educational ones. The funds were allotted to support various projects, such as creating new educational programmes, sponsoring an elder Christmas gathering organised by Dambuza Community Development Trust (DAMCOM), and the Village Walk for Education event in Bhambayi. Public schools, community colleges, and technical and vocational education and training (TVETs) were among the notable recipients who benefited from increased funding and assistance.

3. Support for Diversity and Inclusion Advocacy

The organisation's 2023/24 charity activities, which included donating R45,000.00 to support the Midrand Rainbow Pride campaign organised by the South Africa Queer Organisation, demonstrated its

dedication to promoting diversity and inclusiveness. An organisation that supports advocacy, education, and social integration for individuals who identify as Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual and Queer (LGBTQIA+) in the City of Johannesburg, Region A, Gauteng.

The contributions made by Services SETA in 2023/24 had a substantial impact on the communities and causes they supported. The organisation plans to build on its 2023/24 achievements by exploring new avenues for charitable engagement and expanding its support for innovative solutions to global challenges. The company remains dedicated to leveraging its resources and influence to drive meaningful change and foster a better future for all. The Services SETA exemplified corporate social responsibility through generous donations to learning institutions and organisations advocating diversity and inclusion. By addressing critical needs in education and supporting efforts to promote equity, the company has reinforced its commitment to making a positive difference in society. The organisation is poised to continue its impactful philanthropic work, contributing to a more inclusive and educated world as it moves forward.

Table 17. Cash Donations

CASH DONATIONS	DESCRIPTION	VALUE
Inanda Newtown Comprehensive High School	Village Walk for Education Event in Bhambayi	R5,000.00
Midrand Rainbow Pride	Diversity Movement (LGBTQIA+)	R45,000.00
Isizwe Esiqhakazile NPC	Travel and accommodation costs	R30,000.00
Dambuza Community Development Trust (DAMCOM)	Elders Christmas	R10,000.00
Northlink TVET College	Stakeholder Engagement Session	R6,770.00
South African Association of Health and Skincare Professionals	Beauty Indaba Conference	R88,065.04

Table 18. Assets Donations

ASSET NAME	CATEGORY	NET BOOK VALUE 30/09/2022
Toyota Corolla 1.6 Prestige Cvt	Motor Vehicles	R150,584.48
Toyota Corolla 1.6 Prestige Cvt	Motor Vehicles	R150,584.48
Toyota Corolla 1.6 Prestige Cvt	Motor Vehicles	R150,584.48
Toyota Corolla 1.6	Motor Vehicles	R91,113.65
Nissan Sentra	Motor Vehicles	R109,531.84
Nissan Sentra	Motor Vehicles	R109,531.84
Nissan Sentra	Motor Vehicles	R109,531.84
Nissan Sentra	Motor Vehicles	R109,531.84
5 desktops (Sidingimfundo High School)	ICT	-
5 desktops (Bokgaga High School – the school has a computer lab)	ICT	-

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended March 31, 2024.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The AC consists of the members listed hereunder and should meet four times per annum per the committee's approved terms of reference. During the current year, 9 audit committee meetings were held.

Table 19. Audit Committee Members

NAME OF MEMBERS	NUMBER OF MEETINGS ATTENDED
Rabothata, K (Chairperson) CA (SA)	9
Cowley, K (AA member)	7
Galane, O (MPhil: Accounting Sciences)	9
Mkhize, T CA (SA)	5
Mtsweni, T (AA member)	7
Singh, N CA (SA)	8
Total number of meetings scheduled	9

AUDIT COMMITTEE RESPONSIBILITY

The AC also reports that it has adopted appropriate formal terms of reference as its audit committee charter, regulated its affairs in compliance with these terms of reference, and discharged all its responsibilities as contained therein.

INTERNAL AUDIT

The AC monitored and reinforced the effectiveness of both the internal control system and the internal audit function.

The AC assessed and made recommendations in respect of:

- › The functioning and overall efficiency and effectiveness of the internal control system;
- › The functioning of the Internal Audit Department;
- › The identification of risk areas of the Services SETA's operations, which are to be covered by the scope of internal audits;
- › The adequacy, reliability and accuracy of the financial information provided to the AA;
- › The cooperation and coordination between internal and external audit functions and their cooperation and coordination pertaining to the management of the Services SETA;
- › Any accounting and auditing concerns identified through internal audits;
- › The AC must review and confirm the Internal Audit's Terms of Reference and the Internal Audit Plan and must review and confirm the resources required to implement such plans; and

- › The AC must draw up a recommendation for the AA regarding appointing and removing the internal auditors.

The AC concurs with and accepts the internal audit reports.

EXTERNAL AUDIT

The AC is responsible for overseeing the external audit process, and in this regard, the Committee must:

- › Review and accept the terms of engagement for external audit;
- › Review the audit plans, report, and fees of the Auditor-General of South Africa (AGSA), ensuring that value is provided to the Services SETA;
- › Monitor and report on the independence of the external auditors in the financial statements;
- › Assess the performance and effectiveness of the external audit function;
- › Ensure that key matters arising from the external audit's management reports are being adequately addressed and implemented by the Services SETA;
- › Identify risk areas of the Services SETA's operations, which are to be covered by the scope of external audits;
- › Define the scope and results of the external audit and its effectiveness, as well as the independence and objectivity of the external auditors;
- › Assess the cooperation and coordination between internal and external audit functions and their cooperation and coordination pertaining to the management of the Services SETA;

- › Assess any accounting and auditing concerns identified by the AGSA; and
- › Develop a direct, strong and candid relationship with the external auditors and its communication with them. Facilitate independence from management of the Services SETA and encourage the external auditors to speak freely, regularly and confidentially with the AC.

The AC has met with the AGSA to ensure that unresolved material findings from prior years are adequately resolved before the financial statements are submitted for audit.

The AC concurs with and accepts the final management report presented by the AGSA.

FINANCIAL REPORTING

The AC oversees the annual reporting process and, in particular, must:

- › Review management reporting and cash flows;
- › Have regard to all factors and risks that may impact the integrity of the annual report, including factors that may predispose management to present a misleading picture, significant judgments and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- › Review the AFS before submission to the AGSA;
- › Review significant or unusual transactions and accounting estimates in the AFS;
- › Obtain adequate explanations from management for all significant variances in the financial budget or plan;
- › Satisfy itself that the AFS give an accurate and fair view of the financial activities and financial position of the Services SETA;
- › Comment in the annual report on the accounting practices and the effectiveness of the internal financial controls and the Committee's evaluation of the AFS;
- › Ensure that the Services SETA complies with the legal and regulatory provisions such as the PFMA;
- › Review and recommend to the AA for approval the report of the Chairperson of the AC, which is included in the Annual Report;
- › Recommend the annual report for approval by the AA; and

- › Review the Services SETA's performance against predetermined objectives every quarter.

RISK MANAGEMENT

Risk management is achieved by identifying corrective actions and suggested enhancements to the controls and processes.

The AC:

- › Considers the risk management policy and plan;
- › Assesses the risk management process regularly;
- › Takes cognisance of the limits for risk appetite and tolerance set by the AA; and
- › Ensures processes are in place to enable complete, timely, relevant, accurate and accessible risk disclosure.

The Committee is an integral component of the risk management process, and specifically, the Committee must assess:

- › The effectiveness of the documented processes and outcomes surrounding key risks at least annually;
- › Compliance with legislation pertaining to risk and risk management;
- › Risk areas of the institution's operations as covered in the scope of internal and external audits;
- › Financial reporting risks;
- › Internal financial controls;
- › Fraud risk as it relates to financial reporting;
- › IT risk as it relates to financial reporting; and
- › The design, implementation and monitoring of the risk management process (both strategic and operational).

INTERNAL CONTROLS

The AC understands the Services SETA's major risk areas. It assessed the control process and the adequacy of the system of internal control by reviewing internal and external audit reports and:

- › Is continually aware of the current areas of most significant financial, operational, compliance, legal, regulatory and reputational risks and ensures that management is effectively managing the risks;
- › Ensures that effective systems of accounting and internal control are established and maintained to manage financial risk;

- › Satisfies itself with regards to the integrity and prudence of management control systems, including the review of policies and/or practices; and
- › Ensures that the entity and Executive Management are aware of any matters that might significantly impact the financial state or affairs of the Services SETA.

COMPLIANCE

The AC ensures that the management of Services SETA has established the necessary checks and balances to ensure compliance with pertinent laws and regulations, ethical conduct of its affairs, and effective controls against conflicts of interest and fraud.

The specific steps involved in carrying out this responsibility include:

- › Assessing policy documents, which should incorporate compliance with laws, regulations, ethics, policies and rules regarding conflicts of interest;
- › Assessing compliance with the above laws and regulations;
- › Taking note of significant cases of employee and AA conflicts of interest, misconduct, fraud and the resolution of these cases;
- › Assessing the Internal Auditor's written reports regarding the scope of reviews of compliance, any significant findings, and the resolution and follow-up on findings and recommendations;
- › Assessing developments and changes in the law relating to the responsibilities and liabilities of Management and to assess and review the extent to which the management is meeting its obligations; and
- › Assess developments and changes in the various rules, regulations, and laws that relate generally to the Services SETA's operations, as well as assess and review the extent to which the Services SETA complies with such laws.

COMBINED ASSURANCE

The Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular, the Committee

- › Ensures that the combined assurance received is appropriate to address all the significant risks facing the Services SETA;
- › Ensures that the assurance efforts of the

internal auditors and the AGSA are sufficiently coordinated to avoid duplication of efforts and to ensure that the combined assurance is maximised; and

- › Monitors the relationship between the external assurance providers and the Services SETA.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Services SETA's system of internal controls over financial and risk management has been audited for effectiveness, efficiency, and transparency. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the AC and management with some assurance that the internal controls are appropriate and effective.

According to the reports of the Internal Auditors and the final management report of the Auditor General of South Africa, the deficiencies in internal controls that have been identified in relation to commitment balances and bursary provisions indicate a lack of improvement in the effectiveness of the internal controls system.

EVALUATION OF AFS

The AC has:

- › Reviewed and discussed the audited AFS;
- › Reviewed the AGSA interim and final management report;
- › Reviewed the Services SETA compliance with legal and regulatory provisions; and
- › Reviewed the effectiveness of internal controls.

INVESTIGATION

Certain allegations regarding procurement irregularities from prior years have been brought to the attention of the AA, which has tasked the AC with overseeing the investigation. These matters are currently under investigation, with regular feedback from the AC and the AA. Once finalised, the AA will take appropriate action. (Please refer to section 09 of the AA's report.)

The Audit Committee submits its report for the year ended March 31, 2024.



Chairperson of the Audit Committee

Date: 28 May 2024

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in compliance with the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Table 20. B-BBEE Compliance Performance Report Information

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
Determining qualification criteria for issuing licences, concessions or other authorisations concerning economic activity in terms of any law?	NO	The issuance of the Services SETA licence is not dependent on the economic activities of the Services SETA. SETA licences are issued in accordance with the requirements detailed in the Skills Development Act 97 of 1998.
Developing and implementing a preferential procurement policy?	YES	The Services SETA does not have a stand-alone preferential procurement policy in place. Preferential Procurement is implemented in compliance with the Supply Chain Management Policy. That policy outlines the provisions of the Preferential Procurement Policy Framework Act, No. 5 of 2000.
Determining qualification criteria for the sale of state-owned enterprises?	NO	This does not apply to Services SETA as a Schedule 3A entity.
Developing criteria for entering into partnerships with the private sector?	YES	The organisation has transformation objectives and applies stringent standards during the procurement process. Discretionary Grant applications are evaluated on BEE Levels before contracts are awarded. Proposals made to the organisation also take transformation imperatives into account.
Determining criteria for awarding incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	YES	A discretionary grant policy is in place, and transformation targets are included.



In the past financial year, the Services SETA has facilitated over 16,891 learning interventions, with more than 70% of the beneficiaries being unemployed youth, women, and individuals from disadvantaged communities, empowering them with skills critical for the service sector's growth. This commitment reflects the SETA's ongoing dedication to transforming lives and contributing to South Africa's economic development.

PART D: HUMAN RESOURCES

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2.	HUMAN RESOURCE OVERSIGHT STATISTICS	80



PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources Capital Management (HRCM) department has a primary function that manages all issues related to the people in the organisation. The department is responsible for supporting the strategic goals of the Services SETA by ensuring that competent people with the right qualifications, experience, skills, and attitude are recruited and retained. The department provides services and support to employees in ways that embrace the organisation's vision and mission. The department is responsible for policy development and for ensuring its implementation. The HRCM department assists and supports management in dealing with all employee-related matters, including performance management, leave management, induction and onboarding, training and development, employee relations, personnel records retention, payroll administration and employee wellness programme. The implementation of the OD process and change management are other projects the department is leading. HRCM works closely with all departments to support and respond to their needs.

HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACTS

- › Improve employee engagement and organisational communication;
- › Align the organisational structure with its objectives to optimise the use of our human resources, business processes, functions, and systems; and
- › Living the organisational values to improve the organisational culture.

WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

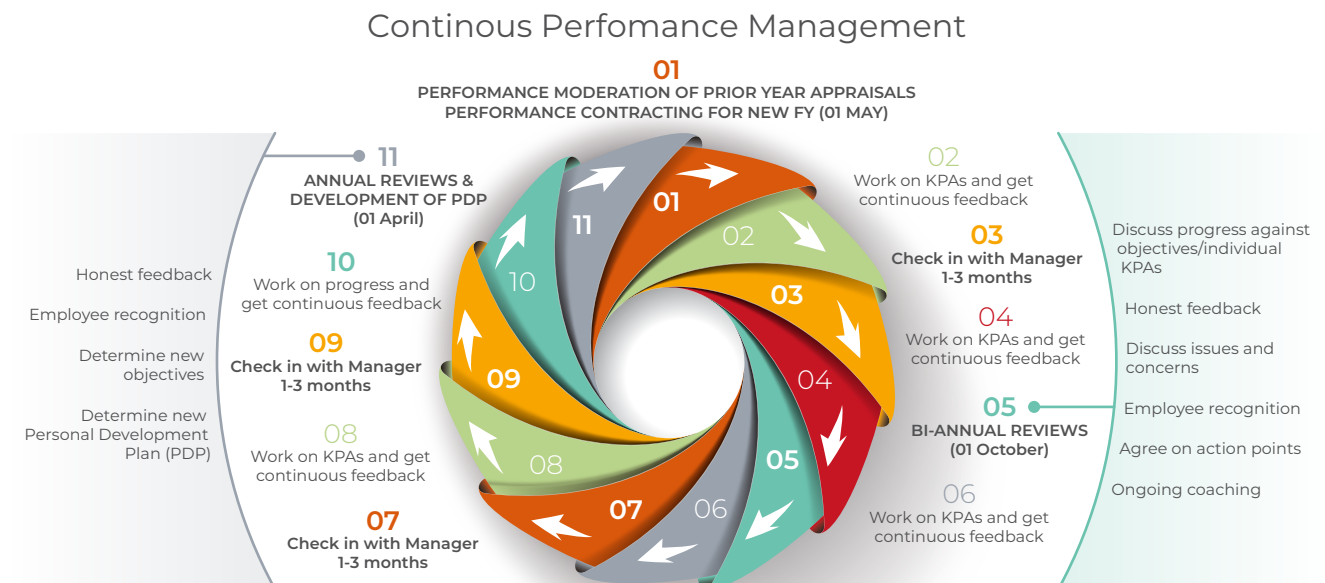
- › Understanding our existing workforce, employee skills, experience, competencies, and potential talent gaps assists with effective planning;

- › Conducting performance tracking and employee assessment to view our entire workforce and create actionable plans. This will assist in identifying high performers better and in developing talent acquisition strategies to attract the best employees to the organisation;
- › Succession planning will create a smooth transition for critical roles in the organisation; this will provide an uninterrupted and seamless service to our stakeholders;
- › Identifying understaffed departments and potential bottlenecks and closing those gaps;
- › Managing the performance of employees to increase productivity and efficiency; and
- › A clear workforce plan with recruitment and training structures in place will make the organisation more agile and efficiently anticipate and react to change.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The Services SETA uses performance management to manage the achievement of organisational goals, objectives, and targets. Having a structured performance management system aligns employees with the organisational objectives. The Services SETA uses performance management to establish and maintain a high-performance culture. The HRCM encourages ongoing communication between managers and employees to accomplish strategic objectives.

Figure 16. The Performance Management Cycle



The organisation’s performance management system is automated, making it easier and convenient for employees and managers to capture and approve performance agreements and reviews. In the first quarter of the year, employees are expected to capture their performance agreements after thorough engagements with their managers during the performance review process. This is done to also identify learning and development interventions required for employees to improve performance. Employees will submit Personal Development Plans (PDPs) that will be included in the organisation’s training plan for the year. The PDPs should address key performance areas that require training and should be approved by managers in our Employee Self Service (ESS) system.

EMPLOYEE WELLNESS PROGRAMMES

The Services SETA, through its Employee Assistance Programme (EAP), provides work-based interventions to employees who are distressed. The Employee Wellness Assistance Programme applies equally to all employees, their immediate family members, and our interns.

The Services SETA hosts a variety of wellness campaigns to educate, support and provide a year of valuable information. Every month, the HRCM department focuses on different wellness topics to broaden awareness and inform employees. This is done through the panel of health and wellness providers contracted for wellness services.

The EAP provides employees with access to professional counselling services (psychologists, therapists, psychiatrists, and financial advisors), and those needing professional assistance are encouraged to use the programme.

Reports from the providers indicated that most of the presenting problems that cause distress to employees are child and family care issues, relationship issues, stress, financial constraints, bereavement, and mental health/psychological issues.

These problems led to gross impairment in communication, absenteeism, inability to maintain social relationships and poor performance.

Establishing a culture focused on employee health and wellness programmes helps increase productivity, morale, and teamwork.

LEARNING AND DEVELOPMENT

The Services SETA is an organisation that believes in developing its leadership, management, and staff to meet its current and future needs. The Human Resource Capital Management department adopted a training and development Programme focusing on:

- › Training and development needs analysis based on the organisational and development requirements;
- › Qualitative and quantitative training and development interventions to meet the objectives of the organisation and individual; and

- › The HRCM department conducted a training needs analysis and used the Personal Development Plans to create an organisational training plan for the year. The information gathered was captured when compiling the Workplace Skills Plan and the ATR and submitted to the Education Training and Development Programme (ETDP) SETA.

POLICY DEVELOPMENT

21 Human Resources Policies were reviewed in February 2024. Consultation with labour and Executive Management was conducted in a policy review session. The reviewed policies were presented to the Organisational Compliance and Risk department for validation, and compliance certificates were issued before the policies were sent to governance structures for approval.

HIGHLIGHT ACHIEVEMENTS

- › The organisation appointed 40 Interns into an Internship Programme for 2023/2024 FY;
- › The organisation successfully submitted the Employment Equity report to the Department of Employment and Labour;
- › The WSP/ATR was successfully submitted to the ETDP SETA before the due date. The organisation received an extra budget of R427,510.00 discretionary funding from the ETDP SETA to implement skills development programmes for employees; and

- › The organisation held a successful Wellness Day in September 2023 with a team-building initiative intended to improve staff morale.

CHALLENGES FACED BY THE PUBLIC ENTITY

- › Poor communication and staff disengagement;
- › Non-compliance to the Performance Management Policy is a huge challenge. The organisation does not adhere to the due dates set for completing the performance management processes. Other organisational competing priorities cause this;
- › Staff wellness. Employees are suffering from health and mental wellness; this has led to gross impairment in communication, absenteeism, inability to maintain social relationships and an increased number of disengaged employees;
- › Continuous qualified audit outcomes; and
- › Increased level of absenteeism.

FUTURE HR PLANS /GOALS

- › Completion of the Organisational Design project and seamless transition to the new organisational structure;
- › Improved staff morale and to have fully engaged employees;
- › Succession planning and implementation;
- › Wellness of staff; and
- › Staff development.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1. PERSONNEL-RELATED EXPENDITURE

Table 21. Personnel Cost by Salary Band

Level	PERSONNEL EXPENDITURE	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES 31 MARCH 2024	AVERAGE PERSONNEL COST PER EMPLOYEE
	(R'000)	(R'000)		(R'000)
General Workers	3,660,868.37	2,0%	17	215,345.19
Drivers	1,012,173.96	0,6%	2	506,086.98
Administrators	17,910,798.09	9,9%	44	407,063.59
Officers	30,839,850.41	17,0%	55	560,724.55
Senior Officers	53,846,702.85	29,6%	64	841,354.73
Managers	42,714,398.71	23,5%	37	1,154,443.20
Senior Managers	18,509,755.43	10,2%	12	1,542,479.61
Executive Managers	9,121,688.51	5,0%	4	2,280,422.12
Chiefs	4,057,837.64	2,2%	1	4,057,837.64
Total	181,674,073,97	100%	236	11,565,757.61

Table 22. Performance Rewards

PROGRAMME/ACTIVITY/OBJECTIVE	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
	(R'000)	(R'000)	(R'000)
General Workers	180,543.35	3,660,868.37	0,1%
Drivers	54,103.50	1,012,173.96	0,0%
Administrators	1,008,431.48	17,910,798.09	0,6%
Officers	1,957,003.43	30,839,850.41	1,1%
Senior Officers	3,579,126.47	53,846,702.85	2,0%
Managers	3,145,002.23	42,714,398.71	1,7%
Senior Managers	1,041,458.72	18,509,755.43	0,6%
Executive Managers	525,409.21	9,121,688.51	0,3%
Chiefs	289,464.70	4,057,837.64	0,2%
Total	11,780,543.09	181,674,073.97	6,5%

Table 23. Training Costs

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEE
	(R'000)	(R'000)			(R'000)
Skills Programme - Cleaning and Hygiene	3,660,868.37	100,000.00	2,73%	17 x cleaners	5,882.35
HR Policies	-	-	-	211	-
Monitoring and Evaluation	56,187,382.28	173,075.00	0,31%	82 (9 x Managers 25 x Sen Off/s 34 x Off/s 14 x Admin/s)	2,110.67
Wellness, Bullying Harassment Webinar	123,316,594.60	14,950.00	0,01%	180 (35 x Managers 48 x Sen Off/s 41x Off/s 39 x Admin/s 17 x Cleaners)	70
Financial wellness	-	-	-	83 (all levels)	-
Ethics Management and PFMA	-	-	-	101 (all levels)	-
Ethics and Risk Management	6,300,482.30	23,430.00	0,37%	6 (4 x Managers 2 x Snr Officers)	3,905.00
Assessor Training	1,655,481.92	78,784.00	4,76%	3 (1 x Snr Officer 2 x Admins)	26,261.33
Moderator Training	3,745,254.97	33,523.30	0,90%	6 (3 x Snr Officers 3 x Admins)	5,587.22
E Document and Records Management System	1,154,443.21	10,925.00	0,95%	1 x Manager	10,925.00
Advanced Executive Assistance Masterclass	2,188,978.92	126,492.25	5,78%	5 (1 x Officers 4 x Admins)	25,298.45
EE Committee Training	13,219,069.42	46,000.00	0,35%	17 (6 x Managers 4 x Snr Officers 3 x Officers 2 x Admins 2 x Cleaners)	2,421.05

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEE
	(R'000)	(R'000)			(R'000)
SAGE People 300 Part 2	407,063.59	7,486.50	1,84%	1x Admin	7,486.50
Career Development Information Practitioner	841,354.73	27,025.00	3,21%	1x Snr Officer	27,025.00
Chief Information Practice	841,354.73	16,790.00	2%	1x Snr Officer	16,790.00
Corporate Governance	1,154,443.21	36,742.00	3,18%	1x Manager	36,742.00
Fleet Management	1,012,173.96	22,260.00	2,20%	2 x Drivers	11,130.00

Table 24. Employment and vacancies

PROGRAMME/ACTIVITY/OBJECTIVE	2022/2023 NO. OF EMPLOYEES 31 MARCH 2023	2023/2024 APPROVED POSTS	2023/2024 NO. OF EMPLOYEES 31 MARCH 2024	2023/2024 VACANCIES	% OF VACANCIES
Executive Manager	6	1	5	6	83%
Senior Manager	12	-	12	13	92%
Manager	39	6	37	44	84%
Senior Officer	67	2	64	70	91%
Officer	57	2	55	68	81%
Administrator	49	1	44	57	77%
Drivers and General Workers	20	2	19	20	95%
Total	250	14	236	278	85%

There was a moratorium on recruitment activities in the financial year due to the ongoing Organisational Design project. Only critical positions were filled because the organisation was working on a structure that would be aligned with its objectives.

Qualifying and experienced internal staff will be considered when the positions are advertised. Services SETA employees are greatly supported in terms of funding towards their studies to acquire qualifications and skills programmes or short courses. The benefits

offered by the organisation are another retention strategy that will keep our talent.

EMPLOYMENT CHANGES

The organisation had eight resignations, two deaths, and one retirement in the financial year. Most appointments were made internally to promote upward movements of employees, which minimises the turnover rate. Our turnover rate for the year is 3.3%, excluding deaths and retirement.

Table 25. Employment Changes

SALARY BAND	NO. OF EMPLOYEES 31 MARCH 2023	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD 31 MARCH 2024
Executive Manager	6	-	1 (Terminated)	5
Senior Manager	12	-	-	12
Manager	39	2 (Internal appointments)	4 (Terminated)	37
Senior Officer	67	1 (Internal appointment)	2 (Terminated) 2 (Internal upward movements)	64
Officer	57	2 (Internal appointments)	3 (Terminated) 1 (Internal upward movement)	55
Administrator	49	-	3 (Terminated) 2 (Internal upward movements)	44
Drivers and General Workers	20	-	1 (Terminated)	19
Total	250	5	19	236

REASONS FOR STAFF LEAVING

Table 26. Reasons for staff leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	2	18%
Resignation	8	73%
Dismissal	-	-
Retirement	1	9%
ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	11	100%

At the Services SETA, employees are leaving because of personal growth opportunities in the same industry.

Table 27. Labour Relations: Misconduct and Disciplinary Action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	2
Written Warning	-
Final Written warning	-
Dismissal	-
Total	2

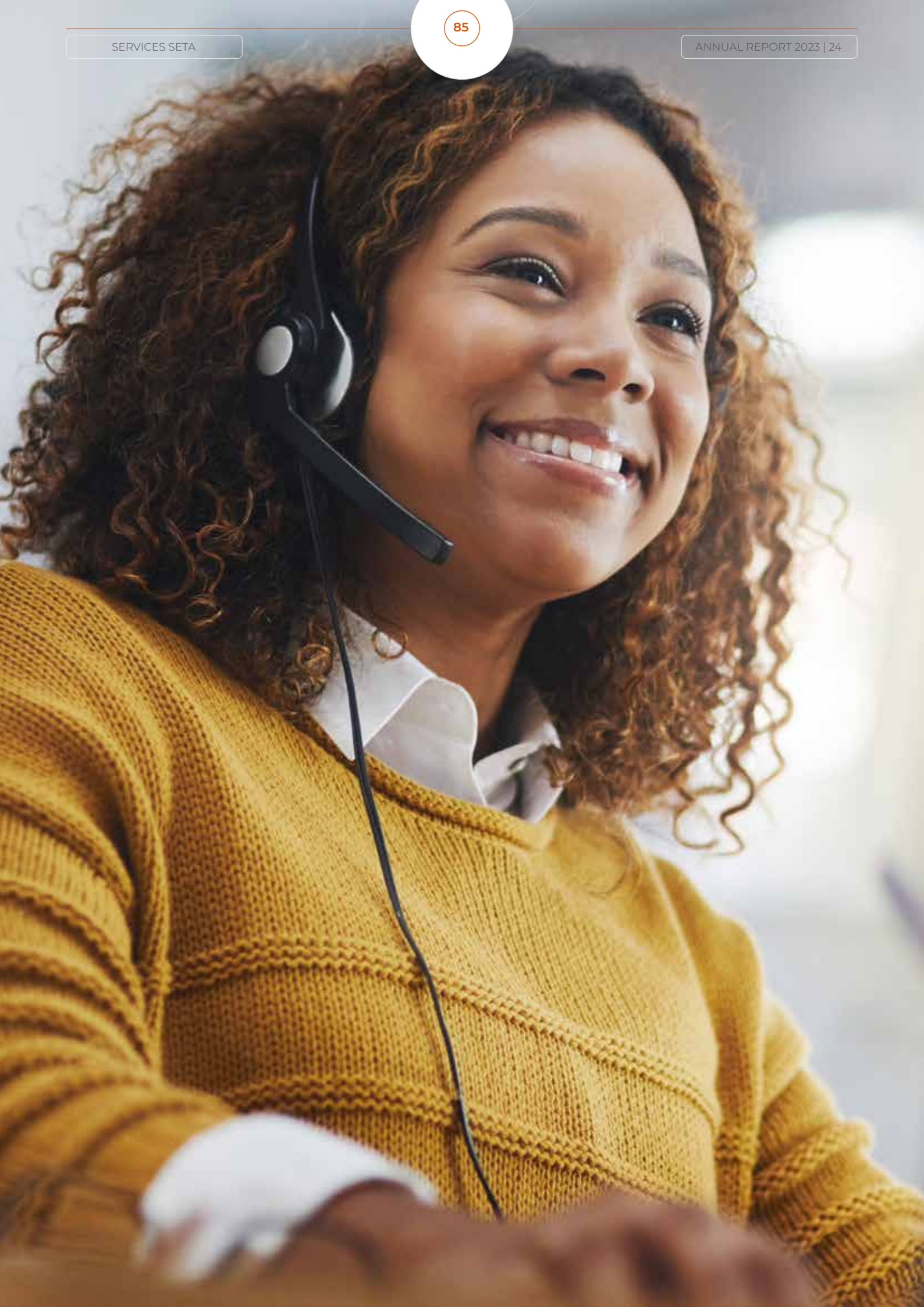
EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Table 28. Equity Target and Employment Equity Status

MALE								
Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	-	-	-	-	-	-
Senior Management	9	-	-	-	-	-	-	-
Professional qualified	11	11	-	1	-	1	2	2
Skilled	33	32	4	4	2	3	1	1
Semi-skilled	3	6	1	1	-	-	-	-
Unskilled	6	9	-	-	-	-	-	1
Total	63	60	5	6	2	4	3	4

FEMALE								
Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	6	6	-	-	-	-	1	1
Professional qualified	16	15	4	3	2	2	2	3
Skilled	68	68	6	6	2	2	3	3
Semi-skilled	38	35	2	5	-	-	-	1
Unskilled	12	16	1	1	-	-	-	-
Total	140	140	13	15	4	4	6	8

DISABLED STAFF				
Levels	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	2	2	-	-
Skilled	2	2	2	2
Semi-skilled	-	-	3	3
Unskilled	-	-	-	-
Total	4	4	5	5



PART E: PFMA COMPLIANCE REPORT

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PART E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

a. Reconciliation of irregular expenditure

Table 29. Reconciliation of irregular expenditure

	2023/2024	2022/2023
Description	R'000	R'000
Opening balance	1,901,883	2,078,260
Adjustment to opening balance	-	-
Opening balance as restated	1,901,883	2,078,260
Add: Irregular expenditure confirmed	193,136	220,814
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(833,001)	(397,190)
Less: Irregular expenditure recoverable ¹	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	1,262,018	1,901,883

Irregular expenditures incurred in the current year relate to below matters:

- › DG project awards made with inadequate evidence for approval process (2023 & 2024).
- › DG project awards were made without following the open and fair principles as per the SETA Grant Regulation. (2023 & 2024).
- › SCM award - extensions of contracts that exceeded the allowed variation limit of 15% (2024).
- › SCM award – bid awarding processes that were not in line with legislative prescripts. (2023 & 2024).

RECONCILING NOTES

	2023/2024	2022/2023
Description	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	5,886
Irregular expenditure for the current year	193,136	214,928
Total	193,136	220,814

During the year that ended March 2024, R6 million was identified as irregular expenditure incurred in 2022/23, but it was identified in the 2023/24 financial year by a review of irregular expenditure transactions relating to SCM awards. This irregular expenditure relates to a tender award not complying with SCM prescripts.

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

	2023/2024	2022/2023
Description ²	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure underdetermination	193,136	220,814
Irregular expenditure under investigation	-	-
Total	193,136	220,814

As at 31 March 2024, irregular expenditure incurred was still being determined by the Loss Control Function.

¹ Transfer to receivables

² Group similar items

c. Details of irregular expenditure condoned

No irregular expenditure was condoned by the National Treasury or Accounting Authority.

d. Details of irregular expenditure removed - (not condoned)

	2023/2024	2022/2023
Description	R'000	R'000
Irregular expenditure NOT condoned and removed	833,001	397,190
Total	833,001	397,190

The irregular expenditure of R833 million in relation to exceeding the approved budget for FY2017/18 was approved for removal from the register by the Accounting Authority as Services SETA had implemented processes and controls that ensured all expenditure incurred was within the approved budget.

e. Details of irregular expenditure recoverable

No irregular expenditure incurred was identified to be recoverable from any official.

f. Details of current and previous year irregular expenditure written off (irrecoverable)

No irregular expenditure incurred was written off in the current financial year.

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

DISCIPLINARY STEPS TAKEN

As at 31 March 2024, the Loss Control Function reports were not finalised yet.

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

a. Reconciliation of fruitless and wasteful expenditure

	2023/2024	2022/2023
Description	R'000	R'000
Opening balance	4,281	1,495
Adjustment to opening balance	-	-
Opening balance as restated	4,281	1,495
Add: Fruitless and wasteful expenditure confirmed	200	4,281
Less: Fruitless and wasteful expenditure recoverable ³	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	(1,495)
Closing balance	4,481	4,281

The fruitless expenditure incurred in the current financial year relates to the taxed costs incurred on litigation settled in previous years for a discretionary project.

RECONCILING NOTES

	2023/2024	2022/2023
Description	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	4,281	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	200	4,281
Total	4,481	4,281

³ Transfer to receivables

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

Description ⁴	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	4,481	4,281
Fruitless and wasteful expenditure under investigation	-	-
Total	4,481	4,281

All fruitless and wasteful expenditure incurred was not yet finalised by Loss Control Function as at 31 March 2024

c. Details of fruitless and wasteful expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditures recoverable	-	-
Total	-	-

No fruitless and wasteful expenditure incurred was identified as recoverable.

d. Details of fruitless and wasteful expenditures not recoverable and written off

All fruitless and wasteful expenditure incurred was not yet finalised by the Loss Control Function as at 31 March 2024.

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

DISCIPLINARY STEPS TAKEN

All fruitless and wasteful expenditure incurred was not yet finalised by the Loss Control Function as at 31 March 2024.

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III)⁵

Services SETA incurred no material losses under the reporting period.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	NUMBER OF INVOICES	CONSOLIDATED VALUE
		R'000
Valid invoices received	2,839	772,398,527.77
Invoices paid within 30 days or the agreed period	2,724	751,789,369.95
Invoices paid after 30 days or the agreed period	26	8,812,191.53
Invoices older than 30 days or the agreed period (<i>unpaid and without dispute</i>)	89	11,796,966.29
Invoices older than 30 days or the agreed period (<i>unpaid and in dispute</i>)	-	-

Reasons for late payment of invoices are:

1. System errors
2. Outstanding supporting documents
3. Changes to banking details
4. Delays in approvals

⁴ Group similar items

⁵ Information related to material losses must also be disclosed in the annual financial statements.

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
				R'000
Rental storage of Cybermine simulator container	Lovemore Bros (Pty) Ltd	Deviation	PO-055937	72,726.00
Appointment of a service provider for ERM and Compliance licensing tool for a period of years	Exclaim Innovation Solutions (Pty) Ltd	Deviation	PO-056568	777,628.00
Appointment of a service provider for legal services	Phungo attorneys Inc	Deviation	PO-056532	1,000,000.00
Total				1,850,354.00

3.2. CONTRACT VARIATIONS AND EXPANSIONS

Table 30. List of 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 for media production and marketing services.	Brown Block Solutions	Variation	PROC T609	545,100.00	-	24,875.08
Appointment of a service provider to supply and install the partitioning of the office on Building B's ground floor at Parktown Head Office.	Mitigu Trading and Projects (PTY) LTD	Variation	PO-054720	133,227.50	-	16,915.30
Appointment of a service provider for the provision of accommodation and conferencing facilities for 60 people for two days	Kievits Kroon	Variation	PO-055429	227,590.00	-	34,138.50
Appointment of a grade 5GB CIDB registered contractor for the construction of a skills development centre in Paul Pietersburg (Dumbe Local Municipality).	MKF Trading & Projects (Pty) Ltd	Variation	PROC T620	9,799,237.41	-	1,996,307.97
The appointment of a services provider to support Microsoft systems	Vision Wave (Pty) Ltd	Variation	Proc T589	5,225,400.00	-	580,000.00
Appointment of a service provider to provide information and communication technology (ICT) infrastructure support	Dataproof Communication (Pty) Ltd	Variation	Proc T594	17,967,600.00	-	2,994,600.00
Appointment of a security service provider to provide physical security, armed response and maintenance and repairs of the alarm and electrical fence at Services SETA's Head Office.	Good Work Security (Pty) Ltd	Variation	Proc T586	8,748,000.00	-	1,154,736.04

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 for Organisational Design	SPT Consulting cc	Variation	Proc T626	4,798,800.00	-	719,820.00
Appointment of a service provider to provide information and communication technology (ICT) applications support	Struggles Descartes (Pty) Ltd	Variation	Proc T595	23,400,000.00	450,000.00	3,900,000.00
Appointment of a service providers for editing, design and layout of the Services SETA's strategic documents	Brown Block Solutions (Pty) Ltd	Variation	PO-053909	545,100.00	-	29,785.00
Proc T590- Appointment of a service provider for the provision of VEEAM Backups Application Server, Cloud storage for backups, IaaS for DRaaS and Critical Applications Hosting, renewal review and addition of licenses to use VEEAM Availability Suite, VEEAM for O365 and VEEAM DRaaS Orchestrator	Afrocentric Intellectual Property (Pty) Ltd	Variation	Proc T590	4,307,452.62	-	466,331.54
The provision of ICT professional services, software, licenses, related support, and maintenance as and when required for Services SETA ICT infrastructure	Wire Speed Systems (Pty) Ltd	Variation	Proc T627	4,119,732.08	-	610,032.22
Appointment of a service provider for the provision of internal audit services	Lunika Incorporated	Variation	Proc T601	3,077,620.00	-	461,643.00
Total				82,894,859.61	450,000.00	12,989,184.65



PART F: FINANCIAL INFORMATION

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PART F

FINANCIAL INFORMATION

1. Report of the External Auditor

1.1. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

I have audited the financial statements of the Services Sector Education and Training Authority set out on pages 106 to 152, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Services Sector Education and Training Authority as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of GRAP and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act of 97 of 1998 (SDA).

BASIS FOR QUALIFIED OPINION

Discretionary grants commitment

I was unable to obtain sufficient appropriate audit evidence for discretionary grant commitments as the public entity did not maintain accurate and complete records of the contractual information used to determine the commitments. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the following items in the financial statements:

- › Discretionary grant commitments are stated at R2,355,090,000 (2022-23: R2,761,237,000) in note 26 to the financial statements.
- › Discretionary grant expenditure is stated at R535,887,000 (2022-23: 743,469,000) in note 23 to the financial statements.

Provisions

The method of estimations for discretionary grant provisions was not determined and assessed correctly in accordance with GRAP 19, *Provisions*. As a result, discretionary grant provisions stated at R172,084,000 (2022-23: R132,010,000) were not disclosed at best-estimated amounts. Consequently, discretionary grant expenditure in note 23 to the financial statements was impacted. I was unable to determine the value of the misstatement of discretionary grant provisions and discretionary grant expenditure, as it was impracticable to do so. In addition, I was unable to determine whether any adjustments to discretionary grant provisions and discretionary grant expenditures in the financial statements were necessary.

CONTEXT FOR OPINION

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the AGSA for the audit of the financial statements section of my report.

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.

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

EMPHASIS OF MATTER

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

Restatement of corresponding figures

As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the public entity at and for the year ended 31 March 2024.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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 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.

In preparing the financial statements, the Accounting Authority is responsible for assessing the public entity’s ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AGSA FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 on page 101, forms part of our auditor’s report.

1.2. REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

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 (APR). The Accounting Authority is responsible for the preparation of the Annual Performance Report.

I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measures 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	39-45	To enable the Services SETA and Services Sector to target relevant skills development. It is responsible for researching skills needs within the Services Sector, issuing the Sector Skills Plan, developing strategic and annual performance plans for the Services SETA, monitoring and evaluating organisational performance and conducting targeted evaluations to strengthen programme improvement in executing its mandate.
Programme 3: Learning programmes	46-55	The purpose of the skills development programme is to deliver the Services SETA service offerings to the target stakeholders to achieve the mandate. The programme is responsible for the disbursement of Services SETA discretionary grants through special and regular projects for infrastructure development, to expand access to skills development in rural and underserved areas, and pivotal learning interventions.
Programme 4: Quality assurance	56-57	This programme contributes to Outcome 5: “Enhanced Quality Assurance efficiencies to execute QCTO delegated functions.” The purpose of this sub-programme is to accredit skills development providers and fulfil the QCTO delegated quality assurance of learner achievement’s function.

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 with useful and reliable information and insights on the public entity’s

planning and delivery of its mandate and objectives.

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 achievements;
- › 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 and is comparable and understandable; and
- › There is adequate supporting evidence for the achievements reported and for the [reasons provided for any over- or underachievement of targets.

I performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion or conclusion.

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

1.3. OTHER MATTER

I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

The Annual Performance Report includes information on reported achievements against planned targets and provides explanations for over- or under-achievements.

The tables that follow 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 pages 41 to 55.

PROGRAMME 2: SKILLS PLANNING

Targets achieved: 75%

Budget spent 10%

KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
2.2.3. Percentage of discretionary grants allocated at developing different skills levels – elementary level skills	50%	21%
2.3.1. Number of WSPs and ATRs approved – large firms	574	393
2.3.2. Number of SETA-employer partnerships established	570	464

PROGRAMME 3: LEARNING PROGRAMMES

Targets achieved: 83%

Budget spent 73%

KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
3.2.2 Number of TVET lecturers exposed to the industry through skills programmes	50	32
3.3.2 Number of learners enrolled learnerships programmes	9,512	4,549
3.3.3 Number of learners completed learnerships programmes	3,262	3,014
3.3.14 Number of learners enrolled in RPL / ARPL	500	456
3.3.15 Number of learners completed RPL / ARPL	76	60

MATERIAL MISSTATEMENTS

I identified material misstatements in the Annual Performance Report submitted for auditing. These material misstatements were in the reported performance information for programme 2: Skills Planning. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

1.4. REPORT ON COMPLIANCE WITH LEGISLATION

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.

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.

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.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.

Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, and the supporting records

could not be provided, which resulted in the financial statements receiving a qualified opinion.

EXPENDITURE MANAGEMENT

Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R193 136 000, as disclosed in note 32 to the Annual Financial Statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by discretionary grant contracts awarded without approval from the Accounting Authority.

1.5. OTHER INFORMATION IN THE ANNUAL REPORT

The Accounting Authority is responsible for the other information included in the annual report. The other information referred to 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.

My opinion on the financial statements, the report on the audit of the Annual Performance Report and the report on 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.

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 whether my knowledge obtained in the audit or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

1.6. INTERNAL CONTROL DEFICIENCIES

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.

The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion of the material findings on compliance with legislation included in this report.

The public entity did not prepare accurate and complete financial statements that were supported and evidenced by reliable information. This is evidenced by material misstatements identified on various financial statement line items.

The monthly processes for the monitoring and reviewing financial information were not adequately implemented which resulted in financial statements that were not free from material misstatements.

Oversight of responsibility regarding financial reporting and compliance was not adequately exercised, as the controls in place did not prevent or detect internal control deficiencies, resulting in material misstatements and non-compliance.

Auditor-General

Pretoria

31 July 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



1.7. Annexure to the auditor's report

The annexure includes the following:

- › The AGSA's responsibility for the audit
- › The selected legislative requirements for compliance testing

THE 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 a public entity to cease operating as a going concern.
- › Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(iii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
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; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
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(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(l)

Accounting Authority's Responsibilities and Approval

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

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

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

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the Services SETA and places 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 or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Services SETA and all employees are

required to maintain the highest ethical standards in ensuring the Services SETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Services SETA is on identifying, assessing, managing and monitoring all known forms of risk across the Services SETA. While operating risk cannot be fully eliminated, the Services SETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed the Services SETA's cash flow forecast for the year to March 31, 2025, and, in the light of this review and the current financial position, it is satisfied that the Services SETA has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Accounting Authority is primarily responsible for the financial affairs of the Services SETA, they are supported by the Services SETA's external auditors.

The audited annual financial statements set out on pages 106 to 152, which have been prepared on a going concern basis, were approved by the Accounting Authority on July 31, 2024, and were signed on its behalf by:



De Vries, Stephen

Chairperson of the Accounting Authority

29 July 2024



Andile Sipengane

Acting Chief Executive Officer

29 July 2024

Report of the Accounting Authority

The members submit their report for the year ended March 31, 2024.

1. Incorporation

The Services SETA was established in terms of Section 9(1) of the Skills Development Act, 1998 (Act No 97 of 1998) as amended and incorporated on March 1, 2000, and obtained its certificate to commence business on the same day. The new license period was extended to 31 March 2030, as per Government Gazette no 42589 issued on 22 July 2020.

2. Review of activities

MAIN BUSINESS AND OPERATIONS

The Services SETA is engaged in education & training for the services sector and operates principally in South Africa.

The operating results and state of affairs of the Services SETA are fully set out in the attached annual financial statements and do not, in our opinion, require any further comment.

3. Going concern

We draw attention to the fact that at March 31, 2024, the Services SETA had a surplus for the year ended March 2024 of R993 million and that the Services SETA's total assets exceeded total liabilities by R2,9 billion.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will

be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of Services SETA to continue as a going concern is dependent on a number of factors. The most significant of these are disclosed in note 30 of these annual financial statements.

4. Subsequent events

The Accounting Authority is required, as per Instruction Note 12 of 2020/21, to submit an application for rollover of accumulated surpluses to the National Treasury by 01 August 2024.

5. Members' interest in contracts

The Accounting Authority complies with the Services SETA declaration of interest policy annually and during each meeting held.

6. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by the National Treasury.

7. Accounting Authority

The Accounting Authority of the Services SETA during the year and to the date of this report are as follows:

NAME	QUALIFICATION
De Vries, Stephen	Masters of Public Administration (Chairperson of AA)
Kevin Cowley	Masters of Arts: Labour Practices
Wiseman Dinwa	Master of Arts Labour Policy and Globalisation
Rendani Dlamini	SAMTRAC Diploma Paralegal Practice
Jacqui Ford	Management Advancement Programme
Noxolo Gogo	BA: Communications
Kumaran Govender	Trade Test Certificate of Hairdressing
Asif Jhatham	BCom Honours: Accounting
Alice Karanja	BA Honours: Industrial Sociology
Andrew Madella	BA Honours: Public Administration
Shadrack Motloung	Certificate Nursing Science
Themba Mtsweni	Dip: Financial Accounting
Julia Nzimande	Masters in Law
Patricia Sithole	Dip: Paralegal
Nomfundo Mcoyi	Dip: Education

8. Corporate governance General

The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practices.

The Services SETA confirms and acknowledges its responsibility to comply with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa 2002. The Accounting Authority discusses the responsibilities of management in this respect at Accounting Authority meetings and monitors the Services SETA's compliance with the code on a quarterly basis.

INTERNAL AUDIT

The Services SETA has outsourced its internal audit function to Lunika Inc., who has been contracted for the past three consecutive years. This is in compliance with the Public Finance Management Act of 1999.



De Vries, Stephen

Chairperson of the Accounting Authority

29 July 2024

9. Investigation

Certain allegations pertaining to procurement irregularities from the prior years have been brought to the attention of the Accounting Authority. The AA has tasked the Audit Committee (AC) to oversee the investigation. These matters are currently under investigation, with regular feedback from the AC to the AA. Once finalised, the AA will take appropriate action. (See note 35 of the financial statements).

10. Bankers

Standard Bank of South Africa (operational requirements) South African Reserve Bank (investment of surplus funds)

11. Auditors

The Auditor-General of South Africa will continue in office for the next financial period.

12. Approval

The audited annual financial statements set out on pages 106 to 152, which have been prepared on a going concern basis, were approved by the Accounting Authority on July 29, 2024, and were signed on its behalf by:



Andile Sipengane

Acting Chief Executive Officer

29 July 2024

Statement of Financial Position as at March 31, 2024

	NOTES	2024	2023*
Figures in Rand thousand			
Assets			
Current Assets			
Inventories	3	237	374
Receivables from exchange transactions	4	5,591	3,453
Receivables from non-exchange transactions	5	856	1,264
Cash and cash equivalents	6	3,210,830	2,286,696
		3,217,514	2,291,787
Non-Current Assets			
Property, plant, and equipment	7	97,263	100,897
Intangible assets	8	24,244	35,859
		121,507	136,756
Total Assets		3,339,021	2,428,543
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	28,880	25,641
Payable from non-exchange transactions	12	173,381	265,940
Provisions	13	222,685	221,602
		424,946	513,183
Total Liabilities		424,946	513,183
Net Assets		2,914,075	1,915,360
Reserves			
Revaluation reserve	9	4,954	-
Employer Grant reserve	10	1,482	1,017
Administration reserve	10	62,092	65,951
Discretionary Grant reserve	10	2,845,547	1,848,392
Total Net Assets		2,914,075	1,915,360

* See Note 28

Statement of Financial Performance

	NOTES	2024	2023*
Figures in Rand thousand			
Revenue			
Revenue from exchange transactions			
Other income	16	579	573
Interest received - investment	17	210,669	104,562
Total revenue from exchange transactions		211,248	105,135
Revenue from non-exchange transactions			
Transfer revenue			
Skills Development levy income	18	1,932,673	1,806,921
Skills Development levy -interest & penalties	15	26,656	29,625
Other income: non-exchange		6,385	16,156
Total revenue from non-exchange transactions		1,965,714	1,852,702
Total revenue	14	2,176,962	1,957,837
Expenditure			
Administration expenses	19	(355,419)	(314,897)
Employer grants & project expenses	23	(825,742)	(1,037,105)
Loss on disposal of assets	7	(2,046)	(731)
Total expenditure		(1,183,207)	(1,352,733)
Surplus for the year		993,755	605,104

* See Note 28

Statement of Changes in Net Assets

	REVALUATION RESERVE	EMPLOYER GRANT RESERVE	ADMINISTRATION RESERVE	DISCRETIONARY GRANT RESERVE	TOTAL RESERVES	ACCUMULATED SURPLUS/DEFICIT	TOTAL NET ASSETS
Figures in Rand thousand							
Opening balance as previously reported	1,457	1,005	83,595	1,238,052	1,324,109	-	1,324,109
Prior year error - Note 28	-	-	-	(12,396)	(12,396)	-	(12,396)
Balance at April 1, 2022, as restated*	1,457	1,005	83,595	1,225,656	1,311,713	-	1,311,713
Surplus for the year	-	-	-	-	-	605,104	605,104
Application of unappropriated surplus/(deficit)	-	229,696	(77,608)	453,016	605,104	(605,104)	-
Reallocation of unappropriated surplus/(deficit)	-	(229,684)	59,964	169,720	-	-	-
Fair value adjustment	(1,457)	-	-	-	(1,457)	-	(1,457)
Total changes	(1,457)	12	(17,644)	622,736	603,647	-	603,647
Restated* Balance at April 1, 2023	-	1,017	65,951	1,848,392	1,915,360	-	1,915,360
Surplus for the year	-	-	-	-	-	993,755	993,755
Application of unappropriated surplus/(deficit)	-	235,708	(101,475)	859,528	993,761	(993,761)	-
Reallocation of unappropriated surplus/(deficit)	-	(235,243)	97,616	137,627	-	-	-
Fair value adjustment	4,954	-	-	-	4,954	-	4,954
Total changes	4,954	465	(3,859)	997,155	998,715	(6)	998,709
Balance at March 31, 2024	4,954	1,482	62,092	2,845,547	2,914,075	(6)	2,914,069
Note(s)	9	10	10	10			

* See Note 28

Cash Flow Statement

	NOTES	2024	2023*
Cash flows from operating activities			
Receipts			
Grants		1,957,153	1,839,552
Interest income		209,792	104,537
Other receipts		407	573
		2,167,352	1,944,662
Payments			
Employee costs		(200,526)	(196,008)
Administration expenses		(159,895)	(121,134)
Employer grant and project expenditure		(880,170)	(849,821)
		(1,240,591)	(1,166,963)
Net cash flows from operating activities	25	926,761	777,699
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2,396)	(4,828)
Purchase of other intangible assets	8	(231)	(2,059)
Net cash flows from investing activities		(2,627)	(6,887)
Net increase/(decrease) in cash and cash equivalents		924,134	770,812
Cash and cash equivalents at the beginning of the year		2,286,696	1,515,884
Cash and cash equivalents at the end of the year	6	3,210,830	2,286,696

Statement of Comparison of Budget and Actual Amounts

BUDGET ON ACCRUAL BASIS	FINAL BUDGET	ACTUAL AMOUNTS ON A COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
Figures in Rand thousand				
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Other income	-	579	579	33 & 16
Investment revenue	60,770	210,669	149,899	33 & 17
Total revenue from exchange transactions	60,770	211,248	150,478	
Revenue from non-exchange transactions				
Transfer revenue				
Skills development levy: Income	1,819,789	1,932,675	112,886	18 & 33
Skills development levy: Interests and Penalties	-	26,656	26,656	33 & 15
Other income	-	6,385	6,385	14
Total revenue from non-exchange transactions	1,819,789	1,965,716	145,927	
Total revenue	1,880,559	2,176,964	296,405	
Expenditure				
Personnel	(208,118)	(202,546)	5,572	23 & 35
Employer grant and project expenses	(1,529,528)	(804,305)	725,223	23
Administration expenses	(138,072)	(174,312)	(36,240)	19 & 33
Total expenditure	(1,875,718)	(1,181,163)	694,555	
Operating surplus	4,841	995,801	990,960	
Loss on disposal of assets and liabilities	-	(2,046)	(2,046)	
Surplus for the year	4,841	993,755	988,914	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	4,841	993,755	988,914	

Significant Accounting Policies

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1. BASIS OF PREPARATION

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

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

These accounting policies are consistent with the previous period.

1.2. PRESENTATION CURRENCY

These annual financial statements are presented in the South African Rand, which is the functional currency of the Services SETA.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 28 for details on prior period errors.

1.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that

are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

- › it is probable that future economic benefits or service potential associated with the item will flow to the Services SETA; and
- › the cost of the item can be measured reliably. Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing 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 when arriving at the cost.

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

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

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

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

Work in Progress represents capital expenditure incurred on projects not yet completed nor ready for

SIGNIFICANT ACCOUNTING POLICIES

use at the end of the period. On completion of the projects, the capitalised expenditure gets transferred out of the WIP account and into the other appropriate property, plant and equipment class of assets.

SUBSEQUENT MEASUREMENT

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses except for land and building, which is carried at revalued amount, which is the fair value at the date of revaluation. Buildings subsequently carried at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and buildings are revalued every three years or when there are significant improvements to the property.

REVALUATIONS

When an item of land and building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the asset's original cost.

DEPRECIATION

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. Depreciation starts when the asset is available for use; assets under construction are not depreciated.

Land is not depreciated.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Services SETA. The depreciation method applied to an asset is reviewed at least at each reporting date, and if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

IMPAIRMENT LOSS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

An impairment loss of an asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The Services SETA assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the Services SETA shall estimate the asset's recoverable amount.

SIGNIFICANT ACCOUNTING POLICIES

In assessing whether there is any indication that an asset may be impaired, the Services SETA shall consider external and internal sources of information.

An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

DERECOGNITION

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

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

The Services SETA separately discloses expenditures on repair and maintenance of property, plant and equipment in the notes to the financial statements (see note 20).

The Services SETA discloses relevant information relating to assets under development, in the notes to the financial statements.

1.6. INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

RECOGNITION

An intangible asset is recognised when:

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

The Services SETA 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 asset's useful life.

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

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; and
- › The expenditure attributable to the asset during its development can be measured reliably.

SUBSEQUENT MEASUREMENT

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

AMORTISATION

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

Internally generated goodwill is not recognised as an intangible asset.

The entity discloses relevant information relating to assets under development, in the notes to the financial statements (see note 8).

DERECOGNITION

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 the surplus or deficit when the asset is derecognised.

1.7. INVENTORIES

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

INITIAL RECOGNITION

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

SUBSEQUENT MEASUREMENT

When inventories are exchanged or distributed, the carrying amount of those inventories are recognised as an expense when the goods are distributed or a related service is rendered. The cost of inventories is assigned using the lower of cost or current replacement costs. The same cost formula is used for all inventories having a similar nature and usage by the Services SETA.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- › distribution at no charge or for a nominal charge; or
- › consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or collectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

A financial asset is:

- › cash;
- › a residual interest of another entity; or
- › a contractual right to:
 - + receive cash or another financial asset from another entity; or
 - + exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Services SETA.

SIGNIFICANT ACCOUNTING POLICIES

A financial liability is any liability that is a contractual obligation to:

- › deliver cash or another financial asset to another entity; or
- › exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the Services SETA.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by Services SETA in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash

flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

CLASSIFICATION

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

CLASS	CATEGORY
Receivable from exchange	Financial asset initially recognised at fair value and subsequently measured at cost
Receivable from non-exchange (DG)	Financial assets initially recognised at fair value and subsequently measured at cost
Cash and cash equivalent	Financial assets which comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently measured at cost.

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

CLASS	CATEGORY
Payables from exchange	Financial liability initially recognised at fair value and subsequently measured at cost
Payables from non-exchange (DG)	Financial assets initially recognised at fair value and subsequently measured at cost

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment values or movement in provision for impairment are recognised in the statement of financial performance.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial

assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision for a bad debt account. When a trade receivable is uncollectible, it is written off against the provision for a bad debt account. Subsequent recoveries of amounts previously written off are credited against other income.

EFFECTIVE INTEREST METHOD

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

SIGNIFICANT ACCOUNTING POLICIES

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

DERECOGNITION

A financial asset or a portion thereof is derecognised when the Services SETA realises the contractual rights to the benefits specified in the contract, the rights expire, and Services SETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognising, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in the net surplus or deficit for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognising, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in the net surplus or deficit for the period.

1.9. LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance based on the straight-line method. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place. The Services SETA does not hold any finance leases.

OPERATING LEASES - LESSEE

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.

1.10. EMPLOYEE BENEFITS

IDENTIFICATION, RECOGNITION AND MEASUREMENT

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Employee-related costs are recognised during periods in which the related services are rendered.

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

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

Termination benefits are employee benefits payable as a result of either:

- a. Services SETA decision to terminate an employee's employment before normal retirement date or
- b. an employee's decision to accept voluntary redundancy in exchange for those benefits

Termination benefits are recognised and expensed when an employee withdraws their services.

The liability for annual leave is recognised as it accrues to employees. This liability is based on the amount of leave days due to employees at year-end.

SIGNIFICANT ACCOUNTING POLICIES

1.11. RESERVES

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

- › Administration reserve
- › Employer grant reserve
- › Discretionary reserve
- › Revaluation reserve

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

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

The net surplus/deficit is allocated to the discretionary fund reserve in terms of the Grant Regulations. The administration reserve comprises the future depreciation of all administration property, plant and equipment and amortisation of administrative intangible assets.

A further amount is disclosed in the employer grant reserve for newly registered member companies participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. Refer to note 26 for disclosure of this contingent liability.

At the end of the financial period, any unspent or uncommitted funds must be transferred to the National Treasury unless approval was granted to retain the unspent funds.

1.12. PAYABLES

Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

ACCRUALS FOR EMPLOYEE ENTITLEMENT

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

Accrual for mandatory grants and discretionary grant payable are recognised under payables from non-exchange transactions.

1.13. COMMITMENT

GRAP 19 defines a contingent liability as:

- a. 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 entity or
- b. a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or (ii) the amount of the obligation cannot be measured with sufficient reliability

The Services SETA has operational and DG project commitments that are regarded to meet the definition of a contingency and are further described below.

SIGNIFICANT ACCOUNTING POLICIES

DG PROJECTS - COMMITMENT

A liability is recognised for grant payments once the specific criteria set out in the SETA Grant Regulations have been complied with between Services SETA and a third party. The SETA Grant Regulation defines a commitment as a contractual obligation that exists at the end of the financial year that will oblige the SETA to make a payment or payments in the ensuing year.

The Grant Regulation also defines a contractual obligation as a written agreement with specific terms between a SETA and a third party undertaken to perform something in relation to a discretionary project for which a SETA will be obligated to make payment against the discretionary grant.

At each financial year end, all written contracts whose performance terms/milestones have not yet been delivered/not yet due are not accrued for but disclosed as a commitment in the notes to the financial statements.

OPERATIONAL COMMITMENT

The contracts disclosed as operational and capital commitments are made up of the below types of commitments:

- › Fixed amount contracts that are effective for longer than one financial period, relating to goods and services for the benefit of the organisation.
- › Fixed amount element of contracts with rate-based portion, which are effective for longer than one financial period, relating to goods and services for the benefit of the organisation.
- › Request for quotations (RFQ) purchase orders that are not completed by the end of the financial year relating to goods or services for the benefit of the organisation.

The rate-based elements of a contract or purchase orders are excluded from the commitment balance as the future value of the contract is undeterminable.

1.14. PROVISIONS

Provisions are recognised when:

- › the Services SETA 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 the 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.

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 and contingent liabilities are not recognised in the balance sheet. Contingencies are disclosed in note 26.

PROVISION FOR LEVIES EXEMPT EMPLOYERS

Exempt employers' provision includes employers who continued paying skills development levies even though they are exempt in terms of the Skills Development Act and have not participated in mandatory grants.

PROVISION FOR GRANTS

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

1.15. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the Services SETA receives assets or services or has liabilities extinguished and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

SIGNIFICANT ACCOUNTING POLICIES

When the outcome of a transaction involving an exchange transaction can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- › the amount of revenue can be measured reliably;
- › it is probable that the economic benefits or service potential associated with the transaction will flow to the Services SETA;
- › the stage of completion of the transaction at the reporting date can be measured reliably; and
- › the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

The Services SETA mostly derive exchange revenue from interest earned. Interest earned is recognised on the time proportionate basis that takes into account the effective yield on the interest investment.

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

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

INVESTMENT INCOME

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

1.16. REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

INTER-SETA TRANSFERS

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

SKILLS DEVELOPMENT LEVY

In terms of sections 3(1) and 3(4) of the Skills Development Levies (SDL) Act, 1999 (Act no.09 of 1999), registered member companies pay a skills development levy of 1% of the total payroll cost to SARS, who collects the levies on behalf of DHET.

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

The split of the levies allocated is as follows:

	2024	2023*
	RESTATED	
Administrative levies	10.5%	10.5%
Mandatory grant levies	20%	20%
Discretionary grant levies	49.5%	49.5%
	80%	80%
Contribution to the National Skills Fund	20%	20%
	100	100

LEVIES - INTEREST AND PENALTIES

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

SIGNIFICANT ACCOUNTING POLICIES

1.17. ADMINISTRATION, GRANTS AND PROJECT EXPENDITURE

MANDATORY GRANT EXPENDITURE

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

DISCRETIONARY GRANT AND PROJECT EXPENDITURE

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

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

- › costs that relate directly to the specific contract;
- › costs that are attributable to contract activity in general and can be allocated to the project;
- › such other costs as are specifically chargeable to the Services SETA under the terms of the contract; and
- › any expenditure incurred to support discretionary grant projects shall be charged to the discretionary grants to the extent that they can be attributed to a particular project. This is limited to 7.5% of the project allocation per grant award.

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

ADMINISTRATIVE EXPENDITURE

The funding for administrative expenditure is derived from 10.5% of the total levies paid by the employers. Administration expenses consist of the operational expenditure incurred by the Services SETA. Operational

expenditure includes employee costs for non-core employees, consulting costs, operational travel and subsistence costs and capital expenditure, amongst others.

The allocation of 0,5% of the administrative expenditure is payable to the Quality Council for Trades and Occupation as determined by the executive authority on an annual basis.

DISCRETIONARY GRANT SUPPORT COSTS

Up to a maximum of 7.5% of the Discretionary Grant funding shall be allocated to support the implementation of discretionary grant projects. The Discretionary Grant support costs shall be in line with the administration costs as defined by the Grant Regulations.

1.18. FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.19. IRREGULAR EXPENDITURE

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before the 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 by the National Treasury or relevant authority is obtained at year-end must be recorded in the irregular expenditure register.

SIGNIFICANT ACCOUNTING POLICIES

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the annual report must be updated with the amount condoned.

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

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

1.20. BUDGET INFORMATION

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 4/1/2023 to 3/31/2024.

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

1.21. RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Transactions are disclosed as related party transactions where the Services SETA has, in the normal course of its operations, entered into transactions with entities related to the Department of Higher Education and Training, payments to members of the Accounting Authority and key management.

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

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

Management are those persons responsible for planning, directing and controlling the activities of the Services SETA, including those charged with the governance of the Services SETA in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Services SETA.

1.22. EVENTS AFTER THE REPORTING DATE

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

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

The Services SETA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Services SETA 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

SIGNIFICANT ACCOUNTING POLICIES

could influence the economic decisions of users taken on the basis of the financial statements.

1.23. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements.

KEY SOURCE OF ESTIMATION UNCERTAINTY

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

Useful lives and the residual value of property, plant and equipment and intangible assets

The Services SETA has reassessed the useful lives of property, plant and equipment and intangible assets for purposes of depreciation and amortisation calculations in light of some assets with an R1 carrying amount.

BURSARY PROVISION

The Services SETA has based its calculation of the bursary provision on information applicable for the specific financial year.

Notes to the Annual Financial Statements

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2. New standards and interpretations

2.1. STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
iGRAP 21: The Effect of Past Decisions on Materiality	April 1, 2023	The impact of the change is not material.
GRAP 25 (as revised): Employee Benefits	April 1, 2023	The impact of the change is not material.
GRAP 2020: Improvements to the Standards of GRAP 2020	April 1, 2023	The impact of the change is not material.
GRAP 1 (amended): Presentation of Financial Statements (Materiality)	April 1, 2023	The impact of the change is not material.

2.2. 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 April 1, 2024 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 107: Mergers	April 1, 2025	Unlikely there will be any material impact
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	April 1, 2025	Unlikely there will be any material impact
GRAP 105: Transfer of Functions Between Entities Under Common Control	April 1, 2025	Unlikely there will be any material impact
GRAP 2023 Improvements to the Standards of GRAP 2023	April 1, 2025	Unlikely there will be any material impact
GRAP 1 (amended): Presentation of Financial Statements (Materiality)	April 1, 2025	Unlikely there will be any material impact
iGRAP 22: Foreign Currency Transactions and Advance Consideration	April 1, 2025	Unlikely there will be any material impact
GRAP 104 (as revised): Financial Instruments	April 1, 2025	Unlikely there will be any material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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3. Inventories

Consumable stores

237

374

There are no write-downs relating to inventory; movement is due to consumption and new acquisitions.

INVENTORY BALANCE RECONCILIATION

Opening balance

374

332

Acquisition during the year

124

272

Consumption during the year

(261)

(230)

237

374

INVENTORY PLEDGED AS SECURITY

No inventory was pledged as security for the current and prior year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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4. Receivables from exchange transactions

Prepayments	2,617	1,334
Deposits	189	215
Accrued investment income	2,769	1,891
Other receivables	16	13
	5,591	3,453
Municipal deposits are for the below properties		
Bloemfontein	33	33
Johannesburg	124	124
Nelspruit	28	54
Port Elizabeth	4	4
	189	215
Financial asset receivables included in receivables from exchange transactions above	5,402	3,238
Total receivables from exchange transactions	5,591	3,453

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

No trade and other receivables were pledged as security for the current and prior year.

5. Receivables from non-exchange transactions

Inter-SETA Transfer receivable	70	-
Mandatory grants receivables: SARS Adjustments	786	1,218
Discretionary grants receivables	-	46
	856	1,264

MANDATORY GRANTS RECEIVABLES

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

MG Receivable	896	1,218
Provision for Bad Debt - MG	(110)	-
	786	1,218

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	13	15
Bank balances	493,568	449,298
Short-term deposits	2,717,249	1,837,383
	3,210,830	2,286,696

Cash on hand constitutes petty cash that is spread across 9 provincial offices, including the head office.

As required in terms of Treasury Regulation 31.2, the Services SETA holds bank accounts with financial institutions approved by the National Treasury. The Skills Development Act Regulations state that the Services SETA may, if

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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not otherwise specified by the PFMA, invest the money in accordance with the Investment Policy approved by the Accounting Authority. Short-term deposits are invested in line with the Investment Policy.

Services SETA does not have any overdraft balances.

CASH AND CASH EQUIVALENTS PLEDGED AS COLLATERAL.

No cash and cash equivalents were pledged as collateral in the current year or prior year.

7. Property, plant and equipment

	2024			2023		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	36,890	-	36,890	39,915	-	39,915
Buildings	66,401	(16,815)	49,586	61,447	(12,792)	48,655
Building machinery	2,767	(2,539)	228	2,767	(2,403)	364
Furniture and fixtures	19,260	(17,884)	1,376	18,779	(17,401)	1,378
Motor vehicles	16,382	(13,086)	3,296	16,382	(13,393)	2,989
Office equipment	10,453	(8,437)	2,016	10,757	(7,504)	3,253
Computer equipment	19,932	(16,903)	3,029	20,607	(17,568)	3,039
Computer network	8,520	(7,678)	842	8,595	(7,291)	1,304
Total	180,605	(83,342)	97,263	179,249	(78,352)	100,897

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

	OPENING BALANCE	ADDITIONS	DISPOSALS	REVALUATIONS	DEPRECIATION	IMPAIRMENT REVERSAL	TOTAL
Land	39,915	-	-	(3,025)	-	-	36,890
Buildings	48,655	-	-	4,954	(4,023)	-	49,586
Building machinery	364	-	-	-	(136)	-	228
Furniture and fixtures	1,378	463	(5)	-	(719)	259	1,376
Motor vehicles	2,989	-	-	-	307	-	3,296
Office equipment	3,253	57	(7)	-	(1,287)	-	2,016
Computer equipment	3,039	1,875	(290)	-	(1,595)	-	3,029
Computer network	1,304	-	-	-	(462)	-	842
	100,897	2,395	(302)	1,929	(7,915)	259	97,263

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RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023

	OPENING BALANCE	ADDITIONS	DISPOSALS	REVALUATIONS	DEPRECIATION	IMPAIRMENT REVERSAL	TOTAL
Land	41,490	-	-	(1,575)	-	-	39,915
Buildings	62,224	-	-	(10,846)	(2,723)	-	48,655
Building machinery	308	251	-	-	(195)	-	364
Furniture and fixtures	3,371	96	(9)	-	(2,031)	(49)	1,378
Motor vehicles	6,495	-	(638)	-	(2,868)	-	2,989
Office equipment	3,443	1,605	(23)	-	(1,771)	(1)	3,253
Computer equipment	3,148	2,235	(60)	-	(2,284)	-	3,039
Computer network	1,075	641	-	-	(393)	(19)	1,304
	121,554	4,828	(730)	(12,421)	(12,265)	(69)	100,897

PLEGGED AS SECURITY

There are no property, plant, and equipment assets of Services SETA pledged as security.

USEFUL LIVES (IN YEARS)

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Land		Not depreciated
Buildings	Straight-line	20- 30
Building machinery	Straight-line	5- 25
Furniture and fixtures	Straight-line	5- 25
Motor vehicles	Straight-line	5- 25
Office equipment	Straight-line	5- 25
Computer equipment	Straight-line	3- 25
Computer network	Straight-line	3- 25

REVALUATIONS

The properties have been assessed for market value and residual value as of 31 March 2024. The market value assessment will be conducted for Provincial Offices. All other properties will only be assessed for residual valuation as they are not due for market assessment in the current year.

Land and buildings are re-valued independently every three years.

The valuations were performed by an independent valuator firm, DDP Property Valuation Experts, comprised of the following experts:

- › Arno Terblanche - Candidate Valuer with the South African Council for the Property Valuers Profession
- › Maria Botha - Candidate Valuer with the

South African Council for the Property Valuers Profession

- › Nicolaas George Buekes Kuit - Candidate Valuer with the South African Council for the Property Valuers Profession
- › Jacobus Coenraad Liebenberg - Candidate Valuer with the South African Council for the Property Valuers Profession
- › Andries Fick - Candidate Valuer with the South African Council for the Property Valuers Profession
- › Tebogo Letlhogonolo Digoamaje - Candidate Valuer with the South African Council for the Property Valuers Profession

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023*
Figures in Rand thousand		RESTATED
CHANGE IN ACCOUNTING ESTIMATE		
Property, plant, and equipment fully depreciated and reassessed (Net carrying amount):	OLD NCA	NEW NCA
Building machinery (9 items)	1	16
Computer equipment (146 items)	1	53
Motor vehicles (5 trucks)	1	1,500
Furniture and fittings (870 items)	1	504
Office equipment (173 items)	1	180
	5	2,253
Reassessed Depreciation		
Depreciation - current year		663
Depreciation - future periods		2,253
		-

The above disclosure is in relation to the new depreciation value after reassessment of the items for the current year and future years.

During the current financial period, 160 items (1 building machinery, 46 computer equipment and networks, 26 office equipment, and 87 furniture and fittings) were identified that, due to current poor conditions, did not meet the requirement for reassessment. These items are still in use; however, they will be repaired or replaced in the new financial period. All items are currently carried at no value.

REPAIRS AND MAINTENANCE

During the current financial year, R9.4 million (FY22/23 7.8 million) of repairs and maintenance was incurred in order to maintain the condition of the property, plant and equipment of the Services SETA. Refer to note 20.

8. Intangible assets

	2024			2023		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	84,838	(78,257)	6,581	89,375	(74,340)	15,035
Computer software under development	17,663	-	17,663	20,824	-	20,824
Total	102,501	(78,257)	24,244	110,199	(74,340)	35,859

RECONCILIATION OF INTANGIBLE ASSETS - 2024

	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS	AMORTISATION	TOTAL
Computer software	15,035	-	-	1,647	(10,101)	6,581
Computer software under development	20,824	231	(1,745)	(1,647)	-	17,663
	35,859	231	(1,745)	-	(10,101)	24,244

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024		2023*		
			RESTATED		
Figures in Rand thousand					
RECONCILIATION OF INTANGIBLE ASSETS - 2023					
	OPENING BALANCE	ADDITIONS	DISPOSALS	AMORTISATION	TOTAL
Computer software	27,824	-	(1)	(12,788)	15,035
Computer software under development	18,765	2,059	-	-	20,824
	46,589	2,059	(1)	(12,788)	35,859

There are no intangible assets of Services SETA pledged as security.

USEFUL LIVES (IN YEARS)

Computer Software	Straight line	3-25 years
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CHANGE IN ACCOUNTING ESTIMATE

Fully amortised intangible assets and reassessed	1	1,223
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In the current financial year, 40 items were identified to have been fully amortised and still in use. A reassessment of the items was conducted, and an adjustment to the amortisation was processed.

The current year amortisation for the items reassessed amounted to R760 thousand, and amortisation for future periods is R1.2 million.

There are 6 items that have fully amortised and were not reassessed, as the intention of the organisation is to replace them in the ensuing financial year.

9. Revaluation Reserve

Reserve on revaluation of property, plant, and equipment

Opening balance	-	1,457
Change during the year	4,954	(1,457)
	4,954	-

During the current year, the revaluation of provincial offices resulted in a revaluation surplus.

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Figures in Rand thousand

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10. Accumulated surplus

ALLOCATION OF THE SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES - 2024

	ADMINISTRATION RESERVE	EMPLOYER GRANT RESERVE	DISCRETIONARY RESERVE GRANT	TOTAL
Skills development levy income	-	-	-	-
› Administration levy income	253,663	-	-	253,663
› Grant levy income	-	483,204	-	483,204
› Discretionary grant levy	-	-	1,195,807	1,195,807
Penalties and interest	-	-	26,657	26,657
Investment income	-	-	210,669	210,669
Other income	579	6,325	60	6,964
Total income	254,242	489,529	1,433,193	2,176,964
Administration expenses	(355,417)	-	-	(355,417)
Employer grants expenses	-	(253,821)	-	(253,821)
Project expenses	-	-	(571,921)	(571,921)
Loss on disposal of assets	(300)	-	(1,746)	(2,046)
	(101,475)	235,708	859,526	993,759

	ADMINISTRATION RESERVE	EMPLOYER GRANT RESERVE	DISCRETIONARY GRANT RESERVE	REVALUATION RESERVE	TOTAL
Opening balance	65,951	1,017	1,848,391	-	1,915,359
Surplus/(deficit) for the year	(101,475)	235,708	859,526	-	993,759
Reallocation of funds to reserve	97,616	(235,243)	137,627	-	-
Revaluation surplus on property	-	-	-	4,954	4,954
	62,092	1,482	2,845,545	4,954	2,914,073

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

ALLOCATION OF THE SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES - 2023

	2024	2023*		
		RESTATED		
	ADMINISTRATION RESERVE	EMPLOYER GRANT RESERVE	DISCRETIONARY RESERVE GRANT	TOTAL
Skills development levy income	-	-	-	-
› Administration levy income	237,156	-	-	237,156
› Grant levy income	-	451,940	-	451,940
› Discretionary grant levy	-	-	1,117,825	1,117,825
Penalties and interest	-	-	29,624	29,624
Investment income	-	-	104,562	104,562
Other income	573	16,156	-	16,729
Total income	237,729	468,096	1,252,011	1,957,836
Administration expenses	(227,606)	-	-	(227,606)
Employer grants expenses	-	(238,400)	-	(238,400)
Reallocation between DG support and admin cost - Note 24	(87,291)	-	87,291	-
Project expenses	-	-	(736,295)	(736,295)
Loss on disposal of assets	(440)	-	(291)	(731)
Prior period error - Note 28	-	-	(149,701)	(149,701)
Net surplus/(deficit) allocated	(77,608)	229,696	453,015	605,103

	ADMINISTRATION RESERVE	EMPLOYER GRANT RESERVE	DISCRETIONARY RESERVE GRANT	REVALUATION RESERVE	TOTAL
Opening balance	83,595	1,005	1,238,052	1,457	1,324,109
Prior period error - Note 28	-	-	(12,396)	-	(12,396)
Surplus/(deficit) for the year	(77,608)	229,696	453,015	-	605,103
Fair value adjustment	-	-	-	(1,457)	(1,457)
Reallocation of funds to reserve	59,964	(229,684)	169,720	-	-
	65,951	1,017	1,848,391	-	1,915,359

11. Payables from exchange transactions

Trade payables	1,522	3,680
Accrued employee costs	5,078	2,874
Accrued leave pay	7,033	7,139
Accrued expenses - admin expenses	15,247	11,948
	28,880	25,641

The previously stated figure for accrued expenses in FY22/23 was R8.5 million. Refer to note 28 for the prior year's adjustment.

12. Payables from non-exchange transactions

Donor funding	14,079	1,994
Accrued expenses: Discretionary grants	13,440	151,182
Trade payables: Discretionary grants	47,483	28,721
Mandatory grants payables	98,287	81,357
Inter-SETA payable	92	2,686
	173,381	265,940

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The previously stated figure for accrued expenses (DG) in FY22/23 was R26 million, and Donor funding was R3.5 million. Refer to Note 28 for the prior year's adjustment.

Donor funding relates to funds received for a partnership between Services SETA and (i) the North-West Department of Economic Development, Environment, Conservation and Tourism (DEDECT), and (ii) the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (KZN EDTEA).

13. Provisions

RECONCILIATION OF PROVISIONS - 2024	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	OVER/(UNDER) PROVISION	TOTAL
DG Expenditure	36,790	-	(36,790)	-	-
Exempt Employers	52,802	9,672	(12,547)	674	50,601
DG Bursaries	132,010	57,836	(74,886)	57,124	172,084
	221,602	67,508	(124,223)	57,798	222,685

RECONCILIATION OF PROVISIONS - 2023	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	OVER/(UNDER) PROVISION	TOTAL
DG Expenditure	677	36,113	-	-	36,790
Exempt Employers	52,481	9,852	(13,131)	3,600	52,802
DG Bursaries	81,886	132,010	(36,324)	(45,562)	132,010
	135,044	177,975	(49,455)	(41,962)	221,602

PROVISION FOR EXEMPT LEVY EMPLOYERS

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

PROVISION OF DG BURSARIES

The provision for bursaries is in relation to reported bursars that are as compliant and considers newly entered and continuing learners at the end of the financial year.

During the financial year, payments are made based on the submission of compliant documents relating to the bursars that were included in the previous provision balance.

For the financial year 2023/2024, the Services SETA will consider verified compliant bursars as at 31 March 2024. The balance as at 31 March relates to estimated liability in relation to active bursars.

DG EXPENDITURE PROVISION

The provision on DG project expenditure is new.

During the current financial year, the Services SETA re-evaluated the uncertainty of timing and amount of expenditure transactions in order to determine the classification at year-end. The analysis was on tranches with milestones partially achieved as at year-end. The partial achievement would create an obligation for Services SETA to settle, with the amount being uncertain. Using the tranche module for milestones, the Services SETA made its best estimations of the probable outflow of economic benefits.

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14. Revenue

Other income - exchange	579	573
Interest received - investment	210,669	104,562
Skills Development Levy: Income	1,932,673	1,806,921
Skills Development Levy: Penalties and Interest	26,656	29,625
Other income - non-exchange	6,385	16,156
	2,176,962	1,957,837

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income - exchange	579	573
Interest received - investment	210,669	104,562
	211,248	105,135

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

Transfer revenue

Skills Development Levy: Income	1,932,673	1,806,921
Skills Development Levy: Penalties and Interest	26,656	29,625
Other income - non-exchange	6,385	16,156
	1,965,714	1,852,702

Other Income: non-exchange includes the write-off of mandatory balances that have prescribed and creditors' balances no longer payable.

15. Skills Development Levy: Penalties and Interest

Penalties	14,356	14,924
Interest	12,300	14,701
	26,656	29,625

16. Other income-exchange

Other income - exchange	579	573
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Other income: exchange transaction includes the annual MG fund for Services SETA, recovery from insurance claims and write-off relating to payables/receivables that have prescribed.

The amount included in other income arising from exchanges of goods or services are as follows:

MG - Refund	332	320
Insurance Recoveries	230	253
Admin Write-off	17	-
	579	573

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17. Investment revenue

Interest revenue

Bank	210,669	104,562
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The amount included in Investment revenue arising from exchange transactions amounted to R 211 million (2023: R105 million).

18. Levies

Levy income: Administration	253,377	237,550
Inter-SETA transfers - in	9	-
Inter-SETA transfers - out	(12)	(353)
Admin - Exempt Employers	289	(42)
	253,663	237,156
Levy income: Employer Grant	482,659	452,692
Inter-SETA transfers - in	17	-
Inter-SETA transfers - out	(23)	(671)
MG - Exempt Employers	550	(80)
	483,204	451,940
Levy income: Discretionary Grants	1,194,458	1,119,686
Employer grant - Exempt Employers	1,362	(199)
Inter-SETA transfers - in	43	-
Inter-SETA transfers - out	(56)	(1,662)
	1,195,807	1,117,825
	1,932,675	1,806,921

19. Administration expenses

Advertising and promotional material	14,393	13,326
Auditors' remuneration (Refer to Note 22)	8,225	9,155
Bank charges	213	236
Communication costs	9,357	8,081
Consulting and professional fees	41,005	22,452
Rentals	683	1,092
Insurance	3,022	2,317
Venue hire, catering and refreshments	1,587	2,563
IT expenses	18,742	15,396
Donations	1,004	122
Printing and stationery	591	542
Security & storage	7,456	7,852
Staff welfare	362	1,334
Subscriptions and membership fees	114	100
Training and recruitment	5,317	5,315
Travel and accommodation	4,972	1,631
Small tools	178	32
Electricity and water	11,496	4,217

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		RESTATED
Write-off - admin receivable	3	59
Repairs and maintenance (Refer to Note 20)	9,373	8,054
Employee costs (Refer to Note 21)	181,107	167,397
Quality Council for Trades and Occupations fee 0.5%	12,290	10,231
Governance fees	9,641	9,147
Interest and penalties incurred	-	2
Depreciation, amortisation and impairment – admin-related assets	14,288	24,244
	355,419	314,897

The previously stated amount for admin expenses in FY22-23 225 million was adjustment. R Refer to note 28 for prior year.

During the financial year, the allocation for expenditure between admin and DG support was reassessed. For fair presentation, the comparative figures were also adjusted. Refer to Note 24 for details.

20. Repairs and maintenance

Cleaning of properties	2,348	3,002
Equipment and machinery maintenance	-	302
Motor vehicle expenses - repairs, petrol & license	1,930	1,820
Repairs of building and fuel for generator	5,095	2,684
	9,373	7,808

21. Employee costs

Salaries and wages	141,342	138,600
Medical aid contributions	27,398	26,013
Compensation for Occupational Injuries and Diseases	395	119
Leave pay provision charge	309	(3,637)
Allowances		
› Basic education allowance	3,207	3,010
› Other fringe benefits	4,077	2,279
› Pension contributions - Defined contribution plan	15,559	15,215
› Housing benefits and allowances	10,259	9,707
Reallocate to DG	(21,439)	(23,909)
	181,107	167,397

22. Auditors' remuneration

Internal audit fees	2,401	2,460
External audit fees	5,824	6,695
	8,225	9,155

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23. Employer grants and project expenses

Employer grants and project expenses for the year are stated after accounting for the following:

Overall expenditure

Mandatory grant expenses	253,821	238,400
DG direct expenses	535,887	743,469
DG support expenses	36,034	55,236
	825,742	1,037,105

The previously stated amount for DG direct expenses in FY 2022-23 was R595 million. Refer to Note 28 for the prior year's adjustment.

The discretionary grant support expenditure consists of the following elements:

Legal fees	3,009	11,392
DG Employee Costs	21,439	23,909
DG Stationery & Consumables (Inc Certificates)	170	191
Travel and accommodation	4,141	3,441
DG - Transportation Costs	322	182
Depreciation and Amortisation (DG-related assets)	6,753	11,842
DG - Interest and penalties incurred	200	4,279
	36,034	55,236

During the financial year, the allocation for expenditure between admin and DG support was reassessed. For fair presentation, the comparative figures were also adjusted. Refer to Note 24 for details.

The discretionary grant direct expenditure consists of the below elements:

Learnerships - Unemployed	143,087	189,140
Bursaries/Learnerships - Employed	4,861	20,988
Apprenticeship and trade test	102,491	177,211
Bursaries - Unemployed	130,508	105,712
Internships - Unemployed entering internships	11,750	25,404
Internship – SETA's own	2,252	1,425
Internships - FET college interns	20,491	53,334
Internships - FET Graduate Placement (NCV)	35,979	40,226
Adult Education and Training	3,386	3,539
Recognition of Prior Learning	572	1,248
Skills programmes - Employed	29,318	58,879
Skills programmes - Unemployed	11,005	19,045
Candidacy programme	1,392	8,152
Co-ops Support	901	1,215
Infrastructure Development	30,786	29,482
Qualification Development	3,553	4,680
Capacitation for Skills Programmes	-	518
Sponsorships	3,200	-
Research studies	356	3,269
	535,888	743,467

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24. Reallocation of expenditure between DG support costs and administrative expenses for FY2023

In response to addressing the irregular expenditure incurred from exceeding the 7.5% DG support cost limit, the Services SETA reassessed the method used to allocate expenses between 10.5% and 7.5% in its Discretionary Grant policy.

The Services SETA engaged the DHET to obtain guidance on all requirements to ensure adherence to the Grant Regulation.

To ensure compliance with GRAP 01 on comparative disclosure, the reallocation in the current year necessitated changes to the comparative figures.

Below are the affected expenditure items:

ADMINISTRATIVE EXPENSES	PREVIOUS BALANCE	REALLOCATION	REVISED BALANCE
Bank charges	229	7	236
Consulting and professional fees	13,786	8,666	22,452
Advertising and promotional material	2,833	10,493	13,326
Venue hire, catering and refreshments	1,067	1,496	2,563
Donations	-	122	122
Security and storage	7,772	80	7,852
Employee cost	100,970	66,427	167,397
	126,657	87,291	213,948

DG SUPPORT COSTS	PREVIOUS BALANCE	MOVEMENT	REVISED BALANCE
DG bank charges	7	(7)	-
Professional fees & consultancy	8,666	(8,666)	-
Donations - support	122	(122)	-
Storage & security	80	(80)	-
DG Employee costs	90,336	(66,427)	23,909
Marketing material	6,546	(6,546)	-
Collaborations - Expos	3,947	(3,947)	-
Venue hire, catering & refreshments	1,496	(1,496)	-
	111,200	(87,291)	23,909

The irregular expenditure disclosed in FY2023 relating to exceeding the 7.5% limit will remain, as GRAP 1 disclosure requirements do not affect non-compliance matters.

25. Cash generated from operations

Surplus	993,755	605,104
Adjustments for:		
Depreciation and amortisation	18,015	25,054
Loss on disposal of assets	2,046	731
Movements in provisions	1,083	86,558
Other non-cash movements	(169)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Asset revaluation loss	3,025	11,031
Admin write-off - net off receivable and payable	(20)	-
DG write-off - net off receivable and payable	(60)	-
Changes in working capital:		
Inventories	137	(42)
Receivables from exchange transactions	(2,138)	419
Other receivables from non-exchange transactions	408	2,037
Payables from exchange transactions	3,238	(2,983)
Payables from non-exchange transactions	(92,559)	49,790
	926,761	777,699

26. Contingencies

26.1. COMMITMENTS

The Services SETA commitments consist of operating & capital commitments and discretionary grant commitments.

Already contracted for but not provided for:

ADMIN

Operational commitments	52,176	24,003
Intangible assets	25,028	312
	77,204	24,315

DG

DG Commitment	2,355,090	2,478,378
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2024							
R'000	Audited 22/23 closing balance	Adjustment	Adjusted opening balance	New approvals	Amendments	Expenditure	Total commitments
Unemployed Learnership	661,108	(90,741)	570,367	155,914	82,105	(140,424)	667,962
Employed Learnership	90,266	1,912	92,178	11,960	(6,497)	(4,901)	92,740
Artisan Apprenticeship	461,961	(65,484)	396,477	76,946	89,237	(72,123)	490,537
Trade test	52,377	2	52,379	-	(3,993)	(30,368)	18,018
Internship - HET	78,529	20,603	99,132	9,537	(14,441)	(11,977)	82,251
Internship - Nated	299,937	(11,111)	288,826	71,248	(87,458)	(38,500)	234,116
Internship - TVET/Workplace	119,204	(24,683)	94,521	4,807	(19,929)	(6,922)	72,477
Bursaries: Employed	49,496	(6,340)	43,156	-	(2,950)	(57)	40,149
Bursaries: Unemployed - Honours	27,436	2,645	30,081	65	(3,507)	(58)	26,581
Adult Education and Training	18,669	(2,435)	16,234	-	(1,854)	(3,386)	10,994
Recognition of Prior Learning	17,273	(9,446)	7,827	3,250	3,180	(572)	13,685
Skills programmes: Employed	154,240	(2,516)	151,724	7,898	(25,598)	(24,965)	109,059
Skills programmes: Unemployed	88,654	7,578	96,232	559	(56,004)	(11,669)	29,118
Candidacy	18,138	(3,899)	14,239	27,400	26,539	(1,781)	66,397

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2024							
R'000	Audited 22/23 closing balance	Adjustment	Adjusted opening balance	New approvals	Amendments	Expenditure	Total commitments
Other Financial Services	175	-	175	-	-	-	175
Regulatory Board Exam							
Special Projects	473,815	(103,664)	370,151	-	(127,991)	(23,739)	218,421
Qualification development	4,894	-	4,894	1,280	5,030	(3,359)	7,845
E-learning	999	(999)	-	-	-	-	-
Research	-	-	-	5,528	-	(207)	5,321
Non-Credit bearing	750	181	931	12,057	(12)	(1,001)	11,975
Internship - University WIL	-	-	-	16,950	6,550	-	23,500
Infrastructure	136,947	5,540	142,487	-	(394)	(14,865)	127,228
Bursaries	5,154	-	5,154	-	175	-	5,329
Business Advisory Services	1,215	-	1,215	-	-	-	1,215
	2,761,237	(282,857)	2,478,380	405,399	(137,812)	(390,874)	2,355,093

Adjustment to audited opening balance - refer to Note 28 for reasons for adjustment to opening balance.

RATE-BASED CONTRACTS

Prior to 01 April 2021, the Services SETA had contracts that were not capped by nature for goods and services provided by suppliers. A rate per commodity was applied to these contracts. This type of contract resulted from the impracticability of reliably estimating quantities that would be required during the duration of the contracts. The budgeting process for the organisation is directly linked to the overall annual performance targets on the annual performance plan. These rate-based contracts were linked to the overall budgeting process.

EXPENDITURE DIFFERENCE BETWEEN NOTES 23 AND 26

Expenditure on the commitment note is different from the DG direct expenditure disclosed on Note 23 by R145 million. This difference is due to payments made for discretionary grants that do not give rise to a commitment, comprising mainly of short skills programs, bursaries, and legacy projects that are no longer on the commitment schedule.

Admin commitment	77,204	24,315
DG commitment	2,355,090	2,478,378
	2,432,294	2,502,693

Committed expenditure relates to DG projects and operational expenditure and will be financed by available allocations from DHET, retained surpluses, existing cash resources, and internally generated funds. The implementation of these commitments will be phased in based on APP targets. 80% of discretionary grant funding has been allocated to PIVOTAL programmes, in line with Grant Regulation No. 35940, sub-regulation 6(12).

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26.2. DHET AND EMPLOYERS, REPRESENTED BY BUSINESS UNITY SOUTH AFRICA ('BUSA') CASE:

In October 2019, BUSA won a court case against DHET, where the department's decision to decrease the mandatory grant levies and grants percentage from 50% to 20%, in terms of section 4(4) of the Seta grant regulations, was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made a decision regarding the mandatory grant percentage.

DHET continued to show the mandatory levies portion as 20% in the 2023/24 year in the levy download information. The Services SETA continued to pay and accrue mandatory grants at 20% in the 2023/24 financial year in the absence of a revised percentage aligned with the approved annual performance plan.

The mandatory grant expenditure in Note 24, as well as the mandatory grant liability in Note 13, were calculated using the mandatory grant percentage of 20%.

The Services SETA, therefore, discloses a contingent liability regarding 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, BUSA, was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability are uncertain, and no reasonable estimate can be made at this point.

Currently, the department is in discussions with BUSA regarding the mandatory grant percentage.

26.3. FIRST-TIME EMPLOYER REGISTRATIONS

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant. At the reporting date, it is estimated that, as a result, an additional mandatory grants expenditure of R1.5 million (2022/23: R1 million) will be payable should the employers submit compliant reports. The amount is reliant on the number of submissions received and approved.

26.4. LITIGATION MATTERS

Claims by various service providers against the Services SETA with a total exposure amounting to R32 million (2022/23: R30 million). The timing and possibility of reimbursement are unknown as it is dependent on the courts/arbitration process.

Cost payable due to alleged damages - matter still pending before the High Court	22,180	22,180
Claim in relation to an award for training of learners	3,500	3,500
Action for damages in the High Court - alleged breach of contract by Services SETA	3,675	600
CCMA matter for unfair dismissal	1,700	3,130
Interdict issued to stop construction of chicken-run farm on community land (legal costs)	200	730
Labour court matter - unfair dismissal	1,091	120
CCMA - Labour matter with employee (new)	15	-
	32,361	30,260

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26.5. NSF UNCOMMITTED FUNDS LIABILITY

In terms of paragraph 3(11) of the 2012 Grant Regulations, a SETA must have committed or spent a minimum of 95% of discretionary funds available to it by the 31st of March of each year, and a maximum of 5% of uncommitted funds may be carried over to the next financial year. In terms of paragraph 3(12), the remaining surplus of discretionary funds must be paid by the SETA to the National Skills Fund (NSF).

The Labour Appeal Court, in a matter between the Minister of Higher Education and Training and Business Unity South Africa, set aside paragraph 3(12) of the Grant Regulations. Therefore, uncommitted funds are no longer transferable to the National Skills Fund. SETAs are, however, required to disclose the uncommitted surplus.

Discretionary Grant reserve	2,845,547	1,948,392
Less: DG commitment	(2,355,089)	(2,478,378)
(Over)/under commitment	490,458	(529,986)
95% thereof	(465,935)	503,487
	24,523	(26,499)

26.6. RETENTION OF SURPLUS FUNDS AS AT 31 MARCH 2024

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

The Services SETA will submit an application for the retention of accumulated funds as at 31 March 2024 to the National Treasury.

In addition to the below, the Services SETA has commitments amounting to R2.4 billion (2023: R2.5 billion).

National Treasury Instruction note No. 12 of 2020/21, issued in September 2020, clarified that the surplus funds should be determined as follows:

Cash and Cash Equivalents	3,210,830	2,286,696
Receivables from Exchange Transactions	5,591	3,453
Receivables from Non-Exchange Transactions	856	1,264
Payables from Exchange Transactions	(28,880)	(25,642)
Payables from Non-Exchange Transactions	(173,381)	(265,940)
Provisions	(222,685)	(221,602)
	2,792,331	1,778,229

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27. Related parties

RELATIONSHIPS

Members of the Accounting Authority	Refer to members' report note
Ultimate controlling entity	Department of Higher Education, Science and Innovation
Other departments with significant influence	National Treasury
Key stakeholders	National Skills Fund
Significant affiliates	Other 20 SETAs; QCTO
Entities under common control	All Public Higher Education and Training Institutions (HET)
Members of key management	Fakude M - Chief Executive Officer
	Sipengane A - Executive Manager - Strategic Partnerships
	Matsebe T - Chief Financial Officer
	Motla M - Executive Manager Strategy & Planning
	Köstlich L - Executive Manager Core Business
	Dhlahla S - Executive Manager Corporate Services

Entities under common control

By virtue of the Services SETA being a National Public entity related to entities and departments in the National spheres of government, it is considered related to DHET, National Skills Authority, QCTO, other SETAs, public universities, TVET colleges, and CETs. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions.

Higher Education and Training Institutions - exempt entities

Transactions relating to allocations to discretionary grant allocations whose terms and conditions are similar to those of other grantees.

RELATED PARTY BALANCES

Inter-SETA payables

SASSETA	-	1,253
LGSETA	23	-
MICT SETA	-	1,433
CHIETA	69	-

The inter-SETA payable refers to a payable as a result of levy payers that have been transferred from the servicesector to another sector.

TVET and Universities' payables

Sefako Makgatho University	(66)	-
University of Witwatersrand	(66)	(80)
University of Johannesburg	(57)	(42)
Taung Agricultural TVET College	-	(48)
Vaal University of Technology	-	(31)
Thekwini TVET college	(653)	-
Motheo TVET College	(2,852)	-
West Coast TVET College	(858)	-
Goldfields TVET College	(846)	-
Tshwane University of Technology	(2,243)	-

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Cape Peninsula University	(40)	-
Durban University of Technology	(66)	-
Vhembe TVET College	(1,825)	-
University of Western Cape	(64)	-
University of Limpopo	(66)	-
Walter Sisulu University	(312)	-
Orbit TVET College	(22)	-

COMMITMENTS WITH RELATED PARTIES

TVETs	238,862	218,268
Universities	186,923	181,808
CETs	10,654	6,194

Refer to the commitment note for more details. The above balances relate to the discretionary grants awarded to the providers. Refer to Note 28 for prior period adjustments to commitment balances.

INTER-SETA RECEIVABLE

MQA	33	-
MICT	37	-

RELATED PARTY TRANSACTIONS

Levy income, penalties and interest

Levies	1,932,673	1,806,921
Fines, Penalties and Forfeits	26,656	29,625

Purchases from related parties

TVETs - linked to commitments	35,749	43,965
Universities - linked to commitments	3,134	4,789
CETs - linked to commitments	1,324	1,903

QCTO 0.5% as per Grant Regulation

QCTO Fees (0.5%)	12,290	10,231
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REMUNERATION OF MANAGEMENT

Management class: Board members

2024	BOARD & EXCO	HR & REMCO	FINANCE COMMITTEE	TRANSFORMATION COMMITTEE	GOVERNANCE, RISK & STRATEGY COMMITTEE	OTHER ENGAGEMENTS	TOTAL
Name							
De Vries, S (Chairperson)	428	-	-	-	-	840	1,268
Madella, A	323	40	-	24	-	40	427
Karanja, A	323	48	-	-	48	96	515
Dinwa, W	305	-	56	-	40	168	569
Sithole, P	107	-	56	-	48	139	350
Dlamini, R	115	48	-	32	-	155	350
Mtsweni, T	227	65	-	-	-	88	380
Motloug, S	107	-	-	32	62	163	364
Jhatham, A	152	40	70	-	11	48	321

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2024	BOARD & EXCO	HR & REMCO	FINANCE COMMITTEE	TRANSFORMATION COMMITTEE	GOVERNANCE, RISK & STRATEGY COMMITTEE	OTHER ENGAGEMENTS	TOTAL
Name							
Ford, J	323	40	-	-	-	115	478
Nzimande, J	107	-	56	32	8	196	399
Cowley, K	115	48	-	-	56	115	334
Gogo, N	227	-	-	43	56	112	438
Mcoyi, N	168	-	56	-	40	32	296
Govender, K	107	-	48	32	8	155	350
	3,134	329	342	195	377	2,462	6,839

2023	BOARD & EXCO	HR & REMCO	FINANCE COMMITTEE	TRANSFORMATION COMMITTEE	GOVERNANCE, RISK & STRATEGY COMMITTEE	OTHER ENGAGEMENTS	TOTAL
Name							
De Vries, S (Chairperson)	198	-	-	-	-	679	877
Madella, A	141	32	-	32	-	40	245
Karanja, A	149	32	8	-	42	96	327
Dinwa, W	149	-	56	-	40	88	333
Sithole, P	53	-	56	-	40	195	344
Dlamini, R	53	32	-	32	-	158	275
Mtsweni, T	149	43	-	-	-	80	272
Motlounge, S	53	-	8	32	46	235	374
Jhatham, A	125	24	70	-	10	118	347
Ford, J	141	16	-	-	-	123	280
Nzimande, J	53	-	56	32	-	270	411
Cowley, K	53	32	8	-	42	155	290
Gogo, N	149	-	8	43	42	143	385
Mcoyi, N	109	-	32	-	30	48	219
Govender, K*	9	-	-	-	-	32	41
	1,584	211	302	171	292	2,460	5,020

*1 New Accounting Authority member joined on 03 February 2023

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT

2024

Name

EMOLUMENTS	PENSION, MEDICAL, UIF	INCENTIVES	TOTAL	
Fakude M (Chief Executive Officer) *1	1,545	179	161	1,885
Matsebe T (Chief Financial Officer)	2,049	220	128	2,397
Motla ML (Executive - Strategy and Planning)	1,967	302	128	2,397
Dhladhla S (Executive - Corporate Services)	2,026	271	128	2,425
Köstlich L (Executive - Core Business)	2,232	238	141	2,611
Sipengane A (Executive - Strategic Partnerships) *2	2,135	221	128	2,484
	11,954	1,431	814	14,199

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2023	EMOLUMENTS	PENSION, MEDICAL, UIF	INCENTIVES	TOTAL
Name				
Fakude M (Chief Executive Officer)	2,744	329	119	3,192
Matsebe T (Chief Financial Officer)	1,938	205	78	2,221
Motla ML (Executive - Strategy and Planning)	1,943	289	78	2,310
Dhlahla S (Executive - Corporate Services)	1,898	241	78	2,217
Köstlich L (Executive - Core Business)	2,285	222	85	2,592
Sipengane A (Executive - Strategic Partnerships)	2,017	205	78	2,300
	12,825	1,491	516	14,832

*1 Chief Executive Officer resigned as of 30 September 2023

*2 Currently serving as Acting Chief Executive Officer from 01 November 2023

MANAGEMENT CLASS: AUDIT COMMITTEE

2024	AUDIT COMMITTEE FEES	OTHER ENGAGEMENTS	TRAVEL CLAIMS	TOTAL
Name				
Rabothata, K CA(SA) - (Chairperson)	62	180	29	271
Mkhize, T CA(SA)	35	-	-	35
Cowley, K (AA member)	48	-	-	48
Galane, O (MPhil: Accounting Sciences)	62	63	-	125
Mtshweni, T (AA member)	48	-	-	48
Singh, N CA(SA)	55	63	-	118
	310	306	29	645

2023	AUDIT COMMITTEE FEES	OTHER ENGAGEMENTS	TRAVEL CLAIMS	TOTAL
Name				
Rabothata, K CA(SA) - (Chairperson)	69	152	21	242
Galane, O (MPhil: Accounting Sciences)	69	35	-	104
Singh, N CA(SA)	69	35	-	104
Cowley, K (AA member)	62	-	-	62
Mkhize, T CA(SA)	69	-	-	69
Mtsweni, T (AA member)	62	-	-	62
	400	222	21	643

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28. Prior period error

Presented below are those items contained in the statement of financial position, statement of financial performance, and cash flow statement that have been affected by prior-year adjustments:

Nature of error

During the current financial year FY2023-24, the Services SETA received additional invoices from service providers for which work was done in prior years. Although the claims and invoices were dated in the current financial year, through reviews of documents pertaining to work done, the expenditure was accrued for in the relevant financial period.

The areas affected by the above matter would be admin expenditure, DG expenditure, admin accruals, DG accruals, and DG reserves.

STATEMENT OF FINANCIAL POSITION

2022	NOTE	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
Property, plant and equipment		121,554	-	121,554
Intangible assets		46,589	-	46,589
Payables from exchange		(28,627)	-	(28,627)
Cash and cash equivalents		1,515,884	-	1,515,884
Payables from non-exchange		(204,433)	(11,717)	(216,150)
Provisions		(134,367)	(677)	(135,044)
Other current assets		7,505	-	7,505
Reserves		(1,324,105)	12,394	(1,311,711)
		-	-	-

2023	NOTE	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
Property, plant and equipment		100,897	-	100,897
Intangible assets		35,859	-	35,859
Payables from exchange		(22,167)	(3,475)	(25,642)
Cash and cash equivalents		2,286,696	-	2,286,696
Payables from non-exchange		(141,894)	(124,046)	(265,940)
Provisions		(184,812)	(36,789)	(221,601)
Other current assets		5,091	-	5,091
Reserves		(2,079,670)	164,310	(1,915,360)
		-	-	-

STATEMENT OF FINANCIAL PERFORMANCE

2023	NOTE	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	REALLOCATION BETWEEN 7.5% AND 10.5%	RESTATED
Total Revenue		1,957,837	-	-	1,957,837
Admin expenditure		(225,391)	(2,215)	(87,281)	(314,887)
Employer grants and project expenditure		(974,696)	(149,690)	87,281	(1,037,105)
Loss on disposal		(731)	-	-	(731)
Surplus/(deficit) for the year		757,019	(151,905)	-	605,114

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STATEMENT OF CHANGES IN NET ASSETS

2022	NOTE	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
Reserves				
Administrative reserves		83,595	-	83,595
Employer grant reserves		1,005	-	1,005
Discretionary grant reserve		1,238,051	(12,396)	1,225,655
Revaluation reserve		1,457	-	1,457
		1,324,108	(12,396)	1,311,712

2023	NOTE	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
Reserves				
Administrative reserves		65,951	-	65,951
Employer grant reserves		1,017	-	1,017
Discretionary grant reserves		2,012,702	(164,310)	1,848,392
		2,079,670	(164,310)	1,915,360

CASH FLOW FROM OPERATIONS NOTE

Due to the adjustments made to admin and DG expenditure, net working capital movement changed.

CASH GENERATED FROM OPERATIONS	PREVIOUS BALANCE	CORRECTION OF ERROR	RESTATED BALANCE
Surplus	757,019	(151,915)	605,104
Payables from exchange transactions - working capital changes	(6,455)	3,473	(2,982)
Payables from non-exchange transactions - working capital changes	(62,539)	112,329	49,790
Depreciation & amortisation	25,054	-	25,054
Loss on disposal of assets	731	-	731
Movement in provision	50,445	36,113	86,558
Asset revaluation loss	11,031	-	11,031
Inventory - working capital change	(42)	-	(42)
Receivable from exchange - working capital changes	419	-	419
Receivable from non-exchange - working capital changes	2,037	-	2,037
	777,700	-	777,700

PROVISIONS

During the current financial year, the Services SETA re-evaluated the uncertainty of timing and amount of expenditure transactions in order to determine the classification at year-end. The analysis was on tranches with milestones partially achieved as at year-end. The partial achievement would create an obligation for Services SETA to settle, with the amount being uncertain. Using the tranche module for milestones, the Services SETA made its best estimations of the probable outflow of economic benefits.

The analysis resulted in the movement of R37 million in expenditure amount from the current financial year to prior years.

RELATED PARTIES - TVET, UNIVERSITIES & CETS

Due to the adjustments relating to DG direct expenditure for invoices received in the current financial year for work done in prior years, adjustment to expenditure was done. Also, a review of contractual documents and the definition of the related party resulted in an adjustment to the balances of the related party note.

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	2024	2023*	
Figures in Rand thousand		RESTATED	
2023	PREVIOUS AMOUNT	CORRECTING OF ERROR	RESTATED AMOUNT
Commitment - TVET balance	220,208	(1,941)	218,267
Commitment - University balance	189,518	(7,710)	181,808
Commitment - CET balance	6,396	(202)	6,194
Commitment - TVET expenditure	34,610	9,355	43,965
Commitment - CET expenditure	1,701	202	1,903
	452,433	(296)	452,137

COMMITMENT NOTE

The adjustment is mainly due to services rendered in previous years; however, invoices are only submitted in the year under review, and contracts dated past periods are limited to March 2022. Furthermore, supporting documents for amendments are confirmed after 31 March 2023. Presented below are those items contained in the commitment disclosure note that have been affected by the prior year's adjustment.

2023	PREVIOUS AMOUNT	CORRECTING OF ERROR	RESTATED AMOUNT
Balance per commitment note	2,761,237	(282,858)	2,478,379

IRREGULAR EXPENDITURE

Adjustments made to the opening balance of irregular expenditure is due to the movement of expenditure from the current year to the periods when work was completed, thus, expenditure was incurred prior to the expiry of the contracts. During the current financial year, projects were identified as having been implemented without adequate documentation for Board approval on allocations.

2023	PREVIOUS AMOUNT	CORRECTION OF ERRORS	RESTATED AMOUNT
Project expenditure outside contract terms	4,079	(827)	3,252
Project implementation without adequate documentation for board approval	75,151	6,179	81,330
Project allocations that do not meet the open and fair principles	23,728	31,524	55,252
SCM - Preferential points process not followed during awarding process	-	5,886	5,886
	102,958	42,762	145,720

RISK MANAGEMENT

Liquidity risk

	PREVIOUSLY STATED BALANCE	CORRECTION OF ERROR	RESTATED BALANCE
Trade payables from exchange transactions	(22,167)	(3,475)	(25,642)
Trade payables from non-exchange transactions (DG)	(57,851)	(124,047)	(181,898)
	(80,018)	(127,522)	(207,540)

Due to invoices received during the 2024 financial year linked to work done prior, reallocation of expenditure to the correct financial period affected the liquidity risk disclosure linked to Trade payables for both exchange and non-exchange transactions.

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29. Risk management

FINANCIAL RISK MANAGEMENT

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

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability offunding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Services SETA treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

The table below analyses the Services SETA's financial liabilities and net-settled derivative financial liabilities intorelevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

MARCH 2024	CARRYING AMOUNT	6 MONTHS OR LESS	6 MONTHS OR MORE	OVER 1 YEAR
Trade payables from exchange transactions	(28,880)	(28,880)	-	-
Trade payables from non-exchange transactions (Discretionary grant)	(75,002)	(75,002)	-	-
	(103,882)	(103,882)	-	-

MARCH 2023	CARRYING AMOUNT	6 MONTHS OR LESS	6 MONTHS OR MORE	OVER 1 YEAR
Trade payables from exchange transactions	(25,642)	(25,642)	-	-
Trade payables from non-exchange transactions (Discretionary grant)	(181,898)	(181,898)	-	-
	(207,540)	(207,540)	-	-

CREDIT RISK

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set bythe board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year-end were as follows:

FINANCIAL INSTRUMENT	2024	2023
Cash and cash equivalent	3,210,829	2,286,696
Trade receivables from exchange	5,402	3,238
Trade receivables from non-exchange (DG)	-	46

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MARKET RISK

Interest rate risk

As the Services SETA has no significant interest-bearing assets, the Services SETA's income and operating cashflows are substantially independent of changes in market interest rates.

30. Going concern

We draw attention to the fact that, at March 31, 2024, the Services SETA had a surplus for the year of R994 million and that the Services SETA's current assets exceeded total current liabilities by R2.9 billion.

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

The ability of the Services SETA to continue as a going concern is dependent on a number of factors. The going concern assessment was based on the following considerations:

Financial, operating, and other considerations:

1. The budget to support the APP for the financial year 2024-25 was approved with an overall spend of R2.286 billion. The actual spend will be affected by market fluctuations in the employment of the services sector.
2. The extension of the Services SETA license to 31 March 2030 provides confirmation that there is no indication of withdrawal of financial support by the Executive Authority.
3. The current assets exceed current liabilities by R2.9 billion, or the current ratio is 7.57:1.

4. The Services SETA has a positive balance of R993 million in relation to cash flows from operating activities.
5. The surplus for the period amounted to R994 million.
6. Services SETA does not have any long-term borrowings.
7. The only critical position vacant as of 31 March 2024 was that of Chief Executive Officer.
8. As of 31 March 2024, there were no changes to the Grant Regulation or other legislation that could have a negative effect on the Services SETA.
9. The main uncertainty against the Services SETA is the ongoing engagements between the Executive Authority and Business Unity of South Africa (BUSA) in relation to the court case that sets aside Sec 4(4) of the Grant Regulation.

31. Events after the reporting date

The Services SETA is required, as per Instruction Note 12 of 2020/21, to submit to the National Treasury an application for the rollover of accumulated surpluses by 01 August 2024.

LEGACY COMMITMENT CONFIRMATION

During the current financial year, Services SETA embarked on an assignment to confirm the statuses of legacy discretionary grants projects.

Entities were contacted in relation to previously offered allocations. Some of the confirmations by third parties with projects included in the commitment closing balance are being received post-March 2024, indicating a lack of interest to continue with projects, and are material in nature.

Due to the continuous receipt of confirmations, the full effect of these confirmations will be accounted for during the 2024-25 financial year.

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32. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	193,136	220,814
Fruitless and wasteful expenditure	200	4,281
Total	193,336	225,095

*Refer to reconciling notes in the annual report

ADDITIONAL NARRATIVES

Restatement of opening balances - Irregular expenditure

During the review of the DG commitment schedule, line items were identified to have been expensed without appropriate and adequate documentation to support the commitment balance and transactions.

FRUITLESS EXPENDITURE FY 2023 & FY 2024

The fruitless expenditure incurred in the prior & current financial year relates to the costs incurred to settle two litigation matters linked to projects and also payment of legal fees by Services SETA in relation to access to information requests.

IRREGULAR EXPENDITURE FY 2024

The irregular expenditure incurred in the current financial year relates to:

1. SCM - Extension of contracts that exceeded the allowed variation limit of 15%.
2. Projects initiated without adequate evidence for Board approval.
3. SCM - Tender awarding process that was not compliant with legislative prescripts.
4. Allocations made for unsolicited proposals that cannot demonstrate openness and fairness principles of the Grant Regulation on process followed.
5. SCM award - Inclusion in panel bidders with late submissions.
6. SCM award - Evaluation of bids conducted by officials not formally appointed as part of the Bid Evaluation Committee.

33. Budget differences

33.1. MATERIAL BALANCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The final budget column in the Statement of Comparison of Budget and Actual Amounts represents the approved budget by the Accounting Authority as approved by the Minister with the APP for FY2023/24.

33.2. TOTAL INCOME

The total income for the period amounted to R2.2 billion compared to the budget of R1.9 billion for the year, resulting in a favourable variance of R69 million. Total income comprises levies and investment income. Levy income amounted to R2 billion compared to the budget of R1.8 billion for the year, resulting in a favourable variance of R146 million, mainly due to actual received levies being higher than projected revenue.

Another component of Total Income is other income which amounted to R211 million as compared to the budget of R61 million. The favourable variance was due to the actual interest received by the Services SETA being higher than the original budget as funds remain in the bank.

33.3. EMPLOYER GRANTS AND PROJECT EXPENSES

Project grants and mandatory grants disbursements for the period amounted to R804 million as compared to the budget of R1.5 billion. The unfavourable variance was due to slow movements in claims for the 2023 commencement and the new commencement for 2024.

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33.4. ADMINISTRATION COSTS

The administration expenditure for the period amounted to R174 million as compared to the budget of R138 million, the unfavourable variance was due to additional projects being implemented during the financial year as compared to the original budget.

33.5. PAYROLL EXPENDITURE

The total payroll expenditure (admin and DG support) for the period amounted to R202 million as compared to the budget of R208 million. The favourable variance is driven by terminations.

34. B-BBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

35. Investigations

There have been certain allegations pertaining to procurement irregularities from the prior years brought to the attention of the Accounting Authority (AA). The AA has tasked the Audit Committee (AC) to oversee the investigation. These matters are currently under investigation with regular feedback by the AC to the AA, once finalised, the AA will take appropriate action. (Please refer to section 09 of Report of the Accounting Authority)

36. Taxation

The Services SETA is a Schedule 3A entity that is exempt from Income tax requirements. The Services SETA makes monthly payments to SARS in relation to PAYE, UIF and SDL.

NOTES

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