QCTO

Quality Council for Trades & Occupations

ANNUAL REPORT 2020 | 21

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PART A
General Information

1. Public Entity's General Information

REGISTERED NAME:	Quality Council for Trades and Occupations
REGISTRATION NUMBER (if applicable):	Not applicable
PHYSICAL ADDRESS:	256 Glyn Street Hatfield Pretoria 0083
POSTAL ADDRESS:	Private Bag X278 Pretoria 0001
TELEPHONE NUMBER:	+27 12 003 1800
EMAIL ADDRESS:	info@qcto.org.za
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EXTERNAL AUDITORS:	Auditor-General South Africa PO Box 446 Pretoria 0001
BANKERS:	ABSA, 2nd Floor, Lourie Place Hillcrest Office Park 177 Dyer Street Hillcrest 0083
COUNCIL SECRETARY:	Ms Adri Solomon

2. Foreword by the Former Chairperson

FROM EMERGENCY TO EMERGENCE

As we move into the new decade, we embrace life post-COVID-19, where we look at new opportunities and possibilities (Amathuba Namathuba) amidst the devastation caused by the disruption and long-lasting impact of the COVID-19 pandemic on lives and livelihoods.

President Ramaphosa addressed a joint sitting of Parliament on South Africa's *Economic Reconstruction and Recovery Plan (ERRP) in October 2020*, where he set out the country's economic response to the COVID-19 pandemic.

"This is a plan through which all South Africans should work together to build a new economy,"

The objectives of the plan are:

- To create jobs, primarily through aggressive infrastructure investment and mass employment programmes;
- To reindustrialise our economy, focusing on growing small businesses;
- To accelerate economic reforms to unlock investment and growth;
- To fight crime and corruption; and,
- To improve the capability of the state.

These objectives are linked to the vision set out in the National Development Plan (NDP). The South African ERRP further notes that: "Skills development is critical not only in driving South Africa's economic reconstruction and recovery but also in sustaining it." and is listed as a key enabler.

The National Planning Commission published a report entitled *Analysis of PSET Trends towards NDP 2030 (20 August 2020)*. The report details progress towards achieving the NDP targets across the Post-School Education and Training (PSET) system and analyses the factors that contribute to or inhibit such progress. It further recommends areas of course correction that are needed, changes that are needed concerning measurement and targets, and the conditions that are required for these to be achieved.

In particular, the report notes the important link that must be in place between PSET and the industrial strategy and economic development, amongst others. The report further proposes a Vocational Skills Development (VSD) Strategy that integrates all parts of the PSET system as espoused in the *White Paper for Post-School Education and Training (WP PSET), 2013* as well as the *National Skills Development Plan (NSDP), 2019*

This Annual Report 2020/21 is themed: From ***Emergency*** to ***Emergence***, which illustrates QCTO's responsiveness and agility towards the disruption caused by the pandemic – ***Emergency*** – its resolve as we move to a post-pandemic era – ***Emergence.***

2020/21 saw the first year of implementation of the QCTO's Third Strategic Plan 2020/21 – 2024/25.

Mr Samuel Zungu

Former Chairperson of the Council

Our strategic imperatives of;

1. Creating a dynamic Occupational Qualifications Sub-Framework (OQSF),
2. Adopting a special focus on Technical and Vocational Education and Training (TVET) Colleges and Community Education and Training (CET) Colleges as well as;
3. Creating a QCTO that is a learning organisation;

is in direct response to the key national imperatives and commitments made by the sixth administration as it relates to the legislative mandate of the QCTO.

These strategic imperatives will drive the QCTO's vision of qualifying a skilled and capable workforce that is more ***employable or self-employed***.

QCTO has developed a Plan of Action in response to the Department of Higher Education and Training's COVID-19 Economic Reconstruction and Recovery Skills Strategy (ERRSS).

This Plan of Action provides a framework for QCTO to rapidly respond to interventions by the Department of Higher Education and Training (DHET) as well as current and emerging skills needs as we shift the skills development system to a more innovation-led skills ecosystem.

QCTO has also sought to explore and expand on research, international collaboration and partnerships, as we move to a more global approach to addressing future skills demand trends in a changing world of work, as noted in the Report of the World Economic Forum: Future of Jobs Report, 2020.

Maintaining and establishing new strategic partnerships and relationships with various Departments, Sector Education and Training Authorities (SETAs), industry and social partners, skills development providers both public and private, as implementation partners, will be critical in the coming months, as we move towards the rapid implementation of QCTO qualifications, part qualifications, and skills programmes.

Strengthening and providing ongoing support to TVET and CET colleges to enable the smooth transition to the implementation of occupational qualifications and skills programmes, will be instrumental in achieving the revised enrolment targets as well as the number of artisans qualifying per year as noted in the Estimates of National Expenditure (ENE) for Budget Vote 17 (Department of Higher Education and Training), 24 February 2021.

We look with renewed hope to opportunities and possibilities that the gig economy, green economy, blue economy, digital economy, hydrogen economy, and circular economy will bring to the developing world. The QCTO through its Strategic Plan (SP) and Annual Performance Plans (APPs) and in partnership with its implementation partners is geared towards meeting these skills needs for the Fourth Industrial Revolution (4IR).

Let me take this opportunity to express my sincere appreciation to all who continue to support the vision, mission, and plans of the QCTO as we work together to fix the triad challenges of poverty, unemployment, inequality, which has been exacerbated by the COVID-19 Pandemic.

A special word of appreciation to the members of the esteemed third Council. Thank you for your continued commitment and support to the legislative mandate of the QCTO and for ensuring a skilled and capable workforce.

We are all looking forward to a COVID-free future where we have the requisite skills and competence to respond appropriately to the many challenges, opportunities, and possibilities we will face.

Amathuba namathuba

Enkosi

I thank you.

Mr Samuel Zungu
Former Chairperson:
Quality Council for Trades and Occupations

3. Overview by the Chief Executive Officer

The 2020/21 financial year marked the beginning of a pandemic that no one ever predicted. The impact of the COVID-19 pandemic severely disrupted and impacted the way of life as we used to know it. We are all having to adjust to a "new normal".

We have themed this report as:

FROM EMERGENCY
TO EMERGENCE

This Annual Report 2020/21 will illustrate the QCTO's responsiveness and agility towards the disruption caused by the pandemic – ***Emergency*** – and the resilience it showed in response to the pandemic – ***Emergence***.

As a Schedule 3A entity of the Department of Higher Education and Training (DHET), we had to implement a rapid response to the short and medium-term impact of the skills levy holiday as a direct consequence of the COVID-19 pandemic.

The QCTO had hoped that the publication of the revised Occupational Qualifications Sub-Framework (OQSF) Policy in March 2020 will provide the "*firm foundation*" to move from *"emergency to emergence"*. This was delayed until the publication of the *Determination of the Sub-Frameworks that comprises the National Qualifications Framework (NQF), on 24 December 2020*, which paved the way for the publication of the revised OQSF Policy in due course. The revised OQSF will provide a suite of qualification types that extend from levels 1 to 8 of the NQF, and qualifications at levels 5 to 8 will have parity of esteem with qualifications registered on the Higher Education Qualifications Sub-Framework (HEQSF). The Revised OQSF will further establish a framework of qualifications that covers the entire spectrum of skills training, from low-level skills to high-level skills. These qualifications will be offered across a range of accredited institutions or Skills Development Providers (SDPs). The revised OQSF is destined to bring change in the Post School Education and Training System.

The QCTO has in the year under review, commenced with the development and approval of several skills programmes to address issues of livelihood and self-employment.

The Centers of Specialisation (COS) project has entered its third year of implementation where 13 Occupational Qualifications (trades) are being offered across Technical and Vocational Education and Training (TVET) Colleges throughout the country. It is important to note that these 13 Occupational Qualifications are amongst the first to be piloted at public TVET Colleges.

The QCTO continues to collaborate with the DHET on some strategic projects in support of national imperatives as espoused in the White Paper on Post-School Education and Training (WP PSET), the National Development Plan (NDP), the National Skills Development Plan (NSDP), the Economic Reconstruction and Recovery Plan (ERRP) as well as the Department's ERRP Skills Strategy.

QCTO's strategic imperatives are well aligned to the outcomes of the *DHET's Revised Strategic Plan 2020 – 2025 and*

Mr Vijayen Naidoo

Chief Executive Officer

Annual Performance Plan 2021/22. QTCO supports these policy intentions through the development of a suite of qualifications that will become an integral part of the offerings (PQM; Programme Qualifications Mix) in Technical and Vocational Education and Training (TVET), Community Education and Training (CETs) Colleges and Universities in the near future.

To date, QCTO has registered more than 470 Occupational Qualifications, which many of these can immediately be implemented at TVET Colleges, CET Colleges and institutions of higher learning.

The QCTO has in its Strategic Plan 2020/21 to 2024/25 prioritised the TVET and CET Colleges sectors in an endeavor to ensure a substantial and significant increase in the uptake of Occupational Qualifications and Skills Programmes which are industry endorsed and which support the ERRP Skills Strategy.

The QCTO continues to collaborate with other National Departments in the implementation of Occupational Qualifications and Skills Programmes. The QCTO work will further be enhanced through its Service Level Agreements (SLAs) with Sector Education and Training Authorities (SETAs). The shared quality assurance responsibilities will lead to the simplification and streamlining of processes for Skills Development Partners (SDPs), whist the full implementation of the quality assurance mandate is ensured.

The QCTO has not discontinued any of its planned activities for the year under review but will continue to maintain and form new partnerships with bodies like Non-Profit Organisations (NPOs),public and private institutions or organisations that support its strategic intent, mandate, and programmes. The impact COVID-19 has on economy and budgets will have a negative impact on QCTO moving forward. The QCTO has taken a more risk based approach on accreditation, quality assurance, assessment and certification, and has also expanded the implementation of digital technologies to ensure improved serve delivery which leads to a more responsive organisation. TThe implementation of the risk-based approach has not come without challenge or resistance, however, the QCTO has begun to implement mitigation strategies to minimise the risks.

During the year under review, the QCTO continued with its plans, programmes, and activities to ensure the implementation of a single national quality assurance framework for all qualifications on the OQSF. The activities included the development of occupational qualifications, part qualifications, skills programmes, managing the re-alignment of historically registered qualifications, accreditation of providers (including managing the accreditation of skills development providers for historical qualifications and trade test centers or assessment centers), the development and management of the External Integrated Summative Assessments (EISA), implementation of a Final Summative Assessment (FISA) for historically registered qualifications, certification of successful learners and the external verification of learner achievements. These activities are reported on in more detail in the performance information of this report.

During 2020/21 the QCTO could not implement its full organogram and the filling of all critical posts in phase 2 and 3 of the organogram have been halted due to the significant budget cuts.

The organisation has experienced a steady rise in expenditure due to efforts to ensure that the organisation fully realises its mandate. Over the past three years despite vigorous cost-cutting measures in line with National Treasury cost-cutting instructions, the organisation has seen its expenditure growing by an average of 12% from the 2017/18 to 2019/20 financial years. Expenditure grew from R72,3 million in 2018, to R92,6 million in 2019, and R118,9 million in 2020. This growth trajectory is against the backdrop of an increase in revenue of only 4% from 2018/19 to 2019/20. This places the organisation under financial constraints as the revenue base is growing at a much slower rate than expenditure.

For the 2020/21 financial year, the QCTO's total available revenue was R132,083 million. The total revenue consisted of the fiscal grant from the DHET (R25,507 million) and the Sector Education and Training Authorities' levy grant allocation (R97,278 million), other income (R6,123 million), and Conditional Grant from NSF (R3,175 million). Other income relates to rendering of services (certification, accreditation and verification) and interest generated from the positive cash balances. The QCTO has increased surplus funds from R9,502 million in the previous reporting cycle to R16,265 million for the current reporting period.It is worth noting that although the country was on lockdown for the year under review, the QCTO remained operational with minimal disruption to some services due to the Alert level restrictions. In these instances the QCTO implemented the use of virtual platforms which reduced travel and meeting costs hence the surplus is very minimal and was unavoidable. Approval will be sought from National Treasury for surplus funds to be retained by the organisation to fund strategic projects related to the quality assurance of assessments, accreditation of SDPs, completion of the Management Information System (MIS) as well as funds toward the purchase of its office premises which is now at an advanced stage. The performance of the organisation unfortunately declined, achieving 64% of its targets as compared with 75% in the previous reporting period mainly due to the COVID-19 Lockdown. The QCTO will continue to strengthen its internal control processes to ensure accurate performance reporting.

The unprecedented budget cuts will have a devastating effect on the economic viability of the organisation for the 2021/22 financial year as well as the subsequent years. The impact of the skills levy holiday will further worsen the financial outlook for the QCTO in terms of its Strategic Plan outcomes. However, some relief was provided by National Treasury as they have approved the 2019/20 capture cash surplus just after 2019/20 of about R23 million towards increasing the 2021/22 financial year.

The QCTO is committed to good corporate governance and prudent expenditure management. Despite the limited resources and pressurised delivery environment, the organisation was able to ensure the achievement of 64% of its targets.

Two subsequent events have occurred after the closure of the financial year on 31 March 2021. The COVID-19 pandemic continues to impact the country and indeed the whole world. The impending onset of the third wave is also a matter of concern as this will have an impact on the local economy and economies around the globe. This will no doubt impact the operations of the QCTO. However, due to the mitigations implemented by the QCTO, the QCTO has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2021 have not been adjusted to reflect their impact. However, it is worth noting that the QCTO's 2021/22 financial year revenue has been impacted by a reduction of R27,3 million rand from the SETA Levy Grant allocation as compared to that of the year under review. The organisation has adjusted the annual performance plans and re-tabled the budget in response to the budget allocation cuts.

The second QCTO Council's term of office expired on 31 March 2020. The QCTO was without a Ministerial appointed Council as of 1 April 2020, In this instance, Section 49(2)(b) of the PFMA was applied where the Chief Executive Officer was deemed to be the Accounting Authority. As required by the PFMA, the Auditor-General South Africa (AGSA), the National Treasury, and the DHET were duly notified, and this has no impact on the Annual Financial Statements for the year ended 31 March 2021. The QCTO Office was informed by the Minister of the appointment of the third Council on 10 September 2020. The new Council was inducted on 11 November 2020 and had its first meeting on 12 November 2020. At the time of writing this report, the Council had four vacancies, which included the resignation of three members including the Chairperson.

The Council duly informed the Minister of these developments and is awaiting the appointment of new Council members to fill the aforementioned vacancies. The Executive Committee of Council has appointed Ms. Sibongile Antoni, the Deputy Chairperson of Council, as the Interim Council Chairperson, until the Minister appoints a new Council Chairperson. The Council duly informed the Minister of these developments and is awaiting the appointment of new Council members to fill the aforementioned vacancies.

QCTO RESPONSE TO COVID-19 PANDEMIC

The QCTO responded to the COVID-19 Pandemic with great speed and ensured the successful implementation of the ***work from home*** approach to continue with all its business operations. The provision of tools of trade ensured business continuity during the risk-adjusted levels.

The Executive Management Committee (EXCOM) together with the appointed COVID-19 Compliance Officer ensured that the necessary risk management plans, registers, and protocols for Personal Protective Equipment (PPE) were in place and reported on as and when required.

Following the QCTO online survey, around the readiness of Skills Development Providers (SDPs) to offer multi-modal learning during the risk-adjusted lockdown levels, the QCTO issued Memorandum 1 (4 May 2020) to facilitate multi-modal learning for qualifications on the OQSF as well as Memorandum 2 (7 May 2020) to grant an extension of accreditation for Assessment Centers / Trade Test Centres and Skills Development Providers until 31 March 2021. The QCTO further published Memorandum 3 (8 June 2020) to provide an update and guidance on the criteria and guidelines to the skills development sector. The QCTO also made a presentation to the Ministerial Task Team on the Draft Criteria and Guidelines for the Gradual Opening of Activities within the OQSF which resulted in the Minister for Higher Education, Science and Innovation issuing the gazette: Disaster Management Act (57/2002): *Directions for reopening of institutions offering qualifications registered on the Occupational Qualifications Sub-Framework (OQSF) Notice 355 of 2020 Gazette No. 43486.*

The implementation of the Directions was critical to reduce caused by the uncertainties during the pandemic. This will go a long way as we return to "normality" and move towards restoring the economy, lives, and livelihoods.

Whilst the medium- and long-term economic future is not certain, the QCTO have taken an optimistic view and have implemented mitigation strategies in the short term.

The introduction of the Economic Reconstruction and Recovery Plan (ERRP) by President Cyril Ramaphosa on 15 October 2020, acknowledges that skills development, science, and innovation are critical for driving and sustaining South Africa's economic reconstruction and recovery. The Department of Higher Education and Training (DHET) has developed a draft Skills Strategy to support the government's efforts to mitigate the impact of COVID-19 and the initiatives towards economic and social recovery. The Strategy endeavours to create a balance between the short and long-term skills needs of the country and ensure that the skills system is strengthened with its implementation.

The QCTO has developed a draft Plan of Action in response to the draft Skills Strategy to ensure the necessary action is taken to support the interventions as proposed in the ERRP Skills Strategy. Whilst this will be a key mitigation mechanism, it will require additional resources to ensure a more responsive, sustainable, and resilient approach to the ongoing impact of the COVID-19 Pandemic on the skills development system.

As we adapt to the "new normal", the QCTO looks with anticipation to emerge from this Pandemic as a more agile organisation that is responsive to the changing world of work as we move into the next phase of ensuring a skilled and capable workforce for a post-COVID-19 world.

Sincerely,

Mr Vijayen Naidoo
Chief Executive Officer:
Quality Council for Trades and Occupations

4. Statement Of Responsibility And Confirmation Of Accuracy For The Annual Report

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General South Africa.

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

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

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

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

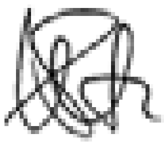
The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

Yours faithfully

Mr Vijayen Naidoo
Chief Executive Officer:
Quality Council for Trades and Occupations



Ms Sibongile Antoni
Acting Chairperson:
Quality Council for Trades and Occupations

5. Strategic Overview

This Annual Report for 2020/21 is the first annual report in terms of the approved QCTO Strategic Plan to cover the five-year period from 2020/21 to 2024/25. Throughout the previous five-year planning period, the focus was on establishing the organisation and defining operations. This five-year period is further characterised by refining outcomes, outputs, output indicators, targets and baselines as the QCTO mandate is implemented. The QCTO achieved 64% (18 out of 28) of its targets this year which is a decline from the previous year and mainly due to the COVID-19 Pandemic alert levels and the restrictions attached thereto. The achievement for 2019/20 was 75% (15 out of 20 targets). This achievement of set targets will improve as the organisation starts to implement its full mandate and set clear targets that adequately demonstrate performance.

5.1 Vision

The QCTO's vision is to qualify a skilled and capable workforce.

5.2 Mission

The QCTO's mission is to effectively and efficiently manage the occupational qualifications sub-framework in order to set standards, develop and quality assure national occupational qualifications for all who want a trade or occupation and, where appropriate, professions.

5.3 Values

Innovation and Excellence
We rise to opportunities and challenges, we continuously learn, we are innovative and we consistently produce work of distinction and fine quality, on time, and in line with our clients' needs

Empowerment and Recognition
We enable people to make things happen, we encourage and support one another when and where needed, and we celebrate successful accomplishment of work

Respect and Dignity
We value and show consideration for all the people we work with, treat one another with kindness and thoughtfulness, and embrace inclusivity

Ethics and Integrity
We embrace and practice a moral code of trustworthiness, honesty and truthfulness in everything we say and do, and we honour our promises and commitments

Ownership and Accountability
We take ownership of our responsibilities and we answer for our decisions and actions

Authenticity
We protect the public by issuing authentic, quality qualifications

6. Legislative And Other Mandates

The QCTO is established in terms of the Skills Development Act (Act 37 of 2008) and was listed as a Schedule 3A Public Entity under the Public Finance Management Act, effective from 1 April 2010 (Gazette Notice 33900). The NQF Act (Act 67 Of 2008) repositioned the QCTO as a Quality Council responsible for the development and management of the Occupational Qualifications Sub-Framework (OQSF).

6.1 CONSTITUTIONAL MANDATE

The QCTO is not directly referenced in the Constitution. However, there are two sections in the Bill of Rights to which its functions relate:

22. Freedom of trade, occupation and profession
Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law.

29. Education
1. Everyone has the right
   a. to a basic education, including adult basic education; and
   b. to further education, which the state, through reasonable measures, must make progressively available and accessible.

In ensuring the quality of occupational qualifications, which include qualifications leading to trades, other occupations and professions, the QCTO contributes to Section 22.

In developing and quality assuring occupational qualifications, part qualifications and skills programmes that augment and or replace the menu of qualifications available in the Post School Education and Training (PSET) landscape, it also contributes to Section 29(1)(b).

6.2 LEGISLATIVE AND OTHER MANDATES

The following Acts and Legislation are applicable:
6.2.1. National Qualifications Framework Act, No. 67 of 2008

The National Qualifications Framework (NQF) Act, as amended, is the guiding act for the qualification sub-frameworks with the Skills Development Act, the General and Further and Education and Training Qualification Act (GENFETQA Act) and the Higher Education Act providing the specific functions for each of the quality councils.

The following extracts from the National Qualifications Framework Act provide a summary of the National Qualifications Framework and the functions of the Quality Councils:

Section 4 – Framework

"The NQF is a comprehensive system approved by the Minister for the classification, registration, publication and articulation of quality-assured national qualifications."

Section 7 – Sub-frameworks

"The NQF is a single integrated system which comprises of three coordinated qualifications sub-frameworks, for:
A. General and Further Education and Training, contemplated in the GENFETQA Act;
B. Higher Education, contemplated in the Higher Education Act; and
C. Trades and Occupations, contemplated in the Skills Development Act."

Section 27 – Quality Councils

All three Quality Councils perform their functions in line with the NQF Act and the respective Acts establishing such quality Councils with regard to the development, implementation and quality assurance of their respective qualification sub-framework, qualifications and part qualifications, and the learning and assessment provision thereof, and must:
A. perform its (their) functions subject to this Act and the law by which the QC is established;
B. comply with any policy determined by the Minister in terms of section 8(2)(b);
C. consider the Minister's guidelines contemplated in section 8(2)(c);
K. (k) (iii) perform any other function required by this Act; and
K. (iv) perform any function consistent with this Act that the relevant Minister may determine."

More detailed prescriptions are contained insection 27 of the NQF Act.

In terms of the National Qualifications Act, the specific mandate of the QCTO is as follows:

- Develop and manage its sub-framework, make recommendations and advise the Minister on matters relating to its sub-framework.
- Consider and agree on level descriptors ensuring that they remain current and appropriate.
- Develop and recommend qualifications to the South African Qualifications Authority for registration.
- Develop and implement quality assurance policy for registered qualifications.
- Maintain a database of learner achievements and submit learners' achievement data to SAQA for recording on the National Learner's Records Database.
- Conduct or commission and publish research.
- Inform the public about its sub-framework.

6.2.2. Skills Development Act (SDA), No. 97 of 1998
The Skills Development Act, as amended in 2008, provides for the establishment, composition, constitution and other functions of the QCTO providing the requirements for both the:
- Corporate form of the QCTO (Structure and Functions).
- Core services of the QCTO (Products and Services).

The following table summarises the relevant sections of the Skills Development Act as they relate to the QCTO:

Chapter 6c	Quality Council for Trades and Occupations
Section 26F	Policy on occupational standards and qualifications
Section 26G	Establishment of the QCTO
Section 26H	Functions of the QCTO
Section 26I	Delegation of functions
Section 26J	Regulations regarding occupational standards and qualifications
Section 5(1)(dA)	Functions of National Skills Authority
Section 6(2)(h)	Composition of National Skills Authority and term and vacation of office
Section 10(1)(e) and (j)	Functions of SETA
Section 17(1)(c)	Learnership agreements
Section 22(2)(c)(vii)	Administration of Act by Department
Section 26(A)(2)(b)	National artisan moderation body
Section 26(D)(4) and (5)	Trade tests
Schedule 3	Composition and Constitution of the QCTO
Schedule 3(1)	Composition of QCTO
Schedule 3(2)	Constitution of QCTO

In terms of the Skills Development Act, the specific mandate of the QCTO is as follows:

To oversee the development and maintenance of the Occupational Qualifications Sub-framework on the National Qualifications Framework:

- To advise the Minister of Higher Education and Training on all matters of policy concerning occupational standards and qualifications;
- To establish and maintain occupational standards and qualifications;
- To quality assure occupational standards and qualifications and learning in and for the workplace;
- To design and develop occupational standards and qualifications and submit them to the SAQA for registration on the National Qualifications Framework; and
- To ensure the quality of occupational standards and qualifications and as well as learning in and for the workplace.

6.2.3. Higher Education Laws Amendment Act No. 26 of 2010

On 7 December 2010, the Higher Education Laws Amendment Act was passed in which the following sections of the Skills Development Act, relevant to the QCTO, were amended:
Amendment of section 26 of Act 97 of 1998, as inserted by section 11 of Act 37 of 2008:
5. Section 26G of the Skills Development Act, 1998, is hereby amended by the substitution of subsection (5) of the following subsection:

(5) A.The Minister must appoint the chief executive officer of the QCTO on the recommendation of the members of the QCTO.

B. If the Minister does not agree with the recommendation of the members of the QCTO, they must make another recommendation for consideration by the Minister

C. The QCTO must appoint such number of employees to assist the QCTO in the performance of its functions as it may deem necessary

D. Despite paragraph (a), the QCTO is the employer of the executive officer and employees and must determine their remuneration, allowances, subsidies and other conditions of service

E. Staff identified in posts on the establishment of the Department, who immediately before the commencement of the Higher Education Laws Amendment Act, 2010, performed functions relating to the administrative management of the QCTO may, subject to section 197 of the Labour Relations Act, 1995 (Act No. 66 of 1995), be appointed or transferred to the QCTO.

6.2.4. Public Finance Management Act, No. 1 of 1999

On 31 December 2010, the QCTO was listed as a Schedule 3A Public Entity under the Public Finance Management Act, effective retrospectively from 1 April 2010 (Gazette Notice 33900), as per section 26(G)(1) of the SDA. It is therefore subject to all the measures outlined in that Act relevant to such entities.

6.2.5. Other Legislation

In December 2012, the Minister of Higher Education and Training published Government Gazette 36003 on the determination of the three sub-frameworks that make the National Qualifcations Framework.

The determination proposes that the focus of the Occupational Qualifications Sub-framework (OQSF) should be on Levels 1 to 6 of the NQF. Following consultation, the Minister published Gazette 36803 on 30 August 2013, amending the determination of the sub-frameworks that comprise the NQF. In this Gazette the Minister maintained the need for the OQSF development, to focus on NQF Levels 1 to 8.

Based on the content of the two Gazettes the QCTO finalised the Occupational Qualifications Sub-Framework policy document which was published via gazette in July 2014. The QCTO continues to manage the historically registered (Unit standards, NATED Programmes and Provider Based) qualifications, for which the delegation of quality assurance functions is being incrementally recalled by the QCTO from the DHET (SETAs and TVET Branch) and relevant Professional Bodies.

The registration of qualifications and the significant reduction in numbers of historically registered qualifications remain areas of high importance to the QCTO. Rigorous mechanisms used to examine the data and conduct validity testing have and will continue to enable the QCTO to expire historically registered qualifications that have not had learner uptake for a period of time, and to realign or reconstruct those that have learner uptake into occupational qualifications.

The Minister of Higher Education, Science and Innovation, Minister Nzimande published the *Determination of the sub-frameworks that comprises the National Qualifications Framework (NQF), on 24 December 2020, (Gazette No. 44031)*. This determination paves the way for the publication of the Revised Occupational Qualifications Sub-Framework (OQSF) Policy (2021) that was recommended for publication to the Minister, by the Third Council.

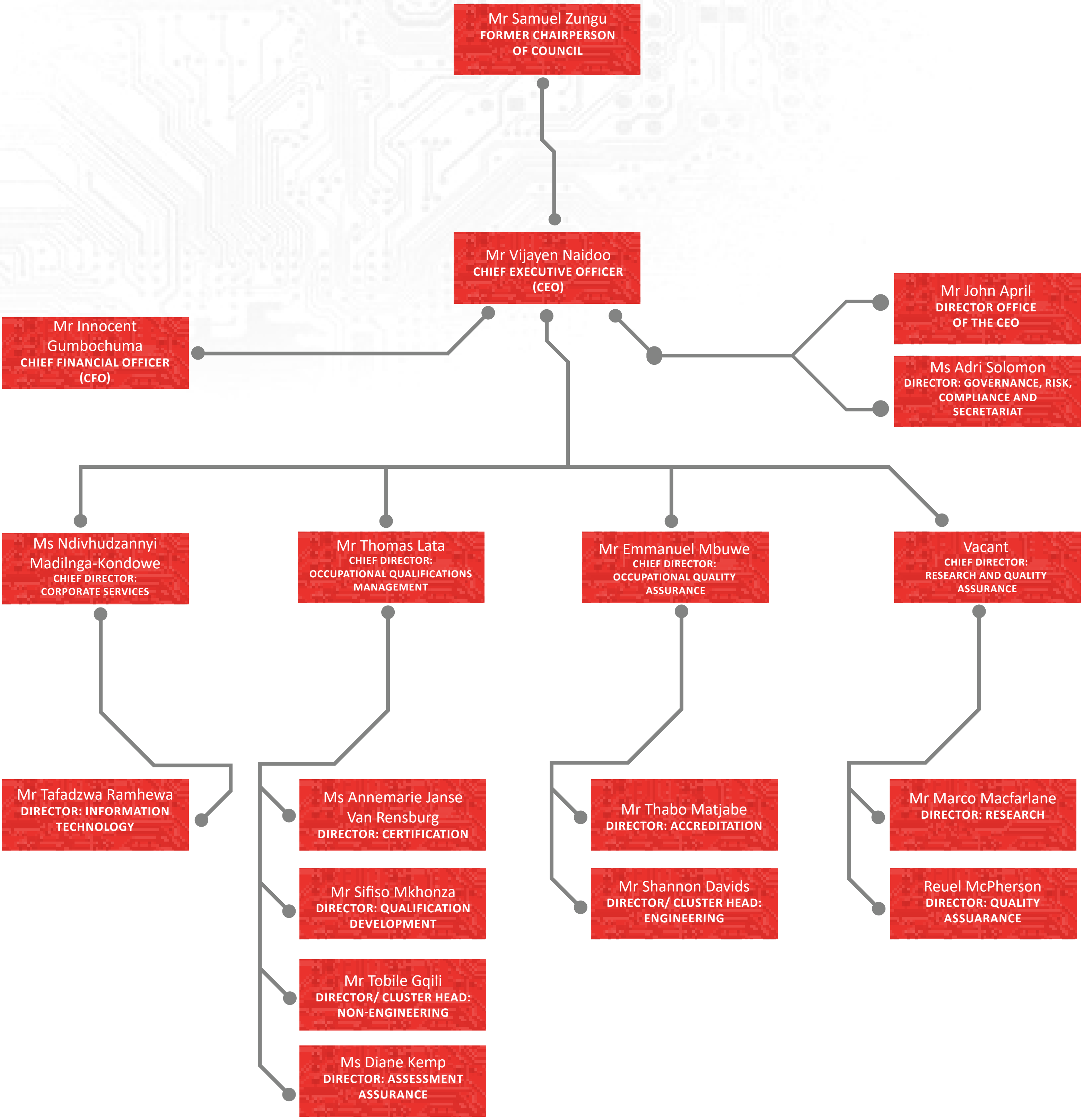
With respect to accomplishing its mandate, the work of the QCTO over the period of the 2020/2021 to 2024/2025 Strategic Plan are encapsulated into three main strategic outcomes:

- Creating a dynamic Occupational Qualifications Sub-Framework (OQSF);
- Adopting a special focus on Technical and Vocational Education and Training (TVET) Colleges and Community Education and Training (CET) Colleges; and
- Creating a QCTO that is a learning organisation.

To achieve sustainability of the organisation, the QCTO must have a well-developed corporate structure for Human Resources, Information Technology and Finance in particular. Hence the inclusion in the strategic document of objectives that track developments in these three areas. To create credible skills training opportunities there is need for qualifications that employers find acceptable.

These alifications must be seen as credible. Thus, the strong focus on implementing a stringent national quality assurance system that fosters strict oversight and monitoring of learning provision in particular. The QCTO has made a commitment to creating a vibrant TVET and CET College system by ensuring that exciting and relevant occupational qualifications, part qualifications and skills programmes are developed for use in this sub-system.

7. Organisational Structure



PART B
Performance Information

1. Auditor-General's Report: Predetermined Objectives

The Auditor-General South Africa (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 **70** of the Report of the AGSA, published as Part E: Financial Information.

2. Situational Analysis

2.1. SERVICE DELIVERY ENVIRONMENT

2.1.1 Policy Imperatives

The basic mandate of the QCTO is to develop and quality assure occupational (which includes trades) qualifications, part qualifications, and skills programmes as well as manage the Occupational Qualification Sub-Framework (OQSF). This latter aspect of the organisation's mandate encompasses:

- Overseeing the NATED Report 190/1 Part 2 qualifications (N4 to N6 and National N Diploma) along with the total revision of these qualifications;
- Overseeing the historically registered (unit standard based, and private provider based) qualifications and deregistration or redesign thereof as the case may be.
- Developing and submitting new occupational qualifications and part qualifications to SAQA for registration.

Managing the core objectives and related outcomes of the OQSF, includes the accreditation of Skills Development Providers and Assessment Centres, Recognition of Prior Learning (RPL), articulation, standardised final integrated assessments and certification.

The quality assurance system ensures a consistent system which provides the assurance foundation for verifiable and authentic certificates issued. Our RPL regime promotes lifelong learning as indicated in the various policies of the country.

In performing these duties, the organisation takes cognisance of the various national policy initiatives and imperatives including the following:

- Medium-Term Strategic Framework (MTSF 2019-2024).
- White Paper for Post-School Education and Training (WP PSET).
- National Development Plan (NDP).
- National Skills Development Plan (NSDP).
- Draft National Plan for PSET (NP PSET).
- Ministerial Guidelines on Implementation of the National Qualifications Framework (NQF).
- Revised Strategic Plan 2020/21 to 2024/25 of the Department of Higher Education and Training.
- NQF Evaluation Improvement Plan.
- Determination of sub-frameworks that comprises the NQF (2020).
- Economic Reconstruction and Recovery Plan (ERRP)
- Draft DHET Economic Reconstruction and Recovery Plan (ERRP) Skills Strategy.

In respect of the national policy initiatives, the QCTO has fully embraced the White Paper for Post-School Education and Training and the National Skills Development Plan, acknowledging the importance of the QCTO's contributes success of the national policy initiatives through the execution of its mandate. In particular, the QCTO contribution to the following aspects of the White Paper:
Stronger and more cooperative relationships between education and training institutions and the workplace/industry.

- Strengthen and expand the TVET College system.
- Review and rationalise occupational qualifications.
- Improve quality assurance processes and standardise these across the system.
- Continue to standardise curricula development.

Medium-Term Strategic Framework (2019-2024) and the National Development Plan

The QCTO contributes to Priority 3: Education, Skills and Health of the Medium-Term Strategic Framework (MTSF) for 2019 to 2024. The successful implementation of the MTSF and the NDP remains critically dependent on access to education and training of the highest quality.

The QCTO diligently pursues the increase of access to occupationally directed programmes in alignment with economic areas of highest demand, with specific focus on increasing the supply of artisan skills, which is facilitated through an emphasis on TVET College expansion. In executing its mandate, the QCTO has prioritised the development of trade qualifications, in particular those related to the Strategic Integrated Projects (SIPs), as well as the priority list of the National Artisan Moderation Body (NAMB). Support for the Decade of the Artisan is evidenced by the organisation's work on the War on Leaks projects and support for expanded public works projects.

The National Development Plan has set a target for the introduction of 30 000 skilled artisans to join the workplace per year by 2030 as an imperative for producing a skilled and capable workforce engaged in sustainable economic endeavour.

The White Paper for Post-School Education and Training

The White Paper's focus on expansion of TVET Colleges has been an important driver of the QCTOs operations where substantial work has been performed on converting the NATED qualifications into occupational qualifications that have significant relevance to industry. For the 2021/2022 period this work will continue to be a major focus of the QCTO, and Engineering Studies are being reconstructed in conjunction with relevant stakeholders like DHET and the Engineering Council of South Africa (ECSA). Engagement with TVET Colleges, both public and private, will be strengthened with a focus on implementing registered occupational qualifications. Quality assurance regimens that are improved are being implemented and will continue to be enhanced. External assessments, executed by skilled and qualified assessors, in conjunction with stringent moderation will provide a credible cornerstone for the award of occupational qualifications, and act as an important mechanism to validate learner competence.

The White Paper seeks to achieve a Post-School System that:

- can assist in building a fair, equitable, non-racial, non-sexist and democratic SA;
- a single, coordinated PSET system;
- expanded access,
- improved quality and increased diversity of provision;
- a stronger and more cooperative relationship between education and training institutions and the workplace; and
- PSET system that is responsive to the needs of individual citizens, employers in both public and private sectors, as well as broader societal and developmental objectives.

The National Skills Development Plan

The NSDP and the new SETA landscape were ushered in on 1 April 2020 (DHET Skills Development Circulars 02 and 03 of 2019). This new dispensation will bring about changes concerning the leadership and governance in Skills Development. SETAs will remain an authoritative voice of the labour market and experts in their respective sectors.

The NSDP outlines the scope of the SETAs and crucially highlights the institutional arrangements of the SETAs as follows:

- SETAs will have no limited lifespan, but a mechanism to address non-performance will be established;
- Where required, the Minister will introduce institutional reviews, as the socio-economic policy environment is not static;
- SETAs demarcation, amongst others, will be based on industrial classification, value chain and financial viability; and Ministerial Guidelines on Implementation of the National Qualifications Framework (NQF) Strategic Plan 2015/16 to 2019/20 of the Department of Higher Education and Training.
- Establishment of Shared Services, where practically possible.

According to the NSDP, for the country to achieve high levels of economic growth and address unemployment, poverty and inequality, social partners must work together to invest in skills development in order to achieve the vision of an educated, skilled and capable workforce for South Africa

The NSDP states that the Quality Assurance Function (QAF) needs to be streamlined. The quality assurance conducted by SETAs and NAMB will be integrated into the QCTO. Funding allocation from the fiscus and skills levy will be reviewed to ensure that QCTO is adequately resourced to comply with its legislative mandate. Discussions regarding the revoking of quality assurance functions delegated to the SETAs and the incorporation of quality assurance functions executed by NAMB commenced in 2015. The NSDP provides the framework for the integration of these functions into the QCTO in order to give effect to the NSDP, the QCTO has entered into Service Level Agreements (SLAs) with SETAs to which allow the QCTO to execute its quality assurance (previously delegated to SETAs) while the SETAs will remain responsible for the quality control of activities relating Skills Development.

Ministerial Guidelines on Implementation of the National Qualifications Framework (NQF)

Simplification of the NQF, qualification development and registration, and enhancement of quality assurance functions are central focus areas of the Guidelines. In these three instances the QCTO excelled with a significant reduction of historically registered qualifications, with the registration of over 300 occupational qualifications and the eradication of certification backlogs. We expect this upward trajectory to continue.

Revised Strategic Plan 2020/21 to 2024/25 of the Department of Higher Education and Training

The QCTO Strategic Plan 2020/21 – 2024/25 and APP 2021/2022 resonates well with the following outcomes outlined in the Revised Strategic Plan of the Department:

- Expanded access to PSET opportunities.
- Improved success and efficiency of the PSET system.
- Improved quality of PSET provisioning.
- A responsive PSET system.

Support initiatives towards the Economic Reconstruction and Recovery Plan (ERRP)

President Cyril Ramaphosa launched the Economic Reconstruction and Recovery Plan (ERRP) on 15 October 2020. The ERRP recognises the extent of the crisis caused by the pandemic and takes into consideration the impact of it on our stagnant economy and low levels of investment and growth in South Africa. The ERRP further emphasises that skills development, science and innovation as not only critical in driving South Africa's economic reconstruction and recovery, but also key in sustaining it. As a result, the Department developed a draft Skills Strategy to support government's efforts to mitigate the impact of COVID-19 and the initiatives towards economic and social recovery.

The QCTO has developed a draft Plan of Action in response to the draft DHET ERRP Skills Strategy. The QCTO's draft Plan of Action was endorsed by the Council and was further consulted with the DHET Working Group on the ERRP Skills Strategy to get the necessary buy-in and support for QCTO's Plan of Action.

According to the Department's Skills Strategy, the QCTO is expected to play a central and critical role in providing an appropriate response to the economic reconstruction and recovery and its interventions both in the short term and long term skills needs of the country.

The QCTO further noted that whilst many of the interventions are aligned to its legislative mandate, much of the work would require additional funding to ensure the successful implementation of the Plan of Action and the Department's Skills Strategy, due to budget cuts as these activities were not previously budgeted for.

Industrial Policy Action Plan

Industrial policy has the over-arching objective of enhancing the productive capabilities of the economy. In other words, industrial policy aims to increase the economy's ability to produce more and more complex and high value-added products with greater efficiency. In simple terms, the objective is to produce more value using less resources. Building the economy's industrial capabilities is a continuous and long-term endeavour as technologies continuously evolve.

The NQF Evaluation Improvement Plan

The improvement plan makes the following recommendations that are of relevance to the QCTO:

- The DHET, the Department of Basic Education (DBE), SAQA and the Quality Councils must prioritise the revision of the objectives of the NQF set out in the Act to ensure that they describe the specific contribution of the NQF to the systemic goals. To accomplish this, the DHET, SAQA and Quality Councils must consider the following actions:
- SAQA, DHET and the quality councils must create theories of change and/or log frames that can be used as tools to clarify the following:
    A. the aims and objectives of the NQF, and how these will contribute to the broader goals of the education and training system, and
    B. how the specific NQF objectives are expected to be achieved. The required tools should be developed through cooperation between the NQF bodies and other key stakeholders and experts in the economic areas of greatest priority. Fundamentally, the intent of this recommendation is to use the theory of change approach (or any other appropriate method) to agree on how the NQF Act will be implemented and its objectives achieved.
- DHET, in consultation with DBE, SAQA, and the Quality Councils, must finalise the standards and criteria that all policies and guidelines developed under the NQF Act should comply with.

Furthermore, a recommendation was made that the QCTO should take responsibility for the quality assurance and conversion of the NATED 191 Part 2 qualifications offered by TVET colleges. The QCTO continues to manage the legacy (unit standards based) qualifications, as the QCTO addresses all of the above matters, it is well aware of the need to focus on full implementation of the OQSF wherein closing policy gaps and finalisation of various systems require attention. Furthermore, the registration of qualifications and the significant reduction of legacy qualifications remain areas needing serious attention. Detailed plans exist and are being executed with respect toqualification registration, where there is a particular focus on those qualifications that meet scarce and critical skills needs. In terms of addressing the legacy qualifications, a plan has been developed and is being implemented focusing on eliminating or replacing or deregistering these qualifications. This plan included the revoking of various delegated qualification development and quality assurance functions, amongst others.

In respect of accomplishing its mandate, the work of the QCTO will be guided by the following strategic imperatives which were adopted by Council.

- Creating a dynamic Occupational Qualifications Sub-Framework;
- Adopting special focus on TVETs and CETs; and
- Creating a QCTO that is a learning organization.

2.1.2 Opportunities

The challenges brought about by the COVID-19 Pandemic present opportunities for the QCTO to fast track some of the planned initiatives and those already implemented. The QCTO has developed Policies and guidelines for e-learning and e-assessment.

These policies embrace multi-modal learning and assessment opportunities for learners. The QCTO has also commenced with the development of an Item Bank system that will provide for online and on-demand assessment opportunities. Further, the Revised OQSF Policy will streamline occupational qualifications management. The 4IR (Fourth Industrial Revolution) also requires new qualifications which is seen as an opportunity.

The Future World of Work (FWOW) discussions present more opportunities to develop new occupational qualifications and skills programmes. This includes the discussion around renewable energy and the circular economy which will increases the demand green skills. Generally, keeping up with the discussion on the changing environment will allow for adequate responses in terms of new occupational qualifications or the review of existing qualifications.

The high level of unemployment and rise in inequality in South Africa, will be further exacerbated by the effects of the COVID-19 Pandemic and place a greater demand for the services of the QCTO from people that may require occupational qualifications and more importantly skills programmes, that supports livelihoods and self-employment. The emergence of social entrepreneurship also presents an opportunity.

The Economic Reconstruction and Recovery Plan (ERRP) and the DHET's Skills Strategy will also provide for many opportunities and possibilities for the mainstreaming of occupational qualifications, part qualifications and skills programmes that will lead to increased uptake in enrolments by TVETs and CETs.

2.1.3 Threats

The QCTO will need to be agile and ready to respond to shifts in focus and priorities that may be result from the effects of the COVID-19 Pandemic. The QCTO will need to put more effort into ensuring that its mandate and role is well understood amongst stakeholders.

Responding to the needs of the 4IR and the green economy might be a threat due to lack of capacity in the organisation. This coupled with exponential technological development may threaten the QCTO's standing amongst stakeholders unless it develops the ability to rapidly adapt through building response capabilities and agility.

Potential amendments to the NQF Act, and possible increase in scope, combined with constant changes to education and the SETA landscape, if not well responded to may also pose a threat to the organisation's standing. The lack of understanding of the uniqueness of the QCTO as a Quality

Council is one of the biggest threats facing the QCTO as it is forced to comply with policies that were primarily developed for more academic and institutionalised education and training.

The long-term effect of the four month skills level holiday, stagnant economy and the unintended impact of the COVID-19 Pandemic, might further place pressure on the financial resources and operational sustainability of the QCTO in the longer term, should no additional funding be secured to support the interventions of the ERRP and Department's Skills Strategy.

2.2. ORGANISATIONAL ENVIRONMENT

2.1.1 Overview

While many accomplishments have been made over the life of the organisation, it is still severely hampered in its growth and development due to several monumental challenges, in terms of policies and implementation of policies which affect the overall institution of which the greatest one is adequate funding.

Annually the QCTO must apply to receive the SETA Levy Grant funding which does not augur well for long-term planning and the predictability of financial flows. Due to the expanding QCTO mandate, the woefully inadequate funding base is glaringly apparent and hinders the organisation's ability to fulfil its legislative requirements. In view of the financial shortcomings the QCTO has great difficulty in funding the required organisational structure technological platforms that would allow it to operate effectively. As mentioned earlier, the four month skills levy holiday and prolonged economic recovery, will have a significant impact on the QCTO's ability to ensure a sufficient skills supply pipeline, if the SETA Grant Levy regulations is not reviewed to ensure adequate funding in support of the QCTO's expanded mandate.

Finally, attention must be drawn to a critical environmental factor that impedes the achievement of the National Development Plan, this being the availability of sufficient workplaces to complete occupational qualifications.

2.2.2 Strengths

The QCTO has a clear, legislated mandate that will be better managed through entering into MoUs and SLA's with relevant and appropriate authorities including SETA's, Statutory Professional Bodies, Non-Profit Organisation (NPOs) and or Non-Governmental Organisations (NGO) with a national footprint. All the necessary and relevant governance structures are in place and function well. The QCTO also has well-established systems and policies. The QCTO has obtained a clean audit for five consecutive years.

The organisation has systems in place that positions it well in terms of its linkages with TVET and CET colleges, NGOs, NPOs, and bodies with similar mandates. These include an National Occupational Quality Assurance system with clear standards for monitoring and evaluation. The QCTO is in the process of developing and implementing a Master Systems Plan (MSP) which will enhance the effectiveness and efficiency of its operations.

2.2.3 Weaknesses

The weaknesses identified includes the need to ensure ongoing capacity building and an organisational culture that enables the organisation to respond with urgency to delivering the stated internal deadlines and the implementation of consequence management across the organisation. Inadequate skills, knowledge and competence are ongoing constraints within the organisation that require an intensive training intervention response in line with the QCTO strategic imperative of creating a learning organisation. Attracting and retaining quality staff remains an ongoing challenge as the QCTO is unable to offer adequately competitive remuneration packages in the current constraint financial climate.

Employee knowledge and experience in technology and online tools pose as weakness for the organisation. This is also linked to lack of online tools and the absence of a dedicated software and technology team, as the organisation needs to be current and relevant.

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The publication of the *Determination of the Sub-Frameworks that comprises the National Qualifications Framework (NQF), on 24 December 2020*, will pave the way for the re-gazetting of the Revised Occupational Qualifications Sub-Framework (OQSF) Policy (2021).

2.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

In respect of its Strategic Plan which will guide the work of the QCTO in accomplishing its mandate over the five year period, the work of the QCTO will be guided by the following strategic outcomes:

1. A single, national, quality –assured Occupational Qualifications Sub-Framework that promotes synergy, simplification and efficiency.
2. Public TVET and CET Colleges offer Occupational qualifications and skills programmes that responds to skills needs of our country. Adopting special focus on TVETs and CETs; and
3. QCTO is a responsive learning organisation.

The Medium-Term Strategic Framework (MTSF 2019-2024) is both a five-year implementation plan and an integrated monitoring framework. The plan focuses on the seven priorities and related interventions of the sixth administration of government. The QCTO has a significant role to play in terms of Education and Skills, as noted in Priority 3 (Education, Skills and Health).

The achievements thus far with Outcome 1 is borne out of the achievements in the number of Occupational Qualifications and Part Qualifications developed by the QCTO, the number of historically registered qualifications replaced or deactivated as well as the extent of the quality assurance of these qualifications including the assessments quality assured and certification issued. The approval of the OQSF by the Council and the envisaged gazetting of the OQSF will ensure a more rapid move to the implementation a single, national, quality –assured Occupational Qualifications Sub-Framework that promotes synergy, simplification and efficiency across the PSET sector.

One of the priority focus areas in the MTSF is the focus on Early Childhood Development. Although not entirely in the domain of the QCTO, the QCTO has nevertheless developed an ECD Occupational Qualification which has been registered by SAQA and is recognised by the Department of Basic Education. This we believe will go a long way in ensuring that ECD practitioners receive quality training.

QCTO strategic outcome 2 relates directly the MTSF focus on Expanded access to PSET opportunities. The QCTOs focus is on ensuring that more TVET and CET Colleges offer occupational qualifications and skills programmes that respond to the skills needs of the country, This is also intricately linked to ERRP strategy of the country. The QCTO has contributed to the expansion of access to PSET institutions by developing occupational qualifications, part qualifications and skills programmes that can be offered at TVET and CET colleges. The QCTO also further supports initiatives like the Centres of Specialisation (COS) that contributes directly to the development of 30 000 artisans as noted in the MTSF and National Development Plan (NDP). The QCTO continues to ensure that there is no certificate backlog within the SETA sub-system, once it is brought under its attention QCTO Strategic outcome 3: QCTO is a responsive learning organisation is broadly linked with Priority 1 of the MTSF viz a capable, Ethical and Developmental State. In order to fulfil its mandate the QCTO has to be responsive to the environment and ensure the capacity to meet the identified needs.

2.4.1. The QCTO started to implement its Strategic Plan 2020/21 to 2024/25 as from 1 April 2020. There was no amendments made to the Strategic Plan 2020/21 to 2024/25.

2.4.2. The major achievements of QCTO for the 2020/21 financial year are detailed below:

- Completion of the QCTO’s Master Systems Plans (MSP) including the Security Architecture.
- Implementation of the Digital Records Management System aligned to the QCTO’s approved File Plan.
- A new state of the art interactive QCTO website.
- Enablement tools and systems for the QCTO to remain operational during the COVID-19 lockdown
- Achieved and exceeded the set annual target of 60 prioritised occupational qualifications (full/ part). recommended to SAQA for registration on the OQSF
- 100% of certificates issued within turnaround time (21 working days).
- 100% of verification of authenticity of certificates requests received and verified within turnaround time (5 working days).
- 100% of learner records digitized against the number on the project plan.
- Successfully established remote working or telework or work from home culture.
- Successfully implemented virtual accreditation process and service continued during lockdown
- Formalised relationship with the SETAs through SLAs and improved working relationships.
- COVID-19 skills programmes developed and implemented.
- 61% of core operation indicators achieved regardless of COVID-19 Pandemic.
- Fourth consecutive clean audit.
- Appointment of the Third Council of the QCTO.
- Tenth anniversary of the QCTO.
- Publication of the Revised Occupational Qualifications Sub-Framework (OQSF).
- Implementation of Vision 2020: Revoking of Quality Assurance functions delegated to Sector Education and Training Authorities (SETAs).
- Memorandum of Understanding (MOU) entered into between QCTO and Youth Employment Service (YES) in support of the Presidential Youth Employment Initiative (PYEI).
- Development and approval of 22 Skills Programmes that can be offered at Skills Development Providers (SDPs) like Community Education and Training (CET) Colleges or Technical and Vocational Education and Training (TVET) Colleges.
- Development and endorsement by Council of the QCTO’s draft Plan of Action in response to the DHET’s COVID-19 Economic Reconstruction and Recovery Skills Strategy (ERRSS).

The QCTO made the following progress in terms of its Outcomes:

Outcome **One**

A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness

Indicators Indicators	Baseline	2024/25 targets	Progress
1.1 Quality assurance functions performed by the QCTO for qualifications and part qualifications on the OQSF evaluated and reported on.	QCTO currently performs all QA functions (accreditation, quality assurance of provisioning, quality assurance of assessment and certification) for newly registered occupational qualifications and provides an Annual Report of such activities	An evaluation report on the quality assurance functions performed by the QCTO for qualifications and part qualifications on the OQSF over 5 years	QCTO performs all quality assurance functions for Occupational Qualifications. Service Level Agreement with SETAs signed on Quality Assurance Functions for Historically registered qualifications.
1.2 Level of Articulation between the OQSF, GENFETQA and HEQSF	No baseline established as yet	An evaluation report on the extent of articulation of qualifications on the OQSF with qualifications on the other two Sub-frameworks (GENFETQA and HEQSF)	A draft revised OQSF Policy will be published once approved by the Minister: HESI. This policy will emphasize articulation possibilities and will provide the framework within which to evaluate the level of articulation.
1.3 Uptake of occupational qualifications	11% (32 out of 300)	60%	9% (46 Occupational Qualifications active out of 498 Registered Occupational Qualifications to current date)
1.4 Level of Industry satisfaction with the OQSF	No baseline established as yet	Evaluation report on the extent of Industry satisfaction with the OQSF	Research work has commenced
1.5 Number of comparable Qualifications Frameworks against which the OQSF is benchmarked	No baseline established as yet	5	Research work has commenced.

Outcome Two

Public TVET and CET Colleges offer occupational qualifications and skills programmes that respond to skills needs of our country

Indicators Indicators	Baseline	2024/25 targets	Progress
2.1 Number of occupational qualifications, part qualifications and skills programmes offered by TVET Colleges	14 occupational trade qualifications	As per agreed targets in the approved Ministerial Plan based on the DHET Strategic Plan	Ministerial Plan being finalised
2.2 Number of occupational qualifications, part qualifications and skills programmes offered by CET Colleges	No baseline established as yet	As per agreed targets in the approved Ministerial Plan based on the DHET Strategic Plan	Ministerial Plan being finalised
2.3 Number of TVET Colleges offering occupational qualifications, part qualifications and skills programmes	25 TVETs	As per agreed targets in the approved Ministerial Plan based on the DHET Strategic Plan	Ministerial Plan being finalised
2.4 Number of CET Colleges offering occupational qualifications part qualifications and skills programmes	No baseline established as yet	As per agreed targets in the approved Ministerial Plan based on the DHET Strategic Plan	Ministerial Plan being finalised

Outcome Three

QCTO is a responsive learning organisation

Indicators Indicators	Baseline	2024/25 targets	Progress
QCTO is a responsive learning organisation	No baseline established as yet	An evaluation report that measures sectoral perceptions of the relevance and responsiveness of the QCTO and the OQSF	Research Unit has begun to gather information for the report

3. Institutional Programme Performance Information

The QCTO hereby reports against its Annual Performance Plan 2020/21 as approved by the Minister on 6 March 2020. The Minister approved an addendum to the Annual Performance Plan 2020/21 on 9 August 2020 but this letter was only sent to the QCTO Office on 19 February 2021 due to an administrative error. The following is an extract from the Addendum to the APP explaining the reasons for amendments and reprioritisations.

AMENDMENTS AND REPRIOTISATIONS

In view of the COVID-19 Pandemic and National Lockdown announced by the President in March 2020, and the revised budget allocation for the 2020/21 Annual Performance Plan was amended.

In response to COVID-19 funding National Treasury reprioritisation, the DHET allocation to the QCTO has been reduced by R1,928 million from R27,435 million to R25, 507 million. The SETA Grant remained at R97,2 million. The net impact is a reduction of total operational budget from R124,635 million to R122,707 million (1,5%). The 20% cut in the DHET Grant has reduced the QCTO administration budget by 11%. This was accommodated from funded vacant posts positions which were not filled as well as savings realised from reduced administrative expenses.

Targets had to be adjusted for Quarters 2 to 4 for the 2020/21 financial year. In view of the timing of the adjustments, no changes were made to Q1 targets. No changes were made to any outputs or output indicators. Only 10 targets were revised out of 28 targets for the financial year. No changes were made to Programme 1: Administration. Below two sets of tables can be viewed per Programme. The first table indicates all output indicators of which their targets were revised and the second table reflects the complete list of output indicators and targets as approved by Parliament.

3.1. PROGRAMME 1: ADMINISTRATION

Programme Purpose:
To enable QCTO performance through strategic leadership and reliable delivery of management support services that will ensure a responsive and learning organisation

The Programme contributes towards the following institutional Outcome 3: QCTO is a responsive learning organisation.

Outcomes, outputs, output indicators, targets and actual achievements

Programme 1: Administration in the QCTO performed as follows:
Significant achievements include but not limited to:

- Completion of the QCTO's Master Systems Plans (MSP) including the Security Architecture.
- Implementation of the Digital Records Management System aligned to the QCTO's approved File Plan.
- A new state of the art interactive QCTO website ready to be launched in April 2021.
- Enablement tools and systems which allowed the QCTO to remain operational during the COVID-19 lockdown.
- 100% implementation of the Annual Marketing and Communications Plan 2020/21 deliverables.

These achievements provide the basis for and contribute to the QCTO's Strategic Outcome 3: QCTO is a responsive Learning Organisation.

It provides for the development of the IT infrastructure as well as the Human Resource capabilities required by the organisation.

Moreover, the mandate of the QCTO as per the National Qualifications Framework Act, includes, informing the public about its sub-framework, and it was through the achievement of the Marketing and Communications Plan that this outcome could be realised.

Programme 1:
Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 20/2021	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
QCTO is a responsive learning organisation	1.1 A capacity building strategy is developed and implemented	1.1.1 A capacity building strategy is approved by required structures	N/A	N/A	New indicator Capacity building strategy approved by MANCOM	Not achieved	Capacity building strategy developed but not yet approved by MAN-COM	Delays in the internal processes as a result of the National Lockdown
	1.2 MSP is developed and implemented	1.2.1 MSP is approved by Council	N/A	N/A	New indicator MSP approved by Council	Not achieved	MSP developed but not yet approved by MAN-COM	Delays in the SCM processes as a result of the National Lockdown
	1.3 A marketing and communications strategy is developed and implemented	1.3.1 Marketing and communications strategy is approved by Council	N/A	N/A	New indicator Marketing and communications strategy is approved by Council	Achieved	N/A	N/A
	1.4 A change management strategy is developed and implemented	1.4.1 A change management strategy is approved by required structures	N/A	N/A	New indicator Change management strategy approved by MANCOM	Not achieved	Change management strategy developed but not yet approved by MANCOM	Delays in the SCM processes as a result of the National Lockdown

Strategy to overcome areas of under performance

The MSP, Capacity Building Strategy, and Change Management Strategy were developed however, by year end these were en-route for approval by MANCOM and the Council.Approval will take place in the 2021/22 financial year

Linking performance with budgets

HEREUNDER IS AN ANALYSIS OF THE 2020/21 BUDGET FOR PROGRAMME 1:

Programme 1: Administration

Programme / Activity / Objective	2019/20			2020/21		
	Budget	Actual expenditure	(Over) / Under expenditure	Budget	Actual expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation	19,638	22,904	(3,266)	24,012	25,952	(1,940)
Goods and services	31,619	33,162	(1,543)	24,074	28,761	(4,687)
Capital expenditure	21,056	1,733	19,323	3,478	15,999	(12,521)
TOTAL	**72,313**	**57,799**	**14,514**	**51,564**	**70,712**	**(19,148)**

3.2. PROGRAMME 2: OCCUPATIONAL QUALIFICATIONS MANAGEMENT AND CERTIFICATION

Programme Purpose:

To ensure that occupational qualifications, part-qualifications and skills programs on the OQSF are available; issue certificates to qualifying learners; verify the authenticity of issued certificates; and maintain stakeholder relationships.

Programme 2 contributes towards the achievement of Outcome 1: A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness.

The Development of qualifications and skills programme process has improved and this has resulted in the registration of more than 60 occupational qualifications in 2020/21, which more than 470 occupational qualifications that are now registered on the OQSF of the NQF. Although few skills programmes were registered on the QCTO MIS, fundamentals to develop and accredit skills development providers have been put in place. This new initiative will ensure that much needed skills programme will be rapidly developed to meet the skills need of the country.

The occupational qualifications and skills programmes that have been developed in consultation with industry, respond to the Economic Reconstruction and Recovery Plan as well as of the qualifications' need listed on Occupations on High Demand.

Introduction of national Skills Programmes has been welcomed as institution like Harambee and Public Works have been accredited to offer skills that are on the QCTO database. Discussions with institution like Catholic Institute of Education (CIE) and Public Adult Learning Centres have shown interest in either sharing with QCTO skills programmes or use skills programmes on the QCTO database.

A special project to "clean up" the OQSF assisted the QCTO to attain a significantly higher number of historically registered qualifications that were recommend to SAQA for deactivation on the OQSF. A total of 230 historically registered qualifications categorised as misallocated qualifications were recommended to SAQA for deactivation.

The certification unit continued to achieve its set targets which has an impact on the output indicators as well as the impact of the strategic plan. For the year under review the QCTO issued 1695 Occupational certificates which reflects an uptake in Occupational qualifications. Since taking over the function in November 2013 the QCTO has issued 129 570 Trade Certificates.

The first set of test data for Occupational Certification data was sent to SAQA and uploaded to the NLRD.

The digitisation objective was achieved and exceeded, despite the challenge with people working on site the QCTO managed to exceed the expected percentage of records to be scanned. This will ensure the project completion as planned to make available all learner achievements on historical trades to the NLRD and allow for online verification.

Outcomes, outputs, output indicators, targets and actual achievements

The table below provides the targets in the original APP before retabling to Parliament. These indicators' targets were later revised.

Programme 2:
Occupational Qualifications Management and Certification (Indicators whose targets changed)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of retabling (20 August 2020)	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation	Reason for revisions to targets
A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness	2.1. Occupational qualifications and part qualifications recommended for registration on the OQSF	2.1.1 Number of prioritised occupational qualifications (full/ part) recommended to SAQA for registration on the OQSF	Achieved 76 prioritised occupational qualifications (35 full and 41 part) recommended	Achieved 89 prioritised occupational qualifications (64 full and 25 part) were recommended to SAQA for registration on the OQSF	120	Not achieved 0 Evidence highlighting progress towards the achievement of this output indicator is as follows: Government Gazette Notice was on route for approval and could only be finalised and published on 24 September 2020 for qualifications to be published for comments.	120	Quarter 2 target was 60. Evaluation of qualifications was slower than normal as a result of implementation of new policy published by SAQA on 1 April 2020 as well as delays experienced during Lockdown in publication of Government Gazette Notices for qualifications for public comments. The Gazette was only published on 24 September 2020.	The planned annual target was reduced from 120 to 60 in anticipation of the possible constraints resulting from the COVID-19 Pandemic as the qualification development process is highly dependent on physical meetings of Community of Experts. To mitigate this the QCTO adopted virtual models for developing qualifications
		2.1.2 Number of Historically Registered Qualifications recommended to SAQA for deactivation on the OQSF	N/A	N/A	New indicator 100	0 Not achieved Progress at the time is reported: 3 lists of historically registered qualifications identified for deactivation have been put together	100	Quarter 2 target was 50. Stake-holder consultation processes for identification of historically registered qualifications for deactivation took longer than anticipated due to the lock down. As a result the first outputs on this indicator was expected in the subsequent quarters.	The planned annual target was reduced from 100 to 50 in anticipation of the possible constraints resulting from the COVID-19 Pandemic as the indicator is also dependent on consultation processes as well as the outputs for Indicator 2.1.1 above.

Programme 2:
Occupational Qualifications Management and Certification
(Indicators whose targets changed)(Cont.)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of retabling (20 August 2020)	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation	Reason for revisions to targets
	2.2 A certification system is maintained	2.2.3 % of learner records digitized against number on the project plan	N/A	New indicator Not achieved 0% records digitized	70%	94%	Target exceeded by 24% from initial target of 70% 355 000 of the planned 316 451 records digitised	Exceeded the target against the planned number of scanned records as per project plan The Service provider ensured business continuity while adhering to COVID-19 lockdown regulations.	The target was reduced form 70% to 60% as the digitisation project requires employees and the digitising service provider to be at QCTO premises as they are working with hard copies. The decision was taken in anticipation of limited or restricted access to the site depending on the imposed COVID-19 alert level at any point in time.

The table below provides a full outline on the achievements of the output indicators as per the final re-tabled APP to Parliament

Programme 2:
Occupational Qualifications Management and Certification (Complete re-tabled APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness	2.1. Occupational qualifications and part qualifications recommended for registration on the OQSF	2.1.1 Number of prioritised occupational qualifications (full/ part) recommended to SAQA for registration on the OQSF	Achieved 76 prioritised occupational qualifications (35 full and 41 part) recommended	Achieved 89 prioritised occupational qualifications (64 full and 25 part) were recommended to SAQA for registration on the OQSF	60	Achieved 71 prioritised occupational qualifications (54 full and 17 part qualifications) recommended to SAQA for registration on the OQSF	There were 11 more prioritised qualifications recommended to SAQA for registration on the OQSF than the initial target of 60	The higher number is attributed to an increase in the number of qualifications received for evaluation from Development Quality Partners (DQPs). QCTO and DQPs were able to use virtual platforms to facilitate the development of qualifications even during the time when the country was affected by the impact of COVID-19
		2.1.2 Number of Historically Registered Qualifications recommended to SAQA for deactivation on the OQSF	N/A	N/A	New indicator 50	Achieved 230 Historically registered Qualifications recommended to SAQA for deactivation	There were 180 more historically registered qualifications recommended to SAQA for deactivation on the OQSF than the initially planned for target of 50	The deviation was a result of a once off initiative that the QCTO embarked on together with SAQA to clean its Sub-framework of misallocated qualifications. This special initiative resulted in the historically registered qualifications recommended to SAQA for deactivation on the OQSF being significantly higher.

Programme 2:
Occupational Qualifications Management and Certification (Complete re-tabled APP)(Cont.)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
	2.1.3 Number of skills programmes approved by QCTO Council	N/A	N/A	New indicator 80		Not achieved 3 Skills Programmes approved by QCTO Council	There was a shortfall of 77 skills programmes from an overall expected total of 80	The deviation are attributable to: • Skills programmes applications submitted are not meeting requirements. • QCTO in-house delays in the processing of skills programme applications. • Impact of Covid-19 Lockdown
	2.2 A certification system is maintained	2.2.1 % of certificates issued within the turnaround time (21 working days)	Achieved 100% 19 972 of 19 972 certificate (Legacy trades) applications approved issued within the 21 working day turnaround time 725 of 725 Occupational certificate applications approved issued within the 21 working day turnaround time	Achieved 100% 18 887 of 18 887 certificate (Legacy trades) applications approved issued within the 21 working day turnaround time 277 of 277 Occupational certificate applications approved issued within the 21 working day turnaround time	95%	Achieved 100% 12 934 out of 12 934 certificates (Legacy trades) applications approved issued within the 21 working day turnaround time 556 out 556 Occupational certificate applications approved issued within the 21 working day turnaround time	5%	Due to business continuity and effective monitoring of processes, all requested certificates were processed within the turnaround time.

Programme 2:
Occupational Qualifications Management and Certification (Complete re-tabled APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
		2.2.2 % of verification of authenticity of certificates requests received and verified with-in turnaround time (5 working days)	Achieved 100% 10 944 of 10 944 requests verified within turnaround time of 5 working days	Achieved 100% 11 547 of 11 547 requests verified within turnaround time of 5 working days	95%	Achieved 100% 5108 out of 5108 requests verified within turnaround time of 5 working days	5%	Due to business continuity and effective monitoring of processes all requested certificates were processed within the turnaround time.
		2.2.3 % of learner records digitized against number on the project plan	N/A	New indicator Not achieved 0% records digitized	60%	Achieved 111% 2 267 530 Learner records digitized against the planned 2 034 000	11%	Exceeded the target against the planned number of scanned records as per project plan An implementable plan agreed to with the service provider in place and monitored.

The achievement of the above targets has begun to respond to the Output and Output Indicators of Programme 2. In the next year a notable impact will be observed as fundamental imperatives have been put in place.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The following strategy will be put in place to address areas of under-performance:

- Deregistration and re-registration of Historically Registered Qualifications;
- Developing and reviewing occupational qualifications that respond to that National Priorities;
- Review the skills programme template and guidelines with an objective of simplifying it;
- Automate the skills programme application process;
- Streamline the skills programme evaluation process;
- Place reviewed skills programme application forms on the QCTO website;
- Advocacy workshops will be conducted on skills programmes. These workshops will assist in communicating to stakeholders the skills programmes requirements and provide an opportunity to listen to and address stakeholder needs;
- Maintain achieving the certification targets, which this includes digitisation and verification of certificates; and
- Monitor the certificates issued by SETAs/QAPs.

LINKING PERFORMANCE WITH BUDGETS

Below is an analysis of the 2020/21 budget for Programme 2:

Programme 2: Occupational Qualifications Management and Certification

Programme Activity Objective	2019/20			2020/21		
	Budget	Actual expenditure	(Over) / Under expenditure	Budget	Actual expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation	19,529	14,356	5,173	24,117	16,783	7,334
Goods and services	9,492	11,785	(2,293)	6,926	4,006	2,920
TOTAL	**29,021**	**26,141**	**2,880**	**31,043**	**20,789**	**10,254**

3.3. PROGRAMME 3: OCCUPATIONAL QUALIFICATIONS QUALITY ASSURANCE

Programme Purpose:
To establish and maintain quality standards for Accreditation and Assessment within the OQSF.

The Programme contributes towards the following institutional Outcome 1: A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness.

Outcomes, outputs, output indicators, targets and actual achievements

Programme 3: Occupational Qualifications Quality Assurance in the QCTO performed as follows:

Programme 3 can be broken down into two main strategic objectives which are to establish and maintain standards for the Quality Assurance of Assessments in the OQSF. This objective was achieved through indicators 3.1.1 (a), 3.1.1 (b), 3.1.2, 3.1.3 (a), 3.1.3 (b) and 3.1.4 (a) to 3.1.4 (c).

The second objective of establishing and maintaining standards for a national accreditation system for all qualifications registered on the OQSF was largely achieved through indicators 3.2.1 (a), 3.2.1 (b), 3.2.2 and 3.2.3.

Significant achievement of targets for programme 3 is output indicator 3.1.3, which indicates that the QCTO must implement a quality assurance plan for NATED Report 190/191 programmes. This plan has been approved by Council in March 2021, and will ensure that N4, N5 and N6 are quality assured using a similar process as that for Occupational Part Qualifications. This will ensure that the necessary practical's, simulations or work experience learning is incorporated to satisfy industry requirements. TVET College graduates will benefit from this intervention as industry will once again value the NATED programmes. The plan will ensure parity of esteem between the Occupational Qualifications and the NATED diplomas where a learner can complete the NATED programmes and gain access to the External Integrative Summative Assessment of the applicable Occupational Qualification and if successful obtain certification for the Occupational Qualification.

Challenges encountered are linked with lack of support from the TVET branch as well as lack of uptake of the Occupational Qualifications. This has been partially addressed by regular engagement with the TVET branch counterparts, whereas additional funding mechanisms for the implementation of Occupational Qualifications will ensure achievement of the desired outcome. This output indicator is linked to the output of implementing a national External assessment for all qualifications registered on the OQSF and an outcome of a single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness.

Another significant achievement for Programme 3 is 3.2.2, which entails accreditation applications for Skills Programmes processed within the turnaround time (90 working days). Although this target was not achieved, the fact that QCTO has started to receive accreditation applications for the Occupational Skills Programmes is a major achievement, as these Occupational Skills Programmes are designed such that they will directly contribute to the upskilling and reskilling of Workers, Women, Youth and people with disabilities amongst others. These skills programmes are short in nature and they are occupationally directed such that the certified person will be able to immediately become self-sustainable or employed once certified as competent. There are still funding challenges for these Occupational Skills Programmes, although SETAs are willing to fund them even though they are not explicitly listed in the current SETA grant regulations. An amendment to the current regulation is required to explicitly list Occupational Qualifications, Occupational Part Qualifications and Occupational Skills Programmes in the SETA grant regulations. This Output indicator is linked to the output of a national External assessment is implemented for all qualifications registered on the OQSF and an outcome of a single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness.

The table below provides the targets in the original APP before retabling to Parliament. These indicators' targets were later revised.

Programme 3:
Occupational Qualifications Quality Assurance (Indicators whose targets changed)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of retabling (20 August 2020)	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation	Reason for revisions to targets
3. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness	3.1 A national External assessment is implemented for all qualifications registered on the OQSF	3.1.1 % of assessments for occupational qualifications and part qualifications quality assured against QCTO standards within 21 working days turnaround time	Achieved 100% 16 EISAs were quality assured against 16 that were conducted in 10 different Occupational qualifications	Achieved 100% 31 EISAs were quality assured against 31 that were conducted in 10 different Occupational Qualifications	Revised indicator 100%	Achieved 100% 6 EISAs were quality assured against 6 that were conducted before the retabling date of 20 August 2020 for Occupational Qualifications	0%	N/A	The target was reduced from 100% to 90% to accommodate the uncertainties associated with personnel conducting physical assessment monitoring in line with the COVID-19 alert level restrictions. To mitigate this the QCTO implemented processes for quality assuring assessments virtually.
		3.1.2 % of assessments for historically registered qualifications quality assured against QCTO standards (excluding historical skills programmes and NATED) within 21 working days turnaround time	Achieved 100% 268 out of 268 assessments for historically registered qualifications were quality assured	Achieved 100% 202 out of 202 assessments for historically registered qualifications were quality assured	Revised indicator 75%	Not Achieved 0% 0 out of 0 assessments for historically registered qualifications were quality assured before the retabling date of 20 August 2020	100%	No Final Integrated Summative Assessments (FISA) were conducted until the cut off date of 20 August 2020 due to lockdown restrictions applying to stakeholders such as Skills Development Providers, Assessment Centres and Assessment Partners	The target was reduced from 75% to 50% to accommodate the uncertainties associated with personnel conducting physical assessment monitoring in line with the COVID-19 alert level restrictions To mitigate this the QCTO implemented processes for quality assuring assessments virtually.

Programme 3:
Occupational Qualifications Quality Assurance
(Indicators whose targets changed)(Cont.)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of retabling (20 August 2020)	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation	Reason for revisions to targets
		3.1.4 % of assessments for QCTO developed skills programmes quality assured against QCTO standards within 21 working days	N/A	N/A	New Indicator 90%	Not Achieved 0% 0 out of 0 assessments for Skills Programmes were quality assured before the retabling date of 20 August 2020	100%	No Final Assessments for Skills Programmes were conducted during until the retabling date of 20 August 2020	The target was reduced from 90% to 60% to accommodate the uncertainties associated with personnel conducting physical assessment monitoring in line with the COVID-19 alert level restrictions
	3.2 A national Accreditation system is implemented for all qualifications registered on the OQSF	3.2.4 % of assessment centre accreditation applications processed (accreditation granted or declined) within the turnaround time (30 working days)	Achieved 100% 173 of 173 Assessment Centre accreditations were processed within 30 working days	Achieved 100% 196 out of 196 Assessment Centre accreditation applications were processed within 30 working days	100%	Achieved 100% 2 out of 2 Assessment Centre accreditation applications were processed within 30 working days, before the retabling date of 20 August 2020	0%	N/A	The target was reduced from 100% to 90% to accommodate the uncertainties associated with personnel conducting physical assessment centre accreditation in line with the COVID-19 alert level restrictions

The table below provides a full outline on the achievements of the output indicators as per the final re-tabled APP to Parliament.

Programme 3:
Occupational Qualifications Quality Assurance (Complete re-tabled APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
3. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness	3.1 A national External assessment is implemented for all qualifications registered on the OQSF	3.1.1 % of assessments for occupational qualifications and part qualifications quality assured against QCTO standards within 21 working days turnaround time	Achieved 100% 16 EISAs were quality assured against 16 that were conducted in 10 different Occupational qualifications	Achieved 100% 31 EISAs were quality assured against 31 that were conducted in 10 different Occupational Qualifications	Revised indicator 90%	Achieved 100% 21 EISAs were quality assured against 21 for Occupational Qualifications	10%	The indicator was revised from 100% to 90% due to the possible impact of the COVID-19-Lockdown however all assessments were quality assured due to systems implemented during the Lockdown
		3.1.2 % of assessments for historically registered qualifications quality assured against QCTO standards (excluding historical skills programmes and NATED) within 21 working days turnaround time	Achieved 100% 268 out of 268 assessments for historically registered qualifications were quality assured	Achieved 100% 202 out of 202 assessments for historically registered qualifications were quality assured	Revised indicator 50%	Achieved 100% 32 out of 32 assessments for historically registered qualifications were quality assured	50%	The indicator was revised from 75% to 50% due to the possible impact of the COVID19 Lockdown, however all assessments were quality assured due to systems implemented during the Lockdown. There was also a significant reduction in the number of assessments.
		3.1.3 QCTO to implement a quality assurance plan for NATED Report 190/191 programmes as approved by Council	N/A	N/A	New Indicator Approved Council Plan	Achieved 100% QA Plan approved by Council on 17 March 2021	N/A	N/A

Programme 3:
Occupational Qualifications Quality Assurance (Complete re-tabled APP)(Cont.)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
		3.1.4 % of assessments for QCTO developed skills programmes quality assured against QCTO standards within 21 working days	N/A	N/A	New Indicator 60%	Not achieved 0% 0 out of 0 assessments for QCTO developed skills programmes quality assured	100%	No accredited SDPs; No enrolled learners; thus no final assessments for Skills Programmes were conducted
		3.1.5 % of Assessment Quality Partners (or Assessment Bodies) quality assured against QCTO compliance standards	Achieved 100% 3 out of 3 AQP approvals were processed. Two new ones: SAPC and SA Hindu Maha Sabha, and one extension of scope: HWS SETA	Achieved 99% 155 out of 156 AQPs were quality assured	Revised indicator 90%	Achieved 100% 152 out of 152 AQP Reports were quality assured.	10%	All Assessment Quality Partners were quality assured due to systems implemented as a result of the SLAs with SETA's
	3.2 A national Accreditation system is implemented for all qualifications registered on the OQSF	3.2.1 % of Skills Development Providers accreditation applications for Occupational qualifications and, part qualifications processed within the turnaround time (90 working days)	Not achieved 63% A total number of 250 SDPs were accredited during this time. 158 SDPs were accredited within the 90 working days turnaround time, and 92 outside the turnaround time	Not achieved 39% 275 out of 701 processed SDPs accreditation applications were processed within the turnaround time of 90 working days	90%	Not achieved 69% 321 accreditation applications from a total of 463 received, were processed within the turnaround time of 90 working days.	21%	The deviations are due to the unpredictability of the number of provider applications. Furthermore, the uptake of occupational qualifications is increasing which will require the QCTO to ensure adequate resourcing to undertake all functions.

Programme 3:
Occupational Qualifications Quality Assurance (Complete re-tabled APP)(Cont.)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
		3.2.2 % of Council approved Skills Development Providers accreditation applications for Skills Programmes processed within the turnaround time (90 working days)	N/A	N/A	New indicator 25% Disclosure Inclusion of "New Indicator Establish a baseline" due to Human Error	Not achieved 0% 0 out of a total of 7 applications for skills programmes were processed within the turnaround time of 90 working days.	100%	Deviation due to Skills programmes still new and QCTO processes affected by Covid-19 Lockdown
		3.2.3 % of Skills Development Providers accreditation applications for historically registered Qualifications (Trades, Non-rades, NATED Report 190/191, Skills Programmes) processed within the turnaround time (90 working days)	Achieved A baseline of 74 days was established based on the 52 accreditation applications processed	Achieved 100% 198 out of 198 SDP applications for Historically Registered Qualifications were processed within the turnaround time of 90 days.	Revised indicator 80%	Achieved 93% 692 recommendations for Historically Registered Qualifications and Nated Programme applications for 190/191 from a total of 741 were processed within the turnaround time of 90 working days.	13%	93% of Skills Development Provider applications were processed due to improved systems implemented
		3.2.4 % of assessment centre accreditation applications processed (accreditation granted or declined) within the turnaround time (30 working days)	Achieved 100% 173 of 173 Assessment Centre accreditations were processed within 30 working days	Achieved 100% 196 out of 196 Assessment Centre accreditation applications were processed within 30 working days	90%	Achieved 100% 78 out a total of 78 Accreditation Centre applications were processed within the turnaround time of 30 working days.	10%	The indicator was revised from 100% to 90% due to the possible impact of the COVID-19 Lockdown, however more assessments centre applications were processed due to the on line application system implemented during the Lockdown. There was also a significant reduction in the number of applications.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The following strategy will be put in place to address areas of under-performance:

- In the 2019/20 cycle, the revoking of the functions delegated to QAPs was prioritised by subsuming this under the broader function mandate of the QCTO viz the quality assurance of qualifications and part qualifications registered on the Occupational Qualifications Sub-framework (OQSF) the implementation of this is nearing its conclusion.
- The QCTO has strengthen relationship and communication with the QAPs and related stakeholders to enable a meaningful and seamless transition to the new occupations.
- The QCTO has started to implement the necessary control processes to manage the upload of learner achievements to the NLRD.
- Upskilling of employees and process improvements has been prioritised to improve overall efficiency.

LINKING PERFORMANCE WITH BUDGETS

Below is an analysis of the 2020/21 budget for Programme 2:

Programme 3: Occupational Qualifications Quality Assurance

Programme Activity Objective	2019/20			2020/21		
	Budget	Actual expenditure	(Over) / Under expenditure	Budget	Actual expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation	22 963	23 164	(201)	28,591	25,024	3,567
Goods and services	8 566	6 181	2,385	7,079	1,953	5,126
TOTAL	**31 529**	**29 345**	**2,184**	**35,670**	**26,977**	**8,693**

3.4. PROGRAMME 4: RESEARCH ANALYSIS AND QUALITY ASSURANCE

Programme Purpose:
To establish and maintain QCTO Standards for quality assurance through research, monitoring, evaluation and analysis.

The Programme contributes towards the following institutional Outcome 1: A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness.

Outcomes, outputs, output indicators, targets and actual achievements

Programme 4: Research Analysis and Quality Assurance in the QCTO performed as follows:

RESEARCH PROJECTS

Three research projects were undertaken in the 2020/21 period. Early in the reporting period, the country entered the national lockdown in response to the Covid-19 pandemic, and this necessitated a re-working of the annual Research Agenda in response to the new conditions. As such, some of the projects were conducted directly in response to the urgent and emerging needs associated with the pandemic, while others that had been already planned and/or contracted were adjusted to work within the new and evolving constraints of the lockdown.

A. **An Investigation of Qualification Development and Quality Assurance Processes Undertaken in the Three Sub-Frameworks of the National Qualification Framework.**
This project compares qualification development methodology across the NQF space. All three statutory Quality Councils were compared on a range of indicators associated with qualification development on the various sub-frameworks of the NQF. Given the QCTO's central role in Occupational Qualification development, this research feeds directly into developing best practice models that can accommodate planning for rapid societal technological changes anticipated and generally termed 4IR, a phenomenon that has rapidly accelerated during the global COVID crisis.

B. New Pedagogical Territories for Service Provision in South Africa: An Interpretation of the QCTO Provider Online Readiness Survey.

This survey was undertaken by the QCTO at the onset of the National Lockdown to rapidly inform the organization's response to the pandemic and the Lockdown measures. While this allowed for a rapid policy response, the Survey has now been formalised into a full research publication. The qualitative data gathered from the sample of providers has been used to enrich the understanding provided by the initial quantitative analysis, and a complex picture of needs in the provider sector have been identified. This research will be used to guide policy-making in the post-pandemic era as the QCTO responds to the emerging needs of the sector as identified in this survey among others.

C. Occupational Classification Systems and Qualification Development: A Global Perspective.
This research project focused on the centrality of the Organising Framework for Occupations (OFO) in the development of Occupational Qualifications in South Africa, and compared this practice against a range of other countries. While the survey of international practices showed a mixed picture in terms of the use of such classification systems – the majority of which are based on the International Standard Classification of Occupations (ISCO) – the clear picture that emerged was that the OFO should not be used as a central component of the development of Occupational Qualifications. The document provides a useful high-level framework, but strict adherence to the OFO can cause a mismatch between the qualification and industry needs, and in some cases the lack of certain codes on the OFO can block the development of necessary qualifications.

The above research projects will be used to interrogate the fundamental models that underlie the QCTO's fulfilment of its mandate and provide a more streamlined and targeted service to stakeholders in the OQSF.

RESEARCH BULLETIN

The first issue of the QCTO Research Bulletin provided a compilation of the annual research completed by the QCTO, and is intended to grow in the coming years into one of the premier publications that guides the discourse in the occupational skills and training sector. The research conducted and published in this bulletin has already provided the basis for ongoing engagements with stakeholders like the SAQA and the DHET on how best to open up the NQF to allow for more flexible training options to be registered.

It has also guided the QCTO internally in revising the model that relied too heavily on the OFO as an initiating agent for qualifications, and this bulletin provides much of the reasoning to the sector for this evolving change.

Crucially, this bulletin provides feedback to the sector on central aspects of the QCTO's thinking on fundamental matters within the sector and provides the bedrock for some of the ongoing debates that shape policy formation.

QUALITY ASSURANCE

The significance of this sub-programme incorporates the monitoring and evaluation component but has been broadened to quality assure the quality of provisioning. The QCTO if of the view that quality assurance of provisioning to ensure that learners receive quality training at accredited providers. The achievements of this sub-programme were severely affected by the COVID-19 restrictions as this quality assurance requires actual physical visits.

The table below provides the targets in the original APP before retabling to Parliament. These indicators' targets were later revised.

Programme 4:
Research Analysis and Quality Assurance (Indicators whose targets changed)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of retabling (20 August 2020	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation	Reason for revisions to targets
A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness.	4.1 Research on issues of importance to the development and implementation of the OQSF conducted or commissioned and published	4.1.1 Number of Research Reports approved by the CEO	N/A	N/A	New Indicator 4	Not Achieved 0% Two Draft Reports	100%	Two draft reports were available, but not yet approved by the CEO, before retabling date of 20 August 2020	The target was reduced from 4 to 3. This was done in anticipation of the constraints imposed by the COVID19 alert level restrictions which would have a knock on effect on research related activities (data gathering, interviews etc. The Research Agenda was reworked to reflect projects that remained feasible even under an extended Lockdown scenario, and the number of projects has been rationalised to reflect the lack of staff in the Unit.
	4.2 A national quality assurance system is implemented for all qualifications registered on the OQSF	4.2.3 (b) Number of NATED Report 190/191 (e.g. N4 – N6) Exams sessions conducted at accredited SDPs, quality assured against QCTO standards	N/A	N/A	New indicator 100	Not Achieved 0% 0 out of 0 NATED Report 190/191 (e.g. N4 – N6) Exams sessions were quality assured before the retabling date of 20 August 2020	100%	Reduced number of Exam Sessions by DHET due to COVID, exam sessions were combined and were scheduled from September 2020 onwards.	The target was revised from 100 to 50. This was as in anticipation of the possible disruptions on TVET Colleges and the NATED exams and marking sessions.

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of retabling (20 August 2020	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation	Reason for revisions to targets
		4.2.3 (c) Number of NATED Report 190/191 marking sessions quality assured against QCTO standards	N/A	N/A	New indicator 30%	Not Achieved 0% 0 out of 0 NATED Report 190/191 (e.g. N4 – N6) Marking sessions were quality assured before the retabling date of 20 August 2020	100%	Reduced number of Exam Sessions by DHET due to COVID, exam sessions were combined and were scheduled from September 2020 onwards, and hence no marking sessions.	The target was revised from 30 to 20. This was as in anticipation of the possible disruptions on TVET Colleges and the NATED exams and marking sessions.

Programme 3:
Occupational Qualifications Quality Assurance (Complete re-tabled APP) (Cont.)

The table below provides a full outline on the achievements of the output indicators as per the final re-tabled APP to Parliament

Programme 4:
Research Analysis and Quality Assurance (Complete re-tabled APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness.	4.1 Research on issues of importance to the development and implementation of the OQSF conducted or commissioned and published	4.1.1 Number of Research Reports approved by the CEO	N/A	N/A	New Indicator 3	Achieved 3 Submission signed by CEO approving 3 final reports.	N/A	N/A
		4.1.2 Research Bulletin published online	N/A	N/A	New Indicator 1	Achieved 1 Signed website publication form	N/A	N/A
	4.2 A national quality assurance system is implemented for all qualifications registered on the OQSF	4.2.1 % of accredited SDPs with implemented occupational qualifications and part qualifications quality assured according to QCTO standards	Not achieved A total number of 191 SDPs reported learner uptake through the year, of which 84 were monitored against QCTO compliance standards (44%)	Not achieved 38% 55 Occupational Qualifications with reported learner uptake were monitored out of 145 occupational qualifications	80%	Not achieved 65% 131 Accredited SDPs with implemented occupational qualifications have been quality assured out of 202	15%	Monitoring of accredited Skills Development Providers affected due to COVID-19 Lockdown restrictions which prevented physical movement.
		4.2.2 % of accredited SDPs with implemented historically registered qualifications (excluding NATED Report 190/191 Programmes) quality assured against QCTO compliance standards.	Not achieved 23% 184 Accredited SDPs with implemented historically registered qualifications have been quality assured out 793	Not achieved 18% 186 Accredited SDPs with implemented historically registered qualifications have been quality assured out 1028	50%	Achieved 54% 438 Accredited SDPs with implemented historically registered qualifications have been quality assured out of 815	4%	Improved online platforms introduced for quality assurance

Programme 4:
Research Analysis and Quality Assurance (Complete re-tabled APP)(Cont.)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
		4.2.3 (a) % of accredited SDPs with implemented NATED Report 190/191 (e.g. N4-N6) programmes quality assured against QCTO compliance standards	N/A	N/A	New Indicator 25%	Not achieved 18% 146 accredited SDPs with implemented NATED Report 190/191 (e.g. N4N6) programmes have been quality assured out of 828	7%	Unreliable database of SDPs with implemented NATED Report 190/191 e.g.) N4-N6) programmes
		4.2.3 (b) Number of NATED Report 190/191 (e.g. N4 – N6) Exams sessions conducted at accredited SDPs, quality assured against QCTO standards	N/A	N/A	New indicator 50%	Achieved 89 Nated Report 190/191 (e.g. N4-N6_Examination sessions conducted at accredited SDPs have been quality assured	39%	The indicator was revised from 100% to 50% due to the possible impact of the COVID19 Lockdown, however more exam sessions were quality assured due to the Online platforms introduced for quality assurance
		4.2.3 (c) Number of NATED Report 190/191 marking sessions quality assured against QCTO standards	N/A	N/A	New indicator 20%	Achieved 23%	3%	The indicator was revised from 30 to 20 due to the possible impact of the COVID19 Lockdown, however more marking sessions were quality assured due to ongoing communication with DHET.
		4.2.4 % of accredited SDPs with skills programmes implemented, quality assured against QCTO standards.	N/A	N/A	New Indicator 25%	Not Achieved 0%	100%	No SDPs accredited for Skills Programmes

Programme 4: Research Analysis and Quality Assurance (Complete re-tabled APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
		4.2.5 % of accredited Assessment Centres conducting EISAs (External Integrated Summative Assessments) quality assured against QCTO standards	Achieved 100% 16 out of 16 Assessment Centres completed online submissions for EISAs	Achieved 100% 31 out of 31 Assessment Centres completed online submissions for EISAs	60%	Achieved 100% 17 out of 17 Assessment Centres completed online submissions for EISAs	40%	Improved communication with SDPs and Assessment Centres

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

- The QCTO has started to implement the necessary control processes to manage the SETAs and quality partners, as they are major stakeholders.
- Monthly meetings focusing on operations, are being instituted.
- Indicators will be managed using project management best practices.
- The NATED quality assurance plan has been approved and will be implemented.
- Specific focus will be on managing stakeholder relationships.

LINKING PERFORMANCE WITH BUDGETS

Hereunder is an analysis of the 2020/21 budget for Programme 4:

Programme 4: Research Analysis And Quality Assurance

Programme Activity Objective	2019/20			2020/21		
	Budget	Actual expenditure	(Over) / Under expenditure	Budget	Actual expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation	1 000	994	6	2 291	1 080	1 211
Goods and services	1 700	110	1 590	2 139	1 573	566
TOTAL	**2 700**	**1 104**	**1 596**	**4 430**	**2 653**	**1 777**

4. Revenue Collection

Sources of revenue	2019/20			2020/21		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collection	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Government Grant	26 056	26 056	-	25 507	25 507	-
Finance Income	-	5 425	(5 425)	-	2 159	(2 159)
Other Income	-	6 654	(6 654)	-	7 139	(7 139)
SETA Grant	90 348	90 348	-	97 200	97 278	-
TOTAL	**116 404**	**128 483**	**(12 079)**	**122 707**	**132 083**	**(9 298)**

Notes:

- Certification, verification and accreditation services that were introduced in prior years that was not budgeted for in the current financial year. These services are not yet budgeted for, as there is no guarantee of this income.
- Interest was earned from excess funds saved in the ABSA account as the SETA Grant is now received at the beginning of the year as well as some interest earned from funds invested with the Corporation for Public Deposits at the Reserve Bank.

PART C
Governance

1. Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance regarding public entities is applied through the precepts of the PFMA and National Treasury notices.

Parliament, the Executive and the Accounting Authorities of the QCTO are responsible for corporate governance.

2. Portfolio Committee on Higher Education, Science and Technology

The Portfolio Committee on Higher Education, Science and Technology, held four virtual meetings with the QCTO over the reporting period.

In the absence of a Council, the CEO together with the Executive Management, presented the QCTO's 2020/25 Strategic Plan and 2020/21 Annual Performance Plan, on 22 May 2020.

Whilst the QCTO did not attend the DHET briefing session held on 14 July 2020, it provided written inputs to the DHET presentation on the adjustment budget.

The QCTO was duly represented by the third Council Chairperson, Mr. Samuel Zungu and the Chief Executive Officer, Mr. Vijayen Naidoo, when they attended a briefing session on 21 October 2020, together with the Department, on the review of the TVET Curriculum. The presentation was well received by the Portfolio Committee.

As required, the QCTO represented by Mr. Samuel Zungu (Council Chairperson), Mr. Vijayen Naidoo (Chief Executive Officer) and Mr. Innocent Gumbochuma (Chief Financial Officer) presented its 2019/20 Annual Report, to the Portfolio Committee on 10 November 2020, which was well received. The issue of budget cuts was noted by the Portfolio Committee and was duly escalated to the Department for further action, as noted by the Portfolio Committee Chairperson, Mr. Philemon Mapulane MP.

On 18 November 2020 the QCTO together with DHET, SAQA and CHE presented a progress report to the Portfolio Committee on its Articulation Policy. The QCTO was duly represented by the third Council Chairperson, Mr. Samuel Zungu and the Acting Chief Executive Officer, Mr. Thomas Lata. The Committee was generally pleased with the presentation made by the QCTO.

The QCTO duly and timeously responded to all requests, questions, complaints and enquiries received from the Portfolio Committee during the reporting period.

3. Executive Authority

The QCTO submitted the final 2019/20 Annual Report to the Minister of Higher Education, Science and Technology via the Department of Higher Education and Training (DHET) on 30 September 2020, with an extended due date due to National Lockdown. The printed, final version was submitted for presentation to Parliament and tabled on 2 November 2020.

The QCTO has also submitted all four of its Quarterly Performance Reports for the 2020/21 financial year to the Minister via the Director-General: Higher Education and Training as required by the Department. Due to National Lockdown the first quarter's due date was extended. Submission dates were as follows:

A. Quarter 1 Performance Report: 31 August 2020.
B. Quarter 2 Performance Report: 30 October 2020.
C. Quarter 3 Performance Report: 28 January 2021.
D. Quarter 4 Performance Report: 29 April 2021.

The Minister approved an addendum to the 2020/21 Annual Performance Plan on 9 August 2020 to amend targets due to the National COVID-19 Pandemic. He further granted approval for the Annual Performance Plan 2021/22 on 25 March 2021 as well as the budget of R95.373 million, which includes a government grant of R27.630 million.

4. The Accounting Authority

INTRODUCTION

The purpose of the QCTO is to establish, maintain and quality assure occupational standards and qualifications and learning in and for the work place as referred to in its mandate and legislative requirements. The QCTO is one of three Quality Councils (QCs) tasked with the role of standards setting and quality assurance.

ROLE OF THE COUNCIL

- It holds absolute responsibility for the performance of the QCTO;
- It retains full and effective control over the QCTO;
- It has to ensure that the QCTO complies with applicable laws, regulations and government policy;
- It has unrestricted access to information of the QCTO;
- It formulates, monitors, reviews corporate strategy, major plans of action, risk policy, annual budgets, strategic and annual performance plans;
- It ensures that the QCTO's performance objectives are achieved;
- It manages potential conflicts of interest;
- It develops a clear definition of levels of materiality;
- It ensures financial statements are prepared;
- The Council must appraise the performance of the Chairperson;
- It must ensure effective Council induction; and
- Must maintain integrity, responsibility and accountability.

COUNCIL CHARTER

The requirements of the QCTO's Constitution are provided for in the SDA. The third Constitution was approved by the Minister on 14 November 2018.

COMPOSITION OF THE COUNCIL

The second Council was appointed for the term from 1 April 2015 to 31 March 2020 by the Executive Authority. This Council's term of office ended at the end of the 2019/20 financial year and it held its last meeting on 17 March 2020. A Close-out Report was prepared by Council for the incoming Council. The third Council was appointed by the Minister of Higher Education, Science and Innovation on 29 August 2020 for the term 1 April 2020 to 31 March 2025 under the Chairperson, Mr Samuel Zungu.

The new Council held two ordinary meetings, an Induction workshop and a strategic workshop during the financial year under review.

Mr Samuel Zungu
Chairperson

DATE APPOINTTED 29 August 2020

Qualifications	HDE (Commerce) | BPA (Hons) | MPA
Area of Expertise	Technical and Vocational education and training. Public Administration
Board Directorships (List the entities)	UKZN Council | TETA Board | SAIMI Advisory Board | DACT Board
Other Committees in QCTO (e.g.: Audit committee)	Executive Committee (Chairperson)
No. of Meetings (2 ordinary Council meetings held)	2 Present

Mr Vijayen Naidoo
CEO: QCTO

DATE APPOINTTED 28 Aug 2020

Qualifications	B Paed Sc. | National Dip (Mech Eng) | B. Ed (Hons)
Area of Expertise	Technical and vocational education and training as well as quality assurance
Board Directorships (List the entities)	SAQA |CHE. | Umalusi | NSA
Other Committees in QCTO (e.g.: Audit committee)	Executive Committee
No. of Meetings (2 ordinary Council meetings held)	2 Present

Dr Julie Reddy
Acting CEO SAQA

DATE APPOINTTED 29 Aug 2020 (ex officio)

Qualifications	BA | MSc | HDPM | PhD
Area of Expertise	Education and training, NQFs, Policy and implementation, leadership and management of parastatal agencies
Board Directorships (List the entities)	CHE | Umalusi | SAQA | NSA | HRDC
Other Committees in QCTO (e.g.: Audit committee)	N/A
No. of Meetings (2 ordinary Council meetings held)	2 Present

Dr Whitfield Green
CEO: CHE

DATE APPOINTTED 1 Feb 2021 (ex officio)

Qualifications	BSc | HDE | B Ed | M Ed | PhD
Area of Expertise	Science education, Teacher education, Higher education
Board Directorships (List the entities)	Umalusi | SAQA
Other Committees in QCTO (e.g.: Audit committee)	N/A
No. of Meetings (2 ordinary Council meetings held)	2 Present *(Dr Amani Saidi attended the first meeting in Nov 2020 as Acting CEO and member)*

Dr Mafu Rakometsi
CEO: Umalusi

DATE APPOINTTED 28 Aug 2020 (ex officio)

Qualifications	PhD
Area of Expertise	History of education Curriculum, examinations and assessment
Board Directorships (List the entities)	SAQA | QCTO | CHE | Member of Helderberg College Council
Other Committees in QCTO (e.g.: Audit committee)	N/A
No. of Meetings (2 ordinary Council meetings held)	1 Present | 1 Apology

Dr Thabo Mashongoane
Executive Officer: NSA

DATE APPOINTTED 29 Aug 2020

Qualifications	Ph.D. Educational Management
Area of Expertise	Skills development
Board Directorships (List the entities)	NCP – HRD Council | Public Sector Trainers Forum | Southern African Society for Cooperative Education (SASCE)
Other Committees in QCTO (e.g.: Audit committee)	N/A
No. of Meetings (2 ordinary Council meetings held)	2 Present

Mr Zongamele Mfecane
Nominated by NEDLAC to represent organised labour

DATE APPOINTTED 29 Aug 2020

Qualifications	National Diploma in Labour Law
Area of Expertise	Labour law, National education
Board Directorships (List the entities)	CPF Chairperson | LED Chairperson | NEDCOM Member
Other Committees in QCTO (e.g.: Audit committee)	N/A
No. of Meetings (2 ordinary Council meetings held)	2 Present

Vacancy
Nominated by NEDLAC to represent organised labour

DATE APPOINTTED N/A

Qualifications	N/A
Area of Expertise	N/A
Board Directorships (List the entities)	N/A
Other Committees in QCTO (e.g.: Audit committee)	N/A
No. of Meetings (2 ordinary Council meetings held)	N/A

Mr Mustak Ally
Nominated by NEDLAC to represent organised business

DATE APPOINTTED 29 Aug 2020

Qualifications	Masters in Business Administration (GIBS - University of Pretoria)
Area of Expertise	Human Resources Management and more specifically Skills Development
Board Directorships (List the entities)	HRDC | NSA | MQA | Sentinel Pension Fund
Other Committees in QCTO (e.g.: Audit committee)	Audit and Risk Committee
No. of Meetings (2 ordinary Council meetings held)	1 Present | 1 Apology

Ms Sibongile Antoni
Nominated by NEDLAC to represent organised business

DATE APPOINTTED 29 August 2020

Qualifications	National Higher Diploma in Human Resources – Cape Peninsula University of Technology (CPUT) Strategic Retail Business Management – (Part-time) UCT Graduate School of Business. Process Facilitation – The South African College of Applied Psychology Advanced Certificate in Leadership - (UCT Business School) Future Executive Programme – Bain Academy
Area of Expertise	Human Capital Development | Strategic Skills Development | Omni channel learning | Experience design & delivery
Board Directorships (List the entities)	N/A
Other Committees in QCTO (e.g.: Audit committee)	Executive Committee
No. of Meetings (2 ordinary Council meetings held)	2 Present

Mr Yershen Pillay

Nominated by NEDLAC to represent organisations of community and development interests

DATE APPOINTTED 29 Aug 2020
DATE RESIGNED 8 Mar 2021

Qualifications	Post Graduate Diploma in Business Administration and General Management, Bachelor of Social Science in Politics and Economy, Certificate in Cybersecurity, Certified Director Cert. Dir (IODSA Directory of Certified Directors)
Area of Expertise	Strategy Development | Finance | Cybersecurity Strategy | Youth Development and Youth Leadership | Policy Development
Board Directorships (List the entities)	Board member of ACSA, Board member of SAFCOL
Other Committees in QCTO (e.g.: Audit committee)	N/A
No. of Meetings (2 ordinary Council meetings held)	1 Present | Resigned

Mrs Ramatsimela Motjoadi

Nominated by NEDLAC to represent organisations of community and development interests

DATE APPOINTTED 2 Sep 2020

Qualifications	BA | BA Hons (History)
Area of Expertise	Community Development Strategist, Consultant and Cultural Activist, Entrepreneurial Community Development ,Turnaround Strategist
Board Directorships (List the entities)	Mamokebe Investments (PTY) LTD | Platinum City Development Corporation (PTY) LTD | Basadi Ba Bapedi Cultural Development Trust | Legakabje Mining and Exploration (PTY) LTD | Dream Like A Celebrity CC
Other Committees in QCTO (e.g.: Audit committee)	QAOQC
No. of Meetings (2 ordinary Council meetings held)	2 Present

Mr Sanele Mlotshwa

Appointed by the Minister to represent the interests of public education and training providers

DATE APPOINTTED 2 Sep 2020

Qualifications	Masters in Edu. Degree (Unizulu) | B.Ed. Hons Degree (NWU) | HDE (UNISA) | Diploma in Education (SACTE)
Area of Expertise	Education Leadership and Management and Curriculum Delivery and Management
Board Directorships (List the entities)	SACPO NEC | Higher Health | NSA | HRDC | QCTO | Majuba College Council | TCCP
Other Committees in QCTO (e.g.: Audit committee)	Executive Committee | QAOQC
No. of Meetings (2 ordinary Council meetings held)	2 Present

Mr Jayanathan Soobramoney

Member nominated by the private providers of education and training to represent the interests of private education and training providers which providers are accredited providers in terms of the SDA

DATE APPOINTTED 29 Aug 2020

Qualifications	N.Dip Engineering | Higher Dip-Light Current | Dip Proj Management | B.Tech Pulp and Paper | Current PhD student. Trades: Fitting and Maching Instrumentation | Process Control
Area of Expertise	ETQA functions | WIL functions | Business operations | Artisan development | skills development | Management and leadership
Board Directorships (List the entities)	SAIMC | QCTO | Mangosuthu University of Technology (MUT) & Durban University of Technology (DUT) Advisory Board for Mechanical Engineering | MUT & DUT Advisory Board for Electrical Engineering | TEKmation Training Institute of Board of Directors
Other Committees in QCTO (e.g.: Audit committee)	Executive Committee
No. of Meetings (2 ordinary Council meetings held)	2 Present

Ms Trudi van Wyk

Member to represent the interests of the state

DATE APPOINTTED 29 Aug 2020

Qualifications	BSc Mathematics and Chemistry (UNW) | Higher Education Diploma (Remedial Education) (UNW) | BEd (UNW) | MEd (Educational Management) (UJ)
Area of Expertise	e-Learning | Open and Distance Learning | Social Inclusion and Equity | National Qualifications Framework | Career | C Development
Board Directorships (List the entities)	SAQA
Other Committees in QCTO (e.g.: Audit committee)	N/A
No. of Meetings (2 ordinary Council meetings held)	2 Present

Ms Thandi Phele

Member to represent the interests of the state

DATE APPOINTTED 29 Aug 2020

Qualifications	BCOM (Hons in Economics) | Executive Development Programme
Area of Expertise	Strategy and programme industrial development and implementation
Board Directorships (List the entities)	Board of Trade and industrial Policy Strategy) | TIPS) | Served on South African National Accreditation system SANAS) |
Other Committees in QCTO (e.g.: Audit committee)	QCTO Council member,
No. of Meetings (2 ordinary Council meetings held)	1 Present | 1 Apology

STANDING COMMITTEES

The Council had appointed the following Standing Committees below at its meeting in March 2021. These Committees will only start to meet in the 2021/22 financial year.

The roles and functions of the Standing Committees are as follows:

EXECUTIVE COMMITTEE

Purpose:

The Executive Committee (EXCO) of the Quality Council for Trades and Occupations (QCTO) is responsible for the supervision and control of the performance of the functions of the QCTO between Council meetings. The EXCO mainly debates internal policies of the QCTO and recommends same for Council approval. Council debates and approves external policies. The EXCO also deals with any urgent matter between Council meetings.

Functions:

Subject to the directions of the QCTO, the EXCO has the following functions:

- Supervise the proper management of all financial matters;
- Coordinate and supervise the implementation of the policies of the QCTO;
- Monitor national policy issues and developments and make recommendations on the development and/or adoption of policies by the QCTO;
- Oversee the functioning of committees, and structures of the QCTO and monitor their activities to ensure that they are acting within the terms of any powers delegated to them by the QCTO;
- Advise on the management of staff employment issues;
- Consider and monitor budgets and strategic and annual performance plans;
- Monitor and advise the relations and interactions of the QCTO with the NSA, Umalusi, the CHE, SAQA and other relevant regulatory government departments; and
- Perform any other function or duty delegated to it by the QCTO Council or conferred by the QCTO constitution.

OCCUPATIONAL QUALIFICATIONS, ASSESSMENT AND CERTIFICATION COMMITTEE (OQACC)

Purpose:

To provide, guide and make recommendations to the QCTO Council on matters relating to occupational qualifications development and registration on the Occupational Qualifications Sub-Framework (OQSF) of the National Qualification Framework (NQF) including skills programmes, as well as their Assessment and Certification.

Functions:

In collaboration with the Occupational Qualifications Management (OQM) Unit of the QCTO the Occupational Qualifications, Assessment and Certification Committee assumes the following functions and responsibilities as a committee accountable to the QCTO Council:

- Recommend to the QCTO Council inputs on policy matters regarding the development of new occupational qualifications, realignment of historically registered qualifications into occupational qualifications, reconstruction of NATED Report 191 Part 2 qualifications and review of occupational qualifications, part qualifications and Historically Registered Qualifications, registered on the OQSF, including Skills Programmes;
- Consider evaluated qualifications and part qualifications for recommendation to the QCTO Council for approval;
- Provide guidance on matters relating to the registration of occupational qualifications in accordance with the National Qualifications Framework (NQF) requirements;
- Recommend to the QCTO Council inputs on policy matters and provide guidance to the unit on matters relating to its work in establishing, maintaining and improving the standard and quality of assessments and certification for qualifications on the OQSF;
- Receive and consider research reports relevant to the scope of the committee;
- Receive and consider reports on the quality of assessments and certification for qualifications on the OQSF and report on the same to Council;

- Provide advice to the Council on appeals; and.
- Participate in joint internal and external committee meetings, as and when required.

QUALITY ASSURANCE OF OCCUPATIONAL QUALIFICATIONS COMMITTEE (QAOQC)

Purpose:
To provide, guide and make recommendations to the QCTO Council on matters relating to quality assurance (accreditation, monitoring and evaluation) of the provisioning of qualifications registered on the Occupational Qualifications Sub-Framework (OQSF) of the National Qualification Framework (NQF) including skills programmes.

Functions:
In collaboration with the Occupational Quality Assurance Unit of the QCTO the Quality Assurance of Occupational Qualifications Committee assumes the following functions and responsibilities as a committee accountable to Council:
- Recommend to the QCTO Council inputs on policy matters regarding quality assurance which includes accreditation and monitoring and evaluation of the provisioning of qualifications registered on the OQSF;
- Advise the Council on all matters related to quality assurance aimed at establishing and improving the standard and quality of accreditation, quality assurance, monitoring and evaluation for the provisioning of qualifications on the OQSF;
- Receive and consider reports on the quality assurance of accreditation, provision, monitoring and evaluation for qualifications on the OQSF and report on the same to Council;
- Receive and consider research reports relevant to the scope of the committee;
- Receive and consider reports on Quality Assurance Partners and Assessment Partners;
- Provide guidance to the unit on quality assurance, monitoring and evaluation and provisioning related matters objectives;
- Provide advice to the Council on appeals; and
- Participate in joint internal and external committee meetings, as and when required.

The following table indicates details per Standing Committee of Council, however none of the Committees had met by the end of the financial year as they were only appointed towards the end of March 2021:

Committee	No. of meetings held	No. of members	Names of members	No. of meetings attended	No. of apologies received
Executive Committee	0	6 members	Mr Samuel Zungu (Chairperson) Mr Vijayen Naidoo (CEO) Ms Zongamele Mfecane Ms Sibongile Antoni Mr Sanele Mlotshwa Mr Jayanathan Soobramoney	N/A	N/A
Occupational Qualifications, Assessment and Certification Committee	0	14 members (4 vacant)	Mr Jayanthan Soobramoney (Chairperson) Mr Robert Best Mr Sabelo Buthelezi Dr Shirley Lloyd Ms Astrid Straussner Mr Thomas Lata Mr Tobile Gqili Dr Sanele Nene Mr Japie Nel Dr Eva Sujee	N/A	N/A
Quality Assurance of Occupational Qualifications Committee	0	11 members (1 vacant)	Ms Ramatsimela Motjoadi (Chairperson) Mr Paulus Mahlangu Dr Alti Kriel Ms Raish Singh Ms Kim Dry.Courtois Mr Jayanthan Soobramoney Dr Remigius Nnadozie Mr Emmanuel Mbuwe Mr Shannon Davids Ms Olivia Mokgatle Mr C Hlungwane	N/A	N/A

REMUNERATION OF COUNCIL MEMBERS

The QCTO Council members were remunerated as per National Treasury rates. Reimbursement was in accordance with the Remuneration Policy of the QCTO Council and Council Committees. Members from the public sector did not receive remuneration.

Name	Remuneration R	Other reimbursement R	Total R
Mr Samuel Zungu (Chairperson)	13 983	400	14 338
Ms Sibongile Antoni	11 007	400	11 407
Mr Jay Soobramoney	11 007	400	11 407
Mr Mustak Ally	-	-	-
Mr Zongamele Mfecane	11 007	400	11 407
Mr Yershen Pillay	11 007	400	11 407
Ms Ramatsimela Motjoadi	11 007	400	11 407
Ms Thandi Phele	N/A	N/A	N/A
Ms Trudy van Wyk	N/A	N/A	N/A
Mr Vijayen Naidoo (CEO)	N/A	N/A	N/A
Dr Julie Reddy	N/A	N/A	N/A
Dr Amani Saidi	N/A	N/A	N/A
Dr Whitfield Green	N/A	N/A	N/A
Dr Mafu Rakometsi	N/A	N/A	N/A
Dr Thabo Mashongoane	N/A	N/A	N/A
TOTAL	**79 980**	**2 800**	**82 780**

*The above amounts include remuneration, subsistence and travelling allowances for attending Council meetings.

5. Risk Management

The Council reviewed and continued to implement the Risk Management Policy, Risk Management Framework and Risk Management Strategy. The CEO serves as the Chief Risk Officer. All milestones of the Risk Management Strategy for 2020/21 were achieved. Various risk assessments were conducted which have culminated in a reviewed strategic risk register and operational risk registers for all Chief Directorates. A Risk Management Committee is in place which also considers new and emerging risks. Progress on the mitigation of risks is continually monitored and reported to the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee advises the Council on risk management and independently monitors the effectiveness of the system of risk management. The QCTO has seen progress in the management of risks and also maintains a system of evidence for risk mitigation. According to a review on the maturity of the implementation of risk management, the organisation is doing well. A Combined Assurance Framework is in place which assists Council to monitor the level of assurance provided by different assurers per the top 20 risks.

6. Internal Control Unit

Continued progress was made to improve internal controls. Audit Action Plans with findings raised by the AGSA as well as Internal Audit are in place and are closely monitored by the Audit and Risk Committee. These findings are also followed up by Internal Audit on a regular basis and reported to the Audit and Risk Committee.

The QCTO management together with Internal Audit conduct quarterly meetings on the QCTO's internal control checklist and presents the outcomes to the Audit and Risk Committee.

7. Internal Audit and audit And Risk Committee

KEY ACTIVITIES AND OBJECTIVES OF INTERNAL AUDIT

The objective of the internal audit function is to provide independent, objective assurance designed to add value and improve the QCTO operations. It assists the QCTO to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

The scope of the Internal Audit function includes, but is not limited to an evaluation of:

- The reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- The systems established to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports;
- The means of safeguarding assets and, where appropriate, verification of the existence of such assets;
- The economic and efficient management of the company's financial, human and other resources, and the effective conduct of its operations; and
- Operations or programmes to ascertain whether or not results are consistent with established objectives and goals and whether or not the operations are being carried out as planned.

The objectives of the function of the Internal Audit function, defined in terms of audit focus areas, are:

- **Financial auditing:** which aims to ensure that reliable information is produced for both management purposes and external publication and that adequate controls exist to safeguard assets;
- **Operational auditing:** which focuses on the effectiveness and efficiency of the substructure's operations;
- **Compliance auditing:** which addresses compliance with relevant national laws and regulations, best practice and the QCTO's established policies and procedures;
- **IT auditing:** which reviews the controls over information technology and whether IT supports the QCTO's objectives; and
- **Performance auditing:** to evaluate measures instituted by management to ensure economic acquisition and efficient and effective utilisation of resources.

Audit Work

The QCTO has outsourced the function of internal audit to O.M.A. Chartered Accountants.

The following reviews/activities as per audit plan were completed for the 2020/21 financial period and presented to the Audit and Risk Committee:

- Internal Audit and Audit and Risk Committee Charters tabled and approved;
- Internal Audit Plans for 2020/21 and Internal Audit Plan for 2021 and Rolling Plans for 2020/21 to 2022/23 tabled and approved;
- Compilation and assessment of Risk Profile detailed in a Process and Risk Overview Report for planning purposes;
- Facilitated a Strategic Risk Assessment Workshop;
- Facilitated an Annual Root Cause Workshop to assist management in their preparation of an "Audit Action Plan";
- Facilitated a Fraud Risk Assessment Workshop;
- Attended Quarterly Audit and Risk Committee Meetings;
- Participated in Quarterly Risk Management Committee Meetings;
- Participated in Quarterly Internal Dashboard Meetings;
- Conducted the following internal audit reviews:
  - Performance Information for Quarter 4 of 2019/20 and Unaudited Annual Performance Information for 2019/20 financial year;
  - Unaudited Annual Financial Statements 2019/20;
  - Draft Strategic Plan and Annual Performance Plan for 2021/22;
  - Performance Information for Quarters 1-3 of 2020/21;
  - Information Technology – Security Controls Review;
  - Occupational Qualifications Management;
  - Supply Chain and Expenditure Management;
  - Human Resource and Payroll;
  - Financial Discipline Review;
  - Marketing Advocacy and Capacity Building;
  - Occupational Quality Assurance;
  - Performance Information for Quarter 4 of 2020/21 and Unaudited Annual Performance Information for 2020/21 financial year;
  - Unaudited Annual Financial Statements 2020/21;
- Conducted the following Follow Up reviews:
  - Management Action Plans – External and Internal Audit Findings including all findings raised by the AGSA for the 2019/20 period;
  - Internal Audit Findings (These were carried out during the review of all components).

Objectives of the Audit and Risk Committee

1.1. The objective of the Audit and Risk Committee is to assist the QCTO in the discharge of its responsibilities for financial and management reporting, corporate governance and corporate control including the review of internal controls and the management and mitigation of risks.
1.2. It should also review the QCTO's policies in complying with relevant laws, regulations and ethics.
1.3. The Committee has an advisory role to the Council.

Key activities of the Audit and Risk Committee

The Audit and Risk Committee should assist the Council in carrying out its responsibilities as they relate to the QCTO's:

A. financial, management and other reporting practices;
B. internal controls and management of risks; and
C. compliance with laws, regulations, and ethics;

Furthermore, the Audit and Risk Committee should:

- report to the Council any matter identified during the course of carrying out its duties that it considers significant; and

- perform or undertake on behalf of the Council any such other tasks or actions as the Council may from time to time authorise.
-

A further breakdown of activities is:
- Consider the effectiveness of the internal control and risk management system.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations together with management's responses.
- Review the QCTO risk profile on an annual basis and ensure management is effectively managing the risks.
- Review the Materiality and Significance Framework and Fraud Prevention Plan of the QCTO.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management' investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information and annually review the Annual Financial Statements.

1.4. The current Audit and Risk Committee was appointed in 2015 for a three-year term until 31 July 2018. The Committee was re-appointed in August 2018 to serve a second term of three years which is coming to an end on 31 July 2021. All members of the Audit and Risk Committee are external to the QCTO.

The table below discloses relevant information on the QCTO Audit and Risk Committee members:

Name	Qualifications	Date appointed / re-appointed	No. of Meetings
Ms Rene van Wyk (Chairperson)	B. Com (Accounting) B Com (Hons) Certificate in the Theory of Accounting (CTA) CA (SA) MBA Diploma in Advanced Banking	3 September 2015 14 June 2018	4 Present
Ms Pretty Makukule (Alternate: Ms Amelia Poolman)	B Com (Accounting) Advance Diploma in Accounting Science Postgraduate Diploma Applied Accounting Science (CTA) Masters in Business Administration ACMA, CGMA CA (SA)	24 August 2020	Ms Poolman 1 Present 1 Apology Ms Makukule 2 Present
Mr Dumisani Dlamini	Chartered Director (SA) IODSA Professional Accountant (SA) SAIPA Masters of Commerce Degree Bachelor of Technology (Taxation) Post graduate Diploma in Business Management National Diploma in Accounting ACMA, CGMA	3 September 2015 14 June 2018	4 Present
Mr Thilivali Ramawa	B. Com (Accounting) CTA CA (SA) RA	3 September 2015 14 June 2018	3 Present 1 Apology
Ms Seipati Boulton	B.Com AGA(SA) Professional Accountant(SA) Tax Practitioner(SA) Post graduate Certificate in ICT Governance	17 March 2020	4 Present
Adv. Collen Weapond (co-opted expert)	B. Com Hons (IT) M.Tech (Forensic Investigations coursework) LLB B. IURIS B. Tech Policing Postgraduate Diploma in Computer Forensics (course work) Diploma in Education SP III Diploma in Compliance Management Programme in Fraud Management (UP) Certificate in Policing (TUT) Diploma in Business Management (BMTC)	15 January 2016 14 June 2018	4 Present

8. Compliance With Laws and Regulations

To date, the QCTO has ensured that it complied with all required documentation in terms of the PFMA and Treasury Regulations, as required by the DHET's Compliance Calendar.

The QCTO also attends various other meetings to keep abreast of laws and regulations that need to be complied with. The QCTO works closely with the DHET to ensure it is continuously updated with the latest laws and regulations. The QCTO has developed a Compliance Universe and checklists against its founding legislation and monitors compliance on a quarterly basis.

The CFO also attends the CFO Forum and meetings arranged by National Treasury to keep abreast with new developments.

9. Fraud And Corruption

The QCTO has implemented and reviewed its Fraud Prevention Policy and Plan. A comprehensive fraud risk assessment was conducted and the fraud risk register was updated. It is reported on every quarter at the Audit and Risk Committee.

The QCTO launched its own Fraud and Ethics Hotline in March 2016. Continued awareness raising is conducted with staff and stakeholders. The contact details of the QCTO Fraud and Ethics Hotline are as follows:
0800 322 322
FreeFax 0800 00 77 88
qcto@tip-offs.com
www.tip-offs.com

Although a smaller number of alleged cases of fraud (16 cases from April 2020 to March 2021 versus 27 the previous year) were reported and investigated, no actual fraud was detected during the course of the financial year reported via the Hotline. Neither was any other actual fraud detected through other QCTO processes.

10. Minimising Conflict of Interest

In the past year no conflicts of interest were declared.

11. Code of Conduct

The QCTO has its own approved Code of Conduct for employees which is signed by every employee.

12. Health, Safety and Environmental Issues

The QCTO has been renting its own office space since mid-December 2013. The building is compliant to health and safety imperatives as assessed by the landlord and therefore there are no major issues of concern identified thus far. Moreover, QCTO has established health and safety structures and systems, including a committee to handle any emerging Health and Safety issues in compliance with the Health and Safety legislation.

The unprecedented times, of COVID-19, followed by the announcement of the National Lockdown by the President on 26 March 2020 has necessitated the need for the organisation to respond quickly and have an understanding of the impact that the virus may have on how health and safety is managed. The Building was remodelled in order to accommodate more staff and be COVID – 19 compliant, and by year end the process was completed. COVID-19 related matters have been dealt with through the QCTO Executive Committee (EXCOM) which met on a monthly basis. The COVID–19 Risk Register was developed with progress reported on quarterly.

Furthermore, several health and safety precautionary measures were implemented. These include: closure of walk in at the offices, working from home enablement, cancellations of all large gatherings and strict adherence to COVID – 19 protocols for internal and external meetings, return to the office protocols were issued, disablement of the biometric system and replacing with access cards, providing the necessary Personal Protective Equipment such as sanitizers, masks, gloves. Furthermore, routine cleaning of high risk areas and surfaces (e.g. door handles, taps, stairs, work surfaces) were increased. Decontamination of the buildings were done as and when there is a positive case of COVID – 19. Through official statements issued by the Office of the CEO, constant Circulars, staff members have also been reminded to comply with health directives. The majority of QCTO staff has continued to work from home during the various adjusted levels of lockdown regulations. Only a very small number of essential staff has continued to work from the office on a rotational period to provide necessary support.

13. Secretary

The QCTO does not fall under the Companies Act and therefore this section is not applicable to the QCTO (no Company Secretary). The QCTO does have a Director: Governance, Risk, Compliance and Secretariat and staff that perform the secretariat function to Council and its Committees.

14. Social Responsibility

Not applicable to the QCTO for the 2020/21 financial year.

15. Audit And Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2021.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

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

SUMMARY OF MAIN ACTIVITIES UNDERTAKEN BY AUDIT AND RISK COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW

The Audit and Risk Committee met four times during the year under review and performed, amongst other activities, the following key responsibilities:

- Approved the strategic and coverage plans of Internal Audit.
- Reviewed the audit strategy of the Auditor-General South Africa (AGSA) and their audit report to the entity for the financial year ended 31 March 2021.
- Reviewed and updated the Audit and Risk Committee Charter and Internal Audit Charter.
- Reviewed the in-year management reporting relating to financial management, risk management and performance management.
- Reviewed the Risk Management Policy, Framework and Strategy.
- Reviewed the Fraud Prevention Policy and Plan.
- Noted the review reports and outcomes from Internal Audit.
- Reviewed the remedial actions implemented by management to address control weaknesses reported by Internal Audit and the AGSA.
- Noted the quarterly and annual performance reports
- Noted the Annual Performance Plan 2020/21.

THE EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal controls, although there were areas where control weaknesses were noted. Accordingly, we report that the system of internal controls for the period under review was effective for most areas tested. It should be noted, however, that in certain areas controls were found to be only partially effective, and these require further improvement. We have received assurance that these are being addressed, and we will continue to monitor the implementation of remedial actions as a result of findings from both the Internal Audit and the Auditor-General South Africa.

THE QUALITY OF IN YEAR MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the QCTO during the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the annual report, with the Auditor-General South Africa and the Chief Executive Officer;
- Reviewed the Auditor-General South Africa's
- management report and management's response thereto;
- Reviewed any changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives to be included in the annual report; and
- Reviewed significant adjustments resulting from the audit.

INTERNAL AUDIT

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

The following Internal Audit work was completed during the year under review:

- Adequacy and effectiveness audits on various internal control and governance processes;
- Review of the Annual Financial Statements for the financial year ended 31 March 2021;
- Reviews of the quarterly performance information reports for the financial year ended 31 March 2021, including annual performance information;
- Follow-up audits on previous audits to evaluate the effective implementation of Internal Audit recommendations that management had agreed to implement;
- Advisory services; and
- Follow-up on implementation of previous years' audit recommendations by the AGSA.

AUDITOR-GENERAL SOUTH AFRICA

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

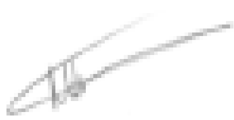
RISK MANAGEMENT

The Audit and Risk Committee closely monitored the identification of risks in the QCTO and received quarterly progress reports on the mitigation of risks. No major incidents/ losses were reported by Management.

CONCLUSION

The Audit and Risk Committee concurs with and accepts the conclusions of the Auditor-General South Africa on the Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General South Africa.

The Audit and Risk Committee commends Management on achieving a clean audit for the fifth year in succession, and urges the organisation to maintain the standard. We commend management on their commitment to good governance within the organisation.



Ms Rene van Wyk
Chairperson of the Audit and Risk Committee:
Quality Council for Trades and Occupations

4. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the 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 the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The QCTO does not issue any licenses or concessions
Developing and implementing a preferential procurement policy?	Yes	The QCTO procurement policy has fully adopted all the prescripts of the Preferential Procurement Policy Frame-work Act and the policy has been fully implemented
Determining qualification criteria for the sale of stateowned enterprises?	No	Not applicable to the QCTO
Developing criteria for entering into partnerships with the private sector?	No	There has not been any project that required the QCTO to enter into a partnership with the private sector
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	No	The QCTO has no capacity to award grants and or incentives as the organisation itself is a grant recipient

PART D
Human Resource Management

1. Introduction

OVERVIEW OF HR MATTERS AT THE QCTO

The QCTO total staff complement for 2020/21 is 99, which consists of:

- 96 Permanent Staff as per approved organisational structure.
- 2 contract employees as per approved structure.
- 1 contract employee for specific identified projects and this post is not part of the approved organizational structure.

The revised QCTO approved structure provides for 246 permanent posts to be filled in phases based on the availability of funds. However, not all of the approved posts can be filled, a total of five (5) posts considered as critical were advertised during the year under review, owing to limited funding and extreme budget cuts. The 2020/21 approved budget and MTEF budgets permits approximately 104 posts to be filled. The vacancy rate stands at 60% for the 2020/21 financial year, a slight increase as compared to the previous financial year (2019/20) which was at 59%. For the year under review, the QCTO was able to fill 96 of all funded posts on permanent basis, two permanent posts were filled on contract and one contract post that is not part of the approved structure. The result of filling posts on permanent capacities will to a greater extent bring stability within the organisation.

HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The main HR focus was to finalise the review of the Human Resources Policies, Human Resources Procedures and to complete the development of the Human Resources Strategy and Human Resources Strategy Implementation Plan.

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

The QCTO's own Human Resources Policies, procedures, and systems were implemented as from 1 September 2014. These approved Human Resources policies and procedures include elements of improved employee benefits, staff retention, such as training and development and bursaries for staff. During 2020/21 a review of the Human Resources Policies and Procedures, and development of the Human Resources Strategy and Human Resources Strategy Implementation Plan was completed. The reviewed Human Resources Policies and developed Human Resources Strategy were approved by the Council in March 2020. The enhancements brought onto the revised Human Resources Policies and Procedures were intended to amongst others to improve employee conditions of services as a drive to retain staff.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The QCTO reviewed the Performance Management Policy which was approved by the Council on 17 March 2020. The QCTO is in the final stages of implementing an electronic (ESS) Performance Management System in the 2021/22 financial year, this will enhance the monitoring and evaluation of the performance of employees.

EMPLOYEE WELLNESS PROGRAMMES

Due to the National Lockdown, no wellness initiatives were implemented. All planned programmes were postponed to be undertaken in the 2021/22 financial year, depending on the availability of funds.

POLICY DEVELOPMENT

No new HRM Policies were developed nor reviewed.

OVERVIEW OF HR MATTERS AT THE QCTO

- The QCTO submitted the Employment Equity Report for 2020/21 to the Department of Employment and Labour. The Employment Equity Committee has been established to oversee the implementation of Employment Enquiry activities.
- The QCTO submitted the Workplace Skills Plan for 2020/21 and established the Training and Development Committee to oversee implementation of training and development activities of employees.
- As a result of continued compliance, the ETDP SETA offered the QCTO a discretionary bursary grant of R250 000, that was distributed equally to 16 employees who had made applications to the grant.
- The QCTO continued to successfully implement its own payroll system (VIP) and Employee Self Service (ESS) System. These modules enable the effective administration of payroll and management of leave.
- Draft Human Resources Strategy Implementation Plan was developed.
- Pension Fund Committee established and is in place.
- Employment Equity Plan is in place
- Implementation of the following organization-wide training programmes:
    - Project Management.
    - Finance for non-financial managers.
    - Report writing skills.

CHALLENGES FACED BY THE QCTO

The QCTO was able to fill 96 posts on a permanent basis and do away with contract positions, although funding remains a hindrance to fully capacitating the approved structure. The QCTO's compensation budget does not allow for all the approved posts (246) to be filled. Of the 246 approved posts the budget permits not more than 104 posts to be filled. These posts are funded mainly from the SETA grant; however, as these funds are allocated annually, based on a submission made to the DHET, the amount received (if any) can vary considerably. The uncertainty constrains the QCTO in fully implementing its mandate.

FUTURE HR PLANS /GOALS

- Implementation of the revised Human Resources Policies Manual.
- Implementation of the approved Human Resources Strategy.
- Approval and implementation of the revised Human Resources procedures.

- Implementation of the approved Human Resources Strategy Implementation Plan.
- Employment Equity initiatives.
- Implementation of the Change Management strategies.
- Implementation of the electronic (ESS) Performance Management System.
- Facilitation of the following training programmes to all QCTO employees to enhance their skills:
    - Supervisory Skills.

With the majority of staff joining the Union (NEHAWU), various engagements between the QCTO and the union were held and this culminated to the QCTO signing a Recognition Agreement with NEHAWU in February 2021.

2. Human Resource Oversight Statistics

PERSONNEL COST BY PROGRAMME

Programme	Total Expenditure for the Entity R'000	Personnel Expenditure R'000	Personnel Expenditure as a % of Total Expenditure	Number of Employees	Average cost per employee R'000
QTCO	113 462	67 709	60%	99	684

PERSONNEL COST BY SALARY BAND

Classification	Personnel Expenditure R'000	% of Personnel Expenditure to Total personnel costs	Number of Employees	Average cost per employee R'000
Top Management	2 149	3	1	2 149
Senior Management	18 736	28	15	1 249
Professional Qualified	34 655	51	54	642
Skilled	4 865	7	13	374
Semi-Skilled	3 822	6	13	294
Unskilled	3 482	5	3	1 161
TOTAL	**67 709**	**100%**	**99**	**684**

Notes:
The Personnel Expenditure (unskilled) includes the costs of 17 Temporary Contract staff whose contracts ended in February 2021.

Performance Rewards for 2020/21 financial year finalised and paid:

Levels	Performance Rewards R'000	Personnel Expenditure R'000	% of performance rewards to total personnel expenditure
Top Management	181	2 149	8
Senior Management	962	18 736	5
Professional Qualified	1 174	34 655	3
Skilled	260	4 865	5
Semi-Skilled	133	3 822	3
Unskilled	26	3 482	1
TOTAL	**2 736**	**67 709**	**4**

TRAINING COSTS COST

Programme	Personnel Expenditure R'000	Training Expenditure R'000	Training as a % of Personnel Costs	Number of Employees	Average Training cost per employee R'000
QTCO	67 709	393	1%	62	6

EMPLOYMENT AND VACANCIES

Programme	2019/20 Approved Posts	2019/20 Number of Employees	2019/20 Vacancies	2019/20 % of Vacancies	2020/21 Approved Posts	2020/21 Number of Employees	2020/21 Vacancies	2020/21 % of Vacancies
QTCO	246	100	146	59%	246	99	147	60%

Notes:

1. Of the total of 246 approved posts on the approved organogram, 197 are posts for the core business operations of QCTO, and 49 posts are for the support structure that was approved by the Council.
2. All approved positions and employees appointment have been budgeted accordingly throughout the MTEF period, with a total 104 posts funded for the 2020/21 financial year. The vacancy rate stands at 60% for the 2020/21 financial year, a slight increase as compared to the previous financial year (2019/20) which was at 59%.

EMPLOYMENT CHANGES

The table below provides information on changes in the employment over the financial year. Turnover rates provide an indication of trends in employment profile of the QCTO.

Programme	2019/20 Approved Posts	2019/20 Number of Employees	2019/20 Vacancies	2019/20 % of Vacancies	2020/21 Approved Posts	2020/21 Number of Employees	2020/21 Vacancies	2020/21 % of Vacancies
Top Management	1	1	0	0%	1	1	0	0%
Senior Management	20	15	5	25%	20	15	5	25%
Professional Qualified	151	55	96	64%	151	54	97	64%
Skilled	45	12	33	73%	45	13	32	71%
Semi-Skilled	26	14	12	46%	26	13	13	50%
Unskilled	3	3	0	0%	3	3	0	0%
TOTAL	**246**	**100**	**146**	**59%**	**246**	**99**	**147**	**60%**

REASONS FOR STAFF LEAVING

Programme	Number of Staff Leaving	% of Staf Leaving to Total Staff (99)
Death	0	0%
Resignation	2	2%
Dismisal	0	0%
Retirement	0	0%
Ill Health	0	0%
Expiry of Contract	18	20%
Other	0	0%
TOTAL	**20**	**22%**

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

There was one case of misconduct and the employee opted to resign during the hearing proceedings.

Natite of disciplinary action	Number
Verbal Warning	0
Written Warning	1
Final Written Warning	0
Dismissal	0

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The Employment Equity Policy is in place and the Employment Equity Plan was developed and submitted to the Department of Labour.

LEVELS	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	1	0	0	0
Senior Management	7	0	3	0	0	2	1	2
Professional Qualified	26	1	0	8	1	4	1	5
Skilled	3	5	0	5	0	5	0	3
Semi-Skilled	3	6	0	3	0	4	0	2
Unskilled	0	7	0	3	0	4	0	2
TOTAL	**39**	**19**	**3**	**19**	**2**	**19**	**2**	**14**

LEVELS	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	-	0	-	0	-	0	0
Senior Management	1	5	0	3	0	3	3	2
Professional Qualified	25	1	0	6	0	5	1	3
Skilled	10	0	0	2	0	1	0	2
Semi-Skilled	10	6	0	3	0	1	0	2
Unskilled	3	4	0	2	0	1	0	2
TOTAL	**49**	**16**	**0**	**16**	**0**	**11**	**4**	**11**

LEVELS	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	2	0	2
Professional Qualified	0	3	0	3
Skilled	0	3	0	2
Semi-Skilled	0	2	0	2
Unskilled	0	1	0	1
TOTAL	**0**	**11**	**0**	**10**

The Employment Equity Plan for the 2020/21 was submitted to the Department of Labour, and an Employment Equity Committee was appointed to oversee the implementation of the plan. The recruitment process is currently based between the gaps the QCTO has on Employment Equity statistics.

PART E

Financial Information

Financial Information Index

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

Materiality

The Financial Accounting Standards Boards (FASB) defines materiality as "the magnitude of an omission or misstatement in the financial statements that makes it probable that a reasonable person relying on those statements would have been influenced by the information or made a different judgement if the correct information had been known".

In setting its materiality framework, the QCTO relied on the quantitative materiality as espoused by International Standards on Auditing (ISA) 320 as listed in the table below and the most appropriate basis for calculating the quantitative materiality limit for the QCTO was 1% of gross expenditure. This was in view of the fact that the QCTO is a services organisation that does not generate its own income and are dependent on State funding. Thus, we assessed the level of a material loss, as being 1% of gross expenditure as per the annual budget.

Guidelines for settings materiality levels	
Basis	**Maximum percentage**
Gross expenditure	1%
Gross revenue	1%
Net Income	2.5 – 10%
Fixed assets	2 – 5%
Total assets	0.5 – 2%

The annual budgeted gross expenditure for the year was estimated at R122, 707 million.
Based on the above and the guideline table above, the quantitative materiality level for QCTO is R1, 227 million being 1% (rounded off) of the annual budgeted gross expenditure.

Accounting Authority's Responsibilites and Approval

The Council is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are 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 Council to ensure that the Annual Financial Statements fairly present the entity's Financial Position, Financial Performance and Cash Flows as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor General South Africa are engaged to express an independent opinion on the Annual Financial Statements and was given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The financial statements present fairly, in all material respects, the financial position of the Quality Council for Trades and Occupations as at 31 March 2021, and its financial performance and cash flows for the year ended in accordance with the Standards of Generally Recognised Accounting Practices (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999)(PFMA).

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Council 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 Annual Financial Statements set out on page 73, which have been prepared on the going concern basis, were approved by the Council and were signed on its behalf by:

Mr Samuel Zungu
Former Chairperson
Quality Council for Trades and Occupations

Ms Sibongile Antoni
Acting Chairperson:
Quality Council for Trades and Occupations

Report of the Council

1. Incorporation

On 31 December 2010, the QCTO was listed as a Schedule 3A Public Entity under the Public Finance Management Act, effective retrospectively from 01 April, 2010 (Gazette Notice 33900), as per section 26 (G)(1) of the Skills Development Act.

2. Review of activities

Main business and operations

The QCTO has been established in order to accommodate the unique learning requirements for building occupational competence. The QCTO is responsible for Occupational Qualifications development and monitoring. Both the National Qualifications Framework Act, No. 67 of 2008 and the Skills Development Act, No. 97 as amended in 2008 outline the functions of the QCTO.

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

Net surplus of the entity was R16,381 million (2020: surplus R9,502 million). The current year surplus was mainly as a result of under-expenditure in employee costs as COVID 19 pandemic restrictions prevented QCTO to fill all vacant posts on time. Travel related expenditure was less than budgeted due to COVID 19 restrictions. Furthermore, unbudgeted revenue from exchange transactions that includes interest income, certification, verification and accreditation services contributed to the surplus.

3. Subsequent events

The Council is aware of two subsequent events arising after the end of the financial year that would not require an adjustment to the annual financial statements. These events have been fully disclosed in note 24 of the annual financial statements.

4. Council members' interests

Where relevant conflict of interests was declared for the year under review.

5. Accounting Authority

The Council of the entity during the year was as follows:

Name	Changes
Dr T Mashongoane	Appointed April 1, 2020
Dr W Green	Appointed February 1, 2021
Mr V Naidoo	Appointed April 1, 2020
Ms SS Antoni	Appointed April 1, 2020
Dr J Reddy	Appointed April 1, 2020
Mr SZ Zungu	Appointed April 1, 2020
Ms T Phele	Appointed April 1, 2020
Dr M Rakometsi	Appointed April 1, 2020
Mr J Soobramoney	Appointed April 1, 2020
Mr Z Mfecane	Appointed April 1, 2020
Mr S Mlotshwa	Appointed April 1, 2020
Ms RF Motjoadi	Appointed April 1, 2020
Mr Y Pillay	Appointed April 1, 2020, Resigned March 8, 2021
Mr MA Ally	Appointed April 1, 2020
Ms T Van Wyk	Appointed April 1, 2020

6. Secretary

The secretary of the Council is Ms. Adri H Solomon of:

BUSINESS ADDRESS	256 Glyn Street Hatfield Pretoria 0083
POSTAL ADDRESS:	Private Bag X278 Pretoria 0001

7. Council members' and executive managers' emoluments

Council Members	Council and/or Committee Fees	Reimbursable Expenses	Total Fees 2021	Total Fees 2020
Prof P Lolwana	9,292	384	9,676	149,131
Mr G Louw	7,338	5,637	12,975	106,748
Mr A Teteme	7,338	523	7,861	113,724
Ms SR Carthy	7,338	622	7,960	101,392
Mr M Rakgosi	7,338	-	7,338	15,011
Dr T Naidoo	-	854	854	78,463
Mr W Matthiae	7,338	-	7,338	63,154
Ms S Antoni	11,007	400	11,407	11,021
Mr T Josopu	7,338	2,389	9,727	11,022
Mr SZ Zungu	13,938	400	14,338	-
Mr Z Mfecane	11,007	400	11,407	-
Ms S Mlotshwa	11,007	400	11,407	-
Ms RF Motjoadi	11,007	400	11,407	-
Mr Y Pillay	11,007	400	11,407	-
Mr J Soobramoney	11,007	400	11,407	-
	133,300	**13,209**	**146,509**	**649,666**

Council Members employed in the public sector are not remunerated.

Executive Management	Designation	Basic Salary	Service Performance Bonus	/Pension Contributions	Other	Total Package 2021	Total Package 2020
Mr VD Naidoo	Chief Executive Officer	1,709,468	242,440	182,747	-	2,134,655	2,064,283
Mr I Gumbochuma	Chief Financial Officer	1,207,128	91,584	96,398	24,688	1,419,798	1,252,565
Ms N Madilonga	Chief Director: Corporate Services	1,262,274	95,768	100,801	25,805	1,484,648	1,432,421
Mr TM Lata	Chief Director: OQM	1,102,278	95,768	100,801	185,801	1,484,648	1,432,421
Mr ER Mbuwe	Chief Director: OQA	1,350,100	104,717	116,348	29,748	1,600,913	1,496,196
Ms A Solomon	Director: Governance	998,615	172,081	85,179	21,843	1,277,718	1,253,831
Ms B Langa-Mtintsilana	Director: OQA	-	-	-	-	-	33,540
Mr S Mkhonza	Director: OQD	958,912	122,695	83,924	46,521	1,212,052	1,188,009
Ms AJ Van Rensburg	Director: Certification	955,043	164,568	81,462	20,900	1,221,973	1,199,073
Mr T Ramhewa	Director: IT	1,005,028	54,465	100,613	-	1,160,106	1,089,294
Ms D Kemp	Director: AQADE	913,582	89,593	76,751	30,505	1,110,431	1,057,565
Mr R Macpherson	Director: QA	961,109	52,886	76,751	19,705	1,110,451	1,057,565
Mr T Gqili	Director: B & GQ	917,837	-	82,233	57,496	1,057,566	1,057,567
Mr M Marfalane	Director: R & A	961,109	52,886	76,751	19,705	1,110,451	1,057,565
Mr T Matjabe	Director: Accreditation	961,109	-	76,751	19,705	1,057,565	1,057,565
Mr J April	Director: OCEO	961,109	74,013	76,751	19,705	1,131,578	1,057,565
Mr S Davids	Director: Engineering	1,043,419	-	89,919	23,045	1,156,383	1,060,018
TOTAL		**17,268,120**	**1,413,464**	**1,504,180**	**545,172**	**20,730,936**	**19,847,043**

Report of the External Auditor

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Quality Council for Trades and Occupations, set out on pages 72 to 101 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Quality Council for Trades and Occupations as at 31 March 2021, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Financial Management Act 1 of 1999 (PFMA).

Basis for opinion

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

4. I am independent of the public entity in accordance with the *International Ethics Standards Board for Accountants' International code of ethics for professional accountants(including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of matters

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

Events after the reporting period

7. I draw attention to note 24 in the financial statements, which deals with subsequent events and specifically the possible effects of covid-19 and the related varying lockdown restrictions on the public entity's future operations, budget allocations, performance and cash flows.

8. I also draw attention to note 24 in the financial statements, which notes that the council chairperson resigned at the end of April 2021. The deputy chairperson of the council has been appointed to act as interim council chairperson until such a time that the minister of Higher Education and Training appoints a chairperson.

Responsibilities of the accountingauthority for the financial statements.

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

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

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

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

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine

whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3- occupational qualifications quality assurance	31 - 38

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

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
    - **Programme 3** - occupational qualifications quality assurance.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages **23** to **45** for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

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

OTHER INFORMATION

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report

23. My opinion on the financial statements and the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

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

25. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

PRETORIA
31 JULY 2021

ANNEXURE- AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
   - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the over-ride of internal control.
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
   - conclude on the appropriateness of the accounting authority's 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 Quality Council for Trades and Occupations to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

Annual Financial Statements for the year ended March 31, 2021

5. Statement of Financial Position as at March 31, 2021	Note(s)	2021 R'000	2020 R'000
Assets			
Current Assets			
Receivables from exchange transactions	4	676	635
Receivables from non-exchange transactions	5	-	6
Cash and cash equivalents	6	93,736	90,273
		94,412	**90,914**
Non-Current Assets			
Property, plant and equipment	7	17,260	8,275
Intangible assets	8	2,619	1,492
		19,879	**9,767**
Total Assets		**114,291**	**100,681**
Current Liabilities			
Operating lease liability	9	1,594	1,264
Payables from exchange transactions	10	1,521	2,792
Payable from non-exchange transactions	11	5,636	8,008
Unspent conditional grants and receipts	12	216	1,129
Provisions	13	6,867	5,411
		15,834	18,604
Total Liabilities		**15,834**	**18,604**
Net Assets		**98,457**	**82,077**

6. Statement of Financial Performance	Note(s)	2021 R'000	2020 R'000
Revenue			
Revenue from exchange transactions			
Rendering of services		3,781	5,111
Other income		183	92
Interest received		2,159	5,425
		6,123	**10,628**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies		122,785	116,404
Conditional Grant (NSF)		3,175	1,451
		125,960	**117,855**
Total Revenue	**14**	**132,083**	**128,483**
Expenses			
Personnel costs	15	(69,966)	(64,561)
Depreciation and amortisation	7&8	(5,888)	(4,244)
Impairment loss Administrative Expenses	16	(39,848)	(50,176)
Unspent conditional grants and receipts	12	216	1,129
		(115,702)	(118,981)
Total Expenses		(115,702)	(118,981)
Surplus for the year		**16,381**	**9,502**

7. Statement of Changes in Net Assets	Accumulated Surplus	Total Net Assets
	R'000	R'000
Balance at April 1, 2019	**72,574**	**72,574**
Surplus for the year	9,502	9,502
Total changes	9,502	9,502
Balance at April 1, 2020	**82,077**	**82,077**
Surplus for the year	16,381	16,381
Total changes	16,381	16,381
Balance at March 31, 2021	**98,457**	**98,457**

8. Cash Flow Statement	Note(s)	2021 R'000	2020 R'000
Cash flows from operating activities			
Receipts			
Rendering of services		3,928	5,094
Grants		120,424	113,980
Interest income		2,349	5,423
Other receipts		2,755	10,738
		129,456	**135,235**
Payments			
Employee costs		(63,761)	(62,843)
Suppliers		(46,237)	(50,152)
		(109,998)	**(112,995)**
Net cash flows from operating activities	**17**	**19,458**	**22,240**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(13,051)	(1,600)
Purchase of other intangible assets	8	(2,947)	(132)
Net cash flows from investing activities		**(15,998)**	**(1,732)**
Net increase in cash and cash equivalents		**3,461**	**20,508**
Cash and cash equivalents at the beginning of the year		90,274	69,766
Cash and cash equivalents at the end of the year	**6**	**93,735**	**90,274**

9. Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amountson comparable basis R'000	Difference between final budget and actual R'000	Reference R'000
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	-	-	-	(3,928)	(3,928)	1
Interest received – investment	-	-	-	(2,349)	(2,349)	2
Total revenue from exchange transactions	-	-	-	(6,277)	(6,277)	
Transfers from other entities						
Transfer revenue						
Government grants & subsidies	(124,635)	1,928	(122,707)	(120,424)	2,283	3
Other transfer revenue	-	-	-	(2,755)	(2,755)	4
Total revenue from non-exchange transactions	(124,635)	1,928	(122,707)	(123,179)	(472)	
Total revenue	**(124,635)**	**1,928**	**(122,707)**	**(129,456)**	**(6,749)**	
Expenses						
Personnel costs	80,339	(1,328)	79,011	63,761	(15,250)	5
General Expenses	40,818	(600)	40,218	46,237	6,019	6
Total expenses	**121,157**	**(1,928)**	**119,229**	**109,998**	**(9,231)**	
Total	**(3,478)**	**-**	**(3,478)**	**(19,458)**	**(15,980)**	
Statement of Financial Position						
Assets						
Non-Current Assets						
Property, plant and equipment	2,478	-	2,478	13,051	10,573	7
Intangible assets	1,000	-	1,000	2,947	1,947	7
Total Assets	**3,478**	**-**	**3,478**	**15,998**	**12,520**	
Net Assets	**-**	**-**	**-**	**(3,461)**	**(3,461)**	

REFERENCE

1. The amounts relates to certification and verification services that was introduced in prior years which was not budgeted for in the current financial year.
2. Interest was earned from excess funds saved in the ABSA account and SARB CPD account as the SETA Levy Grant is now received at the beginning of the year.
3. The difference is due to less SETA Levy Grant received in advance in the current year compared to prior year.
4. Included in Other receipts is conditional grant received from National Skills Fund and ETDP SETA skills development levy.
5. The spending on personnel expenditure is below the budget due to late appointments of new staff as the organisation phased out contract positions in the prior years and did not replace the posts due to COVID 19 restrictions.
6. The general expenses is overspent due to implementation of various projects that were approved in the prior years but were paid for in the current financial year.
7. The capital expenditure was overspent due to the implementation of office space remodelling needed to create additional office space and an IT enterprise system that was bought in the current year.

Accounting Policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), 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 convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgements and sources of estimation uncertainty

In the application of the QCTO accounting policies, management is required to make judgements estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

Due to the nature of the QCTO, management considers property, plant and equipment and intangible assets to be non-cash generating assets and therefore impairment of cash-generating assets are not applicable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the following factors to determine the optimum useful life expectation for each of the individual items of infrastructure, plant and equipment.

- Expected usage of the asset. Usage is assessed by reference to the assets expected capacity or physical output;
- Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used, the repair and maintenance programme and the care and maintenance of the asset while idle;
- Technical or commercial obsolescence arising from changes or improvement in production or from a change in the market demand for the product or service output of the asset, and
- Exit policy of the entity.

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 entity; and

- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

Item	Depreciation method	Average useful life
Furniture and fittings	Straight-line	5 - 10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	3 - 5 years
Computer equipment	Straight-line	3 - 5 years
Leasehold improvements	Straight-line	5 years

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

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

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

The entity assesses at each reporting date whether there is any indication that the entity 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 entity 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.

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

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

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
- A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.
- An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	2 - 5 years

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

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 entity.

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 an entity in the event of difficulty.

1.7 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 non-collectibility.

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.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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 entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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 entity.

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 an entity 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.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

1.8 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

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 (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an

QCTO in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

The QCTO also recognises commitments where Council has authorised but not yet contracted for (tenders not yet finalised)

1.13 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, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity 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.

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.

Rendering of services

When the outcome of a transaction involving the rendering of services 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 entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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.

1.15 Commitments

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.16 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.17 Comparative figures

Budget information in accordance with GRAP 24 has been provided in the Statement of Comparison of Budget Against Actual Amounts for the current financial year only, and forms part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.19 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 recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

A. this Act; or
B. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
C. any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditureregister 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.

1.21 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01-Apr-20 to 31-Mar-21.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the Statement of Financial Performance and budget have been included in the annual financial statements. Refer to Statement of Comparison of Budget and Actual Amounts.

1.22 Related parties

The entity operates in a economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequences of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity 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 entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.23 Events after reporting date

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

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

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

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

2. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year accounting policies unless explicitly stated otherwise.

The entity changes an accounting policy only if the change:
- Is required by a standard of GRAP; or
- Results in the annual financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on performance or cash flow.

Changes in accounting polices that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that is is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

Correction of errors as applied retrospectively in the period in which the error has occured in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicablet.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 Standards and interpretations issued, but not yet effective

The entity has applied all relevant standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2020 or later periods.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 Financial Instruments	To be determined	Unlikely there will be a material impact
GRAP 01 Presentation of Financial Statements	April 1, 2021	Unlikely there will be a material impact

Notes to the Annual Financial Statements	2021 R'000	2020 R'000
4. Receivables from exchange transactions		
Trade debtors	204	350
Accrued income	92	285
Prepaid expenses	380	-
Total	**676**	**635**
Trade and other receivables past due but not impaired		

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At March 31, 2021, R28,666 (2020: R333,000) were past due (over 3 months) but were not impaired.

The ageing of amounts past due but not impaired is as follows:

3 months past due	28	30
5. Receivables from non-exchange transactions		
Sundry customers	-	6
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	38,776	85,563
Short-term deposits	54,961	4,710
Total	**93,737**	**90,273**

As required in Treasury Regulation 31.2, National Treasury approved the banks the QCTO banking accounts are held. The weighted average interest rate on short term bank deposits was approximately 3.7% for the year (2020: 6%).

Cash includes cash with ABSA bank. Cash equivalents are short term, highly liquid investments that are held with the Corporation for Public Deposits (CPD) - SARB with maturities of three months or less and that are subject to an insignificant risk of change in value. For purpose of the Cash Flow Statements, cash and cash equivalents comprises cash on hand and deposits held on call with CPD.

Notes to the Annual Financial Statements	2021			2020		
	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation & accmulated impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
7. Property, plant and equipment						
Furniture and fittings	6,437	(4,283)	2,154	6,437	(3,636)	2,801
Motor vehicles	3,705	(1,869)	1,836	3,705	(1,208)	2,497
Office equipment	3,453	(3,228)	225	3,453	(2,509)	944
Computer equipment	7,696	(5,891)	1,805	6,409	(5,340)	1,069
Leasehold improvements	17,623	(6,383)	11,240	5,858	(4,894)	964
Total	**38,914**	**(21,654)**	**17,260**	**25,862**	**(17,587)**	**8,275**

Notes to the Annual Financial Statements	Opening balance	Additions	Depreciation	Total
	R'000	R'000	R'000	R'000
7. Property, plant and equipment				
Reconciliation of property, plant and equipment – 2021				
Furniture and fittings	2,801	-	(647)	2,154
Motor vehicles	2,497	-	(661)	1,836
Office equipment	944	-	(719)	225
Computer equipment	1,069	1,286	(550)	1,805
Leasehold improvements	964	11,765	(1,489)	11,240
Total	**8,275**	**13,051**	**(4,066)**	**17,260**
7. Property, plant and equipment				
Reconciliation of property, plant and equipment – 2020				
Furniture and fittings	3,392	64	(655)	2,801
Motor vehicles	3,172	-	(675)	2,497
Office equipment	1,609	236	(901)	944
Computer equipment	674	1,300	(905)	1,069
Leasehold improvements	1,554	-	(590)	964
Total	**10,401**	**1,600**	**(3,726)**	**8,275**

Notes to the Annual Financial Statements	2021			2020		
	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation & accmulated impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
8. Intangible assets						
Computer software	5,752	(3,133)	2,619	2,804	(1,312)	1,492
Total	**5,752**	**(3,133)**	**2,619**	**2,804**	**(1,312)**	**1,492**

Notes to the Annual Financial Statements	Opening balance	Additions	Amortisation	Total
	R'000	R'000	R'000	R'000
8. Intangible assets				
Reconciliation of intangible assets – 2021				
Computer software	1,492	2,947	(1,820)	2,619
Total	**1,492**	**2,947**	**(1,820)**	**2,619**
8. Intangible assets				
Reconciliation of intangible assets – 2021				
Computer software	1,879	132	(519)	2,801
Total	**1,879**	**132**	**(519)**	**1,492**

Notes to the Annual Financial Statements	2021 R'000	2020 R'000
9. Operating lease liability		
Operating lease liabilities	(1,594)	(1,264)
Total	**(1,594)**	**(1,264)**
10. Payables from exchange transactions		
Trade payables	432	750
Income received in advance	24	-
Other payables**	60	-
Accrued expenses	1,005	2,042
Total	**1,521**	**2,792**

** Other payables consist of salaries due to employees who were serving notice up until 31 March 2021

11. Payables from non-exchange transactions		
Payment received in advance	5,622	7,997
Other payables	14	11
Total	**5,636**	**8,008**
12. Unspent conditional grants and receipts		
Conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Opening balance	**216**	**1,129**
Movement during the year		
Balance at the beginning of the year	1,129	169
Additions during the year	2,262	2,411
Income recognition during the year	(3,175)	(1,451)
Total	**216**	**1,129**

The NSF conditional grants were awarded to QCTO for Digitisation of paper based data and Accreditation of skills development service providers projects. The projects duration was initially estimated to be three years starting from January 2019.

Notes to the Annual Financial Statements	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
13. Provisions				
Reconciliation of provisions - 2021				
Leave pay provision	2,919	239	(153)	3,005
Bonus provision	2,492	5,962	(4,592)	3,862
Total	**5,411**	**6,201**	**(4,745)**	**6,867**
13. Provisions				
Reconciliation of provisions - 2020				
Leave pay provision	1,974	1,090	(145)	2,919
Bonus provision	1,719	3,864	(3,091)	2,492
Total	**3,693**	**4,954**	**(3,236)**	**5,411**

Leave is calculated based on leave days outstanding at year end and quantified in terms of total cost of employment per employee. The service bonus and performance bonus provisions relate to 13th cheque as well as approved performance bonus commitments due to QCTO employees at financial year end.

Notes to the Annual Financial Statements	2021	2020
	R'000	R'000
14. Revenue		
Rendering of services**	3,781	5,111
Other income***	183	92
Interest received	2,159	5,425
Government grants & subsidies	122,785	116,404
Conditional Grant (NSF)	3,175	1,451
Total	**132,083**	**128,483**

** Rendering of services include an amount of R1,670,889 for certification services and an amount of R2,110,000 for accreditation services.

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

Rendering of services	3,781	5,111
Payment received in advance	183	92
Other payables	2,159	5,425
Total	**6,123**	**10,628**

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

Transfer revenue		
Government grants & subsidies	122,785	116,404
Conditional grant (NSF)	3,175	1,451
Total	**125,960**	**117,855**

Notes to the Annual Financial Statements	2021 R'000	2020 R'000
15. Personnel costs		
Basic	48,220	45,291
Provision for bonus	5,966	3,864
Medical aid - company contributions	1,569	1,355
UIF	207	190
SDL	401	539
Leave pay provision	239	1,090
Defined contribution plans	5,871	5,551
Car allowance	132	233
Housing benefits and allowances	816	811
Other benefits**	6,545	5,637
Total	**69,966**	**64,561**

** Included in Other benefits is cash allowance portion of employees benefits and 37% in lieu of benefits earned by temporary employees.

16. Administrative expenses

Advertising	595	345
Audit fees - Internal	685	433
Bank charges	43	60
Cleaning	1,343	1,177
Audit fees - External	1,284	923
Consulting and professional fees**	13,088	15,732
Office plants	55	145
Insurance	144	281
Conferences and workshops	38	1,834
IT expenses	5,146	3,598
Lease rentals	9,490	9,877
Motor vehicle expenses	92	313
Legal fees	274	482
Postage and courier	9	29
Printing and stationery	464	1,352
Security expenses	172	180
Staff welfare and refreshments	166	157
Subscriptions and membership fees	437	354
Telephone, internet and fax	993	383
Training	402	292
Travel, subsistence and accommodation	685	6,548
Water & electricity expenses	2,841	2,774
Council & committees remuneration	474	1,075
Repairs and maintenance costs***	600	1,065
Recruitment costs	33	691
Other expenses	295	76
Total	**39,848**	**50,176**

**Included in the Consulting and professional fees are fees related to verifiers and monitors.

***Repairs and maintenance costs consists of contracted services incurred to repair and maintain property, plant and equipment.

17. Cash (used in) generated from operations

	2021 R'000	2020 R'000
Surplus	16,381	9,502
Non-cash movements:		
Depreciation and amortisation	5,888	4,244
Movements in operating lease assets and accruals	330	834
Movements in provisions	1,456	1,718
Changes in working capital:		
Receivables from exchange transactions	(41)	28
Payables from exchange transactions	(1,271)	(618)
Payables from non-exchange transactions	(2,372)	5,572
Unspent conditional grants and receipts	(913)	960
Total	**19,458**	**22,240**

18. Financial instruments disclosure Categories of financial instruments

QCTO management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values except as detailed in the following table:

Notes to the Annual Financial Statements	At fair value	Total
	R'000	R'000
2021		
Financial assets		
Receivables from exchange transactions	676	676
Cash and cash equivalents	93,736	93,736
Total	**94,412**	**94,412**
Financial liabilities		
Payables from exchange transactions	1,521	1,521
Payable (non-exchange)	5,636	5,636
Total	**7,157**	**7,157**
2020		
Financial assets		
Receivables from exchange transactions	635	635
Receivables from non-exchange transactions	6	6
Cash and cash equivalents	90,273	90,273
Total	**90,914**	**90,914**
Financial liabilities		
Payables from exchange transactions	2,792	2,792
Payable (non-exchange)	8,008	8,008
Total	**10,800**	**10,800**

Notes to the Annual Financial Statements	2021 R'000	2020 R'000
19. Commitments		
Approved and contracted commitments		
Operational expenditure commitments	16,519	3,934
Capital expenditure commitments	-	253
Total	**69,966**	**64,561**
Authorised capital expenditure *Not yet contracted for and authorised by council*		
Property, plant and equipment	-	7,788
Not yet contracted for and authorised by council		
Expenditure	29,354	11,545
Total commitments		
Capital expenditure	-	8,041
Operational expenditure	45,873	15,479
Total	**45,873**	**23,520**
Operating leases - as lessee (expense) *Minimum lease payments due*		
within one year	9,256	9,020
in second to fifth year inclusive	15,700	24,956
Total	**24,956**	**33,976**

Photocopiers

The QCTO leases 6 photocopy machines from Konica Minolta for a period of 36 months, effective from 1 May 2018. The monthly lease payments are R23 085 with no annual escalation. The organisation is also expected to pay 4.92 cents per page for black copies and 29.95 cents per page for colour copies during the duration of the contract.

Office space

The QCTO extended its original 5 years lease agreement for office space and parking with Izandla Property Fund by a further 5 years effective from 1 November 2018 to 31 October 2023. The entity shall have the right, upon giving the Landlord written notice by 28 February 2023, to renew the lease for a further period of 5 years. The monthly lease payments for the office space is R573 028 with an annual escalation of 6.25% and R93 661 parking space with an annual escalation of 5% per annum.

20. Contingencies

Contingent liabilities

A dispute has been declared between the entity and a service provider who donated the Management Information System (MIS) after the entity terminated the Service Level Agreement due to non-compliance with some prescripts of PFMA, the service provider is seeking damages of R7,057,402. The entity's lawyers and management are still considering the success likelihood of the action against the entity and the case should be resolved within the next two years.

The QCTO still needs to apply after audit finalisation to National Treasury in terms of Sections 53(3) of the PFMA for the retention of accumulated surplus estimated to about R79,1 million for 2020/21 financial year based on National Treasury prescribed formula.

21. Related parties

Relationships	
Controlling Body	Department of Higher Education and Training (DHET)
Entities under the department	Agriculture Sector Education and Training Authority(AGRISETA) Banking Sector Education and Training Authority(BANKSETA) Culture, Arts, Tourism, Hospitality and Sports Educational and Training Authority (CATHSSETA) Chemical Industries Education and Training Authority Education, Training and Development Practices(ETDP) Energy Sector Education and Training Authority(EWSETA) Financial and Accounting Services Sector Education and Training Authority (FASSET) Food and Beverages Manufacturing Industry Sector Education and Training Authority (FOODBEV) Fibre Processing Manufacturing Sector Education and Training Authority (FP&M SETA) Health and Welfare Sector Education and Training Authority (HWSETA) Insurance Sector Education and Training Authority (INSETA) Local Government Sector Education and Training Authority (LGSETA) Media, Advertising, Information and Communication Technologies Sector Education and Training Authority (MICT) Mining Qualifications Authority (MQA) Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA) Public Service Sector Education and Training Authority (PSETA) Safety and Security Sector Education and Training Authority (SASSETA) Services Sector Education and Training Authority (SERVICES SETA) Transport Education and Training Authority (TETA) Wholesale and Retail Sector Education and Training Authority (W&RSETA) National Skills Fund (NSF)

Notes to the Annual Financial Statements	2021 R'000	2020 R'000
Related party balances		
Amounts included in Payables from non-exchange transactions regarding related parties		
NSF	216	1,129
W&RSETA	5,622	7,984
Related party transactions - SETA grants levies received		
AGRISETA	2,956	2,787
BANKSETA	5,793	5,300
CATHSSETA	2,548	2,423
CETA	4,474	2,618
CHIETA	3,874	3,597
ETDP SETA	3,665	3,505
CHIETA	3,874	3,597
ETDP SETA	3,665	3,505
EWSETA	2,130	2,093
FASSET	3,683	3,702
FOODBEV SETA	2,681	2,427

Notes to the Annual Financial Statements	2021 R'000	2020 R'000
FP&M SETA	2,505	2,424
HWSETA	3,428	3,114
INSETA	3,533	3,354
LGSETA	4,600	4,355
MERSETA	10,345	10,020
MICT SETA	6,126	5,925
MQA	8,007	6,714
PSETA	55	45
SASSETA	2,207	2,092
SERVICES SETA	11,446	10,964
TETA	5,238	5,139
W&R SETA	7,985	7,748
Total	**97,278**	**90,348**
Transfer from Department of Higher Education and Training		
DHET	25,507	26,056

22. Change in estimate

Property, plant and equipment
There were no changes in estimates in the current period. Changes in estimates for items of property, plant and equipment were effected in the prior financial years.

23. Going concern

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

The management has done a going concern assessment of the entity as at 31 March 2021 and based on the available information, management is satisfied that they entity will continue as a going concern in future.

24. Events after the reporting date

Subsequent events have occurred after the closure of the financial year on 31 March 2021.

1. The COVID-19 pandemic continues to impact the country and indeed the whole world. The impending onset of the third wave is also a matter of concern as this will have an impact on the local economy and economies around the globe. This will no doubt impact the operations of the QCTO. However, due to the mitigations implemented by the QCTO, the QCTO has determined that these events are non-adjusting subsequent events.

   Accordingly, the financial position and results of operations as of and for the year ended 31 March 2021 have not been adjusted to reflect their impact. However, it is worth noting that the QCTO 2021/22 financial year revenue has been impacted by a reduction of 27,3 million rand from the SETA Levy Grant allocation as compared to that of the year under review. The organisation has adjusted the annual performance plans and re-tabled the budget in response to the budget allocation cuts.

2. The QCTO Council Chairperson resigned at the end of April 2021. The Deputy Chairperson of Council has been appointed to act as Interim Council Chairperson until such time that the Minister: Higher Education, Science and Innovation appoints a Chairperson.

25. Irregular expenditure

Notes to the Annual Financial Statements	2021 R'000	2020 R'000
Opening balance as previously reported	-	862
Opening balance as restated	**-**	**862**
Less: Amount written off - current	-	(862)
Closing balance	-	-

Amounts written-off

The Council approved the condonement of R862,000 total irregular expenditure on 29 July 2019.

26. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements of the entity are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis.

In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the Statement of Comparison of Budget and Actual Amounts.

List of Abbreviations / Acronyms

AGSA	Auditor-General South Africa
APP	Annual Performance Plan
APPETD	Association of Private Providers for Education, Training and Development
AQP	Assessment Quality Partner
BBBEE	Broad Based Black Economic Empowerment
CAT	Credit Accumulation Transfer
CEO	Chief Executive Officer
CD	Chief Directorate
CET	Community Education and Training
CFO	Chief Financial Officer
CIPPT	Chartered Institute for Professional Practitioners and Trainers
CHE	Council on Higher Education
COIDA	Compensation for Occupational Injuries and Diseases Act
CGICTPF	Corporate Governance of Information Communication Technology Framework
DBE	Department of Basic Education
DG	Director General
DHET	Department of Higher Education and Training
DoL	Department of Labour
EISA	External Integrated Summative Assessment
ETQA	Education and Training Quality Assurance body
FBO	Faith Based Organisations
FET	Further Education and Training
GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit
GRC&S	Governance, Risk, Compliance and Secretariat
HR	Human Resources
IT	Information Technology
ITC	Information Technology and Communication
IQ	Institute for Quality
INDLELA	Institute for the Development of Learnerships, Employment Skills and Labour Assessments
LQDF	Learner Qualifications Development Facilitator
MHESI	Minister of Higher Education, Science and Innovation
MIS	Master Information System
MOA	Memorandum of Agreement
MSP	Master Systems Plan
MTEF	Medium Term Expenditure Framework
N/A	Not applicable
NAMB	National Artisan Moderation Body
NATED	National Education Report 191 (Part 2) N4 to N6
NCPPDSA	National Council for Persons with Physical Disabilities in South Africa

NCV	National Certificate Vocational
NEET	Individuals not in education, employment or training
NLRD	National Learner Records Database
NPO	Non-Profit Organisation
NPPSET	National Plan for Post School Education and Training
NQF Act	National Qualifications Framework Act (No. 67 of 2008)
NSA	National Skills Authority
NSDP	National Skills Development Plan
OQA	Occupational Quality Assurance
OQLMS	Occupational Qualifications Learner Management System
OQM	Occupational Qualifications Management
OQSF	Trades and Occupations Qualifications Sub-Framework (commonly known as Occupational Qualifications Sub-Framework for Trades and Occupations)
PAIA	Promotion of Access to Information Act
PAYE	Pay As You Earn
PFMA	Public Finance Management Act
POPI Act	Protection of Personal Information Act
PPPFA	Preferential Procurement Policy Framework Act
PSET	Post School Education and Training
QA	Quality Assurance
QAP	Quality Assurance Partner
QC	Quality Council
QCTO	Quality Council for Trades and Occupations
QDF	Qualifications Development Facilitator
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SAQAN	Southern African Quality Assurance Network
SASCE	Southern African Society for Cooperative Education
SCM	Supply Chain Management
SDA	Skills Development Act (No 97 of 1998)
SDG4E	Skills Development for the Green Economy
SDP	Skills Development Provider
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SOP	Standard Operating Procedure
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
Umalusi	Council for Quality Assurance in General and Further Education and Training
WBL	Work Based Learning
WEL	Work Experience Learning
WIL	Work Integrated Learning
WPPSET	White Paper on Post School Education and Training

FROM EMERGENCY
TO EMERGENCE

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