



PSiRA
Private Security Industry Regulatory Authority

ANNUAL
REPORT

20²¹₂₂



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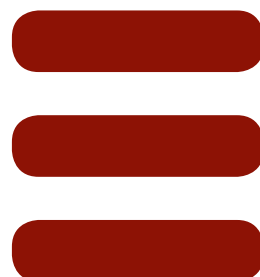
Corporate Secretary

Mr Jacob Makgolane

GENERAL INFORMATION



PART A



ABBREVIATIONS

AGSA	Auditor-General South Africa
ARC	Audit and Risk Committee
AWU	Abangobi Workers Union
B-BBEE	Broad-Based Black Empowerment
CFR	Central Firearms Register
CIPC	Companies and Intellectual Property Commission
CRC	Criminal Record Centre
CSR	Corporate Social Responsibility
DECAF	Geneva Centre for Security Governance
EAP	Economically Active Population
E2	Eyes and Ears Initiative
EEA	Employment Equity Act
EE	Employment Equity
ESS	Employee Self Service
FEU	Forensic and Ethics Unit
FINCO	Finance and Investment Committee
FLASH	Firearms Liquor and Second-Hand Goods Control
HCM	Human Capital Management
HCREMCO	Human Capital and Remuneration Committee
HRM	Human Resource Management
IASIR	International Association of Security and Investigative Regulators
ICT	Information and Communication Technology
IOD	Injury on Duty
MINMEC	Ministers and Members of Executive Councils Meeting
MoU	Memorandum of Understanding
MTSF	Medium Term Strategies Framework
OD	Organisational Development

PFMA	Public Finance Management Act
PSiRA	Private Security Industry Regulatory Authority
PSIAC	Private Security Industry Advisory Committee
POCC	Provincial Operational Command Centre
R&D	Research and Development
RPL	Recognition of Prior Learning
SAAMDEC	South African Aerospace Maritime and Defense Council
SADC	Southern African Development Community
SAPS	South African Police Services
SASSETA	Safety and Security Sector Education and Training Authority
SATAWU	South African Transport and Allied Workers Union
SCBC	Stakeholder and Core Business Committee
SCM	Supply Chain Management
SEC	Social and Ethics Committee
SHE	Safety, Health and Environment
SMMEs	Small Medium and Micro Enterprises
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
UNISA	University of South Africa
UP	University of Pretoria
USA	United States of America
WIL	Work Integrated Learning
WITS	University of the Witwatersrand
WSP	Workplace Skills Plan
4IR	Fourth Industrial Revolution

FOREWORD BY THE MINISTER OF POLICE



The 2021/2022 financial year was yet again a challenging one, as our country continued to suffer the consequences of the outbreak of our two-year battle against the Covid-19 pandemic, in particular the economic impact that drove unemployment and subsequent increased social-economic challenges that arose as a result thereof. This unfortunately also impacts and drives an increase in crime. Considering the hardships caused by the pandemic, I am however grateful to note that the private security industry is a significant contributor to creating sustainable jobs within the country, and also plays a direct role to foster a safer South Africa.

I have noted with interest the 7% increase in the number of registered active security businesses over the financial year, as well as the 5% increase in employment of registered security officers within the private security industry over the same period. With a 33% increase of registered active businesses and 20% increase in employment over the last 7 years, there is no doubt that the demand for private security industry is growing in the country, and PSiRA was well prepared to administratively deal with this growth, and manage the increased demand in processing applications for registration through the launch of its digital registration and training quality assurance platform, during the latter part of the year.

Although we can in general draw a lot of positives from the last financial year, which includes important interventions taken by government in response to the pandemic and the resolve of our people in dealing with the impact of Covid-19, we cannot forget the orchestrated and devastating public violence that occurred in July 2021, and the impact this had on our social conscience. I have re-iterated during the South African Human Rights Commission's national investigative hearing into the unrest, that the private security industry as force-multiplier and the need for increased

collaboration and sharing of information between State Security forces, PSiRA and the private security industry is necessary. As mentioned during the last Budget Vote, strengthening the relationship between the police and the community is critical, and a practical relationship between the private security industry and State Security agencies within established and existing partnership frameworks, is critical to ensure proper collaboration between the parties.

The Eyes and Ears Initiative (E2) is an example of just one collaborative initiative between the South African Police Service, Business Against Crime South Africa, and PSiRA registered and legitimate members of the private security industry, who formally cooperates with the SAPS by relaying information directly to the Provincial Operational Command Centre (POCC) and in some instances, receiving such relevant information directly from it. This initiative to enhance situational awareness and operational response by the SAPS in using the private security industry's geographical deployed footprint for the sharing of information, remains an important partnership that needs to be built on.

The foundation of this partnership is however built on a trustworthy and compliant private security industry, and the regulatory and law enforcement activities of PSiRA is crucial to ensure proper oversight over a growing and increasingly technological advanced private security industry. I have noted the general increased levels of compliance by the private security industry following on from the law enforcement inspections and operations held by PSiRA, and this bodes well for the industry becoming and remaining a valuable partner for the state law enforcement agencies in our fight against crime. I am also pleased to have received and considered new draft regulations from PSiRA on a number of areas, especially training of security service providers, in order to ensure that security service providers improve their skills and professionalise the sector.

I am fully aware of the continued and difficult financial environment in which PSiRA operates, which is a direct result of its funding model, which remains not only dependent upon the growth in employment within the private security industry, but also on the country's economic situation. I am however pleased to see PSiRA's improved liquidity which is product of prudent financial management and oversight by its management, governance committees and Council. I am looking forward to continued support by National Treasury to move forward in ensuring the implementation of the Private Security Industry Levies Act, which will not only improve the financial position of PSiRA, but also improve its collection mechanisms.

I have also taken note of PSiRA's continued commitment to implement its Annual Performance Plan targets in support of its 5-year strategic outcomes. This commitment is a reflection of the extent to which the Authority take its role seriously in ensuring that the industry acts in the interest of the state, the public and the interest of the private

security industry itself and its aim to continuously work promoting the transformation of the industry. The draft Transformation Charter developed in consultation with industry representatives during the year, will hopefully pave the way for a more transformed private security industry, reflecting our broader demographic composition.

Lastly, I wish to express my gratitude to PSiRA's chairperson for Council and fellow Council members, its Director and his executive and all its staff, who rallied behind the vision and mission of PSiRA.



General Chele, B.H.

MP Minister of Police

20 August 2022

OVERVIEW BY THE CHAIRPERSON OF THE COUNCIL



Introduction

The Council of PSiRA as the Accounting Authority of the entity, is pleased to present this Annual Report for the 2021/22 financial year to the Executive Authority, Parliament of the Republic, and to all PSiRA stakeholders in terms of the provisions under section 10 of the Private Security Industry Regulation Act, 2001, read with section 55 of the Public Finance Management Act, 1999 (PFMA).

Overview of PSiRA Strategy and Performance for the Year

The strategic direction of PSiRA originates from the legislative mandate as outlined under the PSiR Act, 2001. The primary objective of the Authority is to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest and the interest of the private security industry itself. The Act lists several objects and functions that must be undertaken by the Authority in pursuit of its primary objective.

PSiRA's Strategic Plan and the Annual Performance Plan for the period under review are informed mainly by the objects and functions of the Authority as contained in sections 3 and 4 the Act, respectively. These objects and functions are the main drivers of the Authority's Strategic Plan and Annual Performance Plan. The objects and functions have been categorised into four (4) programmes, which collectively constitute the strategic focus areas to which the reporting herein relates. Three (3) of the programmes focus specifically on the core business of the entity as per legislative mandate, and one programme focuses on the financial and administrative support to enable achievement of the core business objectives and functions.

The Strategic Plan 2020-2025 identifies four (4) key strategic outcomes for the MTSF period, and 29 output indicators in the Annual Performance Plan for the period under review. In terms of the performance of the entity towards achievement of the output indicators, the Council is pleased to report that achievement was at 83% of the targets for the year, which is however, 3% below the previous financial year's achievement. Council is satisfied with this performance as it is above the annual target of 80%, and takes cognisance of the challenges that the Authority and any other businesses continued to face amid the Covid-19 pandemic. The hard work of the Management and the staff of the Authority is appreciated under these difficult conditions.

The achievement should also be attributed to the Council and its governance structures for continued relentless quality review and monitoring of Management reporting on a quarterly basis, and the good relations with the Management that contributed to improved internal control environment within PSiRA to be able to report on the achievements herein.

Council is further pleased with the reporting on the implementation of phase 1 of the digital transformation strategy for the period under review. The achievement in this area was evident from the launch of the first of the digital services as planned in terms of the digital strategy roadmap. The online registration platform was launched about a month before the end of the financial year, just in time for the platform to get into full implementation mode by the start of the new financial year. The system will continue to be improved and enhanced with other modules for a complete digitalisation of PSiRA services by end of 2023/24 as per digital transformation plan. Council is confident that PSiRA services will move into the 4IR space, and that delivery of services to PSiRA clients will become efficient and accessible from anywhere to avoid long queues at our offices and the need for increased footprint.

Strategic Relationships

The legislative mandate requires the Authority to form strategic partnerships with other entities and stakeholders both nationally and globally in pursuit of the objectives in the Act. Strategic partnerships were previously established with other key role players in the industry, including the education and training institutions, government departments and industry labour movements. These partnerships continue to be maintained and improved for a better regulation of the industry.

Following on the partnership that PSiRA and the Geneva Centre for Security Sector Governance (DCAF) started in 2019/20 for collaboration to establish industry regulation in the SADC region, PSiRA hosted a delegation from Angola in November 2021, who were in the country to benchmark for purposes of establishing private security industry regulator in Angola. The Management of the Authority under the leadership of the Council Chairperson hosted the delegation, and shared with them good governance and compliance best practices for the effective regulation of the industry in South Africa.

In pursuit of improved strategic relations, compliance and better regulation of the industry, the Authority is also a member of the International Association of Security and Investigative Regulators (IASIR), in which the Director of PSiRA serves on the IASIR Board of Directors. The association continues to expose PSiRA to international recognition through interactions with other regulators globally and the recognition in the African continent as the leader in terms of private security industry regulation.

As part of the reported performance, Council is confident that continuous engagements with the industry in terms of effective regulations through the established Private Security Industry Advisory Committee will go a long way in bringing the industry together. The industry had through this forum developed a draft transformation charter for the industry, which is being facilitated by the Authority, and was approved by Council during the period under review for further industry-wide consultations in 2022/23 financial year. The aim is to see a transformed private security industry by 2030, participating meaningfully in terms of crime prevention, and fairly and equally in the economy of the country.

Challenges faced by the Authority

Unsustainable Annual Fees Funding Model

The Authority continues to fund its operation mainly from the transitional annual fees as provided for under the repealed Security Officers Board Act. The Authority continues to report on impairment provision in its finances due to ever-increasing debtors book, which is an inherent facet of this funding model. The model was supposed to have been repealed by the introduction of levies under the Private Security Industry Levies Act, 2002.

The process started by National Treasury in the 2019/20 financial year for the review of the Levies Act into a Money Bill and Levies Administration Bill was once again delayed for the certification of the draft Bills by the Office of the Chief State Law Advisors before submission to Cabinet for approval to be introduced into the parliamentary legislative process. The Council is however, hopeful that the process will see some progress in the 2022/23 financial year as National Treasury has since obtained final inputs and comments from PSiRA regarding the custodian for the implementation of the Bills once they become law.

COVID-19 Pandemic

The Covid-19 pandemic continued to cripple businesses and the economy of the country, and this did not spare the Authority from the impact of this pandemic. The operations of the Authority continued to be impacted by the intermittent restrictions during the period under review.

The Council is however, pleased with the efforts that Management had put in place to mitigate against the liquidity risk. These included cost containment measures as part of the turnaround strategy to deal with previous going concerns issues that the entity faced in previous financial years. Some of these measures are continuing to be implemented

permanently from the lessons learnt under the Covid-19 pandemic. The Authority continues to minimise such cost as travel through the use of measures such as virtual meetings etc and the Authority will continue to have these meetings in a hybrid fashion going into the future.

Despite the downward trends in terms of the spread of the Covid-19 pandemic and the relaxation of lockdown restrictions, the Council remains cautious to the realities of the pandemic, and commends Management of the entity for following government protocols in taking the necessary steps to prevent the spread of the virus, especially at the workplace. As the pandemic continues to be a threat to the lives and livelihood of our people, Council will continue to encourage the Authority's employees to participate in the vaccination programme of government, which is the only way to protect lives and livelihoods of the country's citizenry.

The Year Ahead: 2022/23

The Council is confident that the year ahead would start to see some improvements in terms of economic recovery as the Covid-19 restrictions are uplifted to allow for more economic activity.

The Council is also hopeful that decisions taken previously for the Authority to digitise its operations for efficient client services would continue unhindered by any financial constraints, for improved and enhanced services through introduction of other digital modules. These services will not only bring about efficiency, but less contact with clients, which will also serve as a preventative measure against the spread of the Covid-19 pandemic.

The Council will continue to monitor developments with the processing of the two Levies Bills by National Treasury for introduction in parliament to be passed into laws. The revised timelines set by National Treasury will be closely monitored to ensure that unnecessary delays are avoided and/or escalated for intervention by relevant authorities.

Furthermore, the Council is looking forward to strengthening the relations with the industry through the established industry sector advisory committee, whose work should add value in terms of providing advice and guidance for a transformed private security industry by 2030. Industry-wide consultations on the draft transformation charter shall be conducted in the year ahead for a final industry transformation charter to be promulgated by Minister of Trade and Industry.

The promotion of training standards in the various sectors of the industry is a key milestone towards the achievement of a "*capable and trained private security industry*" as one of the entity's five-year outcomes. Key implementation projects had started during the period under review with some specialised training courses identified for revision, which will also inform PSiRA strategy in terms of industry training in the year ahead for the professionalisation of the industry.

Acknowledgements

Council would like to acknowledge the Minister of Police, General B. Cele, MP, for the confidence that he continues to have in the Council to serve the Authority and the industry at large. The Council is confident

that it would not disappoint in its quest to serve the people of South Africa with integrity and distinction up to the end of its term of office.

The Council further extend a word of appreciation to the Portfolio Committee on Police's engagements with PSiRA at the various virtual meetings held during the period under review, where the Committee made constructive inputs, commendations and interventions that continue to instil confidence and encouragement in everyone at PSiRA.

Acknowledgements and appreciations also go to the industry at large, for the inputs and comments from our various consultative and targeted engagements where issues of compliance within the industry were discussed for a consensus in regulatory position. We believe that with the established Industry Sector Advisory Committee, these engagements and the advisory input will continue to assist the Authority to grow from strength to strength in pursuit of the vision for *"South Africans to have confidence in the legitimacy, occupational practices and transformation of the Private Security Industry"*.

And lastly, acknowledgements, commendations and appreciations should also go to PSiRA Management and staff at large, for their continued relentless effort, dedication and commitment in the execution of the mandate of the Authority even during difficult times as presented by our challenges. Council is confident that through continued dedication and the hard work of the Management and staff of the entity, PSiRA will continue to survive. The Council applauds your service delivery with integrity, *ubuntu* and excellence.



Dr A.L Mofomme
Council Chairperson
Date: 31 July 202



DIRECTOR'S REPORT



I am honoured to present to you the 2021/22 Annual Report of the Private Security Industry Regulatory Authority. This report covers the PSiRA organisational performance as per the strategic plan and regulatory performance activities for the reporting period. PSiRA, like other organisations, operated under the disruptive environment caused by the outbreak of the global Covid-19 pandemic, however continued to adapt to the challenges that period and delivered uninterrupted service for all our customers and stakeholders.

Throughout 2021, PSiRA responded to the economic impacts and operational setbacks from the lockdown restrictions with strong governance and oversight. As a result, the Authority continued to make difficult but necessary operational and financial decisions to ensure adequate resource allocation, save jobs, maintain good customer relations with our stakeholders, and ensured that organisational objectives were met.

Even though the year under review was one of the hardest years for the Authority, it also brought about an opportunity for PSiRA to accelerate the organisation's digital capabilities to keep pace and through the use of technology we were able to protect employees and serve our stakeholders facing mobility restrictions because of the COVID-19 crisis.

FINANCE

The Authority continues to ensure improved liquidity as part of the 5-year strategy. There was a 28% increase in revenue generated compared to the 2020/21 financial year. The increase is due to the annual revision of annual and administrative fees payable by security service providers and cost containment measures which resulted from lessons learnt from the Covid-19 pandemic.

The Authority's total revenue for the year under review was R408 million which comprises of revenue from annual fees and administrative

fees. Despite the antiquated annual fee funding model utilised, the Authority managed to post a significant surplus of R 88 million for the period under review, which was an improvement of R55 million from the previous financial year. The liquidity risk was mitigated mainly due to turnaround strategies implemented to improve revenue collection and cost containment measures.

The Authority's current revenue model proved to have reached its lifespan as most Security Businesses billed are finding it difficult to pay the annual fees. PSiRA in collaboration with National Treasury are in a process to review the Private Security Industry Levies Act to address the financial sustainability of the Authority and to replace the current outdated funding model. The Levies Act will bring a balanced and equitable contribution of all service providers to the funding model. Most of the smaller security companies were hard hit by the Covid-19 pandemic and lockdown restrictions which led to some losing their work and this had an impact on our revenue.

For the FY 2021/22, we note the Audit Qualification and the internal control deficiencies that were highlighted by the Auditor-General of South Africa. We are however pleased that the Authority's overall governance Environment remains optimal and continue to improve its internal controls, including compliance levels and address the deficiencies noted.

HIGHLIGHTS

PSiRA Amendment Act

The President signed into law the Private Security Industry Regulation Amendment Act 18 of 2014 on 08 October 2021, which shall not only address the unfortunate tilted scale in the industry, but also boost the Authority's mandate to regulate the practice of the occupation of security service providers in the best interest of the public, national interest. The Act will come into effect on a date still to be determined by the President.

DIGITAL TRANSFORMATION STRATEGY

PSiRA officially implemented the online digital platform in February 2022. The online platform is phase one of the digital transformation strategy, which is geared toward providing PSiRA services remotely and enhancing service offerings. Our integrated digital strategy is gaining traction, and its intersection with the Authority's Customer Value Proposition shall ramp up the current customer service model into a convenient portal for our stakeholders. This transition is necessary to revitalise our stakeholder engagement strategy and enhance our complaints management value chain.

REGULATORY FUNCTIONS

Registration

A total of 121 094 security officers and 2 051 security businesses were registered during the period under review. Despite the challenges faced during the COVID-19 Pandemic, the registration turnaround time for businesses was an average of 5 working days. In addition, a total of 451 186 certificates for security officers were issued, which includes those for registration and renewal thereof, and 4 752 renewals were issued to businesses during the financial year. There was a 5% increase

in the number of registered active security officers and a 7% increase in the number of registered active security businesses demonstrating the continuous demand for private security services in South Africa.

The number of registered active security officers and businesses were as at end March 2022, 586 042 and 11 540 respectively. Over the last 9 years, there has been a 20% increase in registered active security officers and 42% increase in the number of registered active security businesses in the industry.

LAW ENFORCEMENT

The Authority implemented a segmented approach in respect of all inspections conducted to ensure that its law enforcement activities focus on all categories or classes of security service providers. There was an increase of 0.6% of investigations overall finalized compared to the same period during the previous year. Thirty-seven thousand, five hundred ninety-five (37 595) inspections were conducted on security service providers. There was an increase of 37.2% of the number of improper conduct dockets compiled against non-compliant security providers as compared the same period last year. It was during this financial year that the Authority saw it necessary to introduce the industry compliance self-assessment inspection process in a quest to gauge the level of compliance within the industry. During this financial year, 1318 cases were finalised by the legal services division, which in most cases resulted in the imposition of fines.

The Authority's Law Enforcement strategy is increasingly recognising the importance of other stakeholders to assist in driving the compliance agenda. In this regard, the number of law enforcement operations conducted with other stakeholders such as the South African Police Service, the Department of Employment and Labour, and the Department of Home Affairs. During the period under review 44 operations were conducted with stakeholders which resulted in the arrest of 825 security personnel. Of the 825 arrested, 462 were unregistered security service providers, 198 were undocumented foreign nationals deployed as security officers and 15 were as a result of non-compliance with the Firearms Control Act.

In the wake of the unrest that engulfed KwaZulu-Natal and Gauteng provinces in July 2021, PSiRA conducted investigations into the allegations against the security service providers implicated and the recommendations will be implemented in collaboration with the South African Police Service and other law enforcement agencies to ensure that the industry would be ready for similar unrest in future.

RESEARCH AND DEVELOPMENT TOWARDS EFFECTIVE REGULATORY FRAMEWORK

The research and development unit, a critical component of the Authority continue to contribute towards the policy development and regulatory environment through research initiatives. In the period under review the research and development unit undertook and finalised studies and surveys in the following areas:



TRANSFORMATION OF THE PRIVATE SECURITY INDUSTRY

Transformation is happening gradually in the private security industry, and it is noted that analysed data shows that there has been encouraging progress, in particular where the employment of women is concerned. According to the Authority's records, there has been a 16% increase in the number of women employed within the private security industry over the last five years. A year-on-year comparison over the last two financial years did not indicate a growth of registered employed women security officers in the private security industry. It maintained 22% of the total number of security officers employed. There was, however, a marginal increase of 0.1% in the number of female security officers registered with PSiRA during the financial year. The total number of registered security officers (employed and unemployed) is 33%, an 18% increase over the last five years.

As far as the age profile is concerned, 20% of the total registered and active (employed) security officers falls within the age bracket 18-30 years, which is slightly higher from the previous financial year.

In conjunction with the Private Security Industry Sector Advisory Committee, the Authority also developed, and its Council approved a draft Transformation Charter for the private security industry. The Transformation Charter for the private security industry will -

- Constitute a framework and establish the principles upon which B-BBEE must be implemented in the industry;
- Establish targets and qualitative undertakings in respect of each element of B-BBEE; and
- Outline processes for implementing the commitments contained in the Charter, as well as mechanisms to monitor and report on progress.

The Transformation Charter will aim to effectively promote the objectives contained in the B-BBEE Amendment Act and the elements highlighted therein (which includes employment equity, gender transformation and youth employment) as it relates to the private security industry. Further consultations with the private security industry on the Draft Charter will take place in 2022/2023.

STAKEHOLDER ENGAGEMENTS AND PARTNERSHIPS

Effective regulation hinges on strong partnerships with stakeholders which amongst others included the South African Police Service and the Department of Home Affairs to verify the security officer's credentials. Accordingly, as part of its commitment to fostering cooperation and information sharing with other stakeholders locally and internationally, the Authority engaged with the following stakeholders: -

The Authority entered into a partnership with International Association of Security and Investigative Regulators (IASIR) and ProtaTECH with an aim to foster strategic collaboration on issues of professional training

and exchange of information to promote the private security industry transformation.

The Authority is in the process of fostering a partnership with the South African Aerospace, Maritime and Defence Export Council (SAAMDEC) with a view to regulating the security services providers and the military equipment used in the private security industry.

ACKNOWLEDGEMENTS

During the 2021/2022 PSiRA, together with the country and the rest of the world, had to continue to address the threats posed by the COVID-19 pandemic. Nevertheless, we remained committed to the wellbeing of our staff and stakeholders. While we took all the necessary precautions to maintain a safe and healthy environment in our respective buildings, we also pulled out all the stops to ensure the continued smooth operations of our organisation.

Lastly, I wish to express my sincere gratitude to all staff members of the Authority for their dedication, hard work and commitment to organisational values. Further, I thank the Council of PSiRA, and its Committees for their advice, support, and strategic guidance during the period under review. I also wish to express gratitude to the Honourable Minister for Police, General Bheki Cele and his office for the support and leadership towards realisation of the Authority's mandate.



Manabela Chauke

Director/CEO

19 July 2022

STRATEGIC OVERVIEW

The Private Security Industry Regulatory Authority's strategic mandate originates from the Act and the regulations issued in terms of the Act. The Private Security Industry Regulatory Authority, PSiRA, was established in section 2 of the Private Security Industry Regulation Act (56 of 2001) in 2002. Its primary objectives are to regulate the private security industry.

It exercises effective control over the practice of the occupation of security service providers in the public and national interest and in the interest of the private security industry itself.

The Authority's five-year Strategic Plan and Annual Performance Plan highlight key strategies deployed to strengthen core business service delivery initiatives. Our Strategic Plan takes a proactive response to address environmental challenges and opportunities. The Authority focuses on these priorities:



Vision

South Africans have confidence in the legitimacy, occupational practices and transformation of the private security industry.



Mission

Effective regulation of the private security industry to enable professional and respected security service providers.

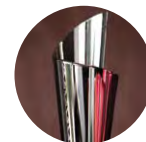


Values



Integrity

Ethical Conduct | Fairness | Transparency



Excellence

Accountability | Professionalism | Performance



Ubuntu

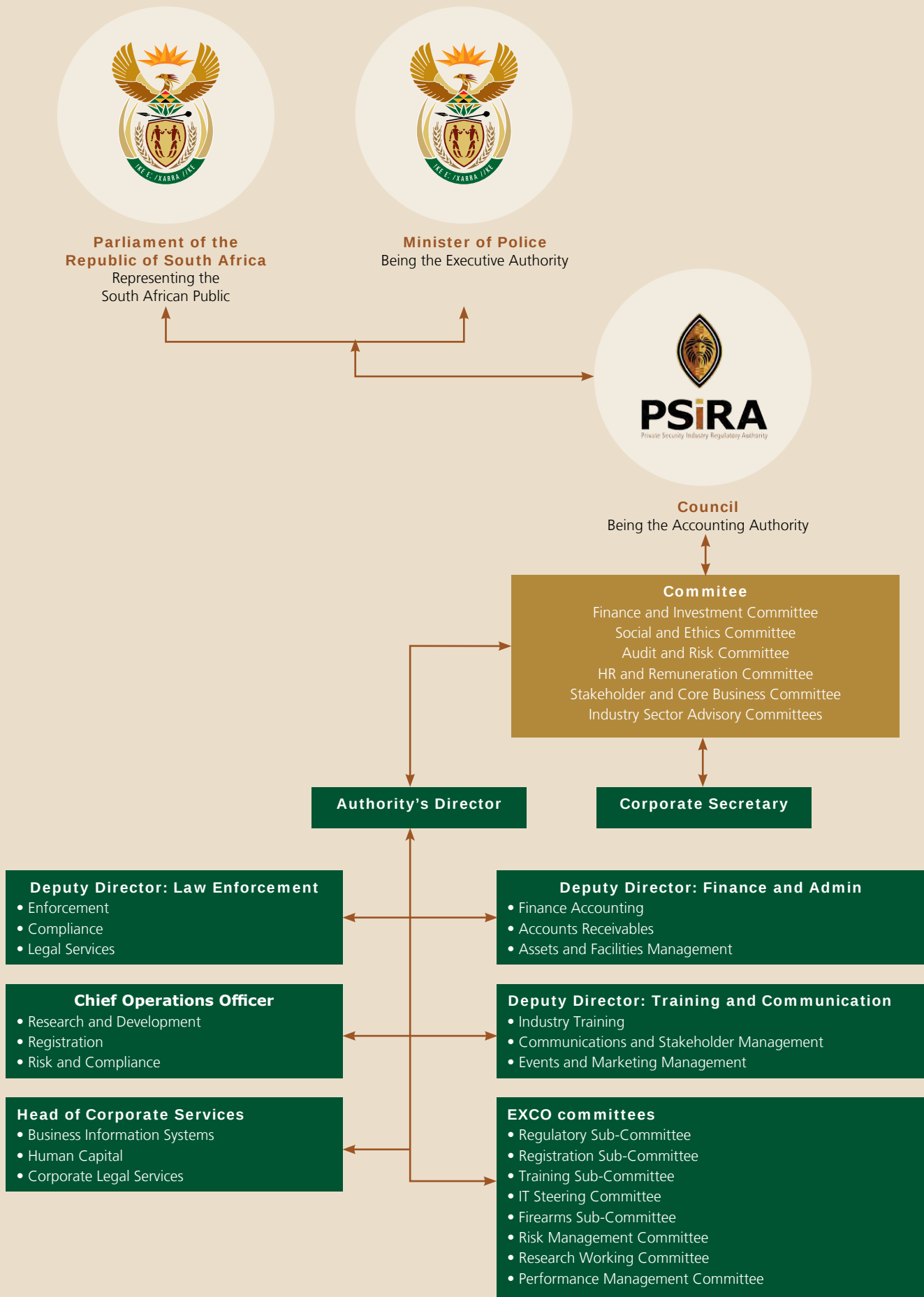
Respect | Compassion | Diversity

LEGISLATIVE MANDATE

The Authority's primary objectives are to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest, and the interests of the private security industry itself. The mandate of PSiRA is to:

- (a) Promote a legitimate private security industry that acts in terms of the principles contained in the Constitution and other applicable law
- (b) Ensure all security service providers act in the public and national interest in the rendering of security services
- (c) Promote a private security industry characterised by professionalism, transparency, accountability, equity and accessibility
- (d) Promote the stability of the private security industry
- (e) Promote and encourage the trustworthiness of security service providers
- (f) Determine and enforce minimum standards of occupational conduct in respect of security service providers
- (g) Encourage and promote efficiency and responsibility regarding the rendering of security services
- (h) Promote, maintain and protect the status and interests of the occupation of the security service provider
- (i) Ensure the process of registration of security service providers is transparent, fair, objective and concluded timeously
- (j) Promote high standards in the training of security service providers and prospective security service providers
- (k) Encourage ownership and control of security businesses by persons historically disadvantaged through unfair discrimination
- (l) Encourage equal opportunity employment practices in the private security industry
- (m) Promote the protection and enforcement of the rights of security officers and other employees in the private security industry
- (n) Ensure compliance with existing legislation by security service providers is promoted and controlled through active monitoring and investigation of the affairs of security service providers
- (o) Protect the interests of the users of security services
- (p) Promote the development of security services responsive to the needs of users of such services and of the community
- (q) Promote the empowerment and advancement of persons who were historically disadvantaged through unfair discrimination in the private security industry

ORGANISATIONAL STRUCTURE



COUNCIL MEMBERS



Dr. A.L Mofomme
Chairperson



Mr. MS Ralebipi
Deputy Chairperson



Dr. SN Mbete
Member



Mr. NH Ngubane
Member



Ms. T Ntshangase
Member



Mr. J Makgolane
Corporate Secretary

EXECUTIVE MANAGEMENT



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Ms. Mmatlou Sebogodi
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Finance and Administration
(Chief Financial Officer)



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Deputy Director:
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PERFORMANCE INFORMATION



PART B



1. INTRODUCTION

The Private Security Industry Regulatory Authority was established in terms of Section 2 of the Private Security Industry Regulation Act (56 of 2001) in 2002. The strategic mandate of PSiRA originates from the Act and the regulations issued in terms of the Act. The primary objectives of PSiRA are amongst others, to regulate the private security industry and to exercise effective control over the practice of the occupation of security service provider in the public and national interest and in the interest of the private security industry itself.

PSiRA is an entity listed under Schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and therefore has to comply with the requirements of this Act. In terms of Treasury Regulation Section 5.3, PSiRA is responsible for establishing procedures for quarterly reporting to facilitate effective performance monitoring, evaluation and corrective action.

In line with this requirement, the Council has approved a format for annual and quarterly reporting to the Minister of Police on the progress made with regards to the implementation of the Annual Performance Plan of 2021/22. This performance report is for the financial year 2021/22 and a summary of the actual performance against predetermined outcomes and outputs per programme.

Prepared by:



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Approved by:



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Authorised by:



Dr Leah Mofomme
Chairperson of the Council

2. PERFORMANCE REPORT FOR THE FINANCIAL YEAR 2021/2022

2.1. OVERVIEW OF THE PERFORMANCE

The strategic direction of PSiRA originates from the legislative mandate as outlined under the Private Security Industry Regulation Act, 2001. The Act lists several objects and functions that must be undertaken by the Authority in pursuit of its primary objective.

PSiRA's Strategic Plan and the 2021/2022 Annual Performance Plan for the period under review are informed mainly by the objects and functions of the Authority as contained in sections 3 and 4 of the Act. The objects and functions have been broken down into four programmes, which collectively constitute key strategic focus areas to which the reporting herein relates, with three of the programmes focused specifically on the core business of the entity as per the legislative mandate. One programme focused on the administrative support to enable the achievement of the core business outcomes, outputs and functions.

In implementing the 4 outcomes stipulated or planned in the strategic plan 2020/21 to 2024/25, 29 output indicators with targets were planned for the financial year 2021/22. In terms of the performance of the entity towards the achievement of the set targets, the audited achievement is 83%.

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACT AND OUTCOMES AS PER 2020/2021 – 2024/2025 STRATEGIC PLAN

PSiRA's Strategic Plan primarily focuses on Priority 6, Social Cohesion and Safe Communities of the seven priorities and related interventions of the sixth administration of government. The strategy also contributes towards Priorities 2 and 3 in respect of economic transformation, job creation and education and skills development. Through the implementation of PSiRA's Strategic Plan and Annual Performance Plan, PSiRA promotes an integrated approach to safety and security, which requires coordinated activity across government departments, the private security industry and community bodies. In this regard, PSiRA also ensured, *inter alia*, that -

- The private security industry acts in a responsible and ethical manner, treats citizens with dignity and does not illegally infringe on the rights of others;
- The private security industry is held accountable for non-compliance with the statutory Code of Conduct for Security Service Providers to ensure a legitimate private security industry which can contribute to improved relationships with State law enforcement agencies in the fight against crime;
- The private security industry is efficiently registered and staffed by skilled, disciplined, and professional individuals who can contribute to a safer South Africa.
- Advocating the development and promotion of the necessary qualifications and learning material to improve skills levels in the private security industry, including attracting youth employment and empowerment within the private security industry;
- Developed a draft Transformation Charter and Index for the private security industry, which includes elements of gender equity and youth employment;
- Continuous implementation of the digital transformation strategy that will promote the implementation of service delivery and regulatory goals in the relevant areas of the Authority; and
- Implementation of the self-assessment policy, which ensures the registered active security businesses complete the industry compliance self-assessments to advocate and, to an extent, measure levels of compliance.

PSiRA's impact statement and progress made towards the achievement of its five-year targets as per its Strategic Plan are as follows:

Impact: A legitimate, competent and transformed private security industry which acts in the interest of the State, public and private security industry and contributes toward a safer South Africa.

3.1 Programme 1: Administration

3.1.1 Measuring Outcomes

Outcomes	Outcome Indicator(s)	5-Year Target(s)	Progress made towards achievement
Financial sustainability, accountability, relevance and performance	External audit opinion	Retain unqualified audit opinion over the period to 2025	Unqualified audit opinion (clean audit) was achieved for the financial year 2020/21 and qualified opinion for 2021/2022.
	Liquidity ratio	01:01	2.07:1
	Organisational performance rating	>80%	Audited organisational performance rating for the financial year 2020/21 was 86% and for 2021/22, 83%.
The private security industry is transformed.	Private Security Industry Charter implemented	Implementation of Private Security Industry Charter	Benchmarking on the development of a private security industry Transformation Charter conducted in 2020/21, including the development and approval of a concept note on the development of the Transformation Charter. Consultations conducted with the Private Security Sector Advisory Committee which represents all categories or classes of security service providers and a Draft Transformation Charter and Transformation Index for the Private Security Industry was developed in 2021/22, and approved by Council.
	Improvement in Sector Transformation Index	Improvement on baseline established in 2021/22, per transformation scorecard	The establishment of the baseline have been amended in the strategic plan for the 2023/2024 financial year and the measurement on improvement of transformation will be done in the following years in line with the strategic outcome target.

3.2 Programme 2: Law Enforcement

3.2.1 Measuring Outcomes

Outcomes	Outcome Indicator(s)	5-Year Target(s)	Progress made towards achievement
A professional, accountable and trustworthy private security industry	% compliance with the industry's prescripts, regulations, and standards by the private security industry	90%	The average level of compliance of security service providers (businesses and security officers) following on from inspections conducted against predetermined and selected compliance elements is 86%. This includes an average compliance by security businesses of 93% and the average level of compliance for security officers inspected at sites, of 80%. This constitutes a one percent increase in the average level of compliance compared to 2020/21.

3.3 Programme 3: Training & Communication

3.3.1 Measuring Outcomes

Outcomes	Outcome Indicator	5-Year Target(s)	Progress made towards achievement
A capable and trained private security industry	Percentage improvement in the quality of sector training and assessment	Improvement on baseline established in 2022/23, per audit conducted on the quality of training and assessment	New training curriculum developed for the guarding sector courses, grades E to A as well as the accreditation of specialist security training curriculum for key cutters and private investigators.

3.4 Outcome 4: Registration

3.4.1 Measuring Outcomes

Outcomes	Outcome Indicator(s)	5-Year Target(s)	Progress made towards achievement
A professional, accountable and trustworthy private security industry	% compliance with the industry's prescripts, regulations, and standards by the private security industry	90%	Online registration platform implemented in 2021/22 to replace manual application process. This includes a digital platform to receive and process applications for registration by businesses as well as security officers, as well as renewal of registration certificates. The average level of compliance of security service providers (businesses and security officers) following on from inspections conducted against predetermined and selected compliance elements is 86%. This includes an average compliance by security businesses of 93% and the average level of compliance for security officers inspected at sites, of 80%. This constitutes a one percent increase in the average level of compliance compared to 2020/21.

3.5 Changes to PSiRA's Strategic Plan

Following on from the process to develop the 2021/22 Annual Performance Plan, it started with a critical review of the approved 2020-2025 Strategic Plan, tabled in March 2020. This included reflecting on the experience and learnings from the disruption experienced as a result of the COVID-19 pandemic and the related lockdown(s). As a result, amendments to the impact and outcomes reflected in the approved 2020-2025 Strategic Plan were made and approved by the Accounting Authority as well as Executive Authority in March 2021. The details of these changes are as follows:

	APPROVED 2020-2025 STRATEGIC PLAN (MARCH 2020)	AMENDMENT(S) (MARCH 2021)	REASONS FOR AMENDMENT
IMPACT	A legitimate, transformed and competent private security industry which acts in the interest of the State, public and private security industry and contributes towards a safer South Africa.	A legitimate, competent and transformed private security industry which acts in the interest of the State, public and private security industry and contributes towards a safer South Africa.	To better articulate, and align with the PSiRA value chain and the logical sequence of PSiRA's operational focus.
OUTCOMES	Maintain financial sustainability, accountability, relevance, and performance.	Financial sustainability, accountability, relevance and performance. In addition, the outcome indicators dealing with – • Percentage billed revenue collected; • Digital business strategy implemented; and • Implementation of guarantee fund for the private security industry, were reviewed and removed and replaced with the following outcome indicators – • Liquidity ratio; and • Organisational performance rating.	“Maintain” removed from the aspirational Outcome statement. The outcome indicators highlighted were considered to be more activities/enablers and/or operational in nature and the new outcome indicators are better aligned to the outcome statement.
	A capable and trained private security industry.	The outcome remains the same but the outcome indicators dealing with – • Increased number of sector-based courses; • Number of external training assessment centres established; and • Implementation of online examination/assessments were reviewed and removed and replaced with the following outcome indicator – • Percentage improvement in the quality of sector training and assessment.	The outcome indicators highlighted were considered to be more activities/enablers and/or operational in nature and the new outcome indicator is better aligned to the outcome statement.
	Enhanced relations and collaborations with stakeholders.	-	Removed as an Outcome as stakeholder management is an enabler to the realisation of all other Outcomes, not an Outcome in its own right.
	The private security industry is efficiently registered.	-	Removed as an Outcome - Registration is a critical part of the regulation pillar of the PSiRA mandate and is an element of the broader value chain towards Outcome 2 (an Output), not an Outcome in its own right.

In addition to the amendments made to the Strategic Plan in 2021/22, a further review of the Strategic Plan was undertaken in 2021. As a result, further amendments to the 5-year targets were made and approved by the Accounting Authority as well as Executive Authority in March 2022. The details of these changes are as follows:

OUTCOME	AMENDMENT TO OUTCOME 5-YEAR TARGET			NOTE ON AMENDMENT
	Outcome indicator	Baseline (2019/20)	Five-year target (By March 2025)	
2. A professional, accountable, and trustworthy private security industry	Percentage compliance with the industry's prescripts, regulations and standards by the private security industry	78%	83%	5-year target revised downwards to 83%, from 90% previously
3. A capable and trained private security industry	Percentage improvement in the quality of sector training and assessment	New indicator, baseline to be established in 2022/23 (TBC)	Improvement on baseline established in 2022/23, per assessment conducted on the quality of training	Replaced audit of the quality of training in the 5-year target with an assessment conducted on the quality of training
4. The private security industry is transformed	Private Security Industry Charter implemented Improvement in Sector Transformation Index	Concept framework developed	Transformation Index for the private security industry developed Baseline established for transformation index	5-year target revised to reflect that the Transformation Index will be developed by 2024/25, following the finalisation of the Transformation Charter. The first study, to provide a baseline, will be conducted by 2023/24.

4. PERFORMANCE INFORMATION PER PROGRAMME

4.1. PROGRAMME 1: ADMINISTRATION

Purpose: The programme is responsible for the overall coordination of all efforts and activities of the Authority towards the achievement of the strategic goals and achieving organisational success, the financial management of the Authority and providing institutional support and services to other programmes. It is also responsible for the institutional reporting, management processes and systems to track performance against each of the strategic objectives. This programme is comprised of the following **sub-programmes**:

- **Finance:** Provides financial management, support and reporting. Facilitation and coordination of internal audit and risk management;
- **Corporate Services:** Provides human resource management services and support, legal services as well as ICT services and support;
- **Operations:** Conducts research about private security to inform development of policy, regulations and standards, security and information and document management.

Outcome: Financial sustainability, accountability, relevance and performance
The private security industry is transformed.

Programme's response to prioritising women, youth and persons with disabilities:

PSiRA's has an approved Employment Equity (EE) Plan effective from 31st May 2017 to 30th April 2022. The EE plan is entrenched in the National and Provincial equity representation targets prescribed by the Department of Employment and Labour. The implementation of the EE plan is monitored regularly by HRM and the Employment Equity Committee to ensure its alignments with the Economically Active Population (EAP) targets as released by the Department of Employment and Labour from time to time.

The plan has been developed to address variances in relation to demographic representations of the South African population groups within PSiRA's staff complement. The representation of gender profile in top management is currently at 60% males and 40% females. The appointment of female employees on this level is required to ensure 50% representation in all categories. The Senior Manager's occupational level, in terms of gender, is also still under-represented. As of 31 March 2021, the Authority has 8 male and 2 female employees. Therefore, there is still a need to target female appointments at the Senior Manager's occupational level. The appointment of persons with disabilities should be highly prioritised in all occupations. The gender profile for the entire organisation is 61% female and 39% male and, 1 person with disability.

PSiRA views learning & development as a strategic tool for ensuring that its strategic goals are achieved efficiently. It is for that reason that PSiRA has declared itself as a learning institution that embraces a culture of learning in all its compasses of business. The youth programme is seen as one of the contributions in which PSiRA is making toward the goals of the National Development Plan (NDP) by empowering and creating employment for the South African youth. PSiRA appointed twenty-four (24) interns on an Internship programme. The interns were placed in different departments/regions for twelve (12) months and received R5 000 stipend. Three (3) interns resigned during the internship programme due to other employment opportunity. The remaining twenty-one (21) intern's contracts ended on the 31st of March 2022.

PSiRA received funding from SASSETA to host twenty (20) TVET graduate learners for Work Integrated Learning Programmes (WIL). The programme targeted unemployed learners with N4 and N6 in SCM, Business Administration, IT, Paralegal, Accounting, Human Resources, Communication and Marketing and Record Management. The programme will run for eighteen (18) and twelve (12) months, depending on the learner's field of study. The learners receive R4 000-00 stipend and are placed in different departments and regions. The contract of four (4) learners ended on the 31st of March 2022, and the remaining learners they will complete it on the 30th of September 2022.

As far as procurement is concerned, the Authority's SCM policy is aligned to B-BBEE requirements pertaining to preferential procurement and progress in respect thereof monitored.

As part of its objectives, PSiRA is to encourage equality through transformation of the industry. In the 2022/2023 financial year, the Authority intends to research this matter to establish if the Authority is fulfilling its object of encouraging transformation of the private security industry. This will, among other things, be achieved by establishing if previously disadvantaged individuals have strategic positions and/or positions of ownership in security companies. Secondly, it will aim to establish if gender affects the employment of persons for certain work positions. Lastly, it will establish if claims of sexual abuse are prevalent in the private security industry.

The aim of the study is, therefore, to establish whether South Africa's private security industry is inclusive and accommodative of all genders and the objectives of the study are as follows:

- To establish if previously disadvantaged individuals have strategic positions and/or positions of ownership in security companies;
- To establish if gender affects the employment of persons for certain work positions; and
- To establish if claims of sexual abuse are prevalent in the private security industry.

4.1.1 SUB-PROGRAMME: FINANCE

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Annual Targets		Deviation from planned target to Actual Achievement 2021/22	Overall progress of indicator	Reasons for deviations
					Planned Annual Target 2021/22	Actual Achievement 2021/22			
Financial sustainability, accountability, relevance, and performance	Audit Action Plan (AGSA & Internal Audit Findings)	1.1.1	Percentage implementation of Audit Action Plan	New indicator	New indicator	100% implementation of the Audit Action Plan	100% implementation of the Audit Action Plan actions due for the quarter	-	N/A
	Statutory tabling and reporting	1.2.1	Percentage compliance with statutory reporting requirement	New indicator	New indicator	100% compliance with statutory reporting requirements	100% compliance with statutory reporting requirements	-	N/A
	Risk management	1.3.1	Percentage implementation of the approved Strategic Risk Mitigation Plan	New indicator	New indicator	100% implementation of the approved Strategic Risk Mitigation Plan	75% implementation of the approved Strategic Risk Mitigation Plan	-25%	Delays were primarily encountered in the risk actions dealing with the appointment of the service provider for the development of an online assessment platform because the bidder did not meet the minimum requirements. The tender was re-advertised and was incorporated as an action in the 2022/2023 register.
	Revenue collection	1.4.1	Percentage of billed revenue collected	89% billed revenue collected	81% billed revenue collected	78% billed revenue collected	81% billed revenue collected	+3%	Effective collection strategies in place.

4.1.2 SUB-PROGRAMME: CORPORATE SERVICES

Outcome	Output	Output Indicators	Audited Actual Performance 2019 / 20	Audited Actual Performance 2020 / 21	Annual Targets		Deviation from planned target to Actual Achievement 2021 / 22	Overall progress of indicator	Reasons for deviations
					Planned Annual Target 2021 / 22	Actual Achievement 2021 / 22			
Financial sustainability, accountability, relevance, and performance	Business process digitisation	1.5.1 Percentage implementation of digital business strategy implementation plan	New indicator	20% of the strategy completed (targets=20, completed =4) Digital business strategy developed, and final version approved in quarter 4	40% implementation of digital business strategy implementation plan	55% of digital strategy and implementation plan implemented	+ 15%		Implemented Digital Online Solution that covered additional business requirements
	Human resources management and development	1.6.1 Percentage of the vacancy rate against the approved funded positions	New indicator	New indicator	Not more than 7%	6.2%	-		N/A
		1.6.2 Percentage of employee performance rating assessed at 3 and above as per Performance Management System	New indicator	New indicator	90% of assessed employees perform on rating of 3 and above.	98% of assessed employees performed on rating of 3 and above.	+ 8%		The introduction of the KPI Library, training on assessment and employees that went above and beyond what was expected from them led to the overachievement.
	Industry regulation	1.7.1 Number of draft regulations approved by the Council	3	3	3 draft regulations approved by Council	4 draft regulations compiled and approved by Council	+ 1		1 Additional regulation on application for registration was drafted and approved to align with the Amendment Act.

4.1.3 SUB-PROGRAMME: RESEARCH AND DEVELOPMENT

Outcome	Output	Output Indicators	Audited Actual Performance 2019 / 20	Audited Actual Performance 2020 / 21	Annual Targets		Deviation from planned target to Actual Achievement 2021 / 22	Overall progress of indicator	Reasons for deviations
					Planned Annual Target 2021 / 22	Actual Achievement 2021 / 22			
Financial sustainability, accountability, relevance, and performance	Sector research	1.8.1	Number of relevant research reports completed	5 re-search reports	5 Research reports	5 Re-search reports completed	-		N/A
		1.8.2	Number of completed surveys	4 Surveys	4 Surveys	4 Surveys completed	-		N/A
The private security industry is transformed	Private Security Industry Charter and Transformation Index	4.1.1	Draft Transformation Charter and Transformation Index for the Private Security Industry developed	-	Approval of the concept model for a Transformation Charter for the Private Security Industry	Draft Transformation Charter and Transformation Index for the Private Security Industry developed and approved	-		N/A

4.2 PROGRAMME 2: LAW ENFORCEMENT

Purpose: This programme is responsible for ensuring that industry players operate and comply with regulations and standards, and it takes appropriate action where violations happen. This programme consists of the following **sub-programmes**:

- **Compliance and Enforcement:** Ensure that industry players operate and comply with regulations and standards and take appropriate action where violations happen;
- **Prosecutions:** Prepares and presents evidence about improper conduct by the industry participants.

Outcome: A professional, accountable, and trustworthy private security industry

Programme's response to prioritising women, youth and persons with disabilities:

Nothing to report.

4.2.1 SUB-PROGRAMME: COMPLIANCE AND ENFORCEMENT

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Annual Targets			Overall progress of indicators	Reasons for deviations
					Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement 2021/22		
A professional, accountable, and trustworthy private security industry	Industry inspection	2.2.1 Number of security businesses inspected to enforce compliance with applicable legislation	7 158	7 558	5 000 security businesses inspected	6 851	+1 851		Additional inspectors were appointed. The number of complaints attended to resulted in an increase in the number of inspections conducted.
		2.2.2 Percentage of registered active businesses completing industry compliance self-assessment	-	-	40% of registered active businesses completing industry compliance self-assessments	28%	-12%		Poor response from the industry in completing the industry compliance self-assessments. In addition, there were also many duplications detected.
		2.2.3 Number of security officers inspected to enforce compliance with applicable legislation	37 136	39 805	26 220 security officers inspected	30 744	+4 524		Operations held with the SAPS based on complaints received regarding undocumented security officers increased the number of inspections conducted.
	Security business firearm inspection	2.3.1 Number of security businesses licensed for firearms inspected	1 582	1 793	1 575 security businesses licensed for firearms inspected	1 988	+413		Requests were received from the SAPS to verify compliance at security businesses utilising firearms increased inspections conducted.
	Investigations	2.4.1 Percentage of complaints finalised through an investigation against the security service provider	93%	98%	90% of complaints finalised through an investigation against security service providers	95%	+5%		A high number of complaints were finalised through investigations, arrests, and operations.
	Criminal cases opened	2.5.1 Percentage criminal cases opened against non-compliant SSPs	98%	100%	95% criminal cases opened against non-compliant SSPs	100%	+5%		Joint Operations were held with the SAPS to address complaints against non-compliant SSPs. These operations resulted in a high number of criminal cases opened against non-compliant parties.

4.2.2 SUB-PROGRAMME: PROSECUTIONS

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Annual Targets		Deviation from planned target to Actual Achievement 2021/22	Overall progress of indicator	Reasons for deviations
					Planned Annual Target 2021/22	Actual Achievement 2021/22			
A professional, accountable, and trustworthy private security industry	Improper conduct enquiries prosecuted	2.6.1 Percentage of cases of non-compliant SSPs successfully prosecuted per year	96%	98%	92% cases of non-compliant SSPs successfully prosecuted	100%	+8%		Increased quality of inspections and investigations to ensure evidence support allegations of improper conduct.

4.3 PROGRAMME 3: TRAINING AND COMMUNICATION

Purpose: This programme is responsible for ensuring the relevance of the content and quality of the training offered in the industry, communicating knowledge about the industry and sharing consistent information, results, and the relevance of the Authority. The programme consists of the following sub-programmes:

- **Industry Training:** Provides development of sector-based training, accreditation services and standards;
- **Marketing, Brand Management and Communications:** Ensures that PSiRA's functions and services are adequately promoted.

Outcomes: Financial sustainability, accountability, relevance and performance.

A professional, accountable and trustworthy private security industry.

A capable and trained private security industry

Programme's response to prioritising women, youth and persons with disabilities:

As part of the Authority's outreach programme, the Authority handed over a cheque for an amount of ten thousand rand (R10. 000) to an academically gifted young man from De Bark near Rustenburg in North West, who has invented an alarm system, Gaurdova Security Monitor. He created the monitor during the lockdown period in early 2020. The need to invent the system arose from the daily increase in criminal activities. The system uses a sensor to detect motion which then notifies a Security Company and the owner of the property. The alarm can be used without electricity as it can be charged using batteries or solar power.

WOMEN'S DAY CONFERENCE

On Thursday, 05 August 2021, a virtual Women's Day conference with external stakeholders was held under the theme, "Choose to Challenge." Leadership Equality, Gender Roles, Societal Pressures on Females and motivational talks were amongst the topics that were discussed on the day. A guest speaker from one of SA's leading security businesses, Tsoabelo Security Solutions, Ms Ntsoaki Kortjas, who has vast experience with specific gender equality issues, addressed the above-mentioned issues in light of the theme "Choose to Challenge".

Another speaker invited was Ms Queen Ndlovu, CEO and Co-founder of QP Drone Tech, International's Drone Author and Key Note Speaker. She was recently nominated as the Managing Director of South Africa Flying Labs. She previously founded, and co-founded Training and Artisan Colleges, and Management Consulting firms for the past 22 years. She was nominated as the Finalist for Women in Tech (2020) by the South African Tech Innovation Summit. She is rated as one of the best international published drone authors on Amazon (UK, US and Germany).

TAKE A BOY CHILD TO WORK CAMPAIGN

On 29 October 2021, the Polokwane Regional Office visited 15 boys from Mosego High School, which is based in Tubatse Fetakgomo Local Municipality under Sekhukhune District (Limpopo) and inducted them on the role of PSiRA and private security in general. The school is based in the deep rural area of Djate/Ntsoaneng village in Driekop, near Burgersfort.

The school is attended mainly by poor students who come from destitute families and walks long distances to school every day. The school has also been ranking very low with the overall pass rate in the province over the years. Hence we saw a need to assist by offering motivation/career guidance to some learners who may also be able to assist others.

FOOD PARCELS DONATION

Following the Police Minister Honourable Bheki Cele's presentation on crime figures between the period of July to the end of September, where the two regions in Gauteng (Hammanskraal) and Eastern Cape (Lusikisiki) were revealed to be among SA's rape capitals, the Training and Communication Unit embarked on a campaign to donate food parcels for Christmas at two home-based care centres from the above mentioned two regions.

Household structures in many African countries (including South Africa) have been drastically changed by the HIV/AIDS epidemic where Women and Children end up at Home Based Care Centres. Lusikisiki and Hammanskraal are amongst the region with the most child-headed households. The Authority donated food parcels to Eluphilisweni Care Centre based in Lusikisiki which caters for 26 children living with disabilities, most of them are orphans who lost their parents stay at the centre and Tshireletso orphanage in Hammanskraal, which cares for orphans, vulnerable children, give support to people living with HIV/AIDS, develop the New Eersterus community with life skills, and help eradicate poverty.

4.3.1 SUB-PROGRAMME: TRAINING

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Annual Targets		Deviation from planned target to Actual Achievement 2021/22	Overall progress of indicators	Reasons for deviations
					Planned Annual Target 2021/22	Actual Achievement 2021/22			
A capable and trained private security industry	Accreditation	3.1.1 Average turn-around time for accreditation of security training instructors	New indicator	4 days	7 days	3 days	-4 days		Training Subcommittee weekly meetings held to consider, review/approve applications and improve turnaround time.
		3.1.2 Average turn-around time for accreditation of security training institutions	New indicator	16 days	15 days	9 days	-6 days		Effective implementation of the controls and processes has improved turnaround times.
		3.1.3 Number of accredited instructors audited	New indicator	New indicator	100 Instructors	120 instructors	+20 instructors		Clear targets set for inspectors, and performance management implemented. Some training centres have more than one instructor and additional audits conducted at a single centre.

4.3.1 SUB-PROGRAMME: TRAINING (CONTINUED)

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Annual Targets		Deviation from planned target to Actual Achievement 2021/22	Overall progress of indicator	Reasons for deviations
					Planned Annual Target 2021/22	Actual Achievement 2021/22			
	Determination and Accreditation of Qualifications	3.2.1 Number of qualifications determined, developed and/or accredited	New indicator	0	2 qualifications	2 qualifications	-		N/A
	External assessment	3.3.1 Percentage of learners completing on-line external assessment	New indicator	Concept document on online external assessment approved	20% of learners completing on-line external assessments	Briefing session held on the 19 th of January and closing date for submission was on the 4 th February 2022.	-20%		Service provider not yet appointed to develop online assessment system. Tender was re-advertised because the bidders did not meet the minimum requirements. Form part of targets set in 2022/2023 APP.

4.3.2 SUB-PROGRAMME: COMMUNICATIONS, MARKETING AND STAKEHOLDER RELATIONS

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Annual Targets		Deviation from planned target to Actual Achievement 2021/22	Overall progress of indicator	Reasons for deviations
					Planned Annual Target 2021/22	Actual Achievement 2021/22			
Financial sustainability, accountability, relevance, and performance.	Stakeholder relations	1.9.1 Number of new cooperation agreements entered into with international industry regulatory bodies	New indicator	1 cooperation agreement	1 new cooperation agreement entered into	1 Agreement approved and signed	-		N/A
A professional, accountable, and trustworthy private security industry.	Marketing and communication	2.1.1 Number of external stakeholder awareness workshops conducted	New indicator	New indicator	60 stakeholder awareness workshops conducted	71 stakeholder awareness workshops conducted	+11		The promotion of the online system on different platforms contributed to the over achievement
		2.1.2 Number of external stakeholder awareness campaigns held	New indicator	New indicator	10 stakeholder awareness campaigns	40 stakeholder awareness campaigns	+30		The coordination and implementation of the security officer roadshows and Training Centre workshops following on from the launch of the digital platform.

4.4 PROGRAMME 4: REGISTRATION

Purpose: This programme is responsible for the registration of industry business and security officers.

Outcomes: A professional, accountable, and trustworthy private security industry.

Programme's response to prioritising women, youth and persons with disabilities:

The transformation of the private security industry in general is not only about redress, but also about creating opportunities for the entire industry through equal and fair economic participation. It is about having a culture that advances equality, worth of humanity, ownership, and business and educational opportunities in the industry.

Transformation is happening gradually in the private security industry, and it is noted that analysed data shows that there has been encouraging progress, in particular where the employment of women is concerned. According to the Authority's records, there has been a 16% increase in the number of women employed within the private security industry over the last five years. A year-on-year comparison over the last two financial years did not indicate a growth of registered employed women security officers in the private security industry. It maintained 22% of the total number of security officers employed. There was, however, a marginal increase of 0.1% in the number of female security officers registered with PSiRA during the financial year. The total number of registered security officers (employed and unemployed) is 33%, an 18% increase over the last five years.

As far as the age profile is concerned, 20% of the total registered and active (employed) security officers falls within the age bracket 18-30 years, which is slightly higher than the previous financial year. Most registered and active security officers fall within the age bracket of 31 to 40 years (39%). The Authority's registration database does not highlight information on persons with disabilities employed within the private security industry.

In conjunction with the Private Security Industry Sector Advisory Committee, the Authority also developed and its Council approved a draft Transformation Charter for the private security industry. The Transformation Charter for the private security industry will -

- Constitute a framework and establish the principles upon which B- BBEE must be implemented in the industry;
- Establish targets and qualitative undertakings in respect of each element of B-BBEE; and
- Outline processes for implementing the commitments contained in the Charter, as well as mechanisms to monitor and report on progress.

The Transformation Charter will aim to effectively promote the objectives contained in the B-BBEE Amendment Act and the elements highlighted therein (which include employment equity, gender transformation and youth employment) as it relates to the private security industry. The Charter will therefore support Government's objectives to redress historical, socio-economic inequalities and ensure broad-based economic empowerment and meaningful participation of HDP's in the private security industry. Further consultations with the private security industry will take place in 2022/2023.

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Annual Targets		Deviation from planned target to Actual Achievement 2021/22	Overall progress of indicators	Reasons for deviations
					Planned Annual Target 2021/22	Actual Achievement 2021/22			
A professional, accountable, and trustworthy private security industry	Registration	2.7.1 Average turnaround time for registration of applications meeting all the requirements for security businesses (working days)	Average of 6 days	Average of 5 days	Average of 5 days	Average of 5 days	-		N/A
		2.7.2 Average turn-around time for registration of applications meeting all the requirements for security officers (working days)	Average of 14 days	Average of 20 days	Average of 12 days	Average of 18 days	+6 days		Historical delays by external service provider not meeting turn-around-time to conduct criminal record verifications had a cumulative effect on the programme not being able to meet the turnaround time. In addition, implementation challenges with the launch of the digital platform also impacted on the turnaround time.
		2.7.3 Percentage of applicants registered through the online registration platform	New indicator	Tender process completed	30% of applicants registered through the online registration platform	0,1%	-29.9%		Delays in the implementation of the online platform resulted in the target not being met. Implementation challenges also caused lower registration figures than expected.

4.5. EXPLANATIONS FOR MAJOR VARIANCES AND ACHIEVEMENTS

4.5.1 Programme 1: Administration

4.5.1.1 Sub-programme: Finance

(a)	Output Indicator	Percentage implementation of the approved Strategic Risk Mitigation Plan
	Explanation for major variances (under-achievement)	Delays were encountered in the appointment of the service provider for the development of the online assessment platform because the bidder did not meet the minimum requirements. The tender was re-advertised.
	Actions to address under-achievement	The appointment of the service provider for the development of the online assessment platform will be finalised during the 1st quarter of 2022/23. The briefing session held on the 19th of January 2022 and closing date for submission was the 4th of February 2022. The implementation of the risk actions not achieved in 2021/2022 have been incorporated in the 2022/2023 strategic risk register as well and in the case of the development/ accreditation of learning material, in the 2022/2023 APP as well.
(b)	Output Indicator	Percentage of billed revenue collected
	Explanation for major variances (over-achievement)	Effective collection strategies in place and review the collection rate continuously.

4.5.1.2 Sub-programme: Corporate Services

(a)	Output Indicator	Percentage implementation of digital business strategy implementation plan
	Explanation for major variances (over-achievement)	Implemented Digital Online Solution that covered additional business requirements.
(b)	Output Indicator	Percentage of employee performance rating assessed at 3 and above as per Performance Management System
	Explanation for major variances (over-achievement)	The introduction of the KPI Library, training on assessment and employees that went above and beyond what was expected from them led to the overachievement.
(c)	Output Indicator	Number of draft regulations approved by Council
	Explanation for major variances (over-achievement)	1 Additional regulation on application for registration was drafted and approved to align with the Amendment Act.

4.5.2 Programme 2: Law Enforcement

4.5.2.1 Sub-programme: Compliance and Enforcement

(a)	Output Indicator	Number of security businesses inspected to enforce compliance with applicable legislation
	Explanation for major variances (over-achievement)	Additional inspectors were appointed. The number of complaints attended to resulted in an increase in the number of inspections conducted.
(b)	Output Indicator	Percentage of registered active businesses completing industry compliance self-assessment
	Explanation for major variances (under-achievement)	Poor response from the industry in completing the industry compliance self-assessments. In addition, there were also many duplications detected.
	Actions to address under-achievement	A new IT system will be sought to ensure that the self-assessment process works effectively. The assessments should be mandatory in the future, and regulations have been developed for this area. Improved communication to the industry on the self-assessments and purpose behind it will be done. The self-assessment indicator is implemented over the five-year period and is planned to continue in the next financial year (APP 2022/23).
(c)	Output Indicator	Number of security officers inspected to enforce compliance with applicable legislation.
	Explanation for major variances (over-achievement)	Operations held with the SAPS based on complaints received regarding undocumented security officers increased the number of inspections conducted.
(d)	Output Indicator	Number of security businesses licensed for firearms inspected
	Explanation for major variances (over-achievement)	Requests were received from the SAPS to verify compliance at security businesses utilising firearms. This increased firearm inspections being conducted. Self-Assessment firearms also contributed to achieving this target.
(e)	Output Indicator	Percentage of complaints finalised through an investigation against security service provider
	Explanation for major variances (over-achievement)	A high number of complaints were finalised through investigations, arrests, and operations. This resulted in the target being over-achieved.
(f)	Output Indicator	Percentage criminal cases opened against non-compliant SSPs
	Explanation for major variances (over-achievement)	Joint Operations were held with the SAPS to address complaints against non-compliant SSPs. These operations resulted in a high number of criminal cases opened against those parties who were non-compliant. This resulted in the over-achievement of the target.

4.5.2.2 Sub-programme: Prosecutions

(a)	Output Indicator	Percentage of cases of non-compliant SSPs successfully prosecuted per year.
	Explanation for major variances (over-achievement)	Increased quality of inspections and investigations to ensure evidence support allegations of improper conduct.

4.5.3 Programme 3: Training and Communication

4.5.3.1 Sub-programme: Training

(a)	Output Indicator	Average turnaround time for accreditation of security training instructors
	Explanation for major variances (over-achievement)	Training Subcommittee weekly meeting to consider, review/approve applications.
(b)	Output Indicator	Average turnaround time for accreditation of security training institutions
	Explanation for major variances (over-achievement)	Effective implementation of the controls and processes have improved turnaround times.
(c)	Output Indicator	Number of accredited instructors audited
	Explanation for major variances (over-achievement)	Clear targets set for inspectors, and performance management implemented. Some training centres have more than one instructor and additional audits conducted at a single centre.
(d)	Output Indicator	Percentage of learners completing on-line external assessment
	Explanation for major variances (under-achievement)	Service provider not yet appointed to develop the digital on-line external platform. Tender was re-advertised because the bidders did not meet the minimum requirements.
	Actions to address under-achievement	The achievement of the target is planned for the 2022/2023 financial year and incorporated in the APP. The appointment of the service provider to develop the digital platform will be finalised during the 1 st quarter 2022/23. BEC committee scheduled to meet on 14 th April 2022.

4.5.3.2 Sub-programme: Communication, Marketing and Stakeholder Relations

(a)	Output Indicator	Number of external stakeholder awareness workshops conducted.
	Explanation for major variances (over-achievement)	Promoting the online system on different platforms contributed to the over-achievement.
(b)	Output Indicator	Number of external stakeholder awareness campaigns held
	Explanation for major variances (over-achievement)	The coordination and implementation of the security officer roadshows and Training Centre workshops following on from the launch of the digital platform.

4.5.4 Programme 4: Registration

(a)	Output Indicator	Average turnaround time for registration of applicants meeting all the requirements for security officers (working days)
	Explanation for major variances (under-achievement)	Historical delays by external service provider not meeting turn-around-time to conduct criminal record verifications had a cumulative effect on the programme not being able to meet the turnaround time. In addition, implementation challenges with the launch of the digital platform also impacted on the turnaround time. This included the following: • Batching system not working in February – problem rectified in March 2022. • Role incompatibility – rectified in March 2022.
	Actions to address under-achievement	The challenges with the external service provider conducting criminal record verifications have been resolved. Insofar as the digital platform is concerned, the following actions have been implemented: • Approval roles for applications – process refined and rectified at the end of March 2022. • Batching system not working in February – problem rectified in March 2022. • Role incompatibility – rectified in March 2022. The performance target has been retained in the 2022/2023 APP.
(b)	Output Indicator	Percentage of applicants registered through the online registration platform
	Explanation for major variances (under-achievement)	Delays in the implementation of the online platform resulted in the target not being met. Implementation challenges also caused lower registration figures than expected. New online system failure – system slow, payment system not working, limited functionality of system.
	Actions to address under-achievement	• Regular communication • Regular meetings with system developers • Rectifying and testing system to identify problems • Change management (user training) All applications for registration will be done on the online platform in 2022/2023 since the platform was launched on 03 February 2022.

5. PSiRA's RESPONSE TO THE COVID-19 PANDEMIC

The COVID-19 epidemic continued to disrupt respect of several functions and services which PSiRA renders, including the temporary and periodic closure of a number of our branch offices as a result of staff infections and in line with the Authority's Workplace Plans in response to the different Alert Levels. As a self-funding public entity, PSiRA relies mainly on fees payable by security service providers to fund its operations in terms of the regulatory mandate, and the temporary halt or disruption in certain operations, has brought risks of financial instability. To ensure adequate financial management, particular focus was placed on managing expenditure and prioritising cost items throughout the year.

In reaction to the announcements by the President, Hon. C. Ramaphosa, in respect of the different Alert Levels, the Authority developed and continually reviewed its Workplace Plans and risk registers and actioned mitigation plans in respect thereof. As the PSiRA service delivery mandate to the private security industry includes face-to-face contact with clients, the Workplace Plans considered all the risks to reduce any potential risk of infection of the COVID-19 to our clients and our employees. These plans continued to support our commitment to provide a safe environment for all our employees and stakeholders and, at the same time, highlight our commitment to ensure that we live the values of PSiRA in rendering excellent and professional services and ensuring that our stakeholders experience flexibility during these challenging times in a business un-usual environment.

The overall objectives of the Workplace Plans were to –

- Continue with all PSiRA-related functions;
- Limit the exposure of employees and clients to COVID-19 potential infections; and
- Develop measures to ensure operational continuity of processes and activities and assignment of roles and responsibilities.

The scope of the Workplace Plans included the following:

The plans operated across all the business functions within Head Office, Regional Offices and Branches;

All the operations of each office that directly relate to the business of the respective office and those that reside within the premises of PSiRA;

Third-Party Service Providers;

A Risk-Based approach in terms of the expectations from the industry and public and to give effect to our mandate; and

Business continuity in respect of all business activities in line with PSiRA's mandate and income streams.

Depending on the respective Alert Level, the Workplace Plans provided for different operating levels, including at times a staff rotational system that was applied under the higher Alert Levels, including work from home through remote connectivity. From a staff impact perspective, the Authority experienced an upsurge of positive COVID-19 infections during especially the outbreak of the Omicron variant of the virus.

The intensified preventative measures as well pro-active methods by PSiRA's COVID-19 Operational Committee, in the form of communication to staff members on measures to combat the spread of the virus in the workplace and observing set health protocols, have gone a long way in the Authority attaining a drastic decline in positive COVID-19 cases reported in the latter part of the year. In total, the Authority had fifty-seven (57) confirmed infections of staff members during the financial year and ninety-five (95) staff members that were directly affected as a result of close contact with infected members which required self-quarantine. The Authority sadly reported two (2) deaths of staff members who were infected by the virus.

6. Law Enforcement Operational Report

A. COMPLIANCE AND ENFORCEMENT DEPARTMENTS

One of the objectives of the Authority is to ensure that compliance with legislation by security service providers is promoted and controlled through a process of active monitoring and investigation of the affairs of security service providers. In order to give effect to the Authority's mandate in ensuring a well-regulated private security industry, the Authority has developed and implemented a compliance and enforcement strategy which also provides for two departments namely a Compliance and Enforcement Department. This strategy includes enforcement and prosecution as well as a new focus on regulatory compliance through inspection.

6.1 COMPLIANCE

In general, compliance means conforming to a rule such as a specification, policy, standard or law. In the private security industry context, compliance describes the goal that the industry needs to aspire to in order to ensure that it and its personnel are aware of and take the necessary steps to comply with the relevant rules and regulations governing the occupation of security service provider.

The Authority's compliance strategy is amongst others the communication of risk to the industry and to others such as the public and clients. Such information strategies involve mandatory disclosures to provide information on issues of compliance. It is hoped that by disclosing such information, the industry will undertake co-operative compliance given the disclosed risk known.

In certain scenarios, the enforcement approach may also be found to be counterproductive, especially in the case where security service providers who are motivated by a sense of social and public responsibility to comply and where providers genuinely display a law-abiding nature.

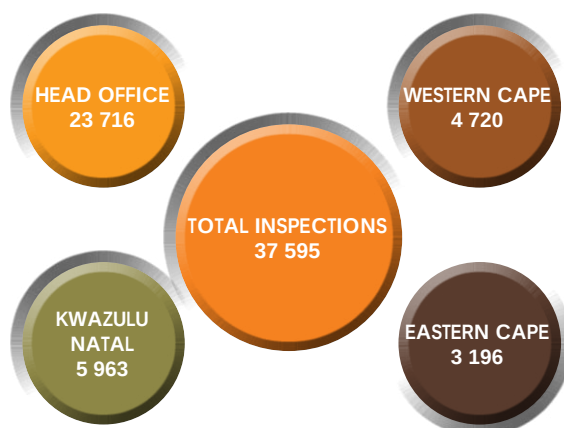
6.1.1 COMPLIANCE INSPECTIONS

In terms of the revised Standard Operational Policy and 2021/2022 Annual Performance Plan, each compliance inspector must conduct a minimum number of inspections per month. In certain cases, the targets of individual inspectors may be reduced under special circumstances i.e. special investigations, annual leave, sick leave, testifying in improper conduct enquiries, etc.

During the period 1 April 2021 to 31 March 2022, a total of **37 595** compliance inspections of security service providers were conducted or by the Enforcement Department compared to **47 363** inspections for the same period the previous year.

The regional breakdown was as follows:

Gauteng – 17 124	Mpumalanga – 1 498
Limpopo – 3 069	North West – 800
Free State – 870	Northern Cape – 355

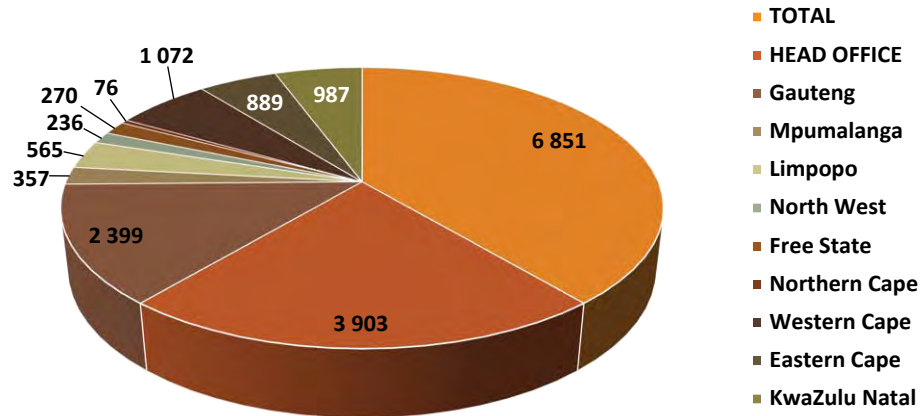


Furthermore, of the **37 595** compliance inspections conducted for the year 2021/2022, **30 744** compliance inspections were conducted on security officers deployed at different sites, compared to **39 805** security officers inspections conducted for the same period in the previous year.

Of the **37 595** compliance inspections conducted on the year under review, **6 851** compliance inspections were conducted at security businesses compared to **7 558** inspections for the same period during the previous year.

The regional breakdown was as follows:

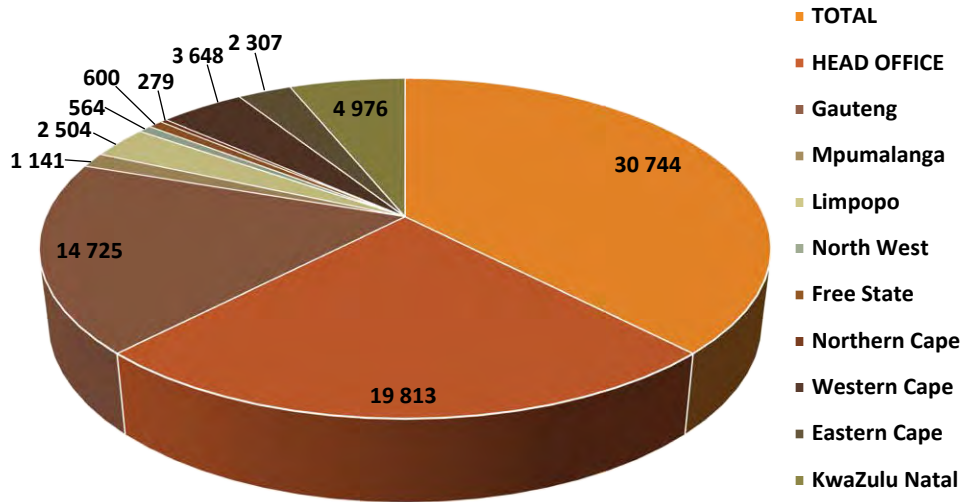
NUMBER OF BUSINESS INSPECTIONS



Furthermore of the **37 595** compliance inspections conducted for the year 2021/2022, **30 744** compliance inspections were conducted on security officers deployed at different sites, compared to 39 805 security officers inspections conducted for the same period in the previous year.

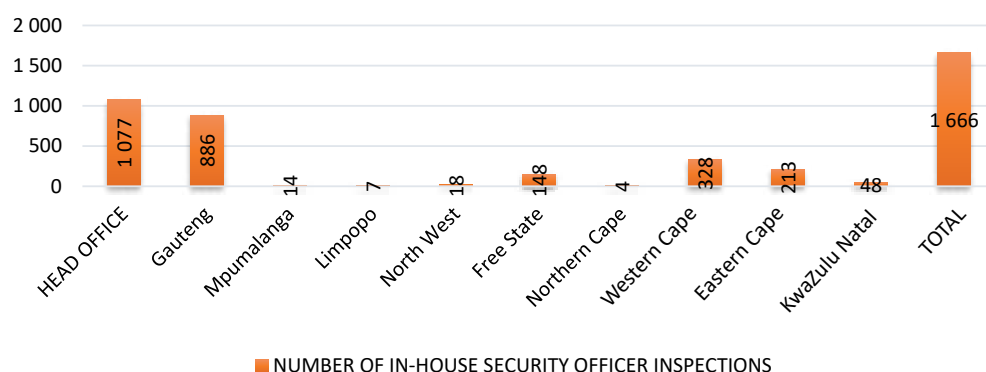
The regional breakdown was as follows:

NUMBER OF SECURITY OFFICER INSPECTIONS



A total number of **1 666** inspections were conducted on security officers deployed by in-house employers. The regional breakdown in respect of the number of in-house security officer inspections conducted during the period under review, is as follows:

NUMBER OF IN-HOUSE SECURITY OFFICER INSPECTIONS



A regional breakdown as far as the types of inspection conducted at security businesses from 1 April 2021 to 31 March 2022 is as follows:

HEAD OFFICE	Gauteng	Mpumalanga	Limpopo	N / West	Free State	N / Cape	Total
Total number of routine/regulatory/ training/infrastructure/ accreditation/ inspections conducted	2 399	357	565	236	270	76	3 903
First time inspections	368	68	130	35	69	6	676
Triggered inspections	232	16	33	14	26	7	328
Infrastructure inspections	563	80	153	83	43	32	954

COASTAL REGIONAL OFFICES	Western Cape	Eastern Cape	KwaZulu - Natal	Total
Total number of routine/regulatory/training/infrastructure/ accreditation/ inspections conducted	1 072	889	987	2 948
First time inspections	170	253	249	672
Triggered inspections	104	47	104	255
Infrastructure inspections	195	237	272	704

Note must be taken that “first time inspections” referred to above refers to security businesses that have not been the subjected to an inspection from their date of registration. These businesses are newly registered businesses. “Triggered inspections” refers to inspection generated from complaints sourced via the help desk, telephonic, written, or personal complaints, internet, newspaper articles, account administrators, etc. In terms of the Law Enforcement Division’s Standard Operational Policy, priority must be given to complaints and infrastructure inspections first.

Compliance inspections are also conducted, depending on the particular area visited, on the basis of when last an inspection was conducted at a particular security service provider.

Statistical information pertaining to inspections conducted at large, medium, and small businesses from 1 April 2021 to 31 March 2022 is as set out below. For the purpose of this statistical information, a small business is considered to be employing less than 20 security officers, medium 21 to 50 security officers and large, 51 and above security officers.

REGION	NUMBER OF INSPECTIONS			
	Small Businesses	Medium Businesses	Large Businesses	Infrastructure & Capacity
Head Office	2 023	333	592	955
Western Cape	598	132	146	196
Eastern Cape	538	46	68	237
KwaZulu-Natal	477	72	166	272
TOTAL	3 636	583	972	1 660

With reference to all the above statistics, the overall performance pertaining to the total number of compliance inspections conducted for the period 1 April 2021 to 31 March 2022, in relation to the Authority's APP's target is **118%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	20 122	23 716	117%
Western Cape	3 506	4 720	134%
Eastern Cape	2 520	3 196	126%
KwaZulu-Natal	5 658	5 963	105%

The performance pertaining to the number of compliance inspections conducted at security businesses for the period 1 April 2021 to 31 March 2022, in relation to the Authority's APP's target is **129%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	2 748	3 903	142%
Western Cape	816	1 072	131%
Eastern Cape	572	889	155%
KwaZulu-Natal	1 144	987	86%

The performance pertaining to the number of compliance inspections conducted at security officers' different sites for the period 1 April 2021 to 31 March 2022, in relation to the Authority's APP's target is **116%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF SECURITY OFFICER INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	17 374	19 813	114%
Western Cape	2 690	3 648	135%
Eastern Cape	1 948	2 307	118%
KwaZulu-Natal	4 514	4 976	110%

6.2 INSPECTIONS

REGION	TOTAL IN- SPECTIONS	GUARD- ING SEC- TOR	ELEC- TRONIC SECU- RITY SECTOR	PRI- VATE INVES- TIGATOR	TRAINING INDUSTRY SECTOR	LOCK- SMITH SECTOR	IN-HOUSE SECTOR	WORK- ING ANI- MALS	ANTI- POACHING
HEAD OFFICE:	3 903	1 653	500	275	198	167	93	76	8
WESTERN CAPE	1 072	572	125	31	32	35	35	43	0
EASTERN CAPE	889	438	76	36	47	24	23	7	0
KWAZULU- NATAL	987	474	78	38	57	26	24	17	0
TOTAL	6 851	3 137	779	380	334	252	175	143	8

The performance pertaining to categories of security service providers inspected against the target as per the Operational Plan for the period 1 April 2021 to 31 March 2022, is as follows:

SECTOR	OPERATIONAL TARGET	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU- NATAL	TOTAL
GUARDING SECTOR	2 628	1 653	572	438	474	3 137
ELECTRONIC SECURITY SECTOR	444	500	125	76	78	779
PRIVATE INVESTIGATOR	168	275	31	36	38	380
TRAINING INDUSTRY SECTOR	168	198	32	47	57	334
LOCKSMITH SECTOR	168	167	35	24	26	252
IN-HOUSE SECTOR	168	93	35	23	24	175
WORKING ANIMALS	80	76	43	7	17	143
ANTI-POACHING	0	8	0	0	0	8

6.2.1 SITE INSPECTIONS / INVESTIGATIONS

Site investigations forms part of the Division's operational plan in order to, *inter alia*, verify the accuracy of information provided by security businesses to inspectors as well as conducting security officer inspections. These site investigations are at times also conducted in co-operation with the SAPS, especially in cases where unregistered security officers were found, illegal immigrants are used, or firearms are used in contravention with the requirements of the Private Security Industry Regulations.

The following inspections were conducted at various categories of sites during the period under review:

INSPECTIONS

REGION	TOTAL IN- SPECTIONS	RETAIL & CORPORATE SECTOR	HEALTH SECTOR	EDUCA- TIONAL SECTOR	INDUSTRIAL AND CORPO- RATE	RESIDEN- TIAL AREAS	ANTI- POACHING	OTHER
HEAD OFFICE:	19 813	8 503	2 031	2 463	3 862	2 654	46	254
WESTERN CAPE	3 648	1 246	420	443	871	441	11	216
EASTERN CAPE	2 307	987	446	210	370	176	01	117
KWAZULU- NATAL	4 976	1 814	1 162	421	774	400	0	405
TOTAL	30 744	12 550	4 059	3 537	5 877	3 671	58	992

The performance pertaining to site inspections conducted against the target as per the Operational Plan for the period 1 April 2021 to 31 March 2022, is as follows:

SECTOR	OPERATIONAL TARGET	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
RETAIL & CORPORATE SECTOR	7 188	8 503	1 246	987	1 814	12 550
HEALTH SECTOR	3 594	2 031	420	446	1 162	4 059
EDUCATIONAL FACILITIES	3 594	2 463	443	210	421	3 537
INDUSTRIAL AREAS	7 188	3 862	871	370	774	5 877
RESIDENTIAL AREAS	3 594	2 654	441	176	400	3 671
ANTI-POACHING (security officer inspections)	0	46	11	01	0	58
OTHER	0	254	216	117	405	992

6.3.1 ENFORCEMENT

Whilst the compliance strategy provides for general persuasive, advisory and conciliating measures, the Authority is mindful that the less frequent and less intensive inspections become, the less information the Authority may have over security service providers' compliance behavior. Under this circumstances, lenient enforcement and infrequent inspections may turn even compliant security service providers into evasive ones. In addition, a softer regulatory approach may motivate evasive security service providers to stick to their uncooperative attitude towards compliance.

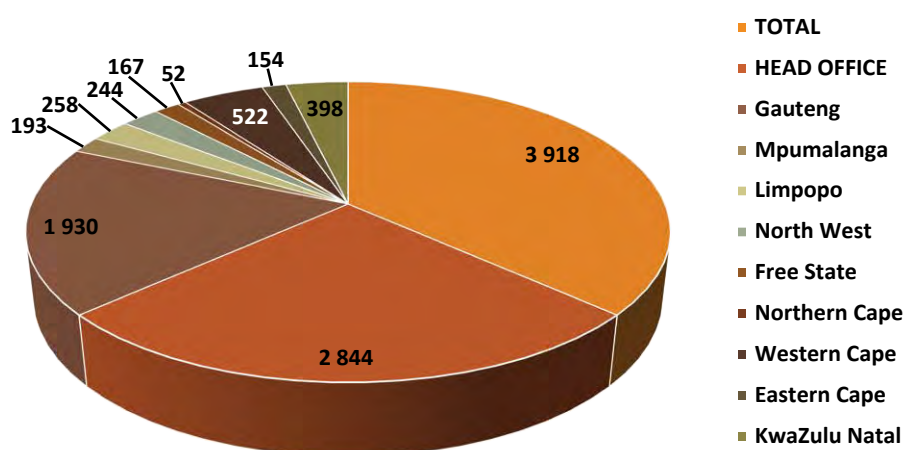
Enforcement, therefore, seeks to address security service providers who know that they must comply but choose to otherwise evade compliance. The Authority enforce the law on those providers who do not comply with the Act and regulations.

In terms of the Law Enforcement Division's operational policy, all enforcement inspectors must finalise a minimum number of investigations per month. In certain cases, the target of individual inspectors are reduced under special circumstances i.e. annual leave, sick leave, testifying in criminal and improper conduct cases, etc.

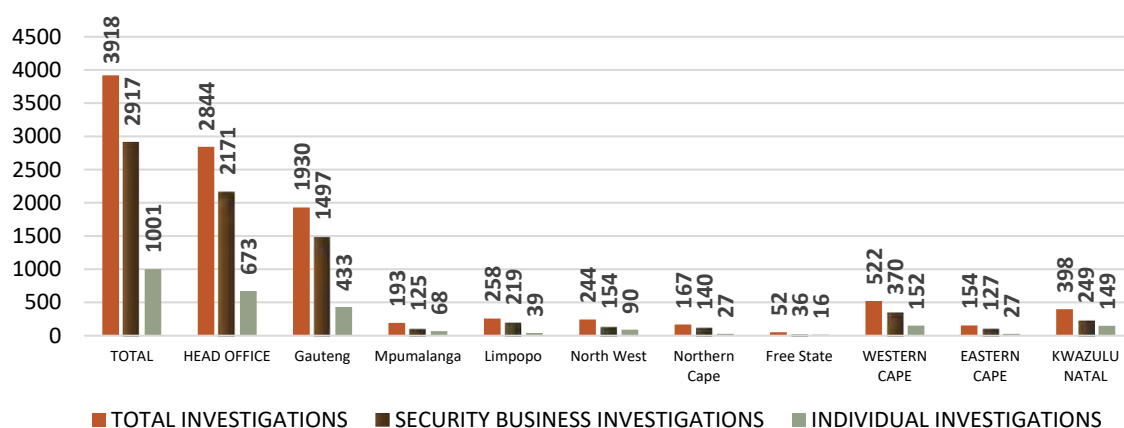
During the period 1 April 2021 to 31 March 2022, a total of 3 918 investigations were overall finalized compared to 3 895 investigations for the same period during the previous year.

The regional breakdown is as follows:

TOTAL NUMBER OF INVESTIGATIONS



A further regional breakdown in respect of the above investigations, are as follows:



With reference to the above statistics, the overall performance pertaining to investigations conducted for the period 1 April 2021 to 31 March 2022, based on the Operational Plan of the Enforcement Department is **138%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INVESTIGATIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	1 740	2 844	163%
Western Cape	360	522	145%
Eastern Cape	180	154	85%
KwaZulu-Natal	540	398	73%

The position in respect of investigations conducted / finalized in respect of all investigations conducted (current and previous financial year matters are as follows:

REGION	NUMBER OF INVESTIGATIONS FINALISED (ALL INVESTIGATIONS FOR THE PERIOD)	NUMBER OF ANNEXURE A OFFENCES INVESTIGATED AND FOUND IN RESPECT OF THESE FINALISED CASES	NUMBER OF CRIMINAL CASES OPENED IN RESPECT OF THESE INVESTIGATIONS
HEAD OFFICE	2 844	871	871
WESTERN CAPE	522	145	145
EASTERN CAPE	154	49	49
KWAZULU NATAL	398	139	139
TOTAL	3 918	1 204	1 204

The position in respect of Enforcement complaints are as follows:

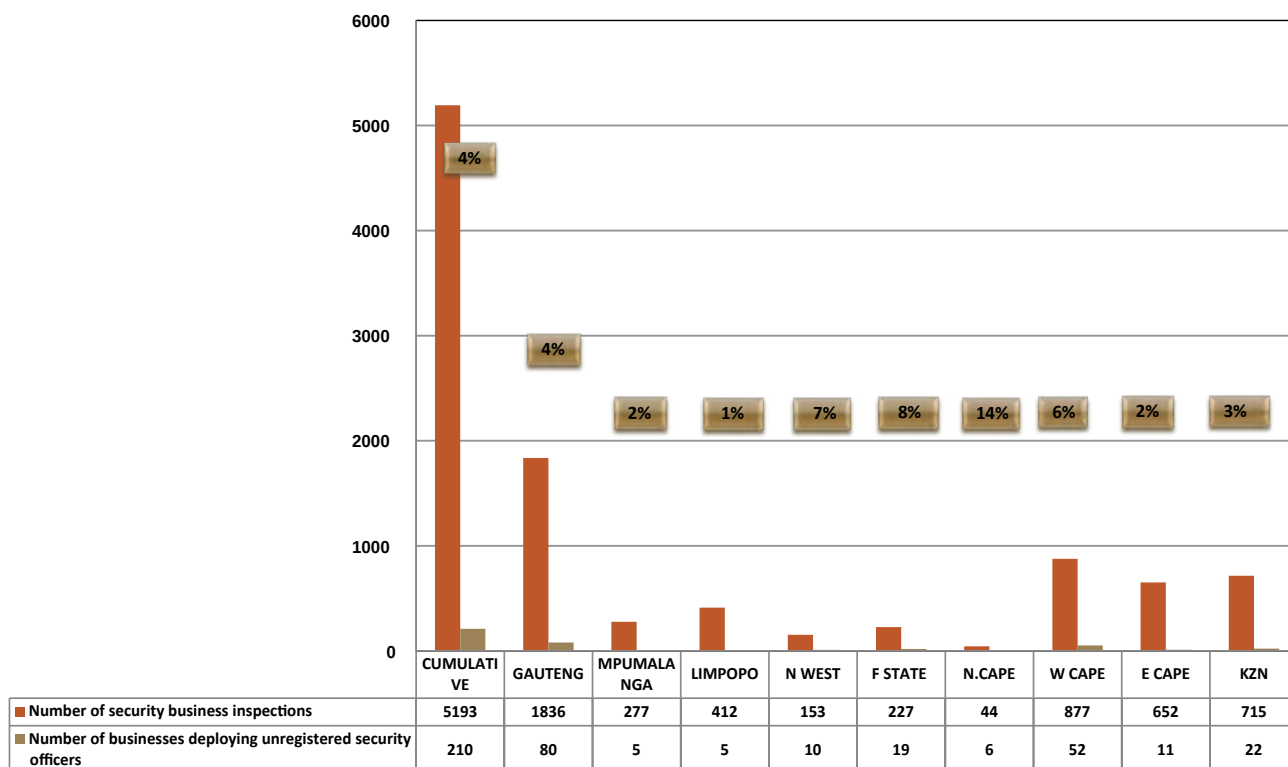
REGION	NUMBER OF COMPLAINTS CARRIED OVER BY ENFORCEMENT DEPARTMENT OR UNIT FROM MARCH 2021	NUMBER OF NEW COMPLAINTS RECEIVED IN APRIL 2021 TO MARCH 2022	TOTAL NUMBER OF COMPLAINTS FINALISED	NUMBER OF COMPLAINTS CARRIED OVER TO APRIL 2022
HEAD OFFICE	11	459	466	4
WESTERN CAPE	4	114	116	2
EASTERN CAPE	2	117	100	19
KWAZULU NATAL	4	108	102	10
TOTAL	21	798	784	35

COMPLIANCE ANALYSIS CONDUCTED

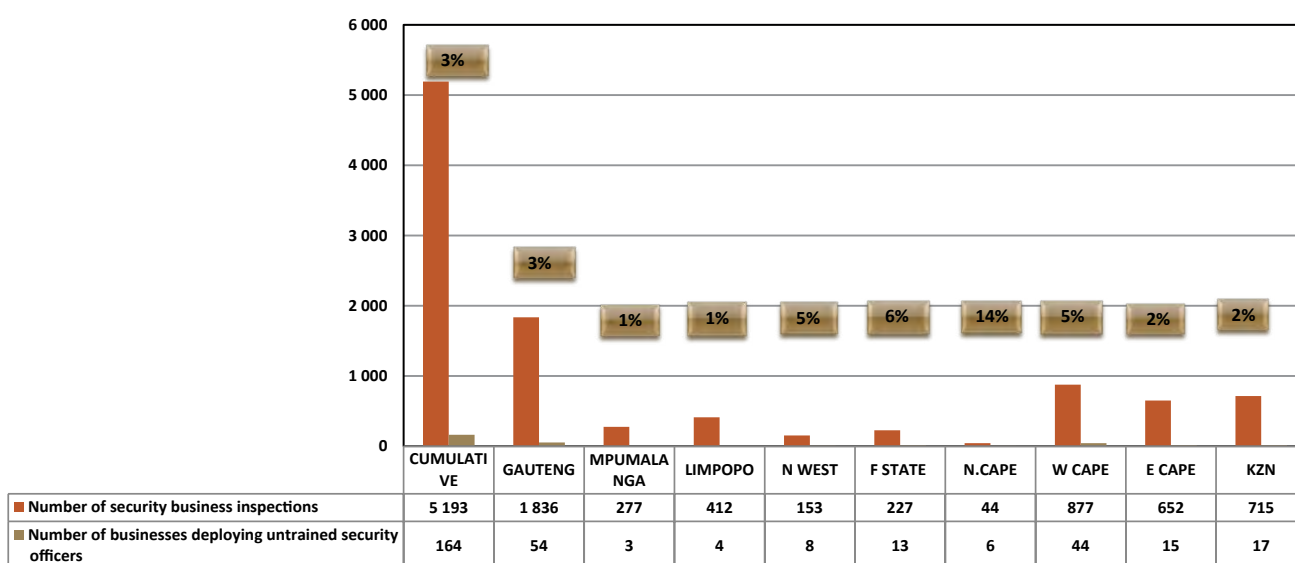
SECURITY BUSINESS INSPECTIONS

Following on from compliance inspections (excluding infrastructure inspections) conducted at security businesses as well as security officer inspections during 1 April 2021 to 31 March 2022, the following were found in terms of compliance:

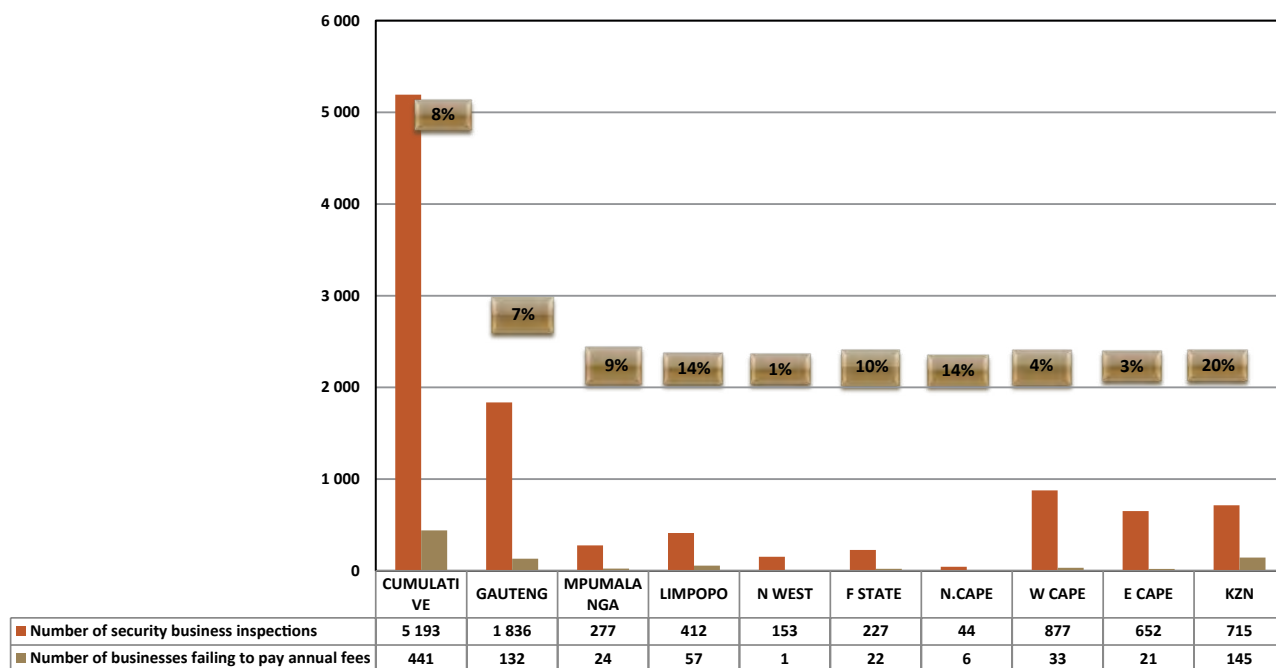
BUSINESSES DEPLOYING UNREGISTERED SECURITY OFFICERS



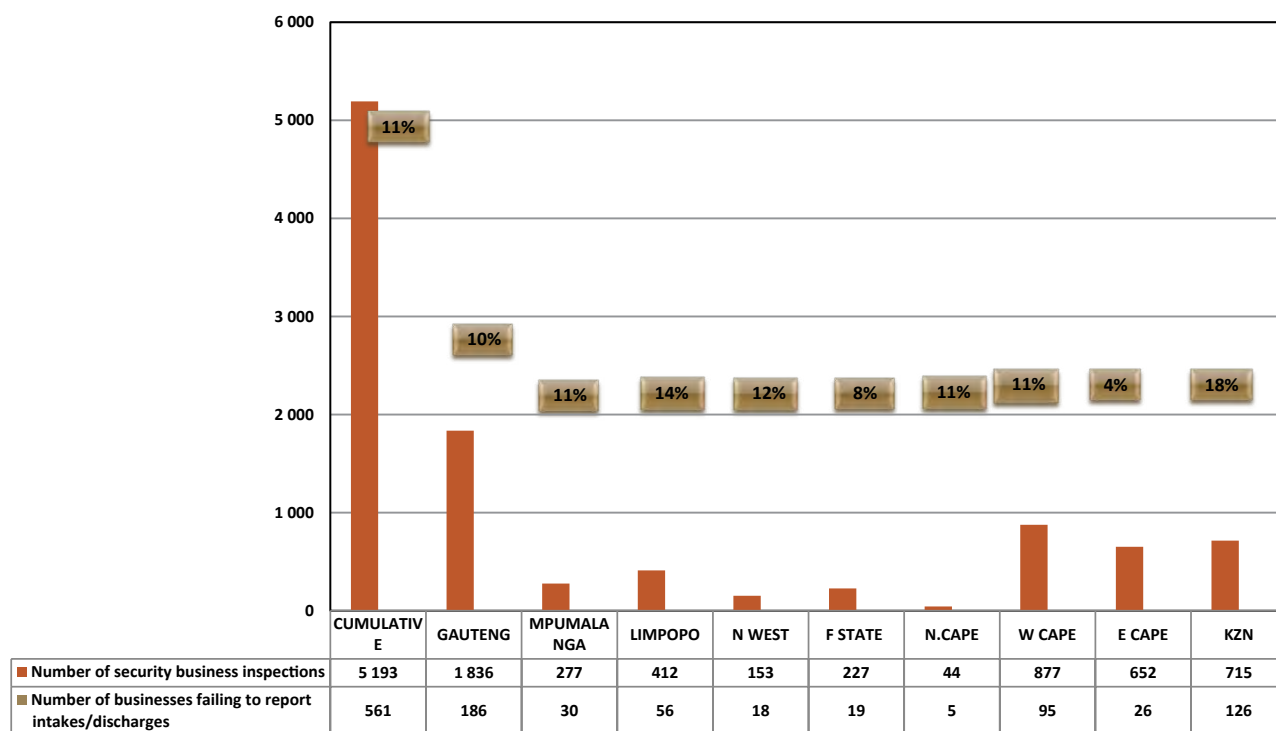
BUSINESSES DEPLOYING UNTRAINED SECURITY OFFICERS



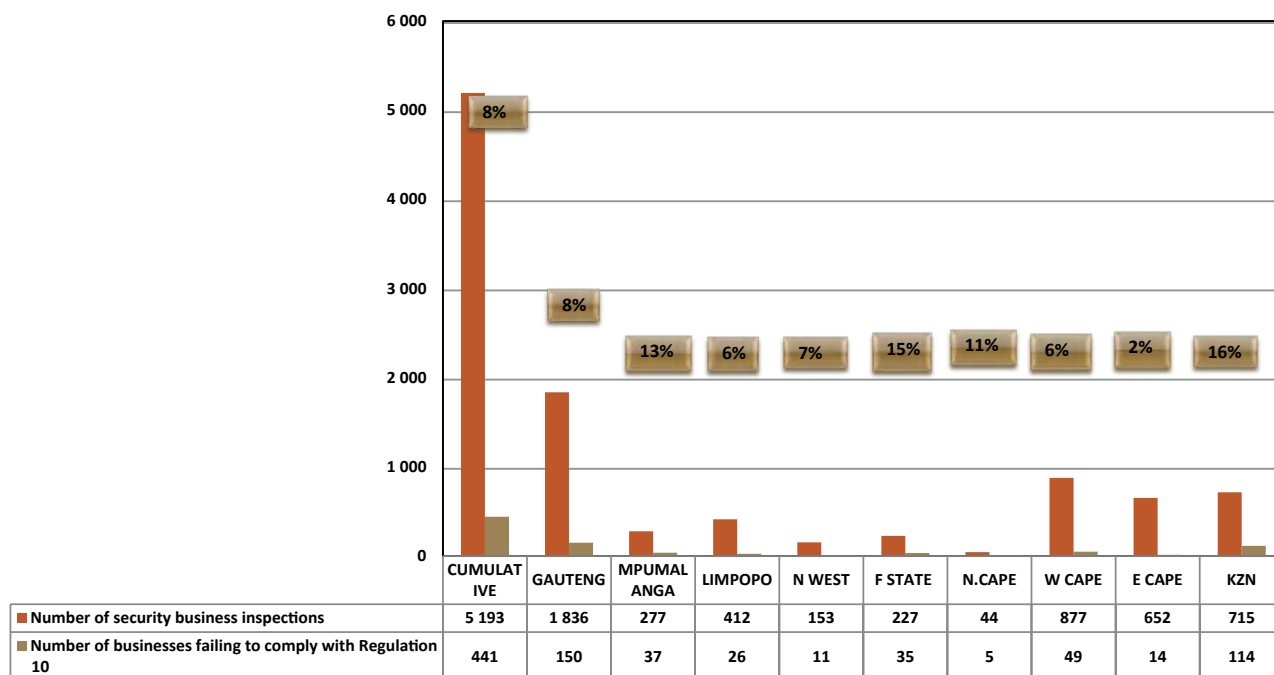
BUSINESSES FAILING TO PAY ANNUAL FEES



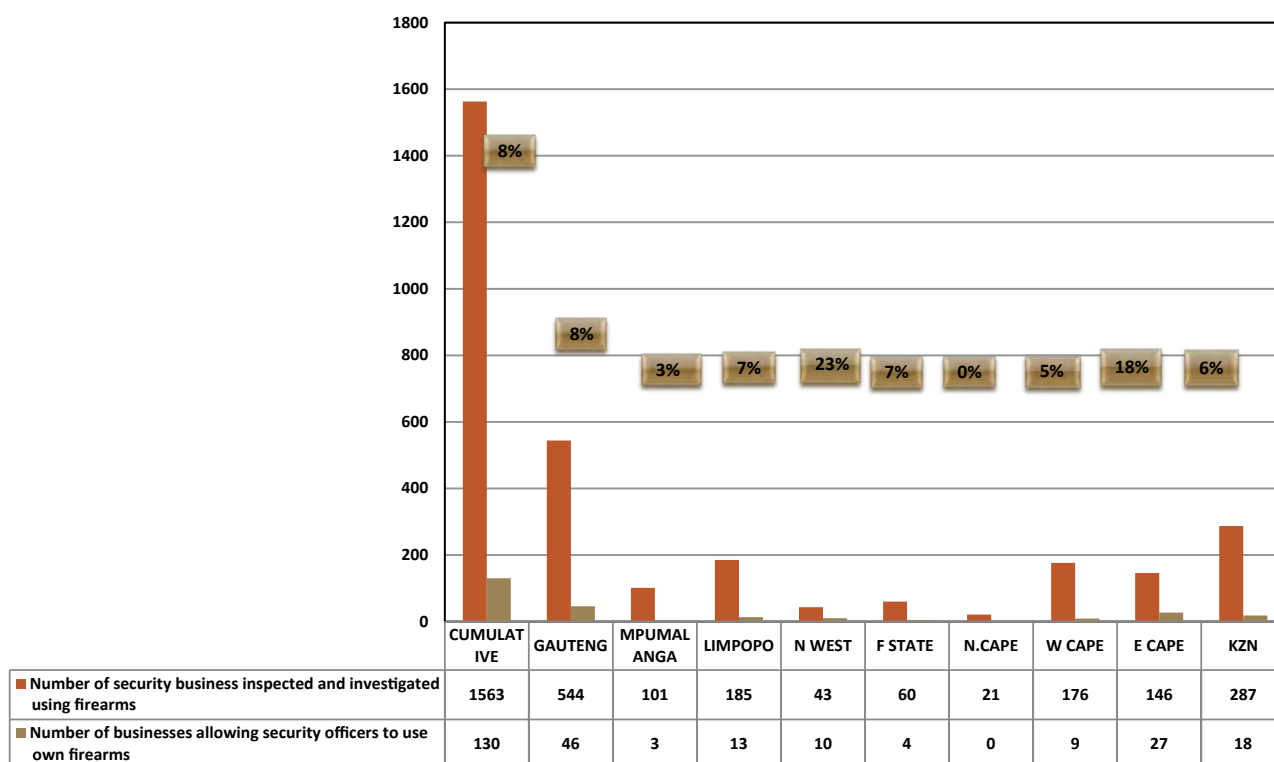
BUSINESSES FAILING TO REPORT INTAKES / DISCHARGES



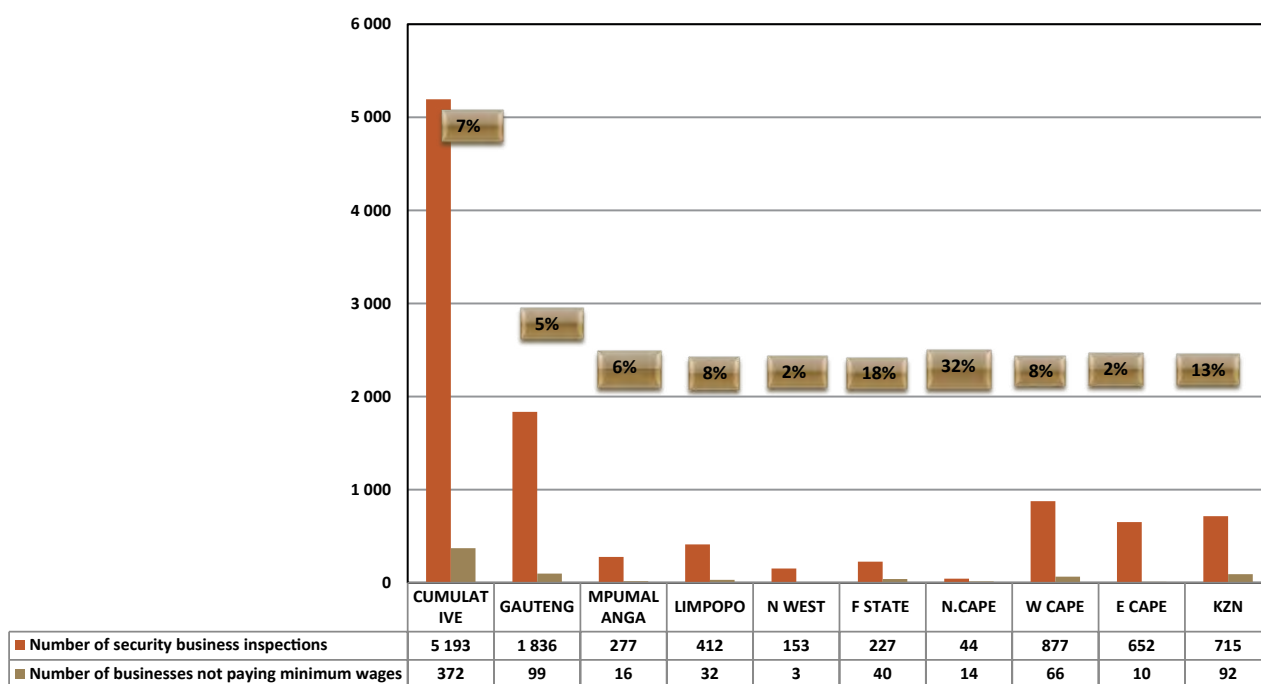
BUSINESSES FAILING TO COMPLY WITH REGULATION 10 DOCUMENTATION



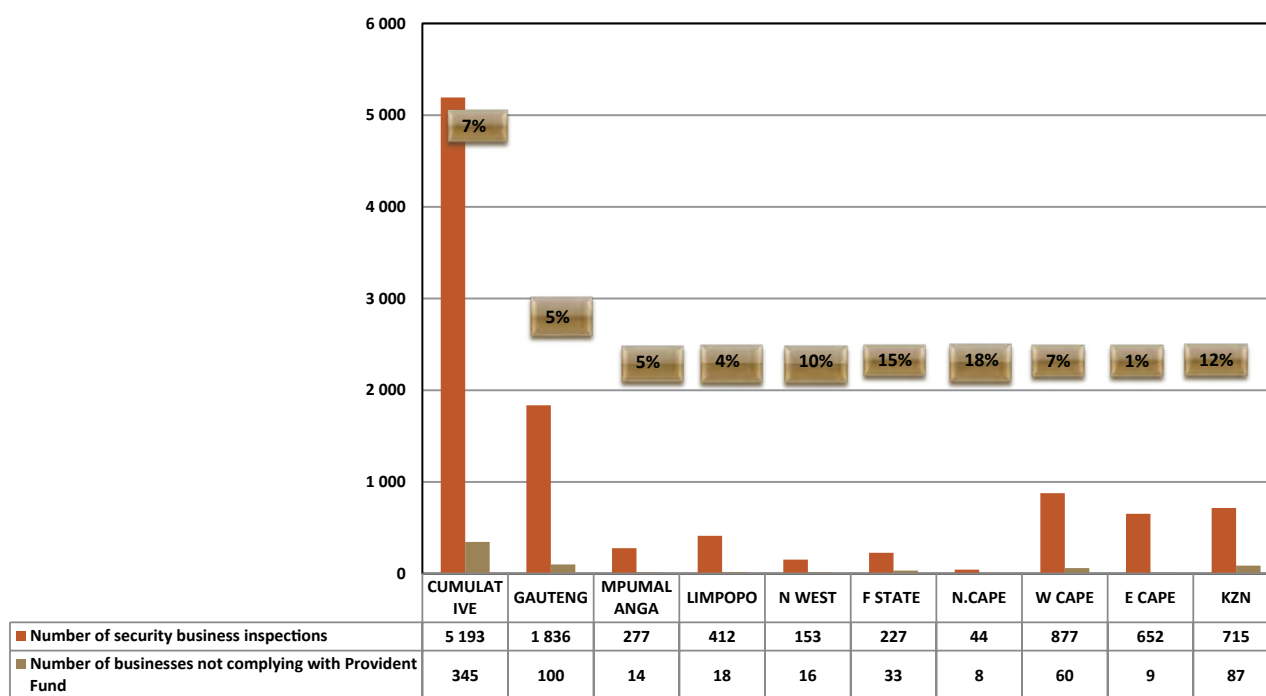
BUSINESSES USING FIREARMS NOT COMPLYING WITH REGULATION 13(5) OR (6)



BUSINESSES NOT PAYING MINIMUM WAGES

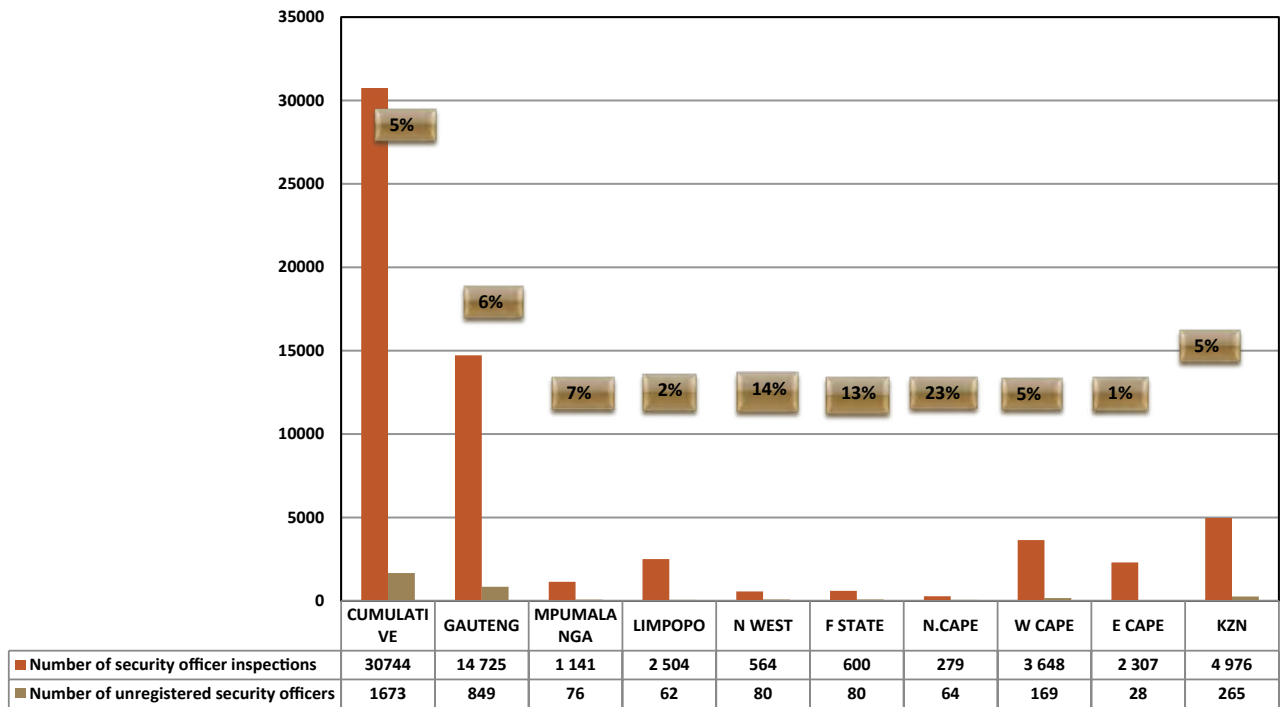


BUSINESSES NOT COMPLYING WITH PROVIDENT FUND

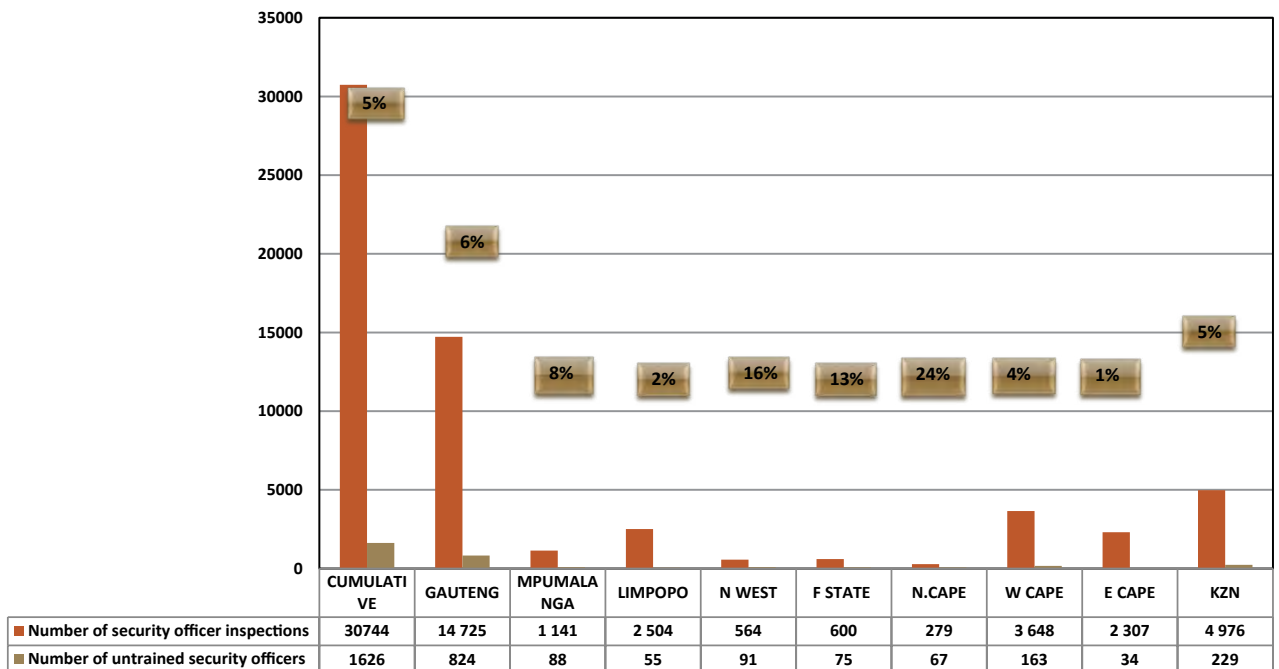


6.3.1 SECURITY OFFICER INSPECTIONS

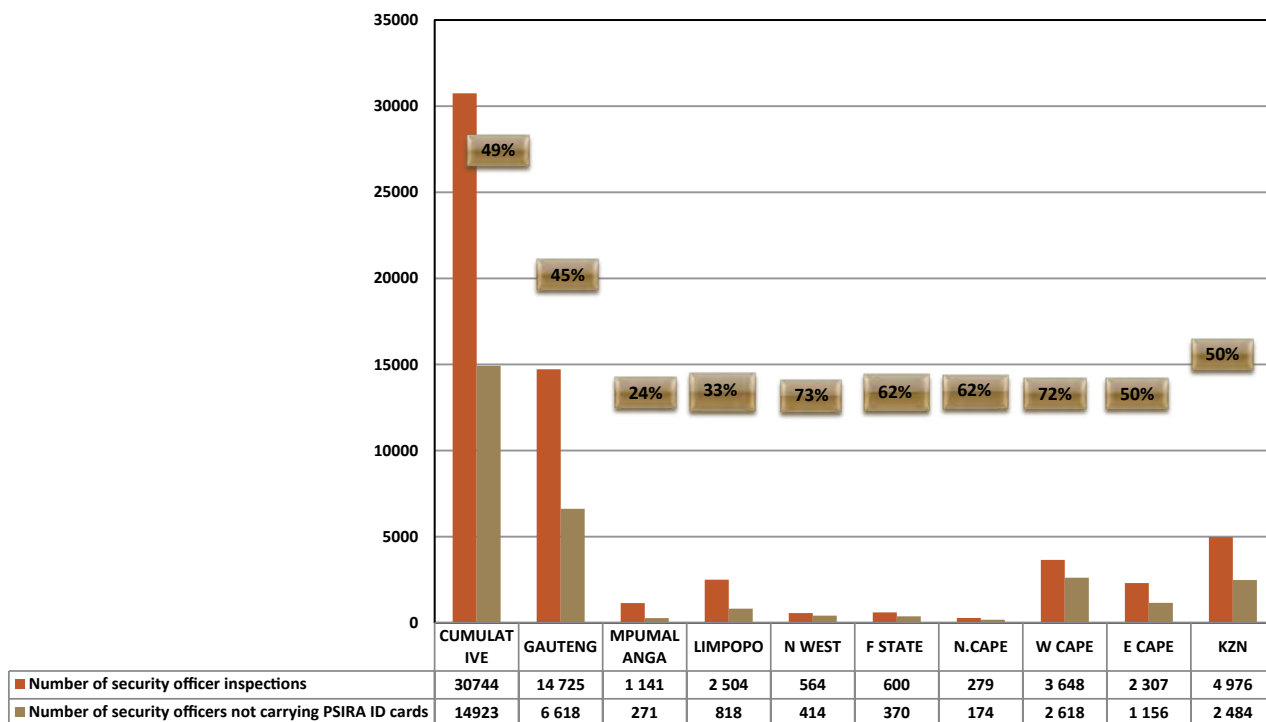
UNREGISTERED SECURITY OFFICERS



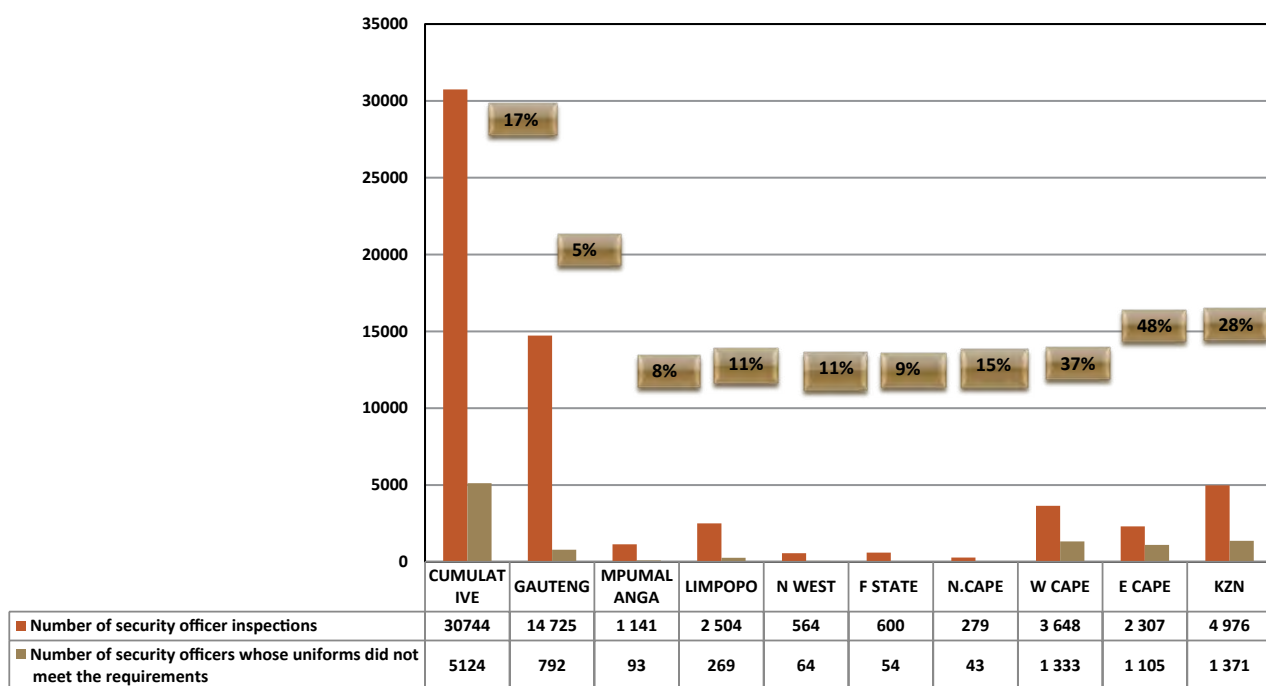
UNTRAINED SECURITY OFFICERS



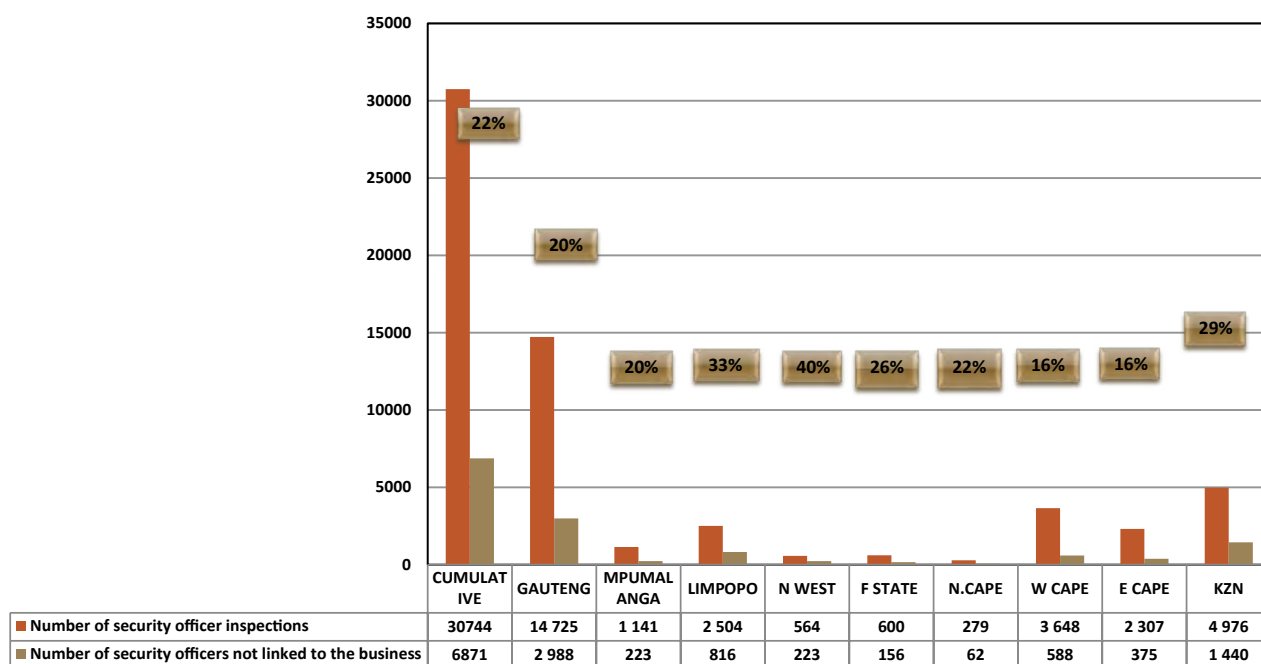
SECURITY OFFICERS NOT CARRYING PSIRA ID CARDS



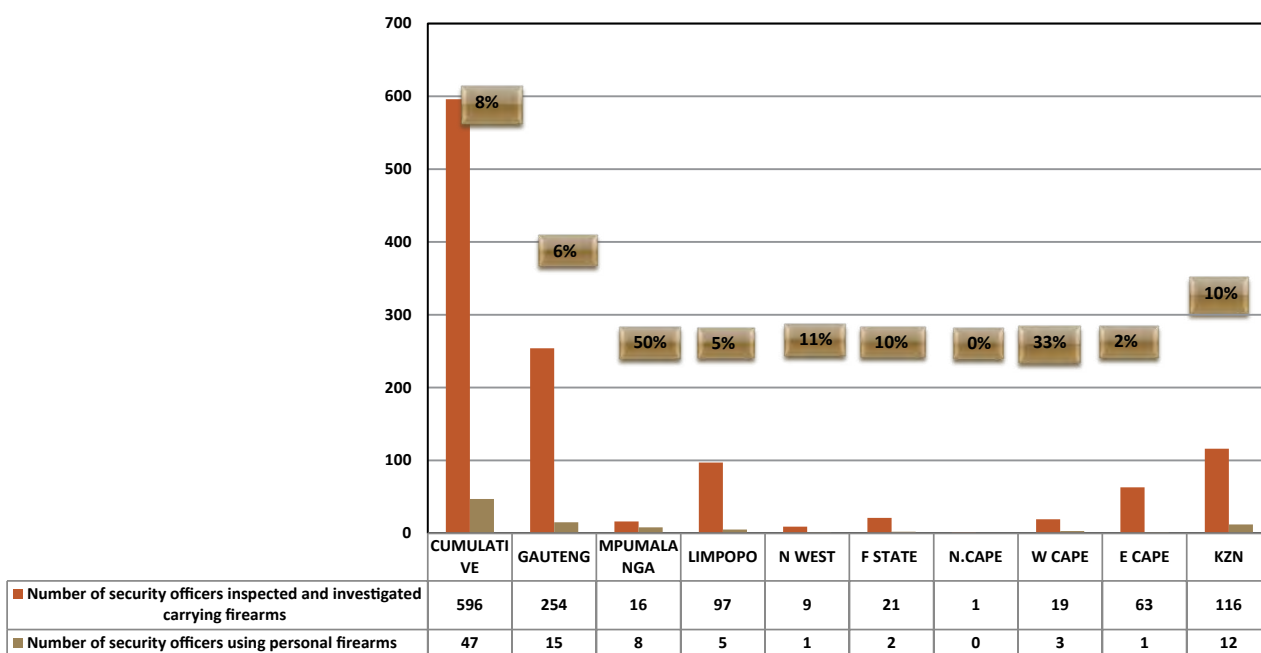
SECURITY OFFICER UNIFORM



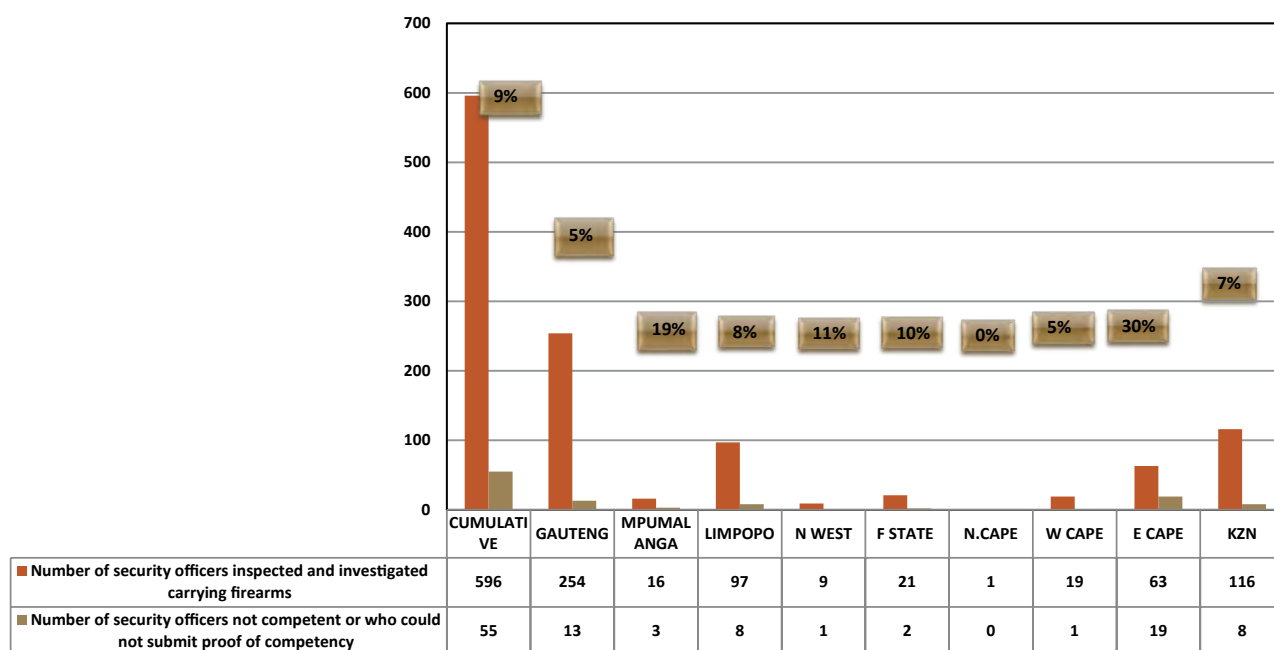
SECURITY OFFICERS NOT LINKED TO THE BUSINESS



SECURITY OFFICERS USING FIREARMS NOT COMPLYING WITH REGULATION 13(5) OR (6)



SECURITY OFFICERS CARRYING FIREARMS NOT COMPETENT IN FIREARMS



6.4 OPERATIONS

The Authority is also involved in several Law Enforcement Operations with different stakeholders, including the SAPS. These operations are at times initiated by the Authority and are attended by the Authority on invitation from stakeholders such as the SAPS, Department of Home Affairs and Department of Labour. The focus is on compliance in terms of the PSIR Act which includes the deployment of registered and trained security officers, illegal immigrants, and compliance with the Firearms Control Act. During the period under review **44** operations were conducted with stakeholders which resulted in the arrest of **825** security personnel. Of the **825** arrested, 462 were unregistered, **198** were undocumented foreign nationals deployed as security officers and **15** were as a result of non-compliance with the Firearms Control Act.

The following operations were held:

REGION	NUMBER OF OPERATIONS	STAKEHOLDERS	NUMBER OF ARRESTS	UNREGISTERED	FOREIGNERS	FIREARMS	OTHER
Head Office	30	SAPS	631	344	175	1	1
- Gauteng	22	SAPS	380	215	131	1	1
- Mpumalanga	1	SAPS	58	23	15	0	0
- Limpopo	1	-	30	27	11	0	0
- North West	4	SAPS	90	42	11	0	0
- Free State	2	-	57	24	7	0	0
- Northern Cape	0	-	16	13	0	0	0
Western Cape	12	SAPS	91	51	23	0	0
Eastern Cape	0	SAPS	1	0	0	0	0
KwaZulu-Natal	2	SAPS	102	67	0	14	0
TOTAL	44	SAPS	825	462	198	15	1

The Department was participating in the re-launch of Operation Fiela II and conducted operations with all the NATJOINTS Stakeholders. In addition, inspectors were deployed at a number of shopping complexes and industrial sites over weekends and after hours to verify compliance of security officers deployed.

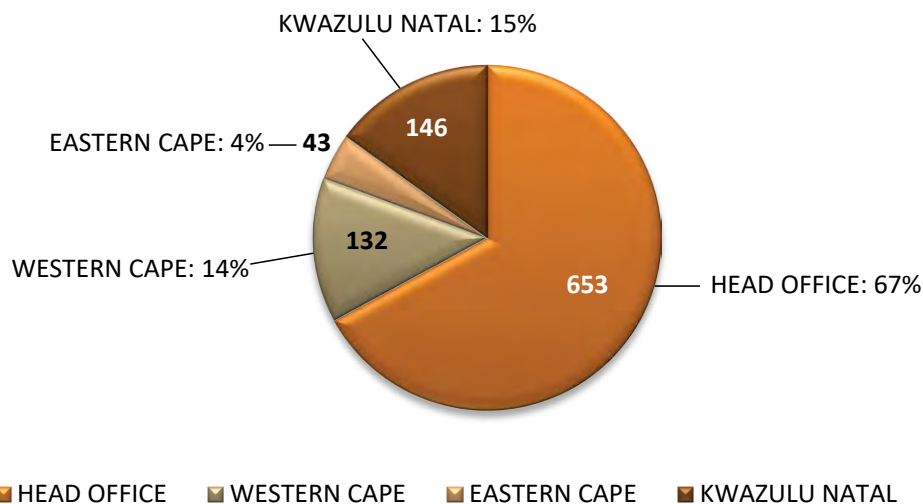
6.5 IMPROPER CONDUCT INVESTIGATIONS

During the period 1 April 2021 to 31 March 2022, a total of **1 850** improper conduct dockets against security businesses were compiled compared to **1 348** dockets for the same period last year. The regional breakdown for the period under review is as follows:

HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU NATAL	TOTAL
1274	228	75	273	1850
Gauteng – 894				
Mpumalanga – 87				
Limpopo – 147				
N/West Province – 59				
Free State – 67				
Northern Cape – 20				

A further regional breakdown as far as Code of Conduct dockets against, large, medium, and small businesses from 1 April 2021 to 31 March 2022 are concerned, is as follows:

NUMBER OF DOCKETS TYPED

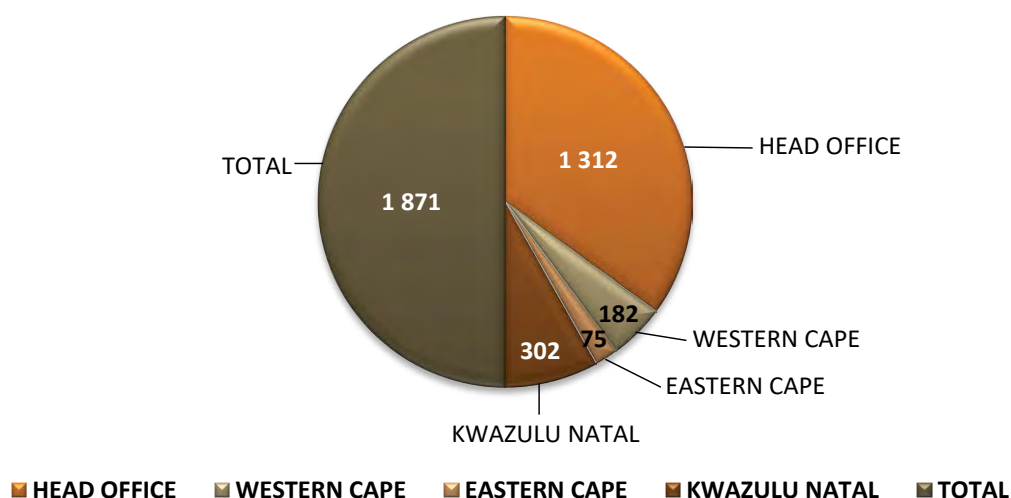


Performance pertaining to the number of Code of Conduct dockets opened during the period under review is **80%** compared to the operational target set. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF CODE OF CONDUCT DOCKETS OPENED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	1 404	1 274	91%
Western Cape	264	228	86%
Eastern Cape	240	75	31%
KwaZulu-Natal	408	273	67%

The following number of Improper Conduct dockets was typed from 1 April 2021 to 31 March 2022 by the Law Enforcement Division:

NUMBER OF DOCKETS TYPED



A case list and progress report are kept in respect of all dockets opened and registered by the Law Enforcement Division. All progress in respect of a docket is captured on the progress report, from initiation of the docket to the finalization and outcome thereof.

6.6 IMPROPER CONDUCT INVESTIGATION DOCKETS PERTAINING TO EXPLOITATION OF LABOUR

One of the objectives of the Authority is to promote the protection and enforcement of the rights of security officers and other employees in the private security industry, particularly to ensure that security businesses pay the prescribed minimum wages as determined by the Department of Labour.

As at end March 2022, there were **916** Improper Conduct dockets pending against security service providers for allegations of failing to pay the statutory minimum wage to employee security officers. The regional breakdown was as follows:

HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU NATAL	TOTAL
554	252	0	110	916
Gauteng – 554				
Mpumalanga – 77				
Limpopo – 43				
N/West Province – 53				
Free State – 23				
Northern Cape – 12				

As at end March 2022, there were **951** Improper Conduct cases pending against security service providers for allegations of failure to comply with the Private Security Sector Provident Fund. The regional breakdown was as follows:

HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU NATAL	TOTAL
418	335	0	178	951
Gauteng – 250				
Mpumalanga – 46				
Limpopo – 57				
N/West Province – 33				
Free State – 17				
Northern Cape – 15				

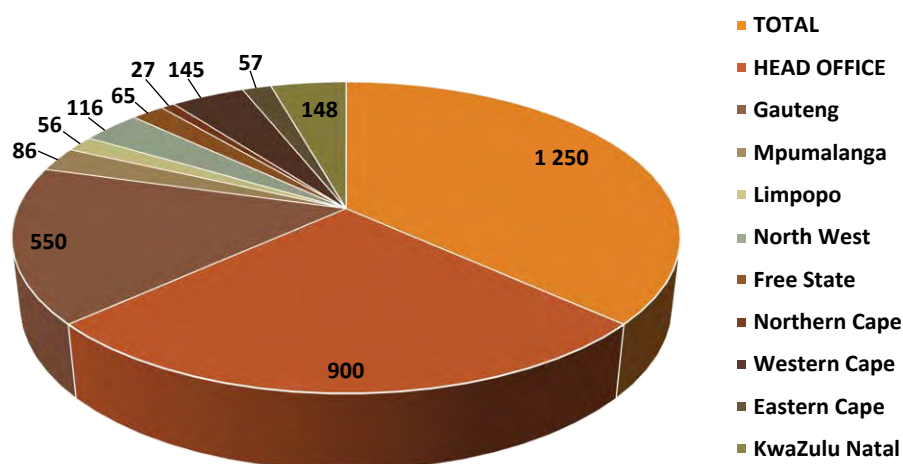
6.7 CRIMINAL INVESTIGATIONS

Regulatory inspections are also conducted to investigate and detect unregistered security service providers as well as other criminal contraventions of the Act for the purposes of opening criminal cases against them with the South African Police Service.

During the period 1 April 2021 to 31 March 2022, a total of **1 250** criminal cases were opened by inspectors of the Authority compared to **1 377** cases opened the previous financial year.

The regional breakdown in respect of criminal cases opened during the period under review in the various offices of the Authority was as follows:

CRIMINAL CASES OPENED



Performance pertaining to the number of criminal cases opened during the period under review is **134%** compared to the operational target set. The regional breakdown is as follows:

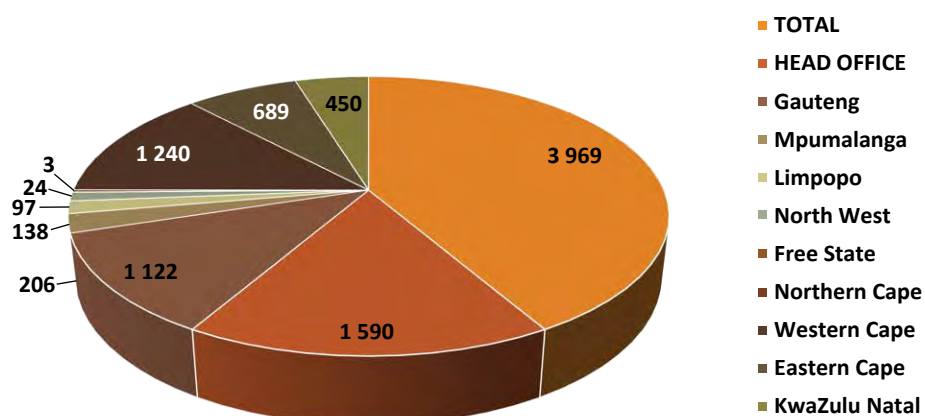
REGION	TARGET	NUMBER OF CRIMINAL CASES OPENED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	566	900	159%
Western Cape	120	145	120%
Eastern Cape	60	57	95%
KwaZulu-Natal	180	148	82%

During the period under review, **701** criminal cases were finalized by the National Prosecuting Authority, compared to **494** cases the previous financial year. The regional breakdown is as follows:

REGION	SUCCESSFULLY FINALISED	UNSUCCESSFULLY FINALISED	TOTAL
Head Office	688	1	689
- Gauteng	482	0	482
- Mpumalanga	38	0	38
- Limpopo	44	1	41
- North West	70	0	70
- Free State	40	0	40
- Northern Cape	16	0	16
- Other (Eastern Cape)	0		0
Western Cape	2	0	2
Eastern Cape	5	0	5
KwaZulu-Natal	5	0	5
TOTAL	700	1	701

As at 31 March 2022, a total of **3 969** outstanding criminal cases were still under investigation by the South African Police Service, compared to **3 461** cases in March 2021. The regional breakdown is as follows:

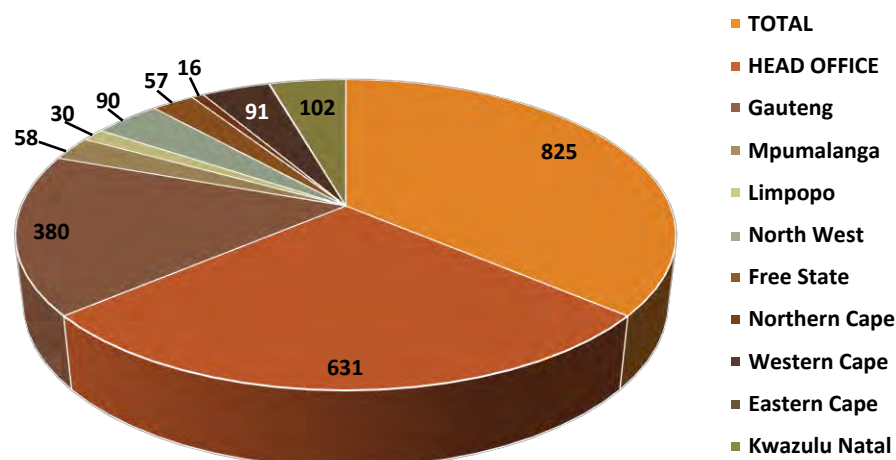
OUTSTANDING CRIMINAL CASES



There is a close working relationship between the Authority and the SAPS. The SAPS assist the authority in investigations of criminal conduct by the security training providers and where the Authority requires that arrests are to be made. The SAPS also plays an important role in the site inspection operations. The Authority is also conducting Law Enforcement operations with the SAPS on a national basis and also assists in general SAPS operations.

During the period under review, **825** arrests were made compared to **877** arrests during the previous financial year. The following number of arrests was made:

NUMBER OF ARRESTS



A Memorandum of Understanding was signed by the Director of PSiRA and Acting National Commissioner of the SAPS during April 2016 and it is renewable every five years. The MOU provided for the establishment of a National Consultative Forum which is a committee which meet quarterly to ensure the implementation of the matters agreed in the MOU.

6.8 FIREARM COMPLIANCE

6.8.1 FIREARM APPLICATIONS

The Authority provides information to the Office of the Firearms Register (CFR) pertaining to security service providers applying for firearm licenses. This information includes, *inter alia*, the following:

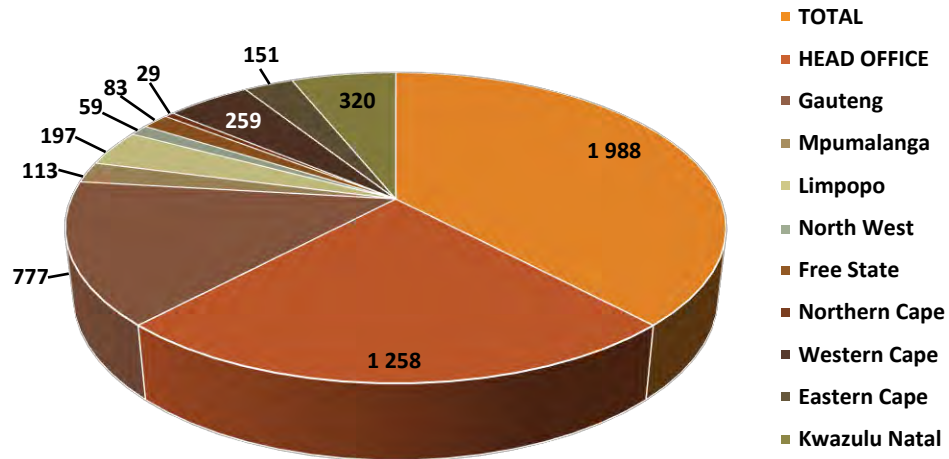
- The registration status of the security business;
- Number of security officers employed by the business and their registration and training status; and
- Annual amounts due to the Authority.

During the period under review, a total of **2 358** firearm application enquiries were received from the CFR and finalized compared to **1 399** applications the previous year. A total of **881** applications were rejected and **1 477** applications were cleared by the Authority for consideration by the CFR.

6.8.2 FIREARM INSPECTIONS

The Authority launched, as part of its Annual Performance Plan, a firearm inspection programme. The regional number of firearm inspections conducted during the period 1 April 2021 to 31 March 2022 is as follows:

NUMBER OF FIREARM INSPECTIONS



The details of firearm inspections completed are tabled at the Firearm Regulatory Sub-Committee and also forwarded to CFR / FLASH.

With reference to all the above statistics, the overall performance pertaining to the total number of firearm inspections conducted for the period 1 April 2021 to 31 March 2022, based on the Authority's APP targets is **124%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF FIREARM INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	862	1 258	146%
Western Cape	250	259	103%
Eastern Cape	168	151	89%
KwaZulu-Natal	336	320	95%

6.8.3 FIREARM SUB-COMMITTEE

The Director of the Authority established a Firearm Sub-Committee in order to improve firearm control in the private security industry. The Firearm Sub-Committee is responsible to perform the following function in terms of its terms of reference:

- a) The Firearm Committee serves to uphold the objects of the Authority in promoting a legitimate private security and relating to firearm control.
- b) To facilitate the establishment and implementation of effective internal systems to enhance assistance in the control of firearms in the industry. This includes, but are not limited, to –
 - (i) The enhancement of the security service provider's database to include details of all security businesses licensed for firearms;
 - (ii) Regular updating of the security business database in respect of applications for licenses granted / withdrawn by the Office of the Central Firearm Register of the SAPS; and
 - (iii) Submitting regular reports on those businesses licensed to the Central Firearm Register in respect of changes i.e. registration status, number of security officers employed, address changes, etc.
- c) To facilitate the establishment of a Standing Committee between the Authority and the Office of the Central Firearm Register of the South African Police Service in order to –
 - (i) Guide and co-ordinate the decisions and actions of the Authority and the Central Firearm Register in the performance of their respective regulatory functions;
 - (ii) Facilitate the establishment of a mechanism to standardize the control of firearms in the private security industry as well as the types of firearms used in the industry;
 - (iii) Establish the minimum requirements needed for the issuing of licenses and guidelines for the withdrawal of licenses;
 - (iv) Oversee co-operation and co-ordination between the Authority and SAPS in respect of Law Enforcement operations;
 - (v) Facilitate and improve communication and liaison between the Office of the Central Firearm Register and the Authority; and
 - (vi) Generally, share information from each other's databases in respect of security service providers and licensed institutions.
- d) Facilitate the training of inspectors to enhance proper firearm control. This includes competency in the use of firearms and verification of ammunition.

During the period under review, **3** meetings were held by the Firearm Regulatory Sub-Committee.

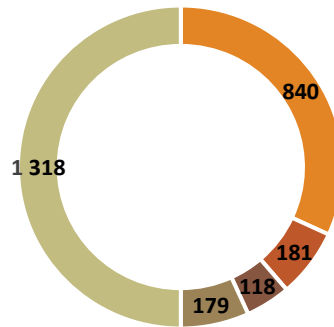
6.8.4 CHARGE SHEETS, SUMMONSES AND REGULATION 3(4) NOTICES ISSUED

During the period 1 April 2021 to 31 March 2022, **1 318** Regulation 3(4) Notices in respect of improper conduct cases were prepared by the Authority compared to **1 267** Regulation 3 (4) Notices for the same period last year.

These summonses and prosecutions bear no reference to the businesses charged as the charge sheets and summonses issued by the Authority could be from previous years and not necessarily for the year under review. Furthermore, the variance between summonses served and the total successful prosecutions could be as a result of various reasons such as postponements and respondents not being traceable.

Further, the following number of charge sheets and summonses were served during the period under review:

REGULATION 3(4) NOTICES



6.8.5 ANNUAL FEES AND FINES COLLECTED

During the period 1 April 2021 to 31 March 2022, a total of **R608 962, 00** annual fees and **R54 617, 00** fines were collected by inspectors of the Authority compared to **R2 046 946, 61** annual fees and **R2 500,00** in fines collected the previous year.

6.8.6 REGULATORY SUB - COMMITTEE

The Authority established the Regulatory Sub-Committee which is a Sub Committee of the Executive Committee under the Law Enforcement Division. The Regulatory Sub-Committee is responsible to perform the following functions in terms of its terms of reference and delegation:

- (a) the suspension of the registration of security service providers;
- (b) the upliftment of the suspension of registration of security service providers;
- (c) the withdrawal of the registration of security service providers;
- (d) the confirmation, review and substitution of the findings, penalties and other orders at improper conduct enquiries, and the putting into operation of suspended penalties at such enquiries;
- (e) the conviction of and the imposition of a penalty on a security service provider who has indicated to the Director that the security service provider intends to plead guilty to a charge of improper conduct, or will not oppose the putting into operation of a suspended penalty;
- (f) the application for a court order in respect of a security service provider as contemplated in section 27 of the Act; and
- (g) the withdrawal of accreditation certificates of security service providers providing security training.

During the period under review, **25** Regulatory Sub-Committee meetings were held and the following decisions taken:

BUSINESS REGISTRATION							INDIVIDUAL REGISTRATION			NUMBER OF IMPROPER CONDUCT CONFIRMATIONS OF CONVICTIONS SENTENCES			
With-drawal (Annual Fees)	With-drawals (Voluntary)	With-drawals at <u>Code of Conduct Enquiries</u>	Upliftment: Suspension	Withdrawals (REG.5.)	Suspensions (Annual Fees)	Suspensions (Voluntary)	With-drawals	With-drawals at <u>Code of Conduct Enquiries</u>	Registrations Suspensions	H/O	EC	WC	KZN
741	126	18	130	2	1 030	63	5	4	31	51	35	89	78
IMPROPER CONDUCT SETTLEMENT													
H/O				EC			WC			KZN			
451				44			137			14			

Please note that the number of Improper Conduct confirmations above refers to those convictions and sentences imposed by Presiding Officers and referred to the Sub-Committee for confirmation and it does not include all Improper Conduct cases finalized through settlements and other.

6.8.7 STAKEHOLDER INTERACTION

During the period under review, a number of meetings were attended throughout the country with the SAPS, other Law Enforcement Agencies, Consumers of Security Services (including Business Forums and State Departments) and other stakeholders. The purpose of the engagement meetings were to discuss collaboration between PSiRA, SAPS (other Law Enforcement Agencies) and security service providers in combating crime, conducting the joint operations between the parties to enforce compliance of applicable legislation within the private security industry. The meetings also offered a platform to educate consumers of private security on their rights and obligations to providers of security service.

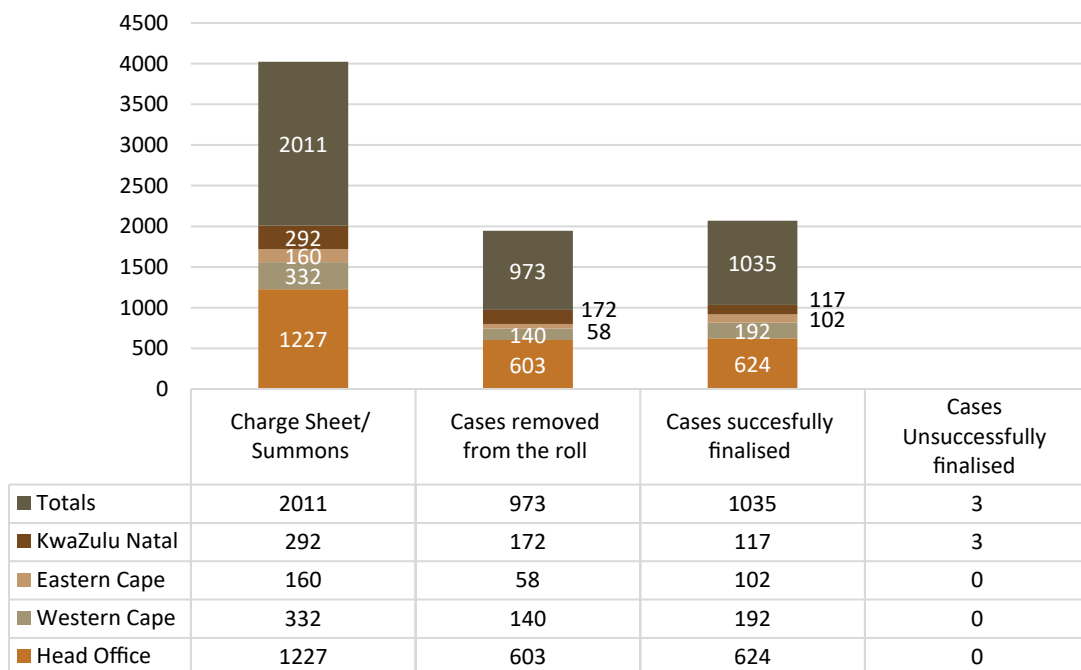
The stakeholder activities indicated above took place in all provinces of the country includes, *inter alia*, the following:

- PSiRA Law Enforcement had stakeholders interaction with SAPS in terms of operation Clean Up;
- On-going SAPS meetings;
- Business briefings held with stakeholders;
- Provincial Industry Compliance Forums (PICF);
- National Consultative Forum (NCF) between SAPS and PSiRA;
- PSiRA Law Enforcement had stakeholders interaction with SAPS in terms of operation Clean Up;
- On-going SAPS meetings (PROV JOINTS) (NATJOC);
- Consumer Awareness;
- Prov Joint (SOPA);
- PSSCM;
- Radio and TV interviews; and
- Ministerial Outreach Programs.

B Legal Services Division

6.8.8 Prosecution 2021/22

Prosecution



1.1 A total of **2011** cases were issued with summonses but only **1038** were successfully placed on the roll for adjudication.

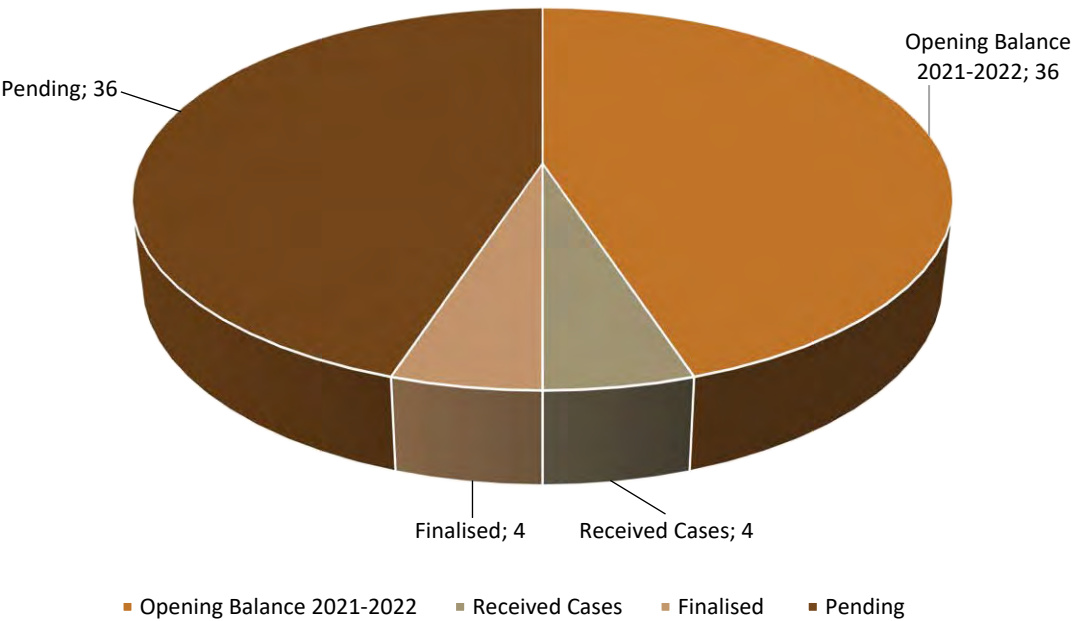
1.2 **973** Cases removed from the roll were mostly those that were either postponed or written off.

1.3 A total of **3** cases were unsuccessfully finalised due to charges being withdrawn or a not guilty finding given.

1.4 A total of **1035** successfully finalised by way of settlement or Code of Conduct hearings.

6.8.9 Litigation 2021/22

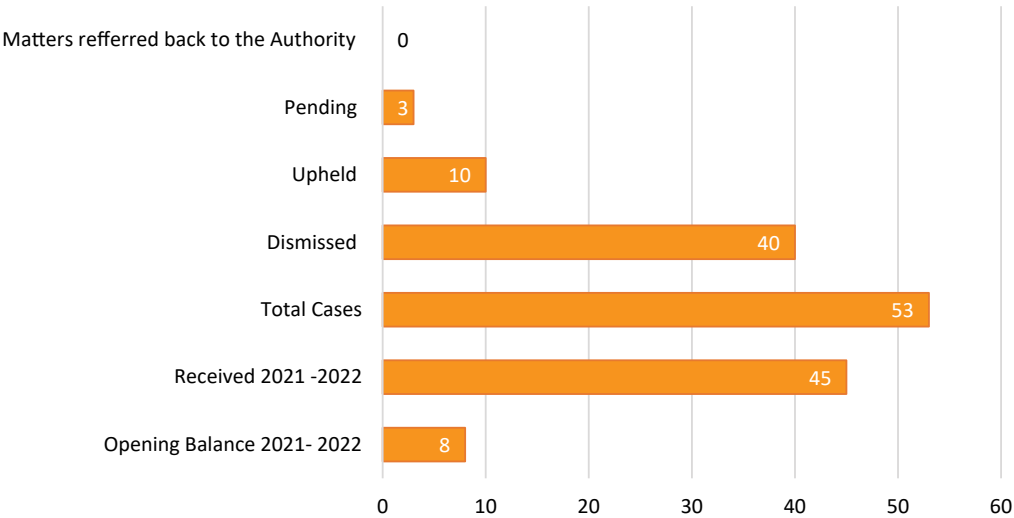
A total of 40 cases were handled by Legal Services.



6.8.10 Appeals & Exemptions 2021-2022

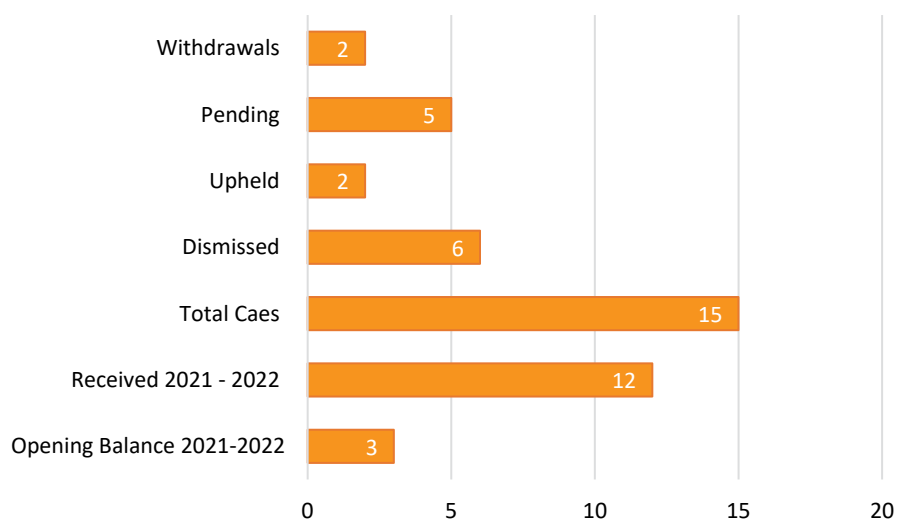
APPEALS AGAINST THE AUTHORITY’S REFUSAL TO REGISTER AS A SECURITY SERVICE PROVIDER AND WITHDRAWAL BY THE AUTHORITY OF REGISTRATION DUE TO A CONVICTION OF A SCHEDULED OFFENCE.

Individuals Appeals



APPEALS AGAINST CONVICTION & / OR SENTENCE FOLLOWING THE FINALISATION OF IMPROPER CONDUCT ENQUIRIES CONVENED INTERMS OF THE ACT.

Business Appeals

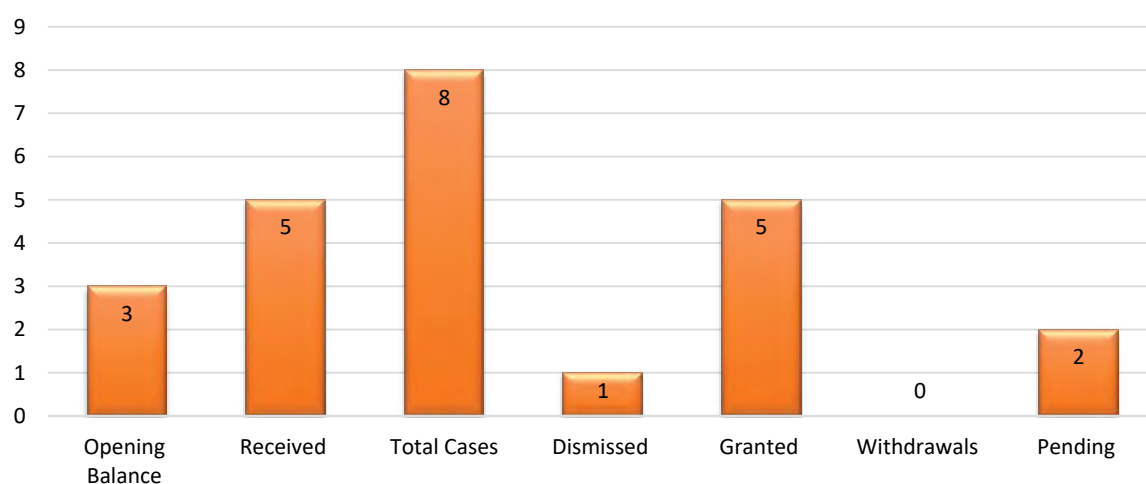


APPEALS AGAINST THE AUTHORITY'S REFUSAL TO REGISTER AS A SECURITY SERVICE PROVIDER DUE TO NON- SOUTH AFRICAN RESIDENCE

Total Received 2021-2022	0
Dismissed	0
Upheld	0
Pending	0

6.8.11 APPLICATIONS FOR EXEMPTIONS

Exemptions 2021 - 2022



7. Industry Registration (CRM)

7.1. INTRODUCTION

One of the objectives of the Authority as contemplated in section 3 of the Private Security Industry Regulation Act, 2001 is to ensure that the process of registration of security service providers is transparent, fair, objective and concluded timeously. In order to fulfil its mandatory duty, the Registration Department is divided into two units responsible of business registrations and individual registrations respectively, which also allows each unit to focus on its respective targets and mandate and in turn, ensure that set output indicators are aspired to.

7.2 OVERVIEW

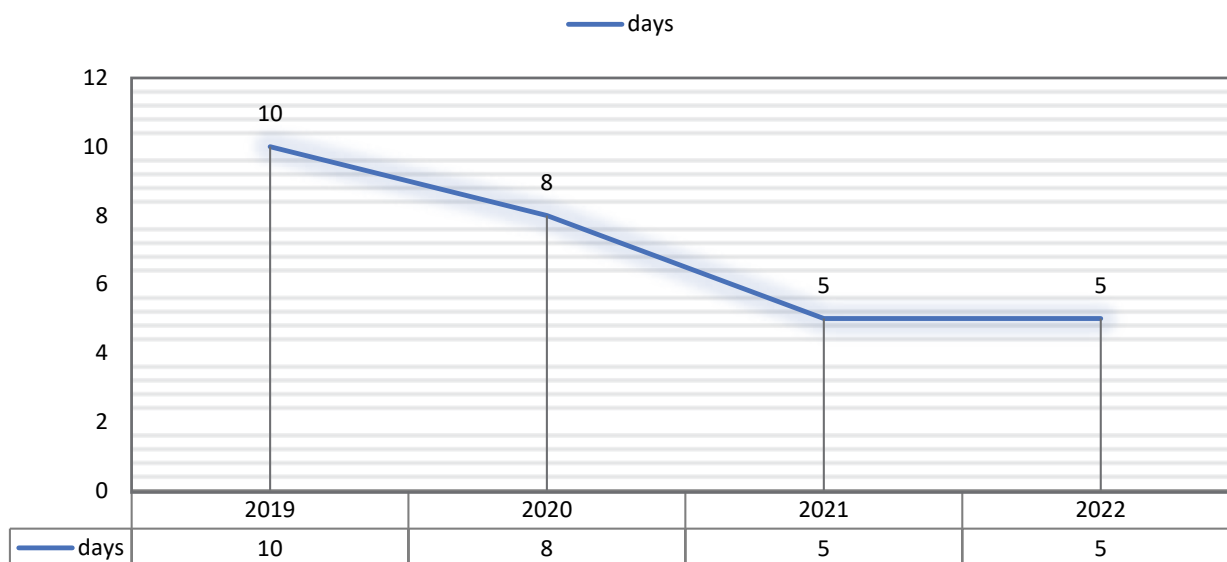
The registration department accounts for almost 2.7 million registered security officers and over 12 000 registered security businesses on the Authority's database as at 31 March 2022.

The registration turnaround time for registering security businesses was reduced to 5 working days from the target set in in the preceding financial year of 8 days. Despite the challenges faced during the COVID-19 pandemic, the business unit achieved the target of an average of 5 working days.

The turnaround time for individual registrations was set at 12 days, believing that the move towards a digital online system will bolster the capacity of the unit to achieve this target. However, in view of delays in finalising the online platform, the new digital online system was only launched in February 2022, unfortunately too late in the year to assist the Authority in achieving the turn-around target. The department reached a turnaround time of 18 days, still 2 days better than the 2019/2020 financial year, and still amidst challenges faced by the unit hampered by the impact of the ongoing COVID-19 pandemic, which directly and indirectly affected performance by external stakeholders which plays a role in providing information in order to take decisions on registration applications, courier services between branches and other factors.

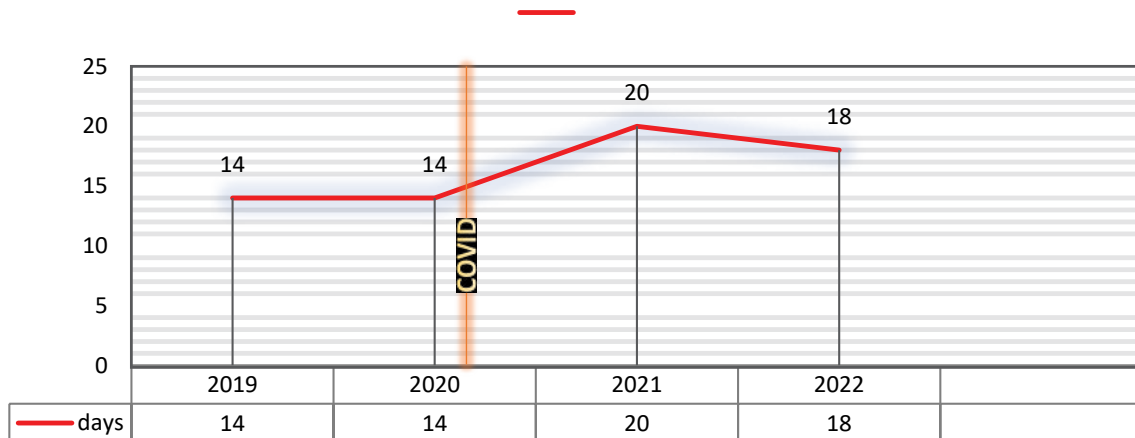
- **Turnaround time achieved for business registrations from 2019 - 2022**

TOT BUSINESS REGISTRATIONS FROM 2019 - 2022



- Turnaround time achieved for individual registrations from 2019 - 2020

TOT INDIVIDUAL REGISTRATIONS FROM 2019 - 2022

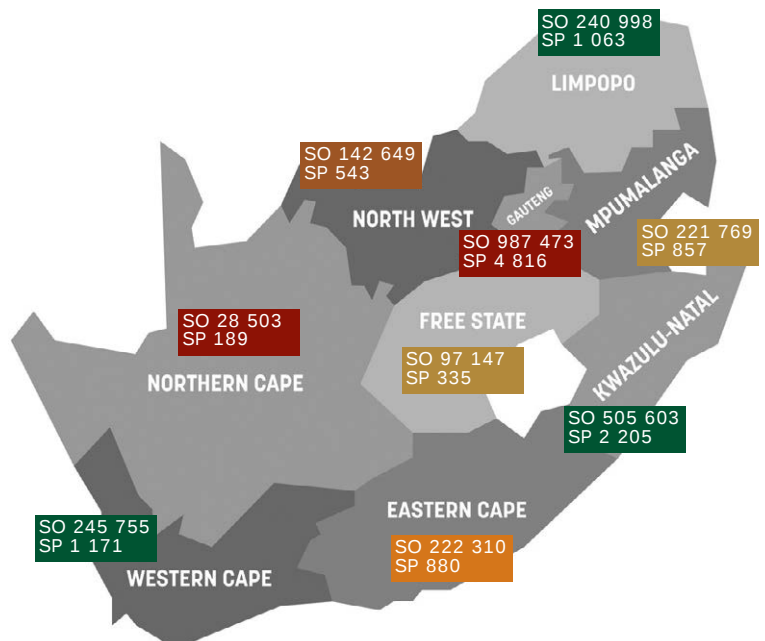


a. Security Service Providers as at 31 March 2022

Total number of registered security businesses	12 059
Total number of registered & active security businesses	11 540
Total number of registered security officers	2 692 207
Total number of registered active security officers	586 042
Total number of inactive security officers	2 105 912

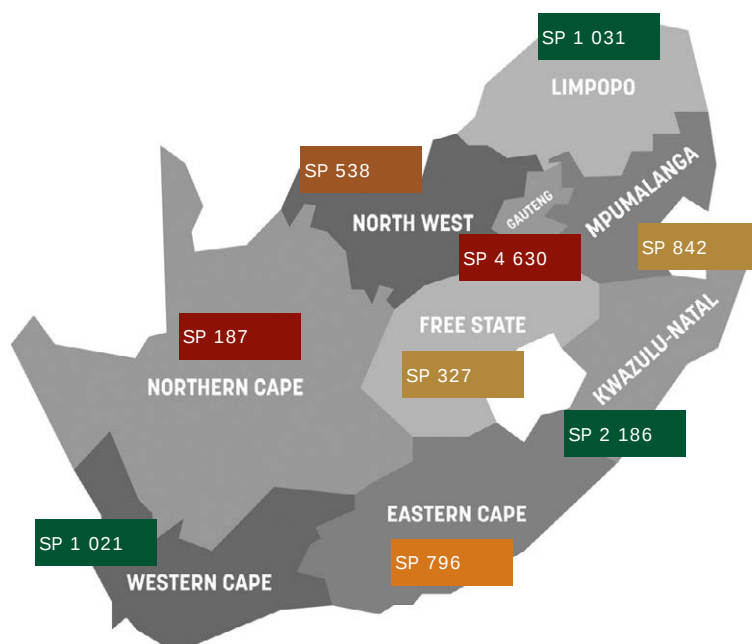
b. Geographical Spread of total Registered Security Businesses (SP's) and Security Officers (SO's) - 31 March 2022

Province	SO	SP
Limpopo	240 998	1 063
Mpumalanga	221 769	857
Gauteng	987 473	4 816
North West	142 649	543
Free State	97 147	335
KwaZulu-Natal	505 603	2 205
Eastern Cape	222 310	880
Northern Cape	28 503	189
Western Cape	245 755	1 171
TOTAL	2 692 207	12 059



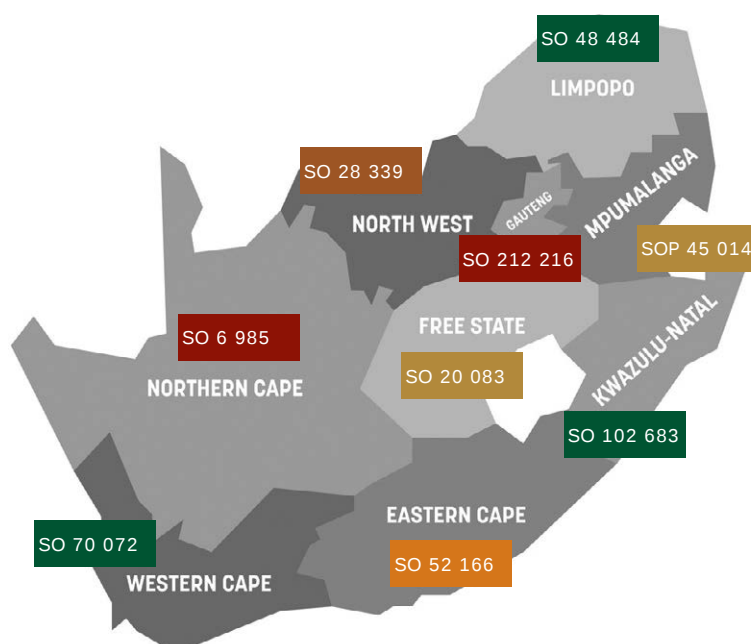
c. Geographical Spread of Registered and Active security businesses(SP's) - 31 March 2022

Province	SP
Limpopo	1 031
Mpumalanga	842
Gauteng	4 630
North West	538
Free State	327
KwaZulu-Natal	2 186
Eastern Cape	796
Northern Cape	178
W/Cape	1 012
TOTAL	11 540



d. Geographical Spread of Registered and Employed (Active) security officers (SO's) - 31 March 2022

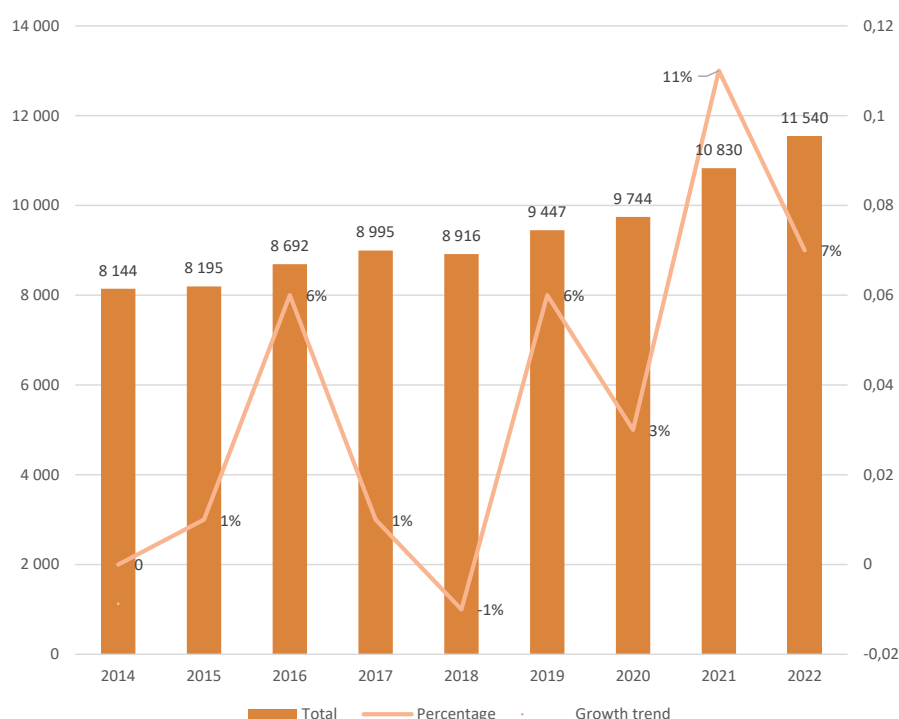
Province	SO
Limpopo	48 484
Mpumalanga	45 014
Gauteng	212 216
North West	28 339
Free State	20 083
KwaZulu-Natal	102 683
Eastern Cape	52 166
Northern Cape	6 985
Western Cape	70 072
TOTAL	586 042



e. Growth of the Security Industry since 2014: Active Security Businesses

YEAR	TOTAL S/P	% increase / decrease	Total increase / decrease
2014	8 144	-	42 % increase
2015	8 195	1%	
2016	8 692	6%	
2017	8 995	1%	
2018	8 916	-1%	
2019	9 447	6%	
2020	9 744	3%	
2021	10 830	11%	
2022	11 540	7%	

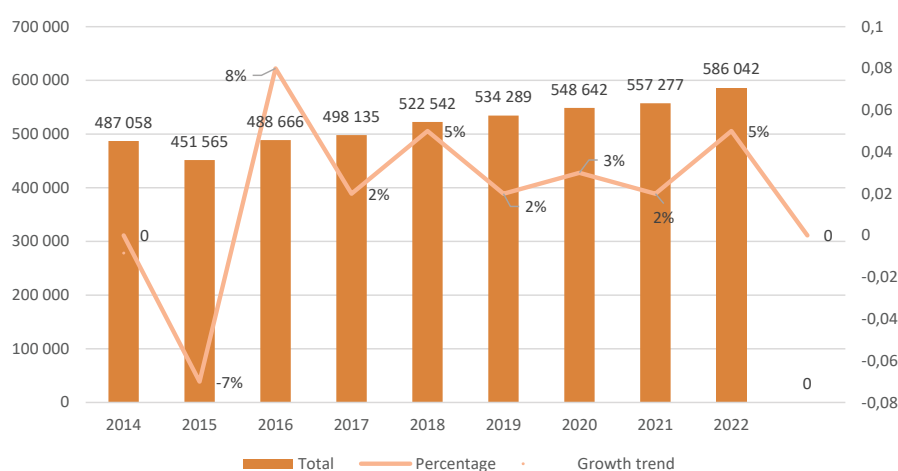
GROWTH OF SECURITY INDUSTRY: BUSINESSES



f. Growth of the Security Industry since 2014: Security Officers

YEAR	TOTAL S/O	% increase / decrease	Total increase / decrease
2014	487 058	-	20% increase
2015	451 565	-7%	
2016	488 666	8%	
2017	498 135	2%	
2018	522 542	5%	
2019	534 289	2%	
2020	548 642	3%	
2021	557 277	2%	
2022	586 042	5%	

GROWTH OF INDUSTRY: SECURITY OFFICERS

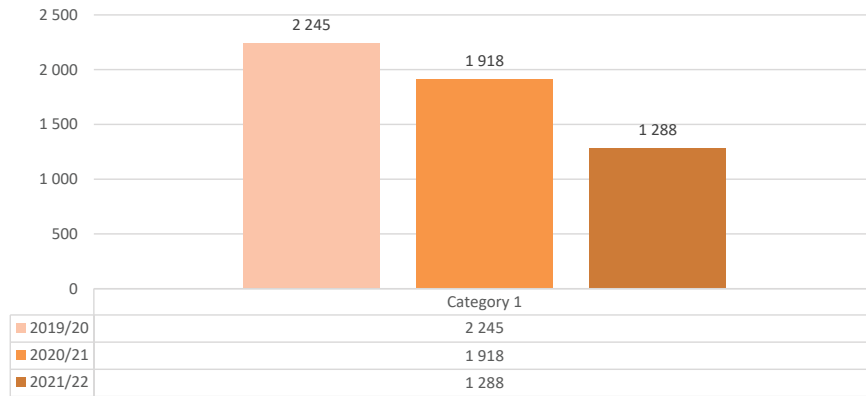


7.3 SECURITY OFFICERS

a. Number of New Applications received by the Criminal Record Centre and captured during the financial year 2021/2022

Applications received	119 952
Approved	121 094
Retakes (Poorly taken fingerprints)	15 975
Applications with possible criminal record (Query by CRC)	8 944
Rejected individual applications due to a criminal record	1 288
Case awaiting trail matters	4 038

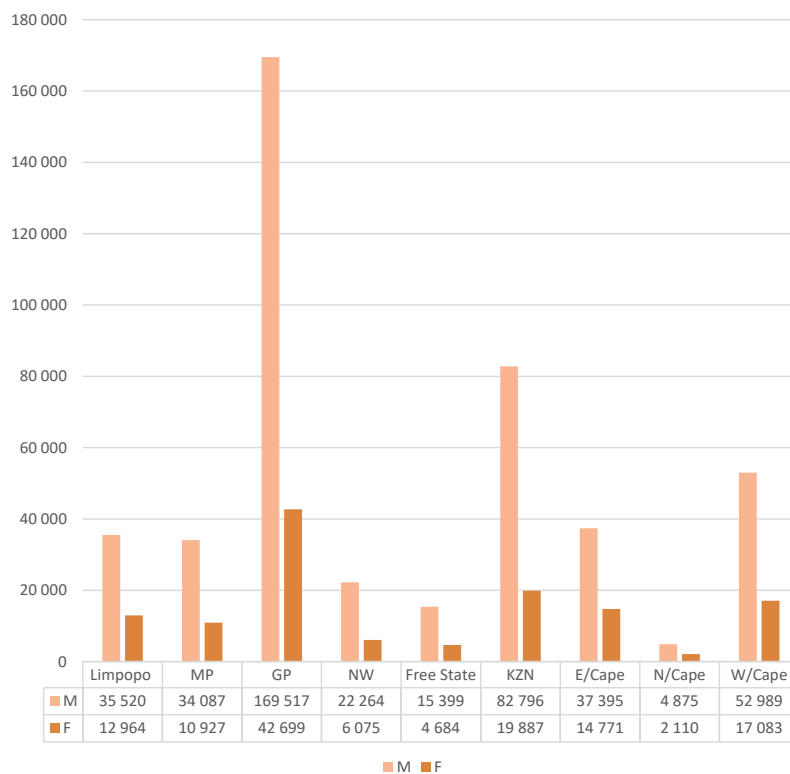
Number of Applications declined due to a Criminal Record



b. Gender profile of Active and Registered Security Officers

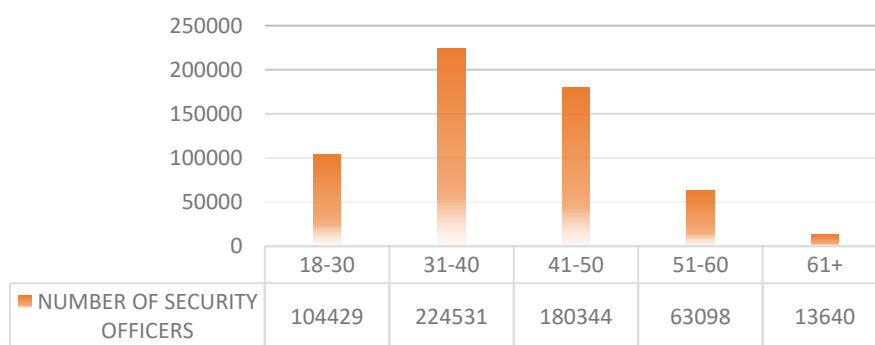
	M	F	TOTAL
Limpopo	35 520	12 964	48 484
MP	34 087	10 927	45 014
GP	169 517	42 699	212 216
NW	22 264	6 075	28 339
Free State	15 399	4 684	20 083
KZN	82 796	19 887	102 683
E/Cape	37 395	14 771	52 166
N/Cape	4 875	2 110	6 985
W/Cape	52 989	17 083	70 072
TOTAL	454 842	131 200	586 042

Gender profile of Active and Registered Security Officers

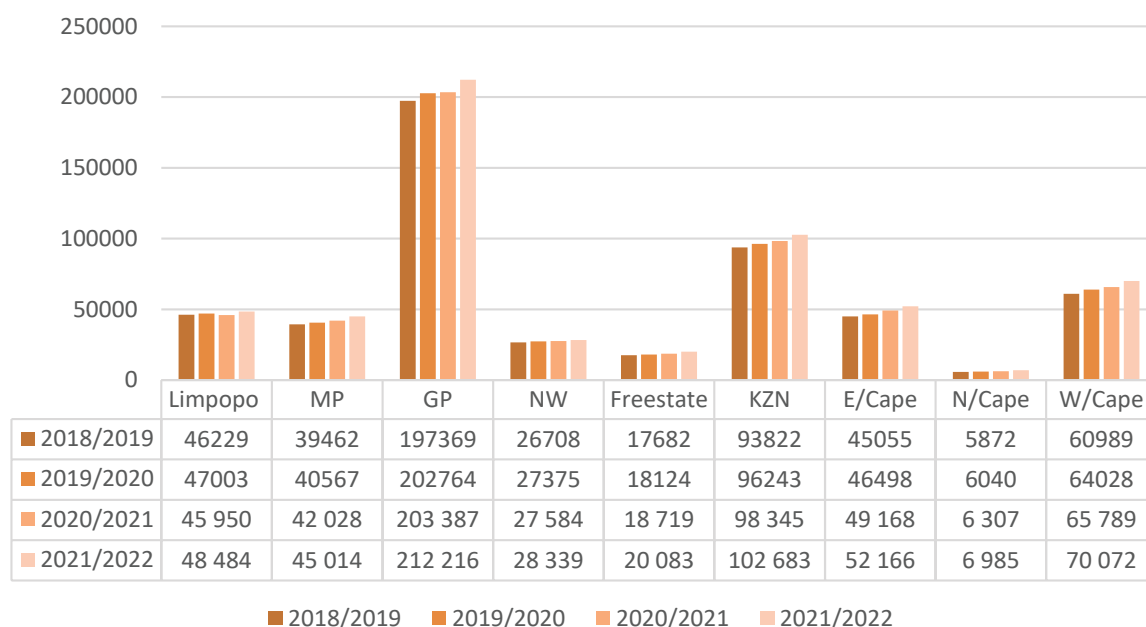


c. Age profile of Active and Registered Security Officers

Number of Applications declined due to a Criminal Record



d. Growth of Registered and Active Security Officers per Province from 2019 -2022



e. Security Officers Registered and Inactive

Number of deceased security officers from 01/4/2020 - 31/3/2022	102
Total number of Security Officers who are inactive/unemployed	2 106 165
Number of Security officers who were inactive/unemployed for the past five years based on registration date	429 802
Number of Security officers who were inactive/unemployed for the past ten years based on registration date	803 906

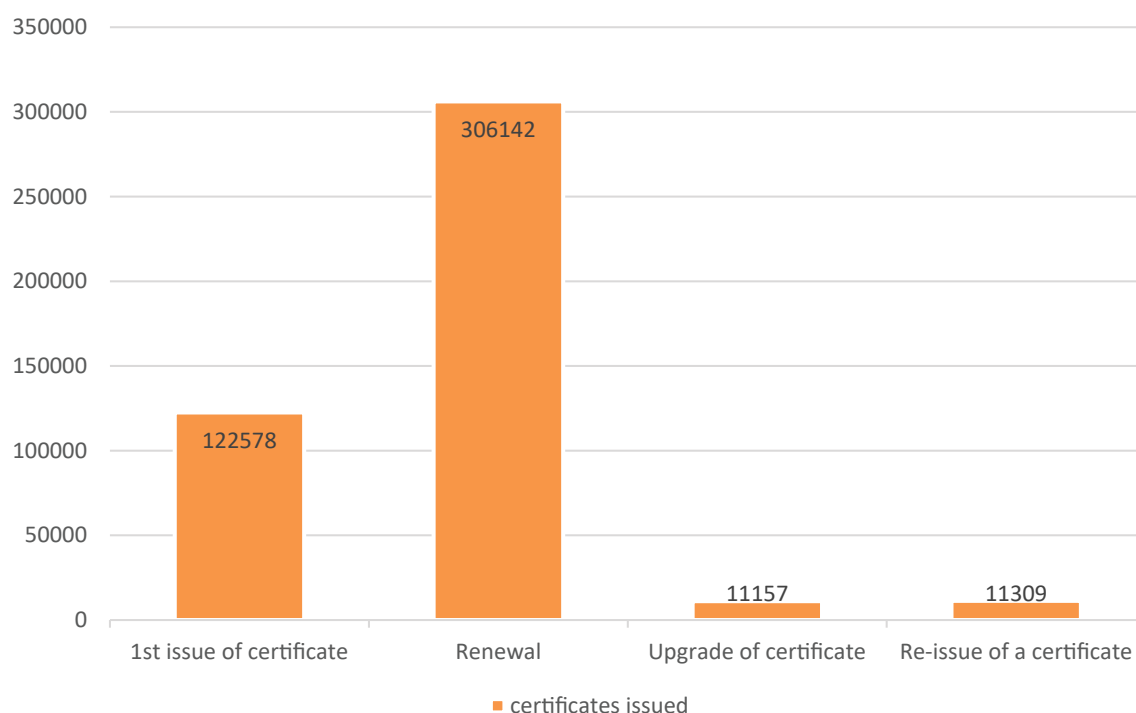
f. Renewal of certificates

Province	SO's active in the industry but had never renewed their certificates	SO's active in the industry with expired certificates
Gauteng	13 407	55 082
KZN	5 529	29 495
Western Cape	4 416	17 943
Eastern Cape	2 168	11 152
Limpopo	1 555	10 762
Mpumalanga	1 434	8 951
North West	1 597	6 742
Free State	935	3 724
Northern Cape	445	1 319
TOTALS	31 486	145 170

f. Number of certificates issued for Security Officer during the 2021/2022 financial year

1 st issue of certificate	Renewal	Upgrade of certificate	Re-issue of a certificate	Total certificates issued
122 578	306 142	11 157	11 309	451 186

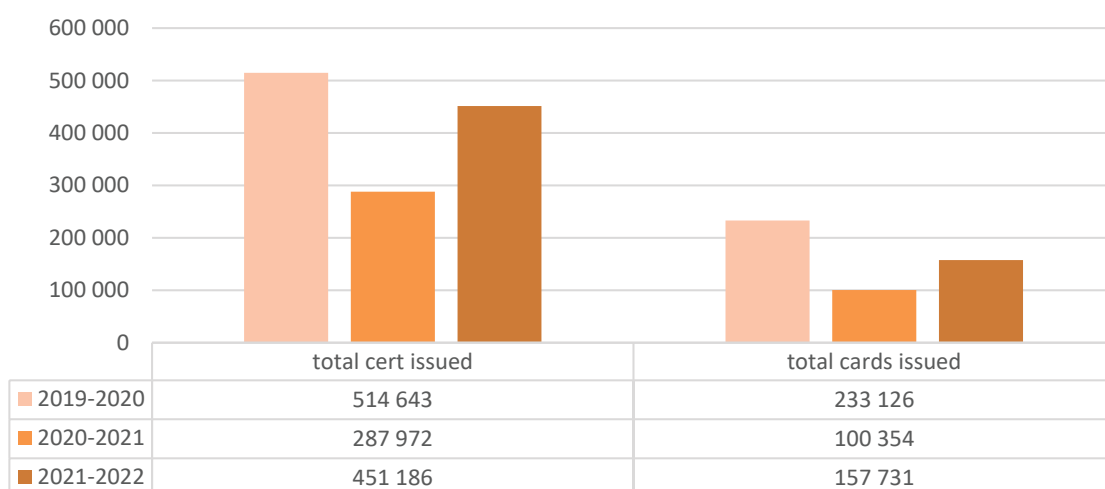
Certificates issued



g. Statistical comparison of Security Officer Certificates and I.D cards issued from 2020 to 2022

	2019-2020	2020-2021	2021-2022
Total cert issued	514 643	287 972	451 186
Total cards issued	233 126	100 354	157 731

Statistical comparison of Security Officer Certificates and I.D cards issued

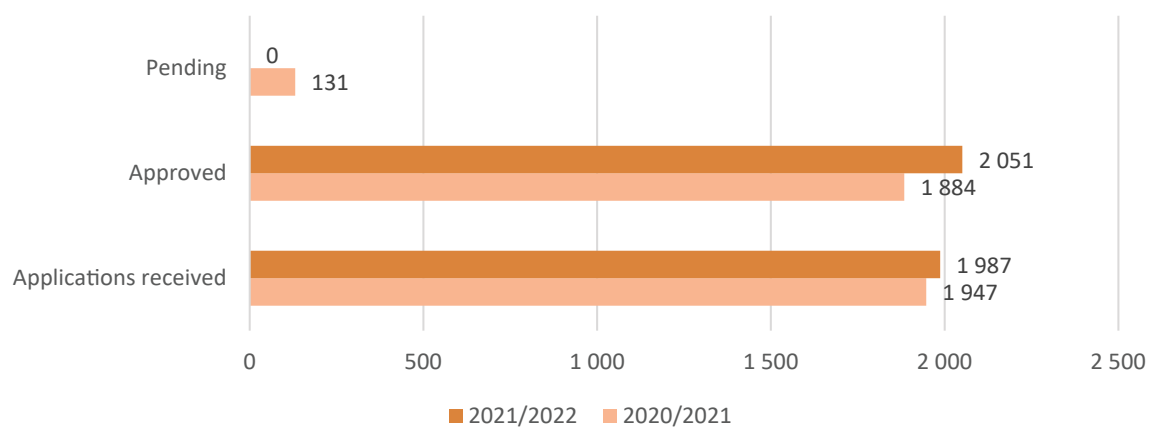


7.4 SECURITY BUSINESSES

a. Number of New Applications received and approved from 2020 - 2022

	2020 / 2021	2021 / 2022
Applications received	1 947	1 987
Approved	1 884	2 051
Pending	131	0

Number of New Applications received and approved

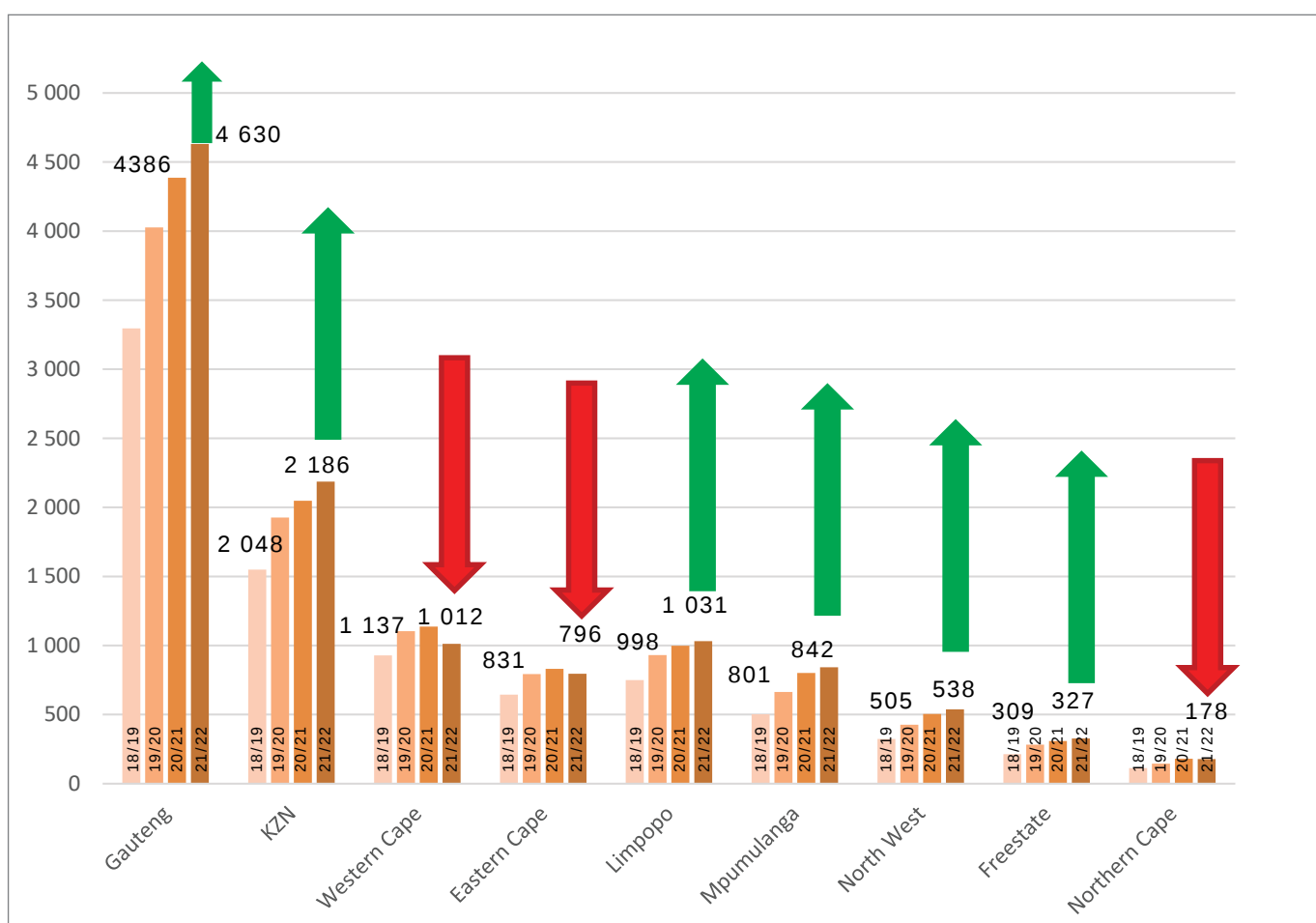


b. Registration information pertaining to the different types of security services offered by Registered Security Businesses

Category of security services	Types of services offered in 2020/2021	Types of services offered in 2021/2022
Security officers	8 422	9 923
Security guards' cash-in transit	3 978	4 756
Body guarding	3 868	4 774
Security consultant	3 501	4 313
Reaction services	4 911	5 852
Entertainment/venue control	3 914	4 841
Manufacture security equipment	1 951	2 505
Private investigator	2 623	3 229
Training	2 978	3 683
Security equipment installer	3 324	4 113
Locksmith	1 542	2 021
Security control room	3 469	4 231
Special events	4 268	5 230
Rendering of Security Services	2 971	3 709
Car watch	2 712	3 382
Insurance	58	68
Security and loss control	71	73
Fire prevention and detection	44	45
Consulting engineer	18	20
Dog training	23	25
Alarm installers	79	83
Anti-poaching	12	12

c. Provincial Breakdown of Registered and Active Security Businesses from 2018 to 2022:

Province	No. of SB's during 2018/2019	No. of SB's during 2019/2020	No. of SB's during 2020/2021	No. of SB's during 2021/2022
Gauteng	3 295	4 026	4 386	4 630
KZN	1 549	1 926	2 048	2 186
Western Cape	928	1 104	1 137	1 012
Eastern Cape	644	793	831	796
Limpopo	750	931	998	1 031
Mpumalanga	502	664	801	842
North West	324	427	505	538
Free State	214	282	309	327
Northern Cape	113	145	180	178
TOTALS	8 319	10 298	11 195	11 540



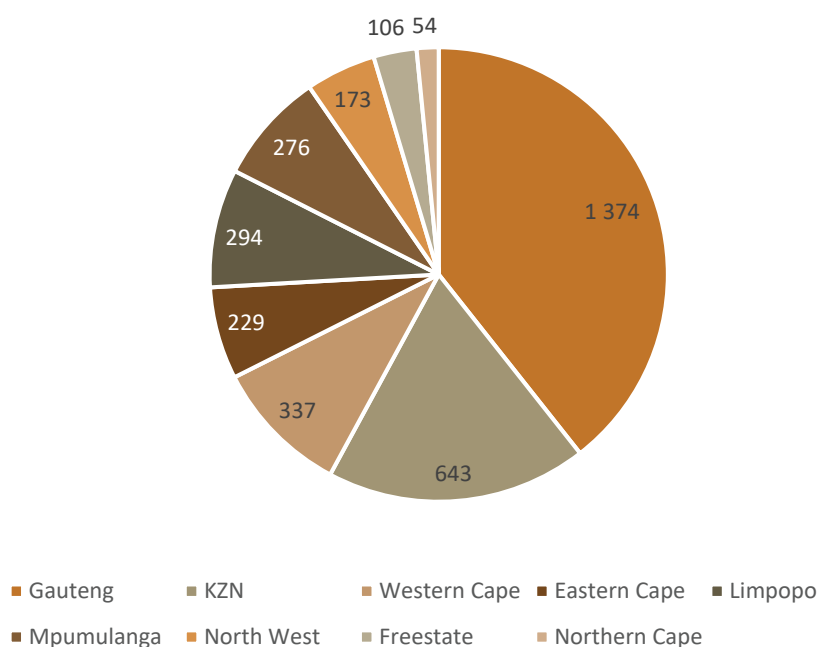
d. Statistical information of Business Certificates issued in 2022

	2021-2022
Total certificates issued	6 468
1st issue	1 629
Renewal	4 752
Re-issue	87

e. Provincial breakdown of Security Businesses which did not renew Certificates during the 2021/2022 financial year

Province	Number of Security Businesses which did not renew 2021/2022
Gauteng	1 374
KZN	643
Western Cape	337
Eastern Cape	229
Limpopo	294
Mpumalanga	276
North West	173
Free State	106
Northern Cape	54
TOTAL	3 486

Number of Security Businesses which did not Renew Certificates - 2021/2022

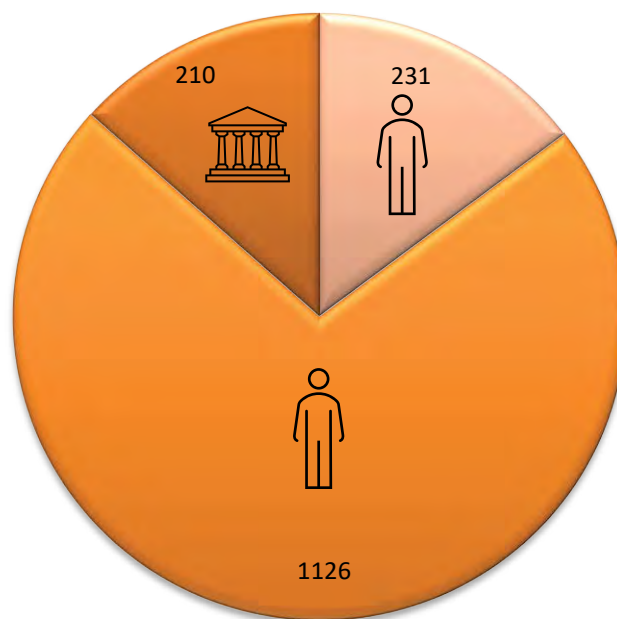


7.5. REGISTRATION SUB-COMMITTEE

One of the core functions of the Registration Sub-Committee is to consider applications for registration in terms of Section 23(6) of the Private Security Regulation Act 56 of 2001, which states that "despite the provisions of Section 23(1) and (2), the Authority may on good cause shown and on grounds not in conflict with the purpose of this Act, and the objects of the Authority, register any applicant as a security service provider."

a. Applications registered, rejected (Criminal records) and Security Business registrations confirmed by the Registration Sub-Committee

DATE	Number of SO's registered	Number of SO's rejected	Number of Security Business registrations confirmed
TOTALS	231	1 126	210



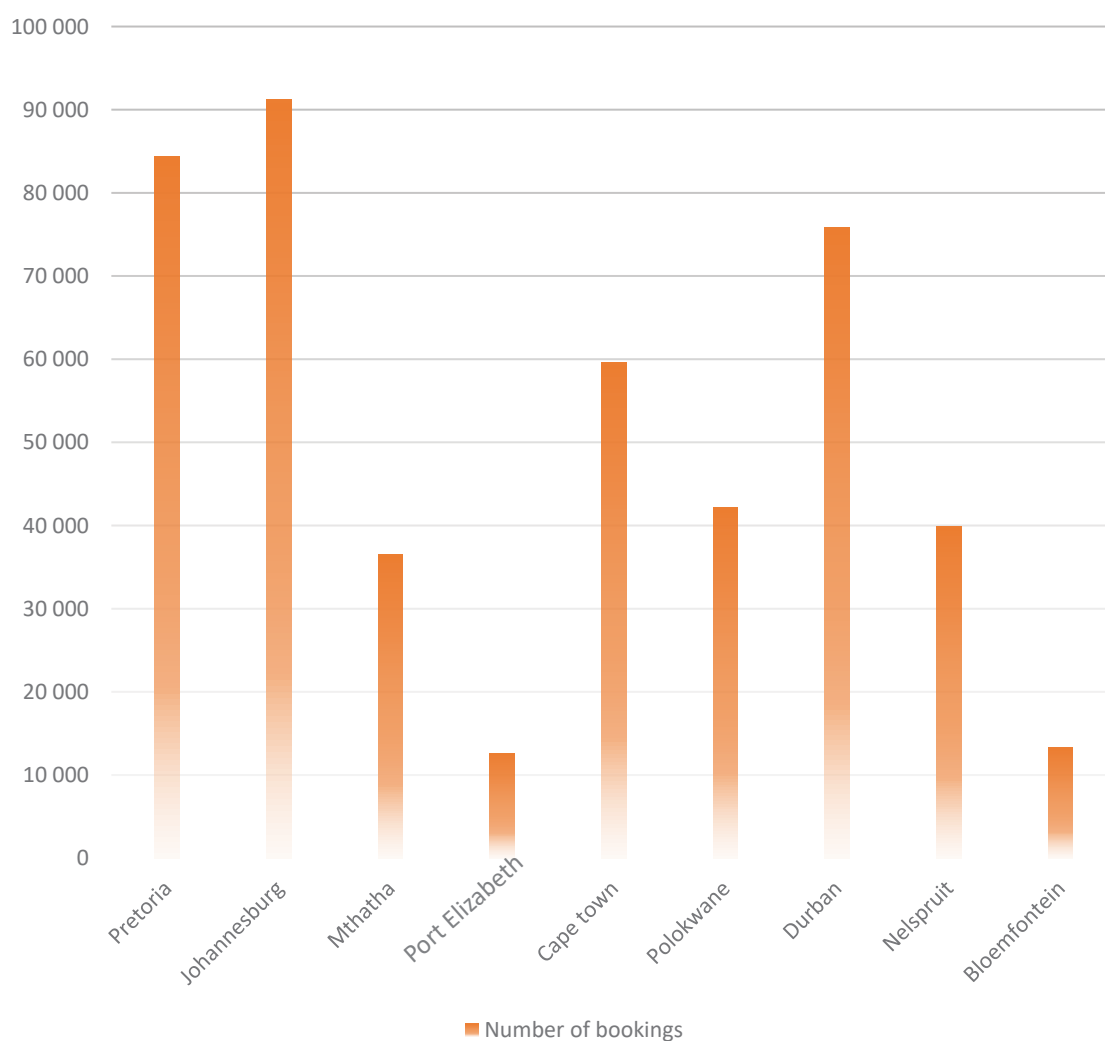
■ Number of SO's registered
 ■ Number of SO's rejected
 ■ Number of SP registrations confirmed

b. Number of branch visits per PSiRA branch up to going digital in February 2022

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN
PRETORIA CBD	7 788	9 057	5 116	5 116	8 097	9 196	9 199	8 499	3 324	3 324
CAPE TOWN	5 521	6 230	3 539	3 539	6 131	6 534	6 797	6 863	2 768	2 768
DURBAN	6 891	8 397	4 894	4 894	8361	8 618	8 725	8 324	3 127	3 127
JOHANNESBURG	9 614	9 732	4 475	4 475	9 230	9 944	9 802	9 391	2 253	2 253
MTHATHA	3 915	4 156	2 016	2 016	3 496	2 768	4 209	3 917	1 055	1 055
NELSPRUIT	3 100	3 595	2 356	2 356	3 403	3 323	3 057	2 944	747	747
Port Elizabeth	1 851	519	3 268	3 268	3 303	3 245	3 304	2 782	1 441	1 441
POLOKWANE	5 058	4 346	2 988	2 988	4 273	4 306	4 058	3 896	1 413	1 413
BLOEMFONTEIN	3 581	3 377	3 147	3 147	3 127	3 171	2 997	2 640	1 453	1 453

c. Number of on-line bookings made during the financial year 2021/2022

Branch	Number of bookings
Pretoria	84 317
Johannesburg	91 221
Mthatha	36 535
Port Elizabeth	12 649
Cape Town	59 555
Polokwane	42 115
Durban	75 857
Nelspruit	39 886
Bloemfontein	13 304



7.6. ONLINE REGISTRATION PLATFORM

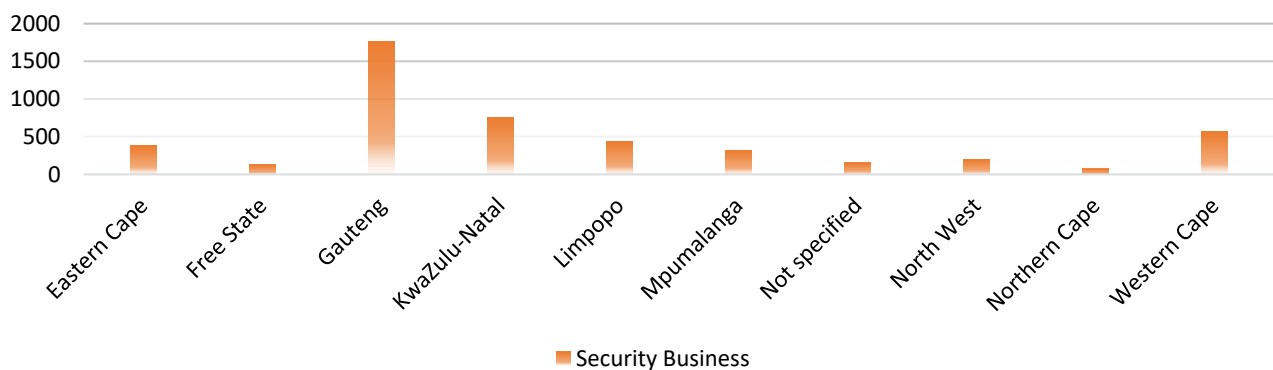
a. The Online Digital Portal went live in February 2022.

PROVINCE	TOTALS
Online individual renewals	5 421
Business renewal applications	1 598

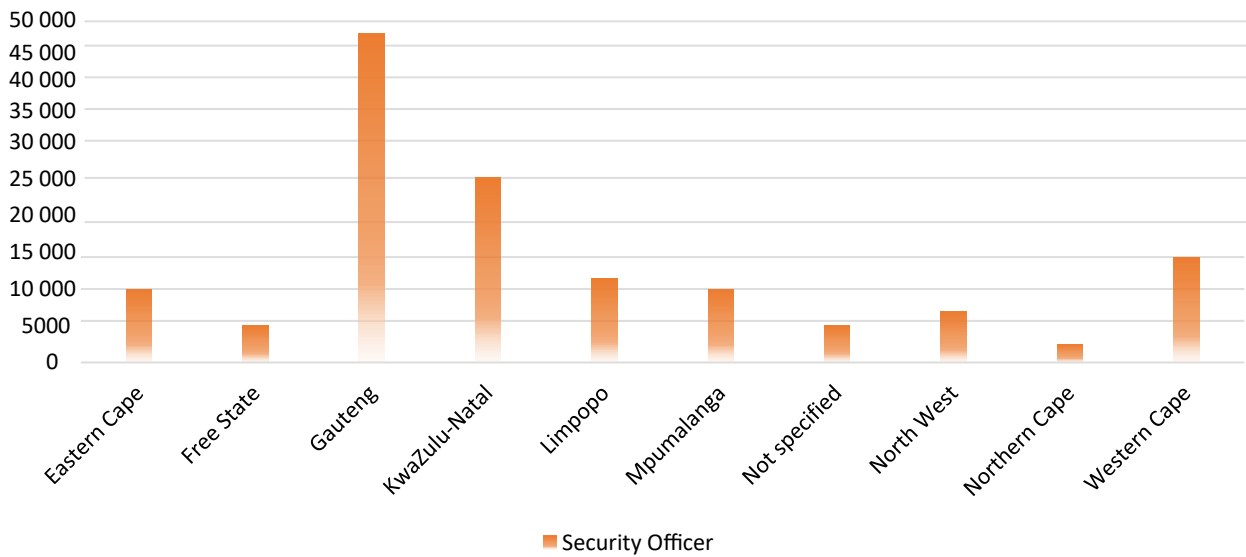
b. Number of Profiles claimed per Province

Province Name	Security Business	Security Officer
Eastern Cape	379	10 090
Free State	131	4 881
Gauteng	1 765	45 714
KwaZulu-Natal	751	24 674
Limpopo	439	12 559
Mpumalanga	320	10 101
Not specified	153	2 183
North West	198	6 090
Northern Cape	74	1 644
Western Cape	564	14 623
Total	4 774	132 559

SECURITY BUSINESS PROFILES CLAIMED PER PROVINCE



SECURITY OFFICER PROFILES CLAIMED PER PROVINCE



8. Industry Training Unit

One of the objectives of the Authority is to promote high standards in the training of security service providers and prospective security service providers. To give effect to this mandate, the Authority has determined strategic objective to ensure fulfilment and the support of the mandate as contemplated in Section 4(K) (i) – (vi) of the Private Security Industry Regulations Act, No. 56 of 2001.

8.1 Accreditation of Persons and Institutions providing Security Training

One of the key functions of the Authority in respect of industry training is to ensure that persons performing the functions of industry training are accredited, and this includes all institutions providing security training.

8.1.1 Accreditation of Instructors

The Authority has taken such steps as may be expedient or necessary to accredit the instructors during this financial year ended. The accreditation of these instructors occurred within an average time of four (4) days. A total number of three hundred and twenty-six (**326**) instructors here below were accredited in varying categories:

2019 / 20 FY	2020 / 21 FY	FY 2021 / 22 FY
Category 1: Instructor First Application		
81	69	105
Category 2: First Upgrade Applications		
90	105	159
Category 3: First Instructor/Facilitator Applications		
121	62	62

8.1.2 Accreditation of Security Service Providers

The transition from manual to online applications may have had a negative impact in the initiation and navigation of security business venturing into security training based on challenges experienced by prospective security training providers attempting to apply on the digital platform in the last quarter of the financial year. During this financial year, the Authority recorded one hundred and new seventy-four (174) security training providers as compared to the one hundred and ninety-two (192) recorded in the 2020/2021 financial year.

The table below illustrates the provincial breakdown of institutions providing security training:

Province	No of Security Training Centres		
	2019/20	2020/21	2021/22
Eastern Cape	23	18	14
Free State	12	10	6
North West	9	10	7
Limpopo	24	28	33
Mpumalanga	35	21	15
KwaZulu Natal	24	26	21
Western Cape	25	12	9
Northern Cape	4	8	2
Gauteng	84	59	67
Total	241	192	174

Notably, it is important to highlight that four (4) of the one hundred and seventy-four (174) were excluded in the calculation of applications that met all the requirements within the average turnaround time measured for finalising applications for accreditation because they were received in the 2020/21 financial year.

8.1.3 Accreditation of Persons Providing Security (RPL-Other)

Occupational Level	Number of Application Approved
Private Investigation	6
Management	10
Locksmithing	11
Technician	2
Advisor (Security)	1
Close Protection	3
Rejected/Not recommended	5
Total RPL Other Applications	38

Thirty-three (33) of the thirty-eight (38) applications received were approved and five (5) applications were rejected by Training Sub-Committee.

8.1.4 Promotion of High Quality of Training

During this financial year under review the Authority has put mechanisms in place to ensure a continuous promotion of high-quality training by accredited security institutions. These initiatives are in support of the strategic outcome in respect of industry training, aimed at driving a capable trained security industry. Monitoring and auditing of instructors were introduced during the second quarter of the last financial year.

8.2 OPERATIONS

8.2.1 Course reports

Course Reports on hand by end of 31 March 2021	8 609
Course reports received from April 2021 to March 2022	551 384
Total course reports received from April 2021-March 2022 (manual)	559 993
Course reports received processed on the new system (only in Q4)	31 235
Total course received (manual (Compire) and online)	591 228
Courses processed on Compire: April 2021 to March 2022	538 796
Total course reports processed (manual and online) April 2022- March 2022	570 031
Course reports returned from April 2021 to March 2022	4 225
Course reports on hand carried over to April 2022	16 972

The number of course reports (570 031) processed during this financial year was higher when compared to the 2020/21 financial year. In comparison to the total number of course reports processed in the 2020/21 financial year (450 595) there was a 21% (119 436) increase. A total of 31 235 course reports were received and approved on the new digital platform during the last quarter of 2021/22 financial year.

Fewer course reports (4 225) were returned to Security Training Providers due to irregularities when compared to 2020/21 financial years where 6 047 course reports were returned, which depicts 30% (1 822) improvement.

9. Communications and stakeholder engagement

The financial year of 2021/2022 has been an eventful yet progressive year in the organisation. With the encouragement from the unforeseen pandemic that the globe faced, PSiRA had to adapt, adjust, and establish new methods of fulfilling the organisations' needs and requirements. The introduction of the new online system has been a progressive achievement in the day-to-day running of the business. We are now able to reach more people with ease and effectively.

9.1.1 Stakeholder Engagement

Most of our Stakeholder engagements continued to be held on digital platforms as we had to adhere to the COVID19 regulations. Stakeholders were able to adapt to the new norm and were encouraged that the regulator is taking strides in reaching out to a greater audience digitally. Consumer interaction also took place with the provision of social distancing in educating the public, through interaction at various municipalities, shopping centres and at residential estates. We conducted just over sixty stakeholder engagements in all nine provinces and most of them took place virtually.

9.2 Marketing

Updating clients and stakeholders had to be increased, to ensure that operationally we were able to produce sufficient service to our clientele. With the introduction of the new online system, further education and processes had to be put in place of our communication to the public at large and this was done through our social media portals, PSiRA App, advocacy programmes and on our website, together with advertising on different media platforms.

The global shift to a more digital demand in information sharing; provided us with an opportunity to maximise our reach to the public. One of the ways we achieved this was to be more prominent on the ground through advocacy programmes, where we visited all nine provinces to educate them on the new online system and to assist in claiming their online profiles. Marketing campaigns were also online through various publications, together with tapping into uncharted waters of Google Ads and GoogleMybusiness. Where one on one interaction between consumers and the regulator took place instantly.

9.3 Call Centre

The call centre has been our voice to our clientele with an average of three thousand calls per day. At the core of the service provided by the call centre agents is to resolve queries pertaining mostly to course reports, business queries and most frequently, the assistance of claiming profiles on the new online system. Interaction with clients is not only limited to calls, as queries also come through in the form of emails through info@psira.co.za. Uncertainty with Lockdown levels created a greater uneasiness amongst clients, and the email platform saw a peak in queries. There was also a greater increase in our WhatsApp line with over forty- eight thousand messages during this financial, which was mostly due to the stakeholders enquiring about the lockdown and whether our offices are open and if expired certificates would be deemed valid during this period and how to manoeuvre the newly launched online platform.

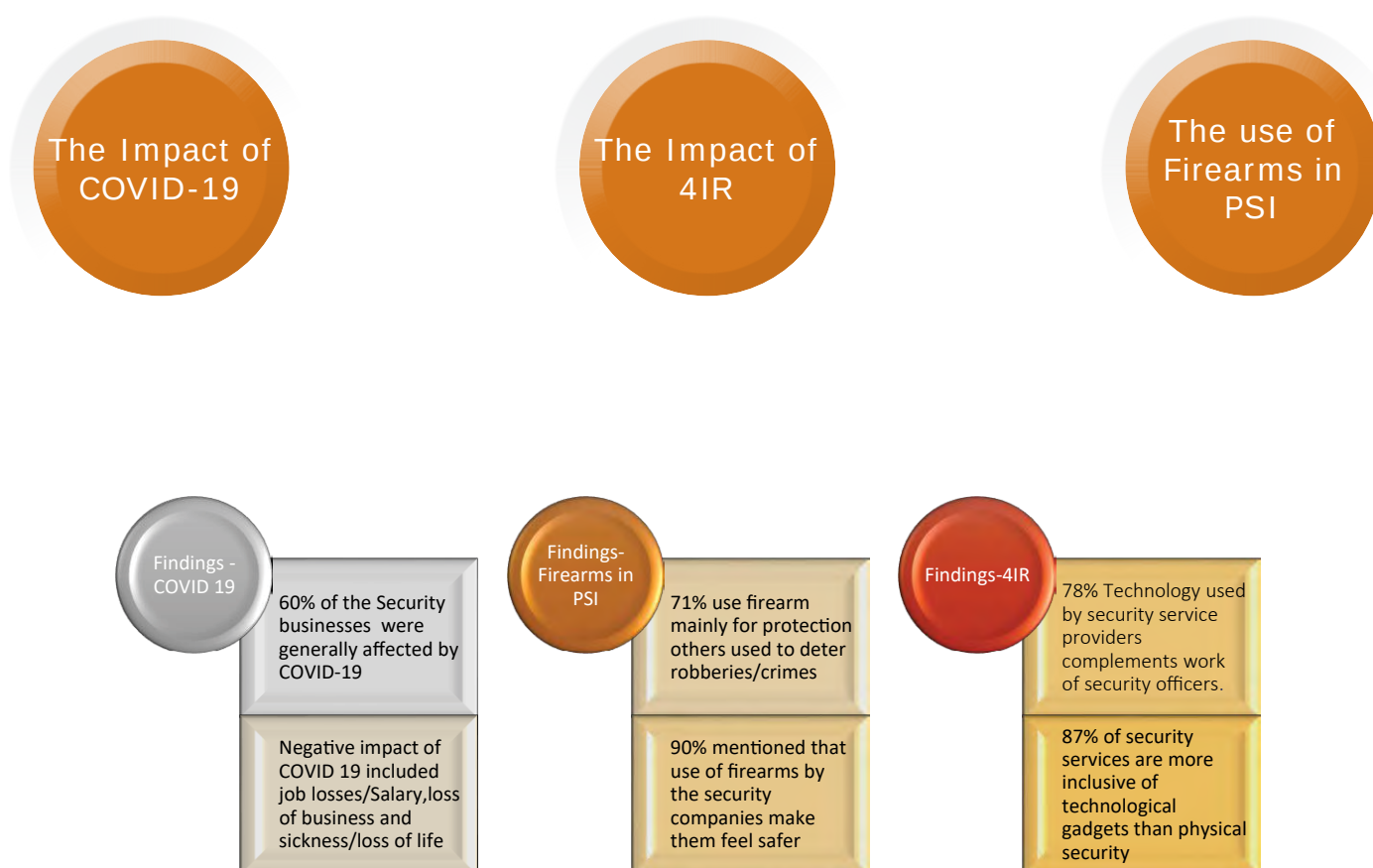
The yearly performance was achieved with a rate of 80.79 % of our target was achieved. With an average call handling time being 2 minutes and 48 seconds per call and a total of two hundred and eight thousand, six hundred and seventy-four calls received for the financial year.

10. Research and Development

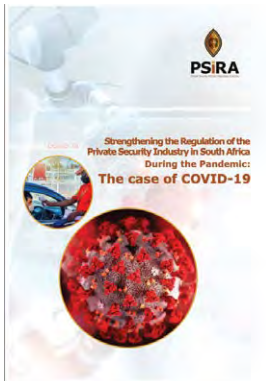
The Research and Development Unit (R&D Unit) continues to keep abreast with changes impacting South Africa's private security industry by conducting research, and thereby informing policy changes. During the financial year 2021/22, the R&D Unit undertook surveys to gain insights into consumer perspectives, conducted industry research, and facilitated the drafting of a transformation charter. The following projects are summarized herein below:

10.1 Surveys

PSiRA commissioned consumer surveys with the overarching aim to assess the perceptions of end-users of private security services, and to attain better understanding of the consumers. The surveys focused on the following topics as depicted in the diagram below. The findings presented are based on the security corporate clients that participated in the consumer survey:



10.2 Research Studies



Research Study 1

Strengthening the regulation of the private security industry in South Africa during the pandemic: The case of COVID 19

This report explored and analysed the impact of COVID-19 on the regulation of the private security industry in South Africa with an overarching aim of strengthening PSiRA regulatory frameworks during pandemics. The study also analysed the extent to which the revenue collection was impacted upon. COVID 19 brought the multifaceted regulatory challenges. Restrictions in terms of the Disaster Management Act, for instance, affected security training which had at some point been halted. This had a significant impact on revenue collection for the Authority. Government Printing Works also halted its operation, which meant that the registration department could not print certificates. Routine campaigns were also halted leaving the Authority to rely on online newspaper and magazines as a form of communication to the security industry.

The Authority implemented numerous innovative interventions including: - online booking system to control the number of people visiting PSiRA offices; self-assessment for security businesses; issuing of a leniency notice to SMMEs to promote the sustainability of emerging security service business; approving long distance learning; and most recently the implementation of a digital platform. The study found that security officers worked as frontline workers and their scope of work had extended to include temperature screening and sanitizing at the main access points. With the pandemic requiring minimal contact, this led to reliance on security equipment more than ever.

In light of the research findings, the report recommended the following: -

- Strengthening working relationship with the Department of Employment and Labour;
- Prioritizing of security officers as frontline workers;
- Strengthening institutional communication;
- Improving PSiRA online system;
- Improving the training model; and
- Reinforcing joint operations at regional levels.



Research Study 2

The New Private security: Regulating Cybersecurity services in South Africa

This study unpacked the 'new' private security that had emerged alongside the traditional private security. This new private security is termed cybersecurity. The heavy reliance on digital platforms laid the foundation for the existence of cybercrimes and cyber security service providers. Cyber security service providers protect and safeguard people and organisation properties in the digital world or cyberspace.

The study was exploratory in nature and used the qualitative research approach to examine and understand the regulation of cybersecurity services in South Africa. The study found that the sector existed due to cybercrime and lack of guardianship in the cyberspace. According to the report, common types of cybercrimes include ransomware, phishing, Bots/Botnets, and business email compromise. The report highlighted that although physical and cyber security service providers offer protection against criminal activities, they are proactive and reactive to security breaches, respectively. They also operate in different worlds, namely in the physical space and digital space.

The study further highlighted the security measures and cybersecurity services used to deal with cyber-attacks, this includes firewalls and intrusion detection systems; antiviruses and penetration testing and ethical hacking among others. The study also found that cybersecurity services are generally unregulated.

The study recommended that the Authority should solicit a legal opinion to determine if PSiRA should regulate the cybersecurity. It further recommended that the Authority should consider the following: -

- Categorise security services in the cyberspace (as in the case of physical security);
- Promote partnerships with the Department of Higher Education and Training, Institutions of Higher Learning, and TVET Colleges in promoting cybersecurity training; and
- Develop working relationships with other regulators responsible for cybersecurity such as ICASA and Information Regulator.



Research Study 3

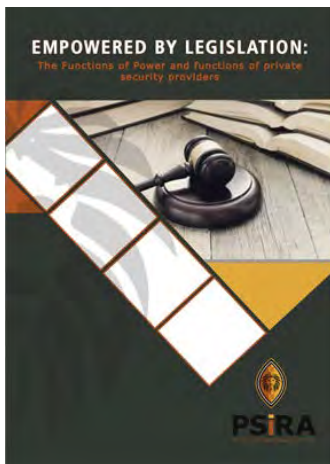
A New Dawn: The impact of 4IR in the Private Security Industry

This study explored the impact of the fourth industrial revolution (4IR) in the private security industry. It unpacked the best practices implemented in regulating the 4IR technologies in the private security industry. No doubt, the 4IR comes with both its promises and perils. Among other things, the 4IR brought about a new field within the private security industry known as aerial security.

The study discusses the pros and cons of the 4IR within the context of the private security industry. Through this study, it was uncovered that small companies struggle to compete with large companies due to rapid changes in technology. Generally, there should be minimal openness in adopting new technology. There have also been technological advancements in security services, which in turn created employment opportunities in the industry. The study also found that while the PSiRA grades are relevant, there was a need to constantly update them to cover include the use of contemporary 4IR technologies.

Among other things, the report recommended the following: -

- The development of specialised courses (and materials) covering the use of new technologies used in the security industry;
- The consideration of PSiRA partnerships with other regulators in fast-tracking the development of regulations for the new technologies in the security sector; and
- The regulating the use of 4IR technologies within the private security industry.



Research Study 4

Empowered by legislation: the function and powers of private security service providers

This study analysed the legislation that provides for the roles and function of private security service providers. It also discussed a contentious issue of peace officer powers within the context of private security provision, including the process of granting peace officer powers and requirements thereof.

Security service providers play proactive and reactive roles. Prior to rendering any security service, service providers enter into service level agreements with clients. The services rendered by the security service providers always require them to adhere to the PSiRA Code of Conduct and the following pieces of legislation: the Criminal Procedure Act, the Constitution of the Republic of South Africa, PSiR Act, and Firearms Control Act etc.

The study found that security service providers have limited powers in undertaking their duties. The report also highlighted that there are instances where security officers tend to act beyond their legal powers. The report emphasizes that if at all, security officers have to undergo a peace officer training before they can be granted any additional powers or sworn in as auxiliary law enforcement officers. Moreover, the study provided a distinction between a peace officer and law enforcement officers. Although they undergo more or less the same training; the training of the latter is longer than that of the former. The process of applying to become a peace officer is made to the South African Police Service or municipality. The application made at the municipality is only applicable to those companies that are working with the municipality, and security officers would be sworn in as auxiliary law enforcement.

The report recommended the introduction of continuous psychometric tests for security officers as part of the fit and proper test requirement. It also recommended that refresher training must be mandatory in order for security officers to be fully aware of their powers and functions. The report underscored that PSiRA grades must have in-depth focus on both the PSiR Act and the Criminal Procedure Act. To this end, the PSiRA Enforcement Unit should continue to be aggressive in ensuring that security providers do not exceed their powers and functions.

10.3 Draft Transformation Charter and Transformation Index for the Private Security Industry developed

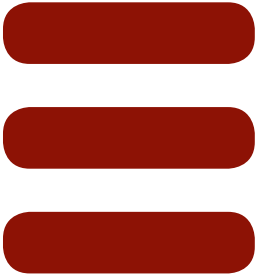
Section 3(k)(j) of the PSiR Act entrusts the Authority with the responsibility to “encourage ownership and control of security businesses by persons who were historically disadvantaged through unfair discrimination” and to encourage equal opportunity employment practices in the private security industry”. To fulfil its legislative mandate, on behalf of the Authority, the R & D Unit facilitated the development of a draft Transformation Charter for the private security industry that envisions redressing inequalities, enhancing growth, and unlocking the sector’s potential in contributing toward the fight against crime for the benefit of all South Africans. The Charter will therefore support Government’s objectives to redress historical socioeconomic inequalities and ensure broad-based economic empowerment and meaningful participation of previously disadvantaged individuals in the private security industry. As the project is still work in progress, it is envisaged that a completed Transformation Charter will be completed in the financial year, 2022/23.



GOVERNANCE



PART C



11. INTRODUCTION

Corporate governance entails processes and systems by which public entities are governed, controlled, and held to account in terms of enabling and other legislative prescripts. In addition to the legislative prescripts, corporate governance within PSiRA is also guided by the principles of the King Code of Corporate Governance in Southern Africa, which had expanded the application of the scope of corporate governance to include public sector entities under the King IV Code.

PSiRA is governed and controlled by a Council appointed under section 6 of the Act by the Minister of Police in consultation with the Cabinet of the Republic. The Council, as the governing body and the central point of corporate governance at PSiRA adopted the principles of the King Code as far as they relate to good governance practices in the public sector, and continues to strive to live by these principles in carrying out its oversight responsibilities of a governing body.

PSiRA is listed under the schedules of the Public Finance Management Act, 1999 (PFMA) as a Schedule 3A public entity, with statutory obligations and responsibilities under Chapter 6 of this Act., and the National Treasury Regulations, 2005 applicable to public entities as promulgated under the PFMA. The Council is the Accounting Authority of the entity and is responsible for corporate governance within the entity. The Council reports to Parliament through the Executive Authority regarding the performance of the entity in the execution of its mandate under the PSiR Act, and in line with the Strategic and Annual Performance Plans and Budgets as agreed with the Executive Authority and sanctioned by Parliament.

12. PORTFOLIO COMMITTEE ENGAGEMENTS

During the period under review PSiRA Council and Executive Management had engagements with the Portfolio Committee on Police in two (2) meetings for reporting purposes as follows:

- 07 May 2021 - to present the annual performance plan, including the budget for 2021/22; and
- 24 November 2021 – to present PSiRA's Annual Report for 2020/21;

The key strategic focus area which the Portfolio Committee raised during these meetings was the unsustainable funding model of the Authority, which was inherited from the repealed Security Officers Act, 1987 as a transitional arrangement when the PSiR Act came into operation in 2001. The Authority has during the period under review, made submissions and provided the financial information data required by the National Treasury to continue with the review process of the Act. The process is underway at the National Treasury with continuous engagements for updates, which indicate that the Act would possibly be re-tabled in Parliament during the 2022/23 financial year.

In the interim, the Authority continued to implement a turnaround strategy to deal with the funding challenges. The strategy is focused

on intensified annual fee collection and interest charges on overdue accounts through appointed debt collectors. Other revenue strategies included collection of fines imposed for improper code of conduct cases against security service providers. The turnaround strategy also focused on cost containment measures in terms of expenditure patterns directed at the main cost drivers, which include travel costs. The introduction of the online digital services towards the end of the period under review will also see some cost reduction in terms of PSiRA services to the private security industry in the form of costs associated with registrations and renewals of registration.

13. EXECUTIVE AUTHORITY ENGAGEMENTS

In compliance with PSiR Act and PFMA prescripts, the Authority had engagements with the Executive Authority during the period under review for the following purposes:

- The formal introduction of the new Council members to the Minister on 12/03/2021;
- Various MINMEC meetings to present quarterly performance information reports for the period under review; and
- Presentation of the PSiRA Annual Report 2020/21 to the Minister on 04 November 2021, before presentation to Parliament.

The Authority had also accompanied and supported the Minister and Deputy Minister in their roadshows and Imbizos, including the visits to the townships in the Western Cape, KwaZulu-Natal, and Limpopo for the launch of SAPS specialised units in those areas.

14. THE ACCOUNTING AUTHORITY

PSiRA is governed and controlled by a Council appointed by the Minister in consultation with Cabinet under Section 6 of PSiR Act. The Council is the Accounting Authority of PSiRA under the PFMA, 1999 and is accountable to the Minister as the Executive Authority of the entity. The reporting responsibilities of Council extend to the Parliament of the Republic through the Executive Authority.

The Council subscribes to the principles under the King Code on corporate governance, and in this regard, had adopted the key principles to define the strategy of PSiRA, provide direction in its implementation and established the ethics and values framework that influence and guide the practices and behaviour for a sustainable performance to achieve the object of the Act.

The role of the Council

In terms of the Act, the role of the Council includes among others, taking steps to achieve the objects of the entity as envisaged in section 3 of the Act, ensuring performance of the duties of the Authority, and overseeing and exercising general control over the performance of the functions of

the Authority and of the activities of the persons appointed by Council. The Council is responsible for setting the strategic direction of the entity guided by the legislative mandate under the Act, and government policy as articulated in the National Development Plan, 2030.

The Council is ultimately responsible and accountable to the Minister for the performance of its functions and from time to time, supplies the Minister with such information as the Minister may require regarding the functions of the Authority or any other matter relating to the entity.

Council Charter

Over and above the legislative prescripts which set out the role of the Council and how it should operate, the Council has developed and approved the governance framework, which includes the Council Charter, Code of Conduct for Councillors and the Performance Evaluation Framework to assist in guiding its activities, and to supplement the legislative prescripts to ensure good governance across the organisation. The approved governance framework was adopted by the Minister immediately after the formal introductory meeting that the Minister had arranged with the new Council in March 2021. The Council Charter sets out the roles and responsibilities of Council and those of the Executive Management, as guided by sound principles of delineation of responsibilities. The Charter is supported by the Delegation of Authority Policy which governs the internal control environment by providing for delineation of responsibilities and segregation of duties within PSiRA.

The Council continues to monitor and review the governance framework to ensure that its activities are undertaken in line with the new thinking in good governance practices and that the provisions of the Charter remain relevant. This has resulted in some significant improvements in terms of the governance of the entity with the functional focus for the Council being on strategic matters, whilst Management is left to deal with the day-to-day operational matters, with regular reporting back to Council on the performance of the entity in the execution of the strategic direction as set by the Council.

Composition of the Council

Section 6 of the Act prescribes that the Council should be constituted by the following members:

- Chairperson;
- Vice-Chairperson; and
- Three (3) additional Councillors, all appointed by the Minister in consultation with Cabinet.

During the period under review the Council was constituted by all five (5) members whose term of office started in January 2021 and will expire on 31 December 2023.

The Table below depicts the Council composition for the period under review with an indication of the dates of appointments and their qualifications.

Council Composition								
Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date Term of Office Expired	Highest Qualification	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings attended
Dr A.L. Mofomme	Chairperson	01/01/2021	current	D. Phil (Leadership in Performance and Changes)	Human Resource, Law enforcement (Safety and Security), wellness and procurement (governance)	* International Association of Women Police; * Elderly Care Fund for retired officers; * Lungisa Entrepreneurial Development * Zwonaka Solutions	None	6
Mr. M.S. Ralebipi	Vice-Chairperson	01/01/2021	current	B. Com (Acc)	Finance, Human Resource and Governance	Road Agency Limpopo; Musina Makha-do Special Economic Zone; Ralebipi Properties	HCREMCO & FINCO	4
Dr S. Mbete	Councillor	01/01/2021	current	D. Phil (International Relations)	Education and Training; International relations and governance	Social Justice Initiative; Amabhungane Centre for Investigative Journalism; Peridot Traders	HCREMCO, SEC & SCBC	6
Ms. T. Ntshangase	Councillor	01/01/2021	current	B. Com	Finance and Supply Chain	Banqoba Izwe Gaming and Entertainment; OR Tambo School of Leadership; Vunavest	FINCO & SCBC	6
Mr. N.H. Ngubane	Councillor	01/01/2021	current	M. Ed (Leadership & Admin)	Education and Training, and Governance	Jaybex; Netasq; Sunshine Golf Academy; Makhaye Ngubane Investments	SEC, SCBC & HCREMCO	6

Council Committees

The Council is empowered under section 13(1) of the Act to establish governance committees to assist it in its oversight role and general control of the entity. The Committees may consist of one or more councillors, or one or more councillors and one or more other persons, or one or more other persons. The Committees advise and assist the Council in the execution of its mandate in relation to any matters referred to the committee by the Council, and to report on those matters to the Council.

During the period under review Council was advised and assisted by the committees as per the Table below, which operated under the Terms of Reference (Charter) approved by Council for each of the committees. The committees reported to Council on their activities as per their annual programmes and Terms of Reference, and recommended matters reserved for Council decision to the Council to take such decisions.

Committee	No. of meetings held	No. of members	Name of members
Human Capital and Remuneration Committee (HCREMCO)	6	5	- Mr M.S. Ralebipi (Chairperson); - Dr S. Mbete (Member); - Mr. N.H. Ngubane (Member); - Dr N. Skeepers (Member); - and - Ms. T. Thankge (Member)
Audit and Risk Committee (ARC)	5	5	- Mr. N. Mhlongo (Chairperson) - Ms. U. Exner (Deputy Chairperson); - Mr. M. Matlwa (Member); - Ms. G. Ramphaka (Member) - and - Ms. L. Mudau (Member)
Stakeholder and Core Business Committee (SCBC)	4	3	- Mr. N.H. Ngubane (Chairperson); - Ms. T. Ntshangase (Member); - and - Dr S. Mbete (Member)
Finance and Investment Committee (FINCO)	4	5	- Ms. T. Ntshangase (Chairperson); - Mr. M.S. Ralebipi (Member); - Mr. G. Maluleke (Member); - Ms. P. Motsielwa (Member); - and - Mr. T. Shelembe (Member)
Social and Ethics Committee (SEC)	2	3	- Dr S. Mbete (Chairperson); - Mr. N.H. Ngubane (Member); - and - Ms. T. Thankge (Member)

During the period under review, the Council also established and constituted Private Security Industry Advisory Committee under section 13(2) of the Act, to advise the Council through the Stakeholder and Core Business Committee, on regulatory matters pertaining to the specific sector of the private security industry. The Committee is representative of the various sectors of private security industry as defined in section 1 of the Act, and is mainly established to among others:

- create an active channel of communication between the Council and the private security industry on a national level;
- improve relations with the private security industry and to initiate collaboration and cooperation in respect of the regulation of the private security industry;
- create a platform to identify areas of concern within a particular sector and to initiate a co-operative approach in addressing these areas;
- share industry perceptions on PSIRA's performance to enhance and protect its reputation;
- identify skills development requirements for the various sectors;
- identify the need for development of national standards and/or guidelines relating to the private security industry environment;
- develop proposals on broader industry participation in crime prevention and partnership policing with state agencies; and
- promote industry research.

The representatives from the following industry sectors constitute the Private Security Industry Advisory Committee:

- Guarding Sector;
- Close Protection Sector;
- Electronic Sector;
- Private Investigation Sector;
- Security Training Sector; and
- Locksmith Sector.

Remuneration of Council Members

Section 8(6) of the Act provides that a Councillor, or a member of a committee appointed by the Council, who is not an employee of the Authority or an officer or employee in the Public Service, may be paid from the funds of the Authority such remuneration and allowances as the Council may determine with the concurrence of the Minister. PSiRA as a Schedule 3A public entity under the PFMA was classified by the Minister of Finance in terms of the National Treasury guidelines on service benefits for office bearers of certain statutory entities, under Sub-category A1 for purposes of determining the remuneration of Councillors.

The Minister has, taking cognisance of the National Treasury guidelines as published by the Minister of Finance from time to time, concurred with the determination by Council on the fixed remuneration of Councillors as a monthly stipend, and not based on meeting fee structure. Annual cost of living adjustments to the rates as published by the National Treasury annually are implemented upon approval by the Minister of Police. The full disclosures in terms of the remuneration and other allowances paid to Councillors during the period under review, are contained in the annual financial statements under Part E of this report.

15. RISK MANAGEMENT

The Authority's Risk Management approach and principal objective is to increase the likelihood of PSiRA achieving its objectives by optimally balancing risk and reward. The methodology and processes described below are aimed at ensuring that significant business risks are systematically identified, assessed and reduced to acceptable levels. The importance of risk management was prevalent in view the COVID-19 pandemic, which had significant impact on the Authority in working towards the achievement of its annual and operational plan targets, as

well as business continuity in general. Risk Management contributed in lessening the impact of the pandemic in terms of the different alert levels in response to the pandemic.

The Authority has adopted the Risk Management Framework of ISO 31000, the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, the National Treasury Risk Management Framework and King IV, to ensure alignment with best practices.

Risk Methodology

The Authority's Risk Management methodology is revised over a three-year cycle and/or as and when a need arises. The next revision date is scheduled for the 2023/2024 financial year.

The Authority aims to be risk aware but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its statutory objectives and strategic outcomes, PSiRA recognizes that it will have to manage certain risks according to their priority as per the risk-based approach. As a regulator of a vast and growing private security industry, sustainability risks relating to Financial Sustainability, Regulatory Compliance and Industry Training Standards must be managed. The Authority is now geared towards providing services digitally where managing risks relating to Customer Relations and Brand Management is pivotal for the achievement of the Digital Transformation Strategy. Digitalization also provides the opportunity for the Authority to increase its footprint and extent of reach in areas where it has no physical presence and the Authority is exploiting this opportunity in line with its methodology.

PSiRA's risk tolerance is set at a risk rating level of ≥ 10 (i.e., those risks with high impact and high likelihood of occurrence). The Authority's risk appetite has been defined as those risks ranging between high and catastrophic categories ($10 \leq \text{rating} \leq 25$).

Risk Assessments

The Authority undertakes annual risk assessments to identify, assess, analyse, manage and monitor the strategic and operational risk profile of the Authority. The risks and related mitigation plans are managed, maintained and monitored on an ongoing basis.

Top Strategic Risks

The following strategic risks were identified:

Risk Area and Risk Statement	Medium Term Strategic Framework Outcomes [1 selection per risk]				National Development Plan Priorities Impacted by Strategic Risks			
	Outcome 1: Improved quality of basic education	Outcome 3: Safety	Outcome 4: Economy	Outcome 5: Skills	Economy & Employment C3 - NDP	Positioning South Africa in the world C7 - NDP	Improving education and training C9 - NDP	Building Safer communities C12 - NDP
					4	1	1	3
1. Registration of Non-Competent Security Service Providers- May lead to inability to promote a private security which is characterized by professionalism, transparency, accountability, equity, and accessibility.	16			16	16		16	16
2. Financial Risk - The absence of a sustainable funding model may result in financial instability ; and adversely impact PSiRA's ability to deliver on its mandate and a threat to going concern of the Authority.			12		12			
3. Compliance Risk - Inability to enforce compliance to the PSiRA legislation and applicable prescripts may lead to non-compliance and lawlessness in the Private Security Industry.				12	12			12
4. Regulatory Reform Risk – Non acceptance of the transformation charter may lead to lack of representation of previously disadvantaged groups.		9				9		9

The strategic risk profile has not improved much over the past three years and the impact of the COVID-19 pandemic continued to adversely affect the financial stability of the Authority and the implementation of planned mitigation plans.

Operational Risk Registers

The Authority had five operational risk registers including the COVID-19 risk register which looked into the safety of employees, stakeholders and minimised the spread and impact of the virus as the country moved into the second year of the pandemic.

In addition, a new risk register was developed for the Corporate Secretariat function which is largely responsible for ensuring that the Authority has and maintains sound Corporate Governance practices.

Looking at the top ten risk register, a major risk was around fire caused by document pile up, however, the Authority started the process of shredding old documents in various branches/offices as part of its risk mitigation plan.

Tactical Risk Registers

The Authority has developed two tactical risk registers which look at Fraud and Ethics related risk areas and Legislative Compliance obligations of the Authority. The Fraud risk register has proactive measures that have been put in place by business units to prevent the appearance of fraud and the legislative compliance risk profile provides management with a heat map of high-risk areas to low-risk areas for prioritization of efforts and gap analysis.

Risk Management Governance

- The Authority has an established Risk Management Committee at an operational level to oversee the implementation and monitoring of the Risk Management and Business Continuity Management. The Committee is chaired by an independent external chairperson.

The pivotal existence of the Committee, as outlined in the approved Risk Management Committee Charter, is to advise management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Committee's performance is assessed on an annual basis.

- Audit and Risk Committee (ARC) is a Council established Committee, comprises of five independent non-executive members, who, collectively, are adequately qualified and experienced to fulfil their duties. Committee members also have sufficient knowledge of financial reporting, internal financial controls, the external and internal audit process, risk management process, and information technology governance.

The Committee operates in terms of a Charter approved by the Council. The roles and responsibilities of the Committee, among others, include ensuring that the Authority has implemented an effective policy and plan for risk management, which will protect it from undue losses.

Value add of Risk Management

Based on the Risk Management implementation plan for the 2021/2022 financial year, 100% of the activities planned were achieved, as at the end of the financial year.

Other key achievements include:

- The Authority has maintained its risk management maturity rating at a Level 5 for four consecutive years.
- Development of the operational risk register for the Corporate Secretariat function.
- Risk management features as a standing agenda item at all the Executive Management meetings.

16. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The internal audit function within PSiRA is an outsourced function contracted to OMA Chartered Accountants as a service provider. The internal audit firm conducted its assurance activities for the year based on the approved internal audit charter and annual audit plan. The internal audit plan followed a risk-based approach informed by the strategic risks adopted after a risk assessment which identified the key risks, which could impact on the achievement of the entity's objectives. The audit plan for the period under review prioritised the following areas which presented key risks for the entity:

- Unaudited Annual Performance Information – 2021;
- Unaudited Financial Statements Compliance Review – 2021;
- Information and Communication Technology – Security Controls and Follow Up review on ITGCR;
- Compliance and Enforcement;
- Communication, Registrations and Training;
- Review of Performance Information reporting Q1, Q2 and Q3;
- Review of Annual Performance Plan for 2022/23;
- Supply Chain and Expenditure Management;
- Human Capital Management;
- Follow Up on External Audit Findings 2020/21; and
- Financial Discipline Review

The audit plan was fully executed, and audit reports were submitted to the Audit and Risk Committee for review and monitoring of the implementation of management audit action plan, to ensure that audit findings were raised, including Auditor-General's findings from the previous financial year were addressed and resolved by Management.

The internal audit function operates under the oversight monitoring and assessment of the Council's Audit and Risk Committee. The Committee was established by Council in terms of Section 77 of the PFMA, read with section 13 of the PSiR Act, and is constituted by five (5) independent non-executive members. The members collectively have adequate qualifications and experience to fulfil their duties, which include knowledge of financial reporting, internal financial controls, external and internal audit processes, risk management and compliance, and information technology governance.

The Committee operates in terms of a Charter approved by Council. The roles and responsibilities of the Committee include the following:

- Review and monitoring of the internal control systems to protect the interests and assets of the Authority;
- Reviewing the accuracy, reliability and credibility of statutory financial reporting and the annual financial statements, as presented by Management prior to submission to Council for approval;
- Ensuring that an effective internal audit function is in place and the roles and functions are clear and coordinated to provide an objective overview of the operational effectiveness of the entity's systems of internal control, risk management process, governance and reporting. The Committee also assesses the performance of the internal audit function annually, and was happy with the assessment results, which indicated satisfactory levels of assurance and effectiveness in the work of internal auditors;
- Ensuring that the Authority has an effective policy and plan, which is implemented for risk management to protect against undue losses;
- Reviewing any accounting and auditing concerns raised by internal and external auditors, the annual financial statements and performance information reports;
- Obtaining assurance for information technology in relation to the management of IT assets, governance and controls, risks and disaster recovery;
- Reviewing the effectiveness of the system that monitors compliance with laws and regulations, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance; and
- Instituting and overseeing fraud and corruption investigations as needed.

The Committee had five (5) meetings during the period under review, which were attended by both internal and external auditors, executives and senior management and other relevant officials of the Authority. Details regarding activities and attendance of meeting of the Committee are presented in the report of the Committee under Part E of this annual report. The table below discloses relevant information regarding the Audit and Risk Committee members.



17. COMPLIANCE WITH LAWS AND REGULATIONS

Council continues to monitor compliance with laws and regulations by the Management of the entity in conducting the business operations to achieve the strategic objectives. The main legislation to which the entity must ensure overall compliance therewith remains the PSiR Act and the PFMA. Other relevant legislation continues to be monitored through the activities of the relevant divisions to which such legislation applies, and PSiRA policies are regularly reviewed for alignment with relevant legislation and to remain relevant. Reporting on compliance is monitored through the Audit and Risk Committee and the other relevant Committees of the Council and remains a standing agenda item at Council meetings.

Council monitors compliance through a developed compliance risk register and checklists for compliance monitoring with legislation. These include registers for listing of non-compliant expenditure under the PFMA, and reporting on actions taken where cases of non-compliance are reported or identified. These tools assist Council in monitoring and assessing the risk of non-compliance to legislation and regulations, and for Management to come up with mitigating measures for implementation to mitigate against the risks from materialising.

Compliance with internal policies and procedures is also crucial for improved governance and an internal control environment within the entity. A policy universe is maintained, and compliance therewith is monitored on an ongoing basis.

18. FRAUD AND CORRUPTION

• **Fraud Prevention Policy and Plan**

PSiRA had an approved Fraud Prevention Plan in place and was implemented during the financial year under review. The Fraud Prevention Plan was reviewed and adopted by the Council for 2021/2022 financial year and continues to be relevant in terms of fraud prevention. The Forensic and Ethics Unit is responsible for annual review and implementation of the plan.

• **Mechanisms in Place to Report Fraud and Corruption**

The reporting channels for unethical, fraud and corruption impacting PSiRA are as follows:

The Authority has a Fraud Hotline where any suspected or actual fraud can be reported on **0860 333 036**.

The facility is administered by an independent firm of Forensic Auditors to ensure that the identity of staff members that utilise this facility remains safeguarded. No person in the Authority regardless of seniority, have access to the identities of staff members or other persons who report allegations of fraud.

There is a reporting hierarchy on hand for the fraud hotline administrators, which guide them on where to refer cases, including allegations against the Director and Council members.

Cases reported are managed through an automated case management system and allocated to the relevant divisions for investigation. Details of the hotline are communicated to all employees through various awareness and education mechanisms.

Employees are protected from victimisation by PSiRA Whistle Blowing Policy, which is aligned to the Protected Disclosure Act, 2000 (Act no. 26 of 2000).

• **Fraud and Corruption Investigation**

The Authority has adopted a policy of investigating all reports of fraud and corruption. Any allegations of fraud and corruption is tested, reviewed, and analysed if it warrants investigation. The appointed investigator submits a written report to the Accounting Authority, through the Audit and Risk Committee detailing circumstances and recommending appropriate remedial action following the investigation. FEU statistics for the period 1 April 2021 to 31 March 2022, indicates the extent to which fraud is experienced and managed by the organisation, as well as PSiRA's commitment to combat fraud and corruption.

During the financial year under review, Forensic and Ethics Unit had 17 opening cases that were brought forward from 2020/2021 financial year (14 were external cases and 3 were internal cases), 557 new complaints were received through the Fraud Hotline and **64** complaints were received through the Helpdesk (49 were external cases and 15 were internal cases). Out of 557 hotline complaints, 422 complaints were industry related and were referred to Law Enforcement division for investigation and further processing in terms of the Improper Conduct Regulations, 2000. **135** hotline complaints were undertaken by Forensic and Ethics Unit of which **13** were allegations of misconduct against employees of the Authority (2 allegations of corruption and 11 were misconduct in general).

In total, the Forensic and Ethics Unit had 211 (180 external cases and 31 internal cases). Out of 180 external cases, 164 cases were finalised, and 16 cases were brought forward to 2022/2023 financial year. There were 7 criminal cases opened for the industry related cases and 9 suspects were arrested by SAPS. Out of 31 internal cases 27 were finalised and 4 were brought forward to 2022/2023 financial year.

Confirmed Incidents of Irregularities 2021/2022 Financial Year

PSIRA OFFICES	Disciplinary actions (Completed)	Disciplinary actions (In-Progress)	Total Cases	Resolution
Head Office inclusive of other 9 offices	1	0	31	Investigation conducted: 21 unfounded 4 employees resigned 1 verdict pending 1 employee resigned and a criminal case registered 4 under investigation.

- Categories include fraud, corruption (Misuse of resources, non-compliance with policies, theft).

Confirmed Security Industry Irregularities 2021/2022 Financial Year

Descriptions / Categories	Investigation Completed	Investigation in progress	Total	Resolution
Identity Fraud, Submission of fraudulent course reports, Deployment of unregistered security officers, Deployment of unregistered security officers, Deployment of unregistered security officers, Unregistered security businesses, Fraudulent registration certificates	164	16	180	Investigation conducted: 111 cases finalized 33 unfounded 3 Operations conducted 7 criminal cases registered 9 arrested 1 recommended for withdrawal 16 under investigation.

Categories include fraud (identity fraud, fraudulent course reports, fraudulent id cards, fraudulent registration certificates, contravention of section 20 of Act 56 of 2001).

19. MINIMISING CONFLICT OF INTEREST

Council's approach to the issue regarding conflict of interest is incorporated as part of the governance framework for the entity. The Council Charter and Code of Conduct incorporate the principle that Councillors have a legal obligation to act ethically and in the best interest of the Authority, to act with due care and diligence in discharging their duties as Councillors, to declare and avoid conflicts of interest with the Authority, and to disclose and account for any advantages gained in discharging their duties on behalf of the Authority. Councillors have pledged to always put the interests of the Authority ahead of their own interests by signing the Code of Conduct.

The Code of Conduct prescribes that Councillors must disclose to the Council or to any committee that the Councillor is a member, any direct or indirect personal or private business interest that that Councillor, or any spouse, partner or business associate of that Councillor may have in any matter before the Council or committee; and to withdraw from the proceedings of the Council or committee when that matter is considered by the Council or committee.

The Code of Conduct also requires Councillors on an annual basis, to make disclosures in terms of their directorship and/or shareholding in any company or any other entity, which may potentially have an interest in the business of PSiRA. Similar provisions are also applicable to officials of PSiRA under the code of conduct for employees and the procedures for disclosure of interests. A verification process of the information disclosed is undertaken by the Authority's Forensics and Ethics Unit to provide some level of assurance on the disclosures made. The process entails verification against CIPC and PSiRA databases of suppliers and registered security businesses.

20. CODE OF CONDUCT AND ETHICS

PSiRA is determined to discharge its legislative mandate in an ethical organisational environment under an ethical leadership at the top. To this end, PSiRA has developed Values Framework based on the values of *Integrity, Excellence and Ubuntu* which are inculcated in the organisational culture to enhance ethical standards within PSiRA.

At the core of PSiRA Values Framework are the Code of Conduct for both Councillors and employees and other ethics-related policies, which are informed by the provisions of the PFMA, 1999 and the principles under King Code of Governance. The overall objectives of the ethics codes and related policies are to:

- provide exemplary standards of conduct expected of all Councillors (ethical leadership at the top) and officials while conducting PSiRA business;
- manage conflicts of interest, particularly in human resource provisioning and supply chain management processes; and
- create a sound and ethical organisational culture for the conduct of PSiRA's business based on the Values Framework of the entity.

Cases of non-compliance with the ethics codes and related policies are referred for investigation and disciplinary processes in terms of PSiRA disciplinary procedures in respect of employees, and preliminary investigations and referral to the Executive Authority for a decision/sanction in respect of Councillors.

21. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

PSiRA continues to assess and monitor compliance with the provisions of the Occupational Health and Safety Act, 1993 to ensure the health and safety of persons at work and visiting clients. In ensuring that the requirements of the aforesaid Act are fully met, the following activities were undertaken:

- i. Establishment of the Health and Safety Committee; The Health and Safety Committee is in place.
- ii. Appointment of safety representatives in all PSiRA offices across the country; Some Health and Safety representatives left the company and were replaced with new members for Durban and Cape Town Offices. The Pretoria office had additional members after staff in Law Enforcement office moved in.
- iii. Meetings of the Health and Safety Committee were held, as required by the Act; Quarterly meetings were held with all SHE representatives.
- iv. Safety awareness workshops were conducted in various offices; Workshops were conducted at all offices in 2021/22 financial year. SHE Reps were trained on how to conduct Hazard Identification Risk Assessments (HIRA) at their respective offices.
- v. Keeping of accidents and injuries register and investigation of cases and reporting to the Department of Labour; HR office Occupational section has an updated register for all Injury on

Duty (IOD) cases, one case was reported where an employee bumped into a sofa and a sharp pin tore a section of her thigh, the cut was not too deep, and the employee was assisted from the first aid kit.

- vi. New first aid kit boxes were bought to replace the old and expired ones.
- vii. The expired Fire extinguishers were serviced, and some replaced.
- viii. Evacuation Plan for all offices was developed and evacuation drills were performed.
- ix. Evacuation drills were also conducted at all offices, and they were done by SHE representatives at Cape Town, Port Elizabeth and Nelspruit offices drills were staged together with the Landlord and including all tenants.

22. COMPANY SECRETARY

The activities of Council governance structures at PSiRA are facilitated and coordinated under the guidance of a corporate secretary appointed by Council, and who is functionally accountable to the Council to among others:

- Ensure that Council governance framework and procedures are followed and reviewed regularly;
- Ensure that the applicable rules and regulations for the conduct of the affairs of the Council are complied with;
- Maintain statutory records in accordance with legal requirements;
- Provide the Council as a collective, and individual Council members with governance advice as to how their duties and responsibilities should be properly discharged in the best interest of the Authority;
- Keep abreast of, and inform the Council of current corporate governance trends and practices;
- Ensure Council and Council Committee Terms of Reference are reviewed regularly for continued relevance and compliance;
- Provide a central source of guidance and support to the Council and Executive Management on governance matters, particularly with reference to the relationship that must be maintained between the Council and Management;
- Assist with the coordination of performance evaluation of the Council, Committees and individual Councillors to identify areas for improvement and skills gaps;
- Facilitate the Council induction/training workshops and develop customised developmental training programmes for Council and Council Committees; and
- Ensure preparation and timeous circulation of agenda meeting packs and compilation and proper record keeping of minutes of Council and Council Committee meetings.

23. CORPORATE SOCIAL RESPONSIBILITY

PSiRA recognises the country remains an uneven society for which social responsibility (CSR) initiatives are required to address some of the imbalances of the past and the upliftment and empowerment of previously disadvantaged persons. As part of its contribution to national imperatives to deal with these challenges, PSiRA has committed to some

proactive CSR initiatives aimed at advancing education and training aligned to the core mandate of PSiRA, poverty alleviation and support to communities and stakeholder events.

PSiRA contributes towards making a young man's dream a reality

In June 2021, the Authority handed over a cheque for an amount of ten thousand rand (R10,000.00) to Phakiso Dithale, a young academically gifted young man from De Bark near Rustenburg in North West. Who has invented an alarm system, Gaurdova Security Monitor. He created the monitor during the lockdown period in early 2020. The need to invent the system arose from the daily increase in criminal activities. The system uses a sensor to detect motion which then notifies a Security Company and the owner of the property. The alarm can be used without electricity as it can be charged using batteries or solar power.

Take A boy Child To Work Campaign

On 29 October 2021, the Polokwane Regional Office visited 15 boys from Mosego High School, which is based in Tubatse Fetakgomo Local Municipality under Sekhukhune District and inducted them on the role of PSiRA and private security in general. The school is based in the deep rural area of Djate/ Ntsoaneng village in Driekop, near Burgersfort.

Following the economic down-turn in our Country, most mines which always provided employment to local villagers have since closed and led to retrenchments and subsequent high rate of unemployment in the surrounding villages. The school is attended mostly by poor students who come from destitute families who walk long distances to school every day.

The school has also been ranking very low with the overall pass rate in the whole province over the years, hence we saw a need to assist by offering motivation/career guidance to some learners who may also be able to assist others.



PSiRA donates food parcels to two orphanages for Christmas

Following the Police Minister Beki Cele's presentation on crime figures between the period of July to the end of September, where the two regions in Gauteng (Hammaskraal) and Eastern Cape (Lusikisiki) were revealed to be amongst SA's rape capitals. The Training and Communication Unit embarked on a campaign to donate food parcels for Christmas at the two home-based care centres from the above mentioned two regions.

Household structures in many countries in Africa including South Africa have been drastically changed by the HIV/AIDS epidemic where Women and Children end up at Home Based Care Centres. Lusikisiki and Hammaskraal are amongst the regions with most child headed households. We have identified the following two home-based care centres:

Eluphilisweni Care Centre based in Lusikisiki was established in 2002 and it caters for 26 children living with disabilities, most of them are orphans who lost their parents and they stay at the centre.

Tshireletso orphanage in Hammaskraal was formed in 2006 and it is registered as an NGO. Its main objectives is to take care of orphans, vulnerable children, give support to people living with HIV/AIDS, develop the New Eersterus community with life skills, and help eradicate poverty. The orphanage caters for +-150 children, however due to limited space they can only cater for a few to stay in. Others visit the centre in the morning and during the day.





PSiRA Vaccination Campaign (Security Officers)

The Authority embarked on a meal vaccination programme which commenced on 22 March 2022, the aim was to create awareness to the private security industry and encourage the industry to get vaccinated as a way of self-protection for themselves and others. Vaccinated Security Officers who visited our offices were provided with meal vouchers from ChesaNyama based on them producing their vaccination certificate or proof of Vaccination Code.



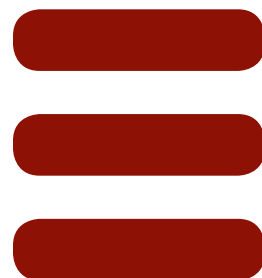
24. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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	As a regulatory body, PSiRA among other things, issues registration certificates to eligible security services providers. Currently the qualifying criteria applied is that which is determined in terms of the Legislation (PSIR Act 56 of 2001). However, the Authority is developing considerations regarding the registration requirements. The considerations would allow previously disadvantaged persons to apply for temporary licenses to enable them to seek work and be compliant with the tender terms of reference.
Developing and implementing a preferential procurement policy?	YES	PSiRA has developed a Supply Chain Management Policy that caters for preferential procurement with corresponding templates, evaluation criteria and frameworks to ensure that the imperatives of B-BBEE are achieved and complied with.
Determining qualification criteria for the sale of state-owned enterprises?	NO	PSiRA is a public entity and recognised as such in terms of Schedule 3A of the Public Finance Management Act. We do not partake in such sales as an entity. However, if we were to participate in such sales, the Supply Management Policy referred to above will assist, particularly in reference to the B-BBEE requirements.
Developing criteria for entering partnerships with the private sector?	NO	PSiRA entered into memorandums of understanding with various institutions in the public and private sector and the criteria are determined on a case by case to align with the objective of the collaboration and the Authority's mandate.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	NO	The award of incentives, grants and investments is not the core activity of PSiRA. However, PSiRA does make investments in the form of bursary awards to staff and corporate social responsibilities that would target previously disadvantaged individuals and institutions such as schools etc.

HUMAN CAPITAL MANAGEMENT



PART D



25. HUMAN CAPITAL MANAGEMENT

PSiRA's Human Capital Management is the driving force in ensuring that the Authority demonstrates the characteristics of being an employer of choice. The department is a trusted and valued partner in supporting the success of the organisation through strategic alignment with leadership, excellence in the delivery of workforce initiatives, and uncompromised teamwork.

The main goal of the Human Capital Management Department (HCM) is to help Authority to achieve its strategic mission, while ensuring employees are engaged and motivated to help the organisation succeed. HCM's success is measured by our ability to align and integrate processes with the strategic mission. We do this by identifying issues and executing corrective measures effectively.

In moving forward, HCM has targeted its operational initiatives to align to the Authority's Strategic Plan by initially identifying ways to leverage and develop technology to cut costs and improve internal efficiencies.

The Human Capital (HC) function plays a critical role in defining and fostering key organizational factors, enabling, and ensuring sustainable value creation and thus underpinning the Authority's agenda. This includes our positive impact in areas from employee engagement, working environment, wellbeing of our workforce, fostering diversity and inclusion, continuous investment in our talent pipeline, development of our workforce, to a fair and transparent remuneration philosophy.

As a strategic business partner, Human Capital Management support to the organization using current best Human Capital Management practices and systematic processes to ensure that PSiRA achieves its strategic mandate in the most cost effective and efficient manner.

25.1. COMPOSITION OF STAFF PER PROGRAMME

Table 1.1 Staff composition according to programmes (Permanent staff)

Programme	Number of permanent staff members
Law Enforcement	173
Finance and Administration	107
Training and Communication	25
Registration	14
Total	319

Graph 1.1 Staff composition according to programmes (Permanent)

Staff composition per programme

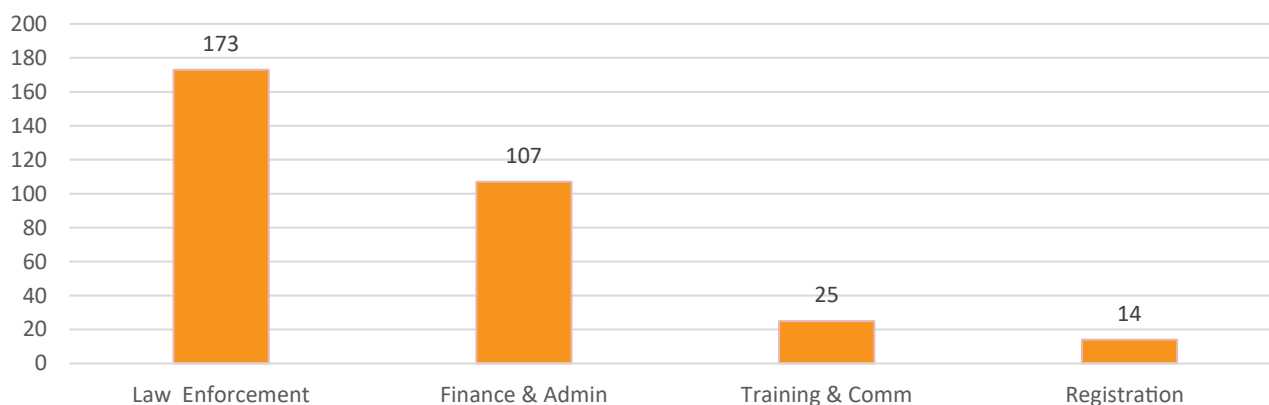


Table 1.2 Contracts and interns' composition

Programme	Employees on fixed-term contract	Interns	Total
Law Enforcement	2	12	14
Finance and Administration	4	10	14
Training and Communication	0	7	7
Registration	-	15	15
Total	6	44	50

25.2 Employment Equity

25.2.1. Equity Target and Employment Equity Status:

The table below depicts the progress made towards the achievement of the identified targets on the current EE Plan on different occupational categories and the recommendations to accelerate the achievement of the set targets.

Table 1.3: Male Employment Equity Target

Level	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	0	0	0	1	0
Senior Management	5	0	0	0	1	0	2	0
Professional Qualified	6	2	0	0	2	0	0	0
Skilled	40	0	2	1	1	0	7	0
Semi-skilled	52	2	1	2	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0
Total	108	4	3	3	4	0	10	0

Table 1.4: Female employment Equity target

Level	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	1	0	0	0	0	0	0
Senior Management	2	4	0	1	0	0	0	0
Professional qualified	8	2	0	1	0	1	0	0
Skilled	42	4	3	1	2	1	3	1
Semi-skilled	111	5	5	0	1	1	5	1
Unskilled	10	0	0	0	0	0	0	0
Total	175	16	8	3	3	3	8	2

Table 1.5: Employment Equity target (People with Disability)

Level	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	1	0	1
Semi-skilled	0	1	1	0
Unskilled	0	0	0	0
Total	0	2	1	1

25.2.2 Explanation of variances and attempts made to address the variances

PSiRA is classified as the designated employer (in terms of section 41 (1) of the Employment Equity Act No. 55 of 1998 (EEA). In compliance with the (EEA), PSiRA has undertaken the following compliance stance:

- Appointment of the Employment Equity Committee (which is representative of all the genders, races and employees with disabilities across all its occupational categories) and committee meets on quarterly basis.
- Appointment of a Section 24 Employment Equity Manager in accordance with the requirement of the EEA.
- PSiRA's has an approved 5-years Employment Equity (EE) Plan dated from 02nd October 2017 to 30th September 2022 (EE plan has a national and provincial equity representation).
- The above-mentioned plan is monitored by HCM, the Committee and it is reviewed periodically (i.e. monthly; quarterly and annually) in line with the latest results of Economically Active Population (EAP) which is released by the Department of Employment and Labour through the achievement of the set targets in the plan.

The above information depicts that male employee are highly represented in both the Executive and the Senior Manager's level as against the set equity targets and per Economically Active Population (EAP) statistics. The plan to address the imbalance has been developed and highly targeted the following priorities:

- Appointment of female employees on the Executive and Senior Management level.
- The appointment of persons with the disabilities in one of the three top occupational levels and in any of the junior suitable levels. If the direct recruitment does not yield the desired outcomes HCM will liaison with the disability agencies to assist in head hunting the candidates.
- The lack of the representation of the coloured male employees in all the levels is concerning and HCM Department is constantly on a look out for these applicants so that they are prioritised in the filling of the advertised posts.

25.3 PERSONNEL EXPENDITURE

Personnel expenditure constitutes 58% of the Authority's budget which provides for remuneration and other additional benefits which are paid to employees. The Authority views these expenses as fundamental factors to attract, motivate and retain high performers. PSiRA uses the Paterson Grading System to determine the post levels in its structure, to these effect different occupational levels within the structure are compensated in line with the Paterson Grading System and PSiRA's internal policies.

Table 1.6: Personnel cost per programme against the total expenditure

Programme	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. As a % of total exp.	Total No. Staff	Average personnel cost pp
Law Enforcement	R114 549 091	R84 863 236	27%	173	R490 539
Finance and Administration	R167 264 908	R77 537 557	24%	107	R724 650
Training and Communication	R16 432 646	R11 073 000	4%	25	R442 920
Registration	R21 189 883	R8 564 251	3%	14	R611 732
Totals	R319 418 528	R182 038 044	58 %	319	R570 652

Graph 1.3.1: Personnel cost per programme against the total personnel cost

Personnel costs per programme

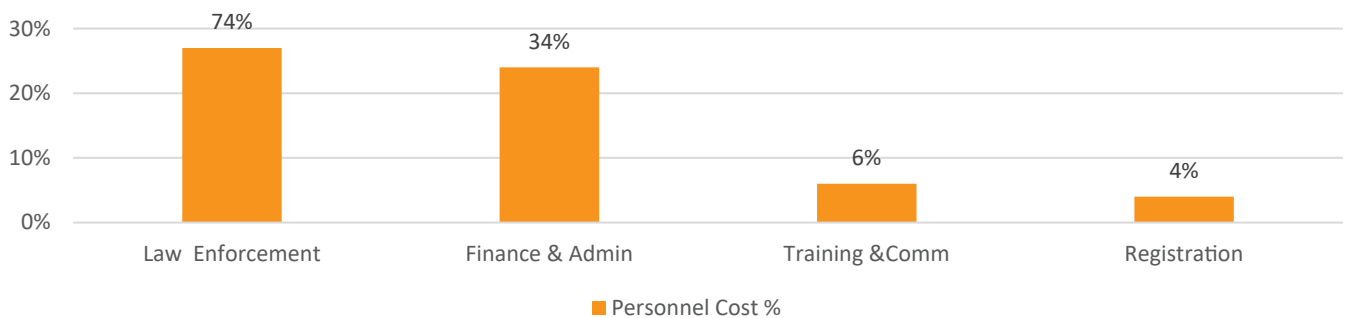


Table 1.7: personnel cost salary band 2021/22

Occupational Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	R14 220 266	8%	5	R2 844 053
Senior Management	R13 351 756	7%	10	R1 335 176
Professional qualified	R23 051 764	13%	16	R1 440 735
Skilled	R68 320 134	38%	100	R683 201
Semi-skilled	R55 215 265	30%	175	R315 516
Unskilled	R3 050 456	2%	13	R234 650
Interns and Contracts (Including Council Committees)	R4 828 403	3%	64	R75 444
TOTAL	R182 038 044	100 %	383	475 295

25.4 EMPLOYMENT AND VACANCIES

PSIRA appointed additional forty-one (41) employees on different occupational levels in the FY 2021/2022 to increase its human capital to ensure effective achievement of its strategic mandate. Some of these positions were filled through promotion of the internal staff members in terms of the succession and retention strategy.

The table below represents the number of the posts as per the establishment, posts which are vacated and filled:

Table 1.8: Employment and vacancies per programme (Full-time employees)

Programme	2019/2020 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Law Enforcement	171	188	173	15	8,67%
Finance & Admin	102	108	107	1	0,93%
Training and Communication	21	30	25	5	0,2%
Registrations	17	14	14	0	0,0%
TOTAL	311	340	319	21	6,58 %

Graph 1.6: Vacancy rate per programme

Vacancies %

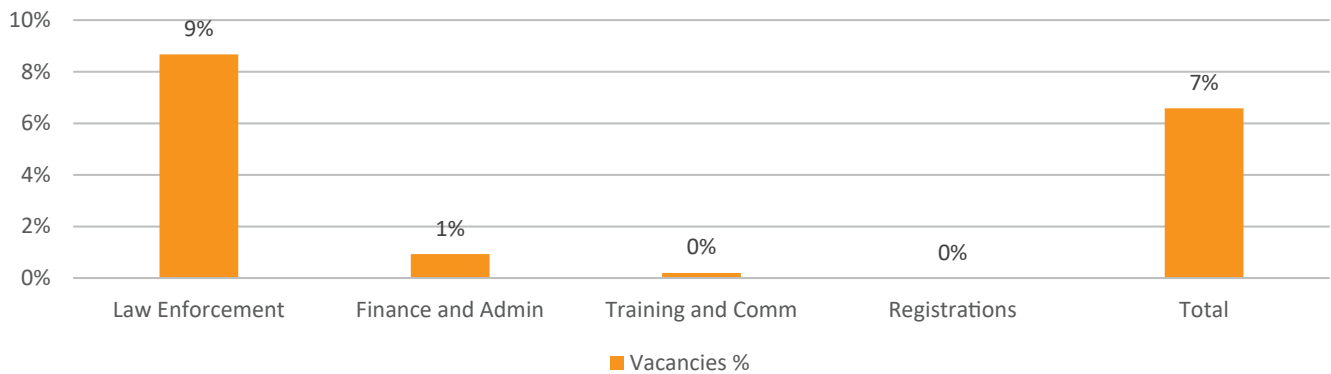


Table 1.9: Employment and vacancies per occupational levels

Occupational Levels	2019/2020 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 No of Vacancies
Top Management	5	6	5	1
Senior Management	7	12	10	2
Professional qualified	22	19	16	3
Skilled	103	107	98	9
Semi-skilled	161	182	177	5
Unskilled	13	14	13	1
TOTAL	311	340	319	21

25.5 ANNUAL EMPLOYMENT TURNOVER

During the financial year under review, only thirty three (33) employment contracts of permanently employed employees from different programmes were terminated, which then translates to **6.7%** staff-turnover level. The effective implementation of Retention and Succession Policy has been an instrumental factor to the attainment of low turnover level. The exit interviews which were conducted do not reflect anything undesirable on the employer's part. Most of the employees have left the organization for promotional positions elsewhere. The Exit Interviews report reflects the consolidated information provided by employees during the interviews and will be used by management to improve in areas where the departing employees mention matters of concern. The concerns raised which are leading are as follows:

- The Authority must provide growth and prioritise employee's health and their wellbeing.
- Employees experiences too much workload.
- Horizontal promotions should be introduced for employee's growth.
- Appointment of the Executive heads.

Table 1.10: Annual turnover per occupational levels (Only permanently employed staff)

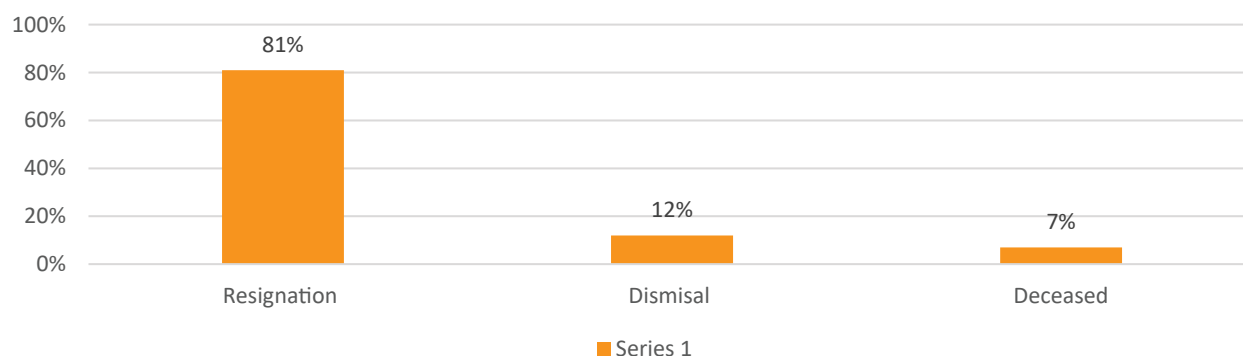
Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	5	1	1	5
Senior Management	7	0	1	6
Professional qualified	22	4	5	21
Skilled	103	12	13	102
Semi-skilled	161	24	12	173
Unskilled	13	0	1	12
Total	311	41	33	319

Table 1.10: Reasons for termination (Permanent and contract)

Termination Type	Number	%
Retirement	0	0
Resignation	27	81
Dismissal – Misconduct	4	12
Deceased	2	7
Contract expired	0	0
Total	33	100%

Graph 1.8: Reasons for termination (Permanent)

Terminations and reasons



25.6. VACANCIES PER PROGRAMME

Programme	Department / Region	No. of Vacancies
Law Enforcement	Head Office	
	Mthatha	2
	Port Elizabeth	1
	Nelspruit	-
	Kwa Zulu Natal	6
	Western Cape	1
	Limpopo (Polokwane)	-
	Legal Services (HO)	3
	Johannesburg	2
	Bloemfontein	-
Total- Law Enforcement		15
Finance and Admin	Finance and Accounting (HO)	0
	Accounts Receivable (HO)	0
	Business Information System (HO)	-
	SCM (HO)	-
	Office Service and facilities	-
	Asset Management	-
	Office of the CEO	-
	Human Capital	1
	Office of the Chairperson	-
Total Finance and Admin		1
Training and Communication	Communication, Events and Research and Training	5
Total Training & Comm		5
Grand Total		21

SKILLS DEVELOPMENT AND TRAINING

Learning and Development is one of the strategic tools that the Private Security Industry Regulatory Authority (PSiRA) uses to achieve its goals and to ensure that its employees are equipped with the skills to be efficient and effective in-service delivery. It is for this reason that PSiRA upholds itself as a learning organization which embraces the culture of learning and development.

During the 2021/2022 financial year, PSiRA collaborated with institutions such as the University of Pretoria (UP); University of the Witwatersrand (Wits); University of South Africa (UNISA), Private Training Providers and Safety and Security Sector Education and Training Authority (SASSETA) to implement the learning programmes for PSiRA employees. The collaboration laid a good foundation to a progressive and substantial learning environment between PSiRA and the above listed institutions.

The learning and development initiatives of PSiRA is aligned with the objectives of the Skills Development Act No 98 of 1998, the National Skills Development Strategy and the Sector Skills Plan. In accordance with the provisions of the aforesaid prescripts, PSiRA submits its Workplace Skills Plan (WSP) to SASSETA on a yearly basis without fail.

During the year under review, PSiRA in collaboration with SASSETA implemented the following programmes: SASSETA funded three (03) employees to study Executive Development Programme through University of the Witwatersrand (Wits), three (03) employees to study Management Development Programme through University of South Africa (Unisa) and twenty (20) unemployed learners to participate on Work Integrated Learning Programme

for a period of eighteen (18) months. To foster a culture of learning, PSiRA placed four-hundred and thirty-three (433) employees from different occupational level on various skills and short programmes during the 2021/2022 financial year.

Apart from short courses which are destined to improve performance, study bursaries were awarded in line with the PSiRA's study Bursary policy to thirty-five (35) employees, to pursue different formal qualifications at different levels as follows:

Qualifications	Number of employees
Higher certificates	2
Diplomas	7
Degrees	21
Postgraduates' diplomas	3
Master's Degree	2

Table 1.11: Training and Development per programme

Programme	Total no. of personnel:	Personnel expenditure:	Training Expenditure:	Training expenditure as a % of personnel cost:	No.: of employees trained:	Avg. training cost per employees:
Law enforcement	173	84 863 236	396 595	0.5%	66	6 009
Finance and Admin	107	77 573 557	554 262	0.7%	89	6 228
Training and Communication	25	11 073 000	102 696	0.9%	14	7 335
Registration	14	8 564 251	40 565	0.5%	6	6 761
Total	319	182 074 044	1 094 118	0.6%	175	6 252

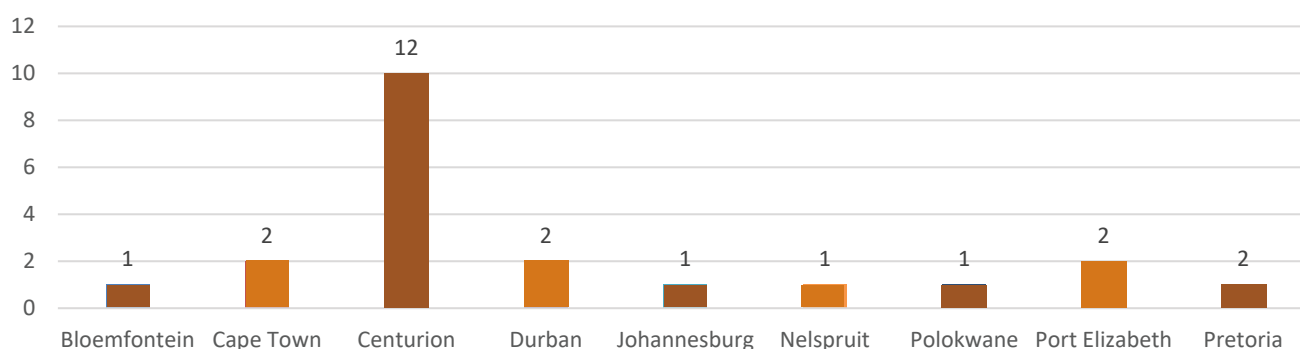
Youth Programme

The youth programme is seen as one of the contributions in which PSiRA is doing towards the goals of the National Development Plan (NDP) by empowering and creating employment of the South African youth. During the year under review, PSiRA appointed twenty-four (24) interns from different universities on PSiRA Internship programme and twenty (20) learners on the SASSETA Work Integrated Learning Programme (WIL) from different TVET institutions.

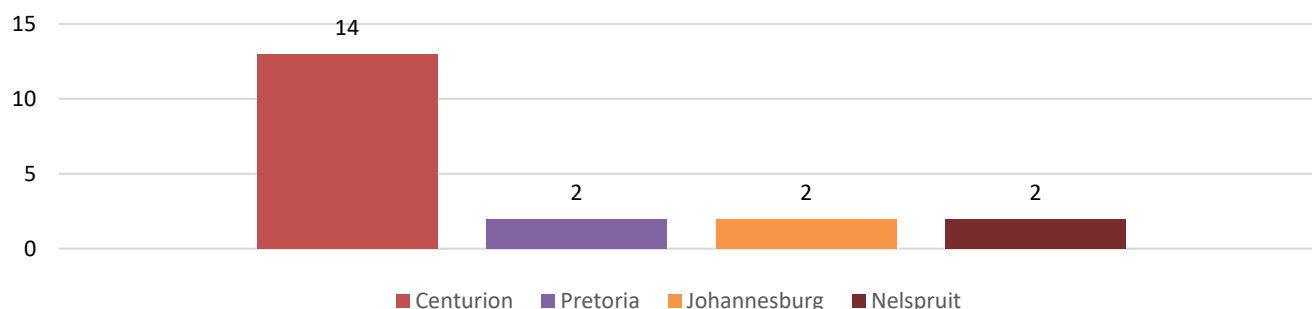
The implementation of these two (02) programmes was effective and successful. The Human Capital Management Division monitors the Internship and WIL programmes through requesting the interns, learners and mentors to submit monthly reports, registers and logbooks which reflect the work performed by the learners within their respective departments.

The following graphs shows how interns/learners are placed within different Department:

PSiRA Internship Learner Placement



SASSETA WIL Programme Learner Placement



LABOUR RELATIONS MANAGEMENT

Management of Labour Relations

PSiRA values its human capital as an important and valuable asset. As a result, management always endeavours to establish a harmonious and productive working environment which is conducive for the organization to achieve its strategic mandate. In return, management strives to provide and maintain favourable working conditions and constructive and cordial employer-employee relationship. One of the tools that management relies on is to reinforce the cordial employer-employee relationship through approved Disciplinary and Grievance Policy. This policy is in place for employees who experience any feelings of dissatisfaction on matters arising out of employment which require the formal attention of management; it helps to harmoniously address any matters of mutual interest.

The year under review was a particularly challenging one due to the impact of COVID-19 in terms of lockdown, office closures, employees having to go into quarantine, social distancing measures and travel restrictions. On the flip side of the coin, serious disciplinary matters flared up. This set of circumstances required innovative solutions and tighter controls. This was achieved by working closely with the Forensics and Ethics Unit to the extent of developing terms of reference for investigations, which greatly assisted in reducing the turnaround time of investigations and subsequent disciplinary action. The use of technology was also relied on heavily in the usage of virtual meetings to break the barriers of travel restrictions and social distancing imposed by the coronavirus. Finally, a panel of external legal practitioners was relied on to assist in presiding over disciplinary hearings.

Disciplinary matters finalized for the FY 2021/2022:

PSiRA's has an approved Disciplinary Policy in place to undertake the corrective and progressive disciplinary to eradicate deviant behaviour in the workplace against employees who disregard policies and procedures. Management administers discipline not as a punitive measure but a corrective action to identify misalignment between employees' workplace actions and the organization's values and mission.

Corrective measures and progressive disciplinary actions are taken against PSiRA's employees who do not adhere to its code of conduct, its core values and the required performance standards. The table below depicts the information regarding the disciplinary action taken during the year under review.

Table 1.15 Disciplinary matters finalised

Disciplinary Actions taken:	Number of incidents
Counselling	0
Verbal warning	0
Written Warning	0
Final Written Warning	0
Dismissal	6
Total	6

Union Representations

PSiRA's management indorses its employees' right to freedom of association as contained in the Labour Relations Act (as amended) and the Constitution of the Republic of South Africa. South African Transport and Allied Workers Union (SATAWU) has the majority membership and is a recognised trade union. Management has the collective agreement with SATAWU to mutually consult with each other on conditions of service such as salary negotiation and on mutual interest aspects which relates to the development and implementation of policies.

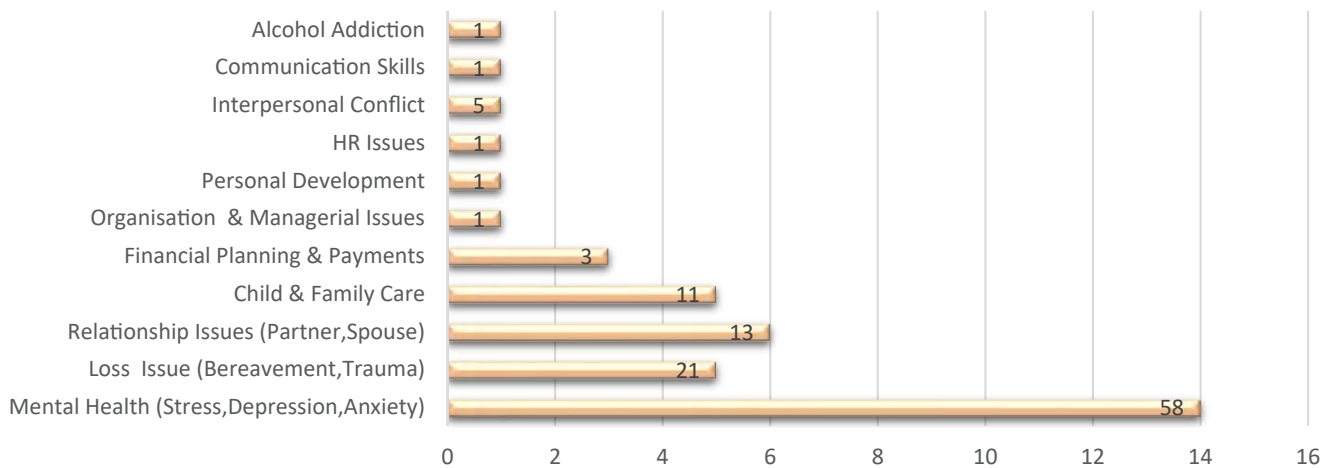
EMPLOYEE ASSISTANCE PROGRAMME (EAP)

Employee Assistance Program (EAP) is a work-based intervention program designed to assist PSiRA employees in resolving personal problems that affect emotional, psychological, and social well-being. The problems might unpleasantly impact the employee's work performance, health, and well-being.

PSiRA has appointed ICAS as the EAP provider for a period of twenty-four (24) months.

The below table indicates the utilization of the EAP services during the year under review:

Nature of problems or advisory services



Below are the interventions which were implemented to address some of the problems presented above:

- A virtual Mental Health workshop which covered issues such as Stress management, Depression, Anxiety etc was arranged for staff members. The workshop was facilitated by a qualified professional from ICAS.
- A virtual COVID-19 Vaccination Awareness workshop was arranged for staff members to educate them about the COVID-19 protocol and the importance of vaccination. The workshop was facilitated by a qualified professional from ICAS.

LEAVE UTILISATION

PSiRA believes that leave utilisation allows employees to take paid time off from work for the purpose of having regular breaks so that they can rest and re-energise. It is proven, that employees who take leave from work can be more motivated about their work and perform more effectively than those who do not. On the same note, employees are compelled to take at least 10 consecutive annual leave days during the leave cycle to ensure that they have enough rest which ultimately lead to the wellbeing of staff.

PSiRA's Leave Policy is in line with the relevant Labour related legislations and provide leave days to allow employees to rest. Human Capital Management Department manages the leave through the Employee Self Service (ESS).

The table below shows the summary utilisation of leave within PSiRA.

Table: 1.17 Leave Utilization

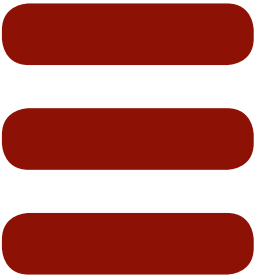
PROGRAMMES	NUMBER OF EMPLOYEES	ANNUAL	SICK	FAMILY	TOTALS	AVE. PER EMPLOYEE
Law Enforcement	173	2569	767	151	3487	20
Finance and Admin	107	1802	489	93	2384	22
Training and Communication	25	451	111	29	591	24
Registration	14	262	81	11	354	25
Total	319	5084	1448	284	6816	23



FINANCIAL INFORMATION



PART E



Report of the auditor-general to Parliament on the Private Security Industry Regulatory Authority

Report on the audit of the Financial Statements

Qualified Opinion

1. I have audited the financial statements of the Private Security Industry Regulatory Authority set out on pages 133 to 139, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actuals amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Private Security Industry Regulatory Authority as at 31 March 2022, 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 Finance Management Act of 1 of 1999 (PFMA).

Basis for qualified opinion

Principal liability

3. I was unable to obtain sufficient appropriate audit evidence for principal liability due to the status of record keeping. The public entity did not vouch and reconcile invoices of the project as and when they were received from the service provider. I was unable to confirm the principal liability by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to principal liability stated at R23 454 516 in note 29 to the financial statements.

Context for the opinion

4. 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.
5. 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Responsibilities of the accounting officer for the financial statements

7. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and 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.
8. 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.

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

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

9. 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.
10. 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

11. 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 material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
12. I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.
13. I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.
14. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, 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 performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance 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.
16. I selected the following material performance indicators contained in law enforcement presented in the public entity's annual performance report for the year ended 31 March 2022 set out on pages 31 to 33. I selected the indicators that measure the public entity's performance on its primary mandated functions, and which are of significant national, community or public interest.

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Performance indicators – Law Enforcement

2.2.1 Number of security business inspected to enforce compliance with applicable legislation

2.2.2 Percentage of registered active business completing industry compliance self-assessment

2.2.3 Number of security officers inspected to enforce compliance with applicable legislation

2.3.1 Number of security business licensed for firearms inspected

2.4.1 Percentage of complaints finalised through an investigation against security services providers.

2.5.1 Percentage of criminal cases opened against non-compliant SSPs

2.6.1 Percentage of cases non-compliant SSPs successfully prosecuted per year.

17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected material performance indicators.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 27 to 43 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
22. I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity and clear to allow for consistent measurement and evaluation, while also sufficiently detailed and adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are as follows:

Private Security Industry Regulatory Authority

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Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 51(1)(a)(iv); Sections 51(1)(b)(i); 51(1)(b)(ii); Section 51(1)(e)(iii); Sections 53(4); 54(2)(c); 54(2)(d); Sections 55(1Xa) - (b); 55(1)(c)(i); Sections 57(b); 66(3)(c); 66(5)
Treasury regulations	TR 8,2,1; 8,2,2 TR 16A3.2(a); 16A 3.2 (fairness); TR 16A6.1; 16A6.2(a) & (b); TR 16A6.3(a) - (c); 16A6.4; TR 16A6.5; 16A6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; TR 16A.7.7; 16A8.3; 16A8.4 TR 16A9.1(b)(ii); 16A9.1(d) - (f); TR 16A9.2(a)(ii); TR 30.1.1; 30.1.3(a) - (b); TR 30.1.3(d); TR 30.2.1; 31.2.1; TR 31.2.5; 31.2.7(a) TR 32.1.1(a) - (c); 33.1.1; 33.1.3
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 1(i); 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 4.1; 4.3; 5.5; 6.1; 6.5; 7.1; Regulations 9.1; 9.5; 11.2; 11.5
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; Regulations 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; Regulations 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
NT SCM Instruction Note 05 of 2009/10	Par 3.3
NT SCM Instruction Note 04 of 2015/16	Par 3.4
NT SCM Instruction Note 03 of 2016/17	Par 8.1; 8.2; 8.3; 8.5
NT SCM Instruction Note 4A of 2016/17	Par 6
NT SCM Instruction Note 07 of 2017/18	Par 4.3
NT SCM Instruction note 03 of 2019/20 [Annexure A - FIPDM]	Par 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 08 of 2019/20	Par 3.1.1; 3.6; 3.7.2; 3.7.6(i) - (iii)
NT SCM Instruction Note 03 of 2020/21	Par 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020/21	Par 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020/21	Par 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020/21	Par 1
NT Instruction Note 11 of 2020/21	Par 3.1; 3.4(b); 3.9
NT SCM Instruction Note 02 of 2021/22	Par 3.2.1; 3.2.4(a); 3.3.1; 4.1
SCM Practice Note 8 of 2007/08	Par 3.3.1; 3.3.3; 3.4.1; 3.5
SCM Practice Note 7 of 2009/10	Par 4.1.2

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

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

Annual financial statements, performance and annual report

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.
25. Material misstatement of disclosure items identified by the auditors in the submitted financial statements was corrected, but the supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Other information

26. 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 material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and material findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
28. 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 material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

31. Inadequate project monitoring which resulted in the expenditures incurred not being supported by adequate and complete documents. Adequate reconciliations were also not performed against reliable documentation to monitor the expenditure incurred on the project.

Auditor - General

Pretoria

29 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer'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 Office of the Chief Justice 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 department 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 officer 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 officer with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.



Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Private Security Industry Regulation Act (Act no. 56 of 2001), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the PSiRA as at the end of the financial year and the results of its operations and cash flows for the period then ended.

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

The Accounting Authority acknowledges that they are ultimately responsible for the system of internal financial control established by the PSiRA and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error 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 Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 133 to 173, which have been prepared on the going concern basis, were approved by the Accounting Authority on 29 July 2022 and were signed on its behalf by:



Accounting Authority
Chairperson of Council

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Accounting Authority's Report

The Accounting Authority submits his report for the year ended 31 March 2022.

1. Nature of Business

The Private Security Industry Regulatory Authority (PSiRA) is a Schedule 3A public entity established in terms of the Private Security Industry Regulation Act (Act no.56 of 2001) to regulate the private security industry and to exercise effective control over the practice of the occupation of security service provider in the public and national interest and in the interest of the private security industry itself. PSiRA is under the Executive Authority of the Department of Police.

2. Going concern

At the time of preparation of the annual financial statements for the period under review, the Council believed that PSiRA will be a going concern in the foreseeable future. For this reason, they continue to adopt a going concern basis in the preparation of these annual financial statements. For further details on going concern refer to note 24.

3. Accounting policies

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

4. Corporate governance

Council

The members of the Council during the financial year were:

Dr. A.L. Mofomme (Chairperson) appointed 1 January 2021 (Current)

Mr. M.S. Ralebipi (Deputy Chairperson) appointed 01 January 2021 (Current)

Mr. H.N. Ngubane (Council member) appointed 1 January 2021 (Current)

Dr. S.N. Mbete (Council Member) appointed 1 January 2021 (Current)

Ms. T. Ntshangase (Council member) appointed 01 January 2021 (Current)

The Council is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Council supports standards of corporate governance and the on-going development of best practice.

Chairperson and Director

The roles of Chairperson and Director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Audit and Risk Committee

The activities of the Audit and Risk committee are governed by the Audit and Risk committee charter. Appointed by the Council, the committee met five times in the current financial year. The Audit and Risk Committee is chaired by an independent person who is neither an executive nor a Council member of PSiRA. Committee meetings are attended by members of the Auditor General's office and the internal auditors as invitees.

The members of the committee during the financial year were:

Mr N Mhlongo (Chairperson) appointed 15 April 2021 (Current)

Ms U Exner (Deputy Chairperson) appointed 15 April 2021 (Current)

Mr M Matlwa (Audit and Risk Committee member) appointed 15 April 2021 (Current)

Ms L Mudau (Audit and Risk Committee member) appointed 15 April 2021 (Current)

Ms G Ramphaka (Audit and Risk Committee member) appointed 15 April 2021 (Current)

Private Security Industry Regulatory Authority

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Internal audit

The internal audit function is outsourced. It functions according to the Internal Audit Standards guided by the Internal Audit Charter and under the oversight of the Audit and Risk Committee. The internal audit measures and evaluates the effectiveness and application of policies, procedures, systems and processes designed to fulfil the requirements of the risk management, and general compliance with legislation, governance principles, regulation and the safeguarding of assets. In the year under review the internal audit plan focused on core business, supply chain management, human resources, financial management and performance management.



Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	7	1 185 064	867 309
Trade Receivables	8	46 576 987	35 456 043
Prepayments	30	1 261 031	1 061 451
Other receivables		7 330 735	7 050 353
Cash and cash equivalents	9	150 169 895	74 998 925
		206 523 712	119 434 081
Non-Current Assets			
Property, plant and equipment	3	21 071 860	19 524 548
Intangible assets	4	4 069	491 260
Work In Progress Asset (Online System)	6	6 565 668	-
		27 641 597	20 015 808
Total Assets		234 165 309	139 449 889
Liabilities			
Current Liabilities			
Operating lease liability	5	-	1 692 713
Payables from exchange transactions	11	71 611 213	52 943 024
Provisions	10	4 855 706	3 489 092
Principal liability	29	23 454 516	37 640 442
		99 921 435	95 765 271
Non-Current Liabilities			
Operating lease liability	5	3 297 099	1 035 299
Total Liabilities		103 218 534	96 800 570
Net Assets		130 946 777	42 649 319
Revaluation reserve		9 148 966	9 148 966
Accumulated surplus		121 797 811	33 500 353
Total Net Assets		130 946 777	42 649 319

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods			
	12	34 415 947	25 568 216
Rendering of services	12	1 964 079	1 905 107
Interest on trade debtors	12	4 677 653	4 111 321
Annual fees	12	198 560 622	163 581 185
Infrastructure re-assessment	12	306 709	155 589
Registration fees	12	49 767 062	35 733 354
Course reports	12	84 947 780	53 812 780
Bad Debts Recovered	12	1 547 903	2 083 805
Interest received - investment	12	3 381 000	1 308 035
Total revenue from exchange transactions		379 568 755	288 259 392
Revenue from non-exchange transactions			
Transfer revenue			
Sundry Income	12	2 089 910	4 163 998
Fines and Penalties	12	26 057 321	25 190 509
Total revenue from non-exchange transactions		28 147 231	29 354 507
Total revenue	12	407 715 986	317 613 899
Expenditure			
Employee related costs	13	(182 038 044)	(169 322 357)
Depreciation and amortisation	3&4	(2 989 731)	(5 500 091)
Finance costs	14	(1 579)	(6 708)
Lease rentals on printing equipment		(1 281 854)	(1 385 789)
Impairment on trade debtors	8	(22 623 897)	(16 496 789)
Repairs and maintenance		(1 618 821)	(1 589 742)
Loss on disposal of assets	3	(301 242)	(175 406)
Other operating expenses	15	(108 563 360)	(89 718 195)
Total expenditure		(319 418 528)	(284 195 077)
Surplus for the year		88 297 458	33 418 822

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2020	10 518 966	81 530	10 600 496
Changes in net assets	-	33 418 822	33 418 822
Changes in revaluation surplus	(1 370 000)	-	(1 370 000)
Restated* Balance at 01 April 2021	9 148 966	33 500 353	42 649 319
Assets surplus for the year	-	88 297 458	88 297 458
Balance at 31 March 2022	9 148 966	121 797 811	130 946 777

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement

Figures in Rand

	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Cash Received from Regulatory Services		400 199 100	304 869 295
Interest income		3 381 000	1 308 036
Principal Receipts		1 052 369	1 184 935
		404 632 469	307 362 266
Payments			
Employee costs		(180 232 947)	(173 041 272)
Suppliers		(123 071 917)	(107 744 078)
Finance costs		(1 579)	(6 708)
Principal Related Costs		(15 238 295)	(1 361 398)
		(318 544 738)	(282 153 456)
Net cash flows from operating activities	17	86 087 731	25 208 810
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(4 351 093)	(1 275 293)
Purchase of work in progress asset (online system)	6	(6 565 668)	-
Net cash flows from investing activities		(10 916 761)	(1 275 293)
Net increase in cash and cash equivalents		75 170 970	23 933 517
Cash and cash equivalents at the beginning of the year		74 998 925	51 065 408
Cash and cash equivalents at the end of the year	9	150 169 895	74 998 925

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjust- ments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	36 139 329	-	36 139 329	34 415 947	(1 723 382)	-5%
Rendering of services	1 900 178	-	1 900 178	1 964 079	63 901	+3%
Interest received (trading)	3 617 900	-	3 617 900	4 677 653	1 059 753	+29%
Annual fees	155 408 493	-	155 408 493	198 560 622	43 152 129	+28%
Infrastructure re-assessment	1 700 278	-	1 700 278	306 709	(1 393 569)	-82%
Registration fees	49 554 516	-	49 554 516	49 767 062	212 546	+0.43%
Course reports	72 972 900	-	72 972 900	84 947 780	11 974 880	+16%
Bad debts recovered	3 500 000	-	3 500 000	1 547 903	(1 952 097)	-56%
Interest received - investment	3 358 000	-	3 358 000	3 381 000	23 000	+1%
Total revenue from exchange transactions	328 151 594	-	328 151 594	379 568 755	51 417 161	
Revenue from non-exchange transactions						
Transfer revenue	-	-	-	-	-	
Bad debts recovered	-	-	-	-	-	
Sundry Income	855 000	-	855 000	2 089 910	1 234 910	+144%
Fines and Penalties	25 000 000	-	25 000 000	26 057 321	1 057 321	+4%
Total revenue from non-exchange transactions	25 855 000	-	25 855 000	28 147 231	2 292 231	
Total revenue	354 006 594	-	354 006 594	407 715 986	53 709 392	
Expenditure						
Employee related cost	(205 223 566)	-	(205 223 566)	(182 038 044)	23 185 522	-11%
Depreciation and amortisation	(7 708 638)	-	(7 708 638)	(2 989 731)	4 718 907	-61%
Finance costs	-	--	-	(1 579)	(1 579)	+100%
Lease rentals on operating lease	(3 711 706)	-	(3 711 706)	(1 281 854)	2 429 852	-65%
Debt Impairment	-	-	-	(22 623 897)	(22 623 897)	+100%
Repairs and maintenance	(1 823 000)	-	(1 823 000)	(1 618 821)	204 179	-8%
General Expenses	(135 539 684)	-	(135 539 684)	(108 563 360)	26 976 324	-20%
Total expenditure	(354 006 594)	-	(354 006 594)	(319 117 286)	34 889 308	
Operating surplus	-	-	-	88 598 700	88 598 700	
Loss on disposal of assets	-	-	-	(301 242)	(301 242)	
Surplus for the year	-	-	-	88 297 458	88 297 458	

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjust- ments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	1 543 000	-	1 543 000	1 185 064	(357 936)	-23%
Trade Receivables	23 545 000	-	23 545 000	46 576 987	23 031 987	+98%
Prepayments	872 000	-	872 000	1 261 031	389 031	+45%
Other receivables	-	-	-	7 330 735	7 330 735	+100%
Cash and cash equivalents	34 391 000	-	34 391 000	150 169 895	115 778 895	+337%
	60 351 000	-	60 351 000	206 523 712	146 172 712	
Non-Current Assets						
Property, plant and equipment	27 572 000	-	27 572 000	21 071 860	(6 500 140)	-24%
Intangible assets	17 538 000	-	17 538 000	4 069	(17 533 931)	-100%
Work In Progress Asset (Online System)	-	-	-	6 565 668	6 565 668	+100%
	45 110 000	-	45 110 000	27 641 597	(17 468 403)	
Total Assets	105 461 000	-	105 461 000	234 165 309	128 704 309	
Liabilities						
Current Liabilities						
Operating lease liability	2 191 000	-	2 191 000	-	(2 191 000)	-100%
Payables from exchange transactions	42 634 000	-	42 634 000	71 611 213	28 977 213	+68%
Provisions	4 434 000	-	4 434 000	4 855 706	421 706	+10%
Principal liability	-	-	-	23 454 516	23 454 516	+100%
	49 259 000	-	49 259 000	99 921 435	50 662 435	
Non-Current Liabilities						
Operating lease liability	2 123 000	-	2 123 000	3 297 099	1 174 099	+55%
Total Liabilities	51 382 000	-	51 382 000	103 218 534	51 836 534	
Net Assets	54 079 000	-	54 079 000	130 946 775	76 867 775	
Net Assets						
Net Assets						
Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	-	-	-	9 148 966	9 148 966	+100%
Accumulated surplus	54 079 000	-	54 079 000	121 797 809	67 718 809	+125%
Total Net Assets	54 079 000	-	54 079 000	130 946 775	76 867 775	

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Ad- just- ments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash received from regulatory services	323 335 074	-	323 335 074	400 199 100	76 864 026	+24%
Interest received - investment	5 815 946	-	5 815 946	3 381 000	(2 434 946)	-42%
Principal receipts	-	-	-	1 052 369	1 052 369	+100%
Other cash item	3 000 000	-	3 000 000	-	(3 000 000)	+100%
	332 151 020	-	332 151 020	404 632 469	72 481 449	
Payments						
Employee costs	(199 223 566)	-	(199 223 566)	(180 232 947)	18 990 619	-10%
Suppliers	(134 110 009)	-	(134 110 009)	(123 071 917)	11 038 092	-8%
Finance costs	-	-	-	(1 579)	(1 579)	+100%
UIF Surplus Funds	-	-	-	(15 238 295)	(15 238 295)	+100%
	(333 333 575)	-	(333 333 575)	(318 544 738)	14 788 837	
Net cash flows from operating activities	(1 182 555)	-	(1 182 555)	86 087 731	87 270 286	
Cash flows from investing activities						
Purchase of property, plant and equipment	(6 495 000)	-	(6 495 000)	(4 351 093)	2 143 907	-33%
Purchase of other intangible assets	(8 000 000)	-	(8 000 000)	-	8 000 000	+100%
Purchase of work in progress asset	-	-	-	(6 565 668)	(6 565 668)	+100%
Net cash flows from investing activities	(14 495 000)	-	(14 495 000)	(10 916 761)	3 578 239	
Net increase/ (decrease) in cash and cash equivalents	(15 677 555)	-	(15 677 555)	75 170 970	90 848 525	
Cash and cash equivalents at the beginning of the year	74 998 925	-	74 998 925	74 998 925	-	0%
Cash and cash equivalents at the end of the year	59 321 370	-	59 321 370	150 169 895	90 848 525	
Reconciliation						

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1. Presentation of Annual Financial Statements

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

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.

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

A summary of the significant accounting policies, which have been consistently applied in the reporting 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.

1.3 Significant judgements and sources of estimation uncertainty

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

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods. Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively. In the process of applying these accounting policies, management made the following judgements, which may have a significant effect on the amounts recognised in the financial statements.

Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

Entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued) 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 10 - Provisions.

Provisions are recognised when PSiRA has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. All the provisions of PSiRA are short-term in nature and thus ignore the effects of discounting. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Provisions for performance bonuses

The calculation for the performance bonus provision is based on a pro-rata estimated percentage of total salaries paid to employees.

Provision for impairment of debtors

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, estimates are made about the probability of recovery of the debtors, based on their past payment history. The provision of impairment is disclosed in Note 8.

Provision for deferred bonuses

The creation of the deferred bonus is based on the prorata amount for qualifying employees. The assumption of the probability amount for qualifying employees leaving the Authority was taken into account in the calculation.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity or a present obligation that is not recognised because the outflow of economic benefits or service potential is not probable and/or real present obligation that may not be recognised, either because the timing or the measurement is not known.

Depreciation and Amortisation

At the end of each financial year, management assesses whether there is any indication that the PSiRA's expectations about the residual value and the useful life of assets included in the property, plant and equipment have changed since the preceding reporting date. If any such indication exists, the change has been accounted for as a change in accounting estimate in accordance with Standards of GRAP on Accounting Policies, changes in accounting Estimates and errors. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

1.4 Property, plant and equipment Initial recognition and measurement

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.

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1.4 Property, plant and equipment (continued)

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Land and Buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations of Land and Buildings are done every 3 years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

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

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

Item	Depreciation method	Average useful life
Land	N/A	Unlimited
Buildings	Straight-line	10-20 years
Leasehold property	Straight-line	5-10 years
Furniture and fixtures	Straight-line	10-15 years

Accounting Policies

1.4 Property, plant and equipment (continued)

Motor vehicles	Straight-line	5-10 years
Office equipment	Straight-line	5-15 years
Computer equipment	Straight-line	3-10 years

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.

Impairment

PSiRA 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.

Derecognition

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

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

1.5 Intangible assets

Initial recognition and measurement

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

Intangible assets are initially measured at cost. 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.

Subsequent measurement

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

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

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1.5 Intangible assets (continued)

Amortisation and impairment

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

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

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

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	3-20 years

Derecognition

Intangible assets are derecognised when the intangible asset is disposed of or when there are no future economic benefits or service potential expected from the use of the asset.

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

1.6 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 uncollectibility.

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

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

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

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

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rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- 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 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.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

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Financial instruments at fair value comprise financial assets or financial liabilities that are:

- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

Class

Cash and Cash Equivalent
Trade and other receivables

Category

Financial asset measured at fair value
Financial asset measured at amortised cost

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

Class

Trade and other payables

Category

Financial liability measured at fair value

Initial measurement of financial assets and financial liabilities

Entity measures a financial asset and financial liability initially at its fair value plus in case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

PSiRA measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and non-collectibility of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition Financial assets

PSiRA derecognises financial assets using trade date accounting. PSiRA derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- PSiRA transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- PSiRA, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, PSiRA:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If PSiRA transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because PSiRA has retained substantially all the risks and rewards of ownership of the transferred asset, PSiRA continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, PSiRA recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

Accounting Policies

1.6 Financial instruments (continued)

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.7 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 - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income from leases is disclosed under revenue in statement of financial performance.

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.

1.8 Inventories

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

Stationery inventory is measured at the lower of cost and current replacement cost where they are held for distribution through non-exchange transactions.

ID cards inventory is measured at the lower of cost and net realisable value.

Current replacement cost is the cost entity incurs to acquire the asset on the reporting date.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised.

1.9 Impairment of 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.

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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 used 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 amount of an asset or a cash-generating unit is the higher of its 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.

1.10 Employee benefits

Defined contribution plans are post employment benefit plans under which PSiRA pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Short-term employee benefits

When an employee has rendered service to PSiRA during a reporting period, PSiRA recognises the contribution payable to a defined contribution plan in exchange for the service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, PSiRA 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.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If PSiRA has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets are a potential economic benefits dependent solely on future events that can't be controlled by the company. Due to the uncertainty of the future events, these assets are not recognised, however a potential economic benefit is estimated and disclosed in Note 10.

Contingent liabilities are possible obligations that arose from past events and which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

An estimated outflow is disclosed in Note 10.

11.2 Commitments

A commitment arises where an agreement has been entered into with an external party that will be a future obligation that will result in an outflow of resources.

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);
- 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.

11.3 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 PSiRA 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.

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1.13 Revenue from exchange transactions (continued)

Rendering of services

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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 costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods includes the sale of Certificate and ID cards, recognition of prior learning and transcription fees received.

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.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from the rendering of services includes training accreditation fees, fees charged on withdrawal of businesses, fees charged on the issue of letters of good standing, company or member name changes and suspensions.

Bad debts recovered

Bad debts recovered are realised where debts that have previously been written off as irrecoverable and the debts are subsequently rehabilitated or repaid. The amounts rehabilitated or repaid are raised as bad debts recovered.

1.14 Revenue from non-exchange transactions Fines and Penalties

Fines and penalties are economic benefits or service potential received or receivable by PSiRA, as determined by the PSiR Act, as a consequence of the individual or other entity breaching the requirements of laws and regulations. Such fines are recognised as revenue when the invoice is raised after the approval of the judgement.

Investment income

Investment income is recognised on the time proportional basis using the effective interest method.

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Other income

Other income includes insurance proceeds, agency fees, sundry income and interest charged on debtors. Proceeds from insurance and sundry income are recognised on the receipt of funds. Interest on debtors is recognised when the debtor is charged on outstanding debt balance.

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, PSiRA 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.

1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Accounting by principals and agents Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of

Accounting Policies

the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

PSiRA, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of Standards of GRAP.

PSiRA, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of Standards of GRAP.

1.17 Comparative figures

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

1.18 Fruitless and wasteful expenditure

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

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

1.19 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 year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is 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 expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.20 Budget information

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

The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022.

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

1.21 Related parties

PSiRA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence 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 parties.

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

PSiRA reports to the Minister of Police as the Executive Authority.

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

1.22 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).

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

PSiRA 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 of the financial statements.

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® - Standards	01 April 2021	The impact is not material.
- GRAP 25 (as revised 2021) - Employee Benefits	01 April 2021	The impact is not material.
GRAP 104	01 April 2021	The impact is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be a material impact
GRAP 104 (amended): Financial Instruments	01 April 2022	Unlikely there will be a material impact
GRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2022			2021		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3 980 000	-	3 980 000	3 980 000	-	3 980 000
Buildings	7 246 000	(702 967)	6 543 033	7 010 000	-	7 010 000
Furniture and fixtures	7 842 896	(4 793 723)	3 049 173	7 470 290	(4 517 317)	2 952 973
Motor vehicles	212 438	(212 437)	1	617 763	(374 567)	243 196
Office equipment	7 405 217	(5 350 437)	2 054 780	6 579 677	(5 185 434)	1 394 243
Computer equipment	16 424 107	(11 064 399)	5 359 708	14 720 463	(10 869 695)	3 850 768
Leasehold improvements	1 429 422	(1 344 257)	85 165	1 429 422	(1 336 054)	93 368
Total	44 540 080	(23 468 220)	21 071 860	41 807 615	(22 283 067)	19 524 548

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 980 000	-	-	-	3 980 000
Buildings	7 010 000	236 000	-	(702 967)	6 543 033
Furniture and fixtures	2 952 973	449 580	(22 159)	(331 221)	3 049 173
Motor vehicles	243 196	-	(162 130)	(81 065)	1
Office equipment	1 394 243	1 174 324	(95 972)	(417 815)	2 054 780
Computer equipment	3 850 768	2 491 189	(20 979)	(961 270)	5 359 708
Leasehold improvements	93 368	-	-	(8 203)	85 165
	19 524 548	4 351 093	(301 240)	(2 502 541)	21 071 860

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	9 000 000	-	-	(5 020 000)	-	3 980 000
Buildings	3 840 000	-	-	3 650 000	(480 000)	7 010 000
Furniture and fixtures	3 532 053	6 873	(90 699)	-	(495 254)	2 952 973
Motor vehicles	334 882	-	-	-	(91 686)	243 196
Office equipment	2 077 999	67 981	(101 565)	-	(650 172)	1 394 243
Computer equipment	5 793 964	1 200 439	16 860	-	(3 160 495)	3 850 768
Leasehold improvements	154 242	-	-	-	(60 874)	93 368
	24 733 140	1 275 293	(175 404)	(1 370 000)	(4 938 481)	19 524 548

Private Security Industry Regulatory Authority

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Notes to the Annual Financial Statements

The asset classes of land and buildings are carried at revalued amounts. Land and buildings were revalued on 31 March 2021.

The land and buildings were revalued by independent valuers. The fair values were determined by using the income capitalisation methods.

PSiRA had assets in use during the year that had a zero net book value at the beginning of the accounting period.

No assets were pledged as security during the year, nor were there any restrictions on any of the assets.

Included in repairs and maintenance is the repairs and maintenance of property, plant and equipment amounting to R1 016 314

Proceeds from insurance claims	371 581	35 557
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4. Intangible assets

	2022			2021		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	6 705 082	(6 701 013)	4 069	6 705 082	(6 213 822)	491 260

Reconciliation of intangible assets - 2022

	Opening Balance	Amortisation	Total
Computer software	491 260	(487 191)	4 069

Reconciliation of intangible assets - 2021

	Opening Balance	Amortisation	Total
Computer software	1 052 870	(561 610)	491 260

5. Operating lease liabilities

Non-current liabilities	(3 297 099)	(1 035 299)
Current liabilities	-	(1 692 713)
	(3 297 099)	(2 728 012)

Lease payments: Buildings

PSiRA has regional offices in Johannesburg, Durban, Port Elizabeth, Mthatha, Polokwane, Pretoria, Bloemfontein, Nelspruit, Cape Town and its head office in Centurion, where it leases premises for the purpose of providing services to the security industry.

Kwa-Zulu Natal: 26 Mathews Road, Greyville

5 year contract expiring 31 May 2022 - escalation of 7% per annum.

Pretoria Corporate Offices: Eco Glades2 Office Park, Centurion

5 year contract expiring 31 July 2026 - escalation 6% per annum.

Port Elizabeth: Shop 221D, Pier Shopping Centre

3 year contract expiring 30 April 2024 - escalation of 6% per annum.

Mthatha: 13 Cumberland Street, Hillcrest

5 year contract expiring 31 July 2026 - escalation of 6% per annum.

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
Bloemfontein offices: 53 Maxeke Street, Bloemfontein 5 year contract expiring 30 April 2023-escalation 6% per annum.		
Polokwane: Unit A Constantia Park, 80 Hans Van Rensburg Street, Polokwane 5 year contract expiring 31 October 2022 - escalation of 6% per annum.		
Johannesburg: Shop G0001 & Office 0201, Romi-Lee Building, Corner Eloff and Marshall Streets, Marshalltown, Johannesburg : 5 year contract expiring 31 March 2022 - escalation of 7% per annum, extended for 12 months.		
Nelspruit: 7 Bell Street, Nelspruit 5 year contract expiring 30 March 2023- Escalation of 6% per annum.		
Pretoria Offices: 170 Thabo Sehume Street, Pretoria 5 year contract expiring 30 June 2023-Escalation of 6% per annum.		
Cape Town: 3rd Floor, 23 Vrede Street, Louwville, Cape Town 5 year contract expiring 30 September 2023- Escalation of 6% per annum.		
Lease payments: Operating costs buildings		
Pretoria Corporate Offices: Eco Glades2 Office Park, Centurion 5 year contract expiring 31 July 2026 - escalation 6% per annum.		
Johannesburg Shop G0001 & Office 0201, Romi-Lee Buildings, Corner Eloff and Marshal Streets, Marshalltown: 5 year contract expiring 31 March 2022 -escalation 7% per annum,extended for 12 months.		
Bloemfontein offices: 53 Maxeke Street, Bloemfontein. 5 year contract expiring 30 April 2023-escalation 6% per annum.		

5. Operating lease liabilities

Summary for all the operating lease obligation

Payable within one year	(738 732)	1 692 713
Payable between one to five years	3 320 126	1 035 299
	2 581 394	2 728 012
Total Operating lease obligation		
Lease Payments: Buildings	2 292 809	2 527 861
Lease Payments: Operating costs of buildings	200 151	288 585
	2 581 394	2 728 012

6. Work In Progress Asset (Online System)

Online registration systems	6 511 668	-
SAGE 200 Advanced procurement and fixed assets module	54 000	-
	6 565 668	-

Work in progress asset comprises of online registration system that is developed and Sage 200 Advance procurement and fixed assets module.

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
7. Inventories		
Consumable stores	1 185 064	867 309
Included in consumable stores is stationery, ID cards and printing material. No inventory was pledged as security.		
8. Trade Receivables		
Trade debtors	113 924 463	86 450 797
Provision for impairment of trade debtors	(67 347 476)	(50 994 754)
	46 576 987	35 456 043
Trade Receivables comprises of the following:		
Trade Debtors from exchange transactions	83 484 177	57 517 827
Trade and other receivables from non-exchange transactions	28 932 970	30 440 286
	113 924 463	86 450 797
Ageing of trade debtors		
Current	5 961 122	4 827 484
31-60 days	9 156 717	7 064 251
60 - 90 days	11 474 720	9 438 621
90 days- over	14 125 687	19 984 428
	46 576 987	35 456 043
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	50 994 754	40 759 816
Provision for impairment	22 623 897	16 496 789
Amounts written off as uncollectible	(6 271 175)	(6 261 851)
	67 347 476	50 994 754
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1 538 953	3 091 612
Bank balances	4 500 234	2 417 044
Deposits and current accounts	120 676 192	31 849 827
Cash held on behalf of principal	23 454 516	37 640 442
	150 169 895	74 998 925

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

10. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	3 489 092	3 855 765	(5 120 707)	2 224 150
Deferred bonus	-	2 631 556	-	2 631 556
	3 489 092	6 487 321	(5 120 707)	4 855 706

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	2 685 362	3 621 761	(2 818 031)	3 489 092

Performance bonuses are paid to employees who meet their performance targets in line with performance contract for the year end review. The provision for performance bonus represents management's best estimate of the entity's liability at year end for current employees in service. The calculation is based on a pro-rata estimated percentage of total salaries paid to employees.

Deferred bonuses are paid to qualifying employees as a retention strategy at the end of the scheme period upon leaving employment. The employees qualify for the deferred bonuses upon leaving employment or at the end of the scheme period. The liability represents management's best estimate at year end. The calculation is based on stipulated target taking into account probability and allowable amounts.

11. Payables from exchange transactions

Trade payables and accruals	21 543 975	15 335 496
Credit balances on Debtors	38 764 716	32 658 377
Accruals for salary related expenses	2 785 777	-
Unknown deposits	6 249 284	2 790 231
13th Cheque	2 267 461	2 158 920
	71 611 213	52 943 024

Trade payables include cash receipts or deposits into PSIRA's bank account, with incorrect or unidentifiable references. In some instances these deposits relate to registration fees, course reports or fines and settlements that are unidentifiable at the time of reporting. These cash receipts are disclosed as unknown deposits.

Overpayment on annual fees by debtors include credit notes processed against overbilling of annual fees from the inception of the revised Annual Fees regulation and prepayment by mainly training providers who use the credit on submission of course report.

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
12. Revenue		
Interest received	3 381 000	1 308 035
12. Revenue		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	34 415 947	25 568 216
Rendering of services	1 964 079	1 905 107
Interest received (trading)	4 677 653	4 111 321
Annual fees	198 560 622	163 581 185
Infrastructure re-assessment	306 709	155 589
Registration fees	49 767 062	35 733 354
Course reports	84 947 780	53 812 780
Bad debts recovered	1 547 903	2 083 805
Interest received - investment	3 381 000	1 308 035
	379 568 755	288 259 392
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
	-	-
Fines and Penalties	26 057 321	25 190 509
Sundry income	2 089 910	4 163 998
	28 147 231	29 354 507
Included in sundry income are amounts relating to penalties on refunds to service providers, SASSETA receipts for interships and insurance proceeds.		
13. Employee related costs		
Basic salaries	131 891 597	126 149 700
Performance bonus - expense	3 891 104	4 014 933
Medical aid	10 583 833	10 160 786
Unemployment insurance fund	685 473	601 606
Workmens compensation	505 946	406 265
Skills development levy	1 559 691	1 131 185
Pension contribution	14 183 379	11 266 192
Travel and other allowances	7 412 354	7 540 607
Deferred bonuses	2 631 556	-
13th Cheques	8 693 111	8 051 083
	182 038 044	169 322 357
Defined contribution plans		
Employee Contributions	8 755 970	6 829 016
Employer Contributions	14 183 379	11 547 011
	22 939 349	18 376 027

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
14. Finance costs		
Other Interest paid	1 579	6 708
15. Other operating expenses		
Advertising	3 668 360	1 027 975
Auditors remuneration	4 643 129	3 712 925
Bank charges	2 933 442	2 021 082
Cleaning	1 024 183	1 621 049
Audit and Risk Committee members fees	340 408	220 148
Consulting and professional fees	4 643 904	4 046 033
Donations & Sponsorships	10 007	-
Consumables	315 410	290 083
Insurance	846 044	734 369
Cash loss expenses	972 820	-
Postage and courier	1 821 171	639 289
Printing and stationery	5 189 058	4 150 431
Security	5 637 213	5 219 483
License fees	4 113 891	4 480 243
Subscription and membership fees	355 454	107 150
Telephone and Data costs	8 575 911	9 932 320
Training	1 550 146	1 124 743
Travel - local	2 837 463	1 865 109
Water, Electricity and levies	9 260 398	7 197 807
Uniforms	-	103 500
Fingerprint cost	10 140 110	6 454 725
Legal fees	4 242 840	3 292 639
Functions & workshops	1 427 420	440 070
Sundry Expenses	1 258 074	1 051 624
Property rental	29 648 712	29 246 446
Council members fees	3 107 792	738 952
	108 563 360	89 718 195
16. Auditors' remuneration		
Internal audit fees	985 273	505 659
External audit fees	3 657 855	3 207 266
	4 643 128	3 712 925

Private Security Industry Regulatory Authority

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
17. Cash generated from operations		
Surplus	88 297 458	33 348 822
Adjustments for:		
Depreciation and amortisation	2 989 731	5 500 091
Loss on disposal of assets	301 242	175 406
Debt impairment	22 623 897	16 496 789
Movements in operating lease assets and accruals	569 087	(3 101 887)
Movements in provisions	1 366 614	803 730
Movement in principal liability	(14 185 924)	(176 466)
Changes in working capital:		
Inventories	(317 755)	595 645
Receivables from exchange transactions	(34 224 808)	(27 528 177)
Payables from exchange transactions	18 668 189	(905 143)
	86 087 731	25 208 810
18. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	3 779 912	764 126
Authorised operational expenditure Already contracted for but not provided for		
Printing, stationery and publications	4 500 804	1 044 887
Staff Training	228 825	20 360
Maintenance	465 489	283 148
Consultancy	4 200 582	2 116 842
Consumables	-	58 949
Telephone and fax	11 989 675	7 840 950
Security	12 779 580	4 107 158
Equipment rental	-	1 622 199
Advertising	1 487 336	430 280
Cleaning	3 094 400	282 449
Staff amenities	500 282	296 937
Software Licences	3 130 895	1 910 544
Internal audit fees	1 281 973	440 992
Meetings and workshops	17 585	2 948
Total operational commitments	43 677 426	20 458 643
Total commitments		
Authorised capital expenditure	3 779 912	764 126
Authorised operational expenditure	43 677 426	20 458 643
	47 457 338	21 222 769

Private Security Industry Regulatory Authority

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	27 909 628	17 591 157
- in second to fifth year inclusive	71 868 878	9 887 154
- later than five years	-	-
	99 778 506	27 478 311

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

19. Contingencies

Contingent liabilities incurred relating to interests in other entities Contingent Liabilities

PSiRA is a defendant in a number of legal actions. It is not possible at this stage of proceedings to determine the actual losses that PSiRA would suffer in the event that the court found against PSiRA. Estimated liability amounts for the period ended 31 March 2022 to R5 538 860 (2021: R5 390 000).

Contingent assets

PSiRA was a complainant in a number of legal actions. The estimated probable amount for the period ended 31 March 2022 is R311 900 (2021: R356 900)

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20. Related parties

Related party transactions

During the current financial year, there were no transactions incurred with the Department of Police or any entity reporting to it.

Board and executive members emoluments

Management class: Council members

2022

	Fees for services as a member of management	Total
Name		
Dr. A.L. Mofomme (Chairperson) *	724 830	724 830
Mr. H.N. Ngubane *	538 873	538 873
Mr. M.S. Ralebipi (Deputy Chairperson) *	614 358	614 358
Dr. S.N. Mbete *	538 873	538 873
Ms. T. Ntshangase *	538 873	538 873
	2 955 807	2 955 807

2021

	Fees for services as a member of management	Total
Name		
Dr. A.L. Mofomme (Chairperson) *	181 208	181 208
Mr. H.N. Ngubane *	134 718	134 718
Mr. M.S. Ralebipi (Deputy Chairperson) *	153 590	153 590
Dr. S.N. Mbete *	134 718	134 718
Ms. T. Ntshangase *	134 718	134 718
	738 952	738 952

* - Appointed 01 January 2021

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Related parties (continued) Management class: Executive management 2022

	Basic salary	Bonuses and performance related payments	Other benefits received	Total
Name				
Mr. M.S. Chauke	2 993 941	168 310	475 200	3 637 451
Mr. J. Sambo ^	1 238 686	71 584	184 790	1 495 060
Ms. I. Mbana ^^	993 135	-	66 000	1 059 135
Ms. M.C. Sebogodi	1 834 468	118 926	264 000	2 217 394
Mr. J. Makgolane	1 586 324	69 718	281 300	1 937 342
Mr. C.S. Badenhorst	1 987 165	115 528	42 000	2 144 693
Ms. Sechoaro ^^^^	120 212	-	-	120 212
	10 753 931	544 066	1 313 290	12 611 287

2021

	Basic salary	Bonuses and performance related payments	Other benefits received	Total
Name				
Mr. M.S. Chauke	2 373 158	111 148	475 200	2 959 506
Mr. J. Sambo	1 083 009	47 273	181 920	1 312 202
Ms. I. Mbana ^^	1 373 771	69 061	396 000	1 838 832
Ms. M.C. Sebogodi	1 718 103	78 428	264 000	2 060 531
Mr. J. Makgolane	1 464 962	46 040	306 800	1 817 802
Mr. C.S. Badenhorst	1 883 790	50 861	42 000	1 976 651
Mr. O.L.J. Mamabolo ^^^	1 072 702	37 633	240 000	1 350 335
Dr.S. Gumedze	1 614 649	42 439	125 200	1 782 288
	12 584 144	482 883	2 031 120	15 098 147

^ - Acting till 31 March 2022.

^^ - Resigned 31 May 2021.

^^^ - Resigned 28 May 2021.

^^^^ - Appointed 09 March 2022.

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20. Related parties (continued)

Management class: Audit and Risk Committee

2022

	Fees for services as a member of management	Other benefits received	Total
Name			
Mr N. Mhlongo (Chairperson) ^ ^	125 286	2 790	128 076
Ms U. Exner (Deputy Chairperson) ^ ^	62 562	2 400	64 962
Mr M. Matlwa ^ ^	54 562	1 500	56 062
Ms L. Mudau ^ ^	32 000	1 200	33 200
Ms G. Ramphaka ^ ^	54 562	2 100	56 662
Ms. M. Ramutsheli ^ ^	72 000	3 662	75 662
	400 972	13 652	414 624

2021

	Fees for services as a member of management	Other benefits received	Total
Name			
Mr. P. Ravhudzulo (Chairperson) ^	46 056	900	46 956
Mr. Z.L. Fihlani ^	22 544	600	23 144
Mr. M.G.M. Zikalala ^	32 000	1 200	33 200
Mr. C. Motau ^	60 848	1 200	62 048
Ms. M. Ramutsheli	56 000	2 494	58 494
	217 448	6 394	223 842

^ - Terms ended 31 January 2021.

^ ^ - Appointed 15 April 2021.

21. Change in estimate

Property, plant and equipment

	Increase in the carrying amount at the end of the year	Decrease in depreciation for the year
Computer equipment	829 487	813 130
Office equipment	273 088	273 088
Office Furniture	170 285	170 285
Leasehold Improvements	50 996	50 996
	1 323 856	1 307 499

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During the financial year the useful lives of specific assets have been reassessed to reflect the actual pattern of service potential that PSiRA estimated could still be derived from the assets. The effect of this on the current and future periods has been illustrated below.

22. Prior period errors

An invoice for the 2019/20 financial year relating to fingerprint costs that amount to R1 274 703 was incorrectly reversed in the 2020/21 financial year.

A fine amounting to R70 000 had been incorrectly raised in the 2021/22 financial year instead of the 2020/21 financial.

The correction of the error(s) results in adjustments as follows:

	2022	2021
Statement of financial position		
Accumulated surplus	70 000	1 274 704
Trade Creditors	-	(1 274 704)
Trade Receivables from exchange transactions	70 000	-
Statement of financial performance		
Fingerprint Costs	-	(1 274 704)

23. Risk management

Financial risk management

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

Contractual undiscounted cash flows as at reporting date	Less than 1 year	Between 2 and 5 years	Total
Operating lease obligation	26 488 224	71 550 654	98 038 878

Interest rate risk

Interest rate risk relates to fluctuation of the fair value of future cash flows of financial instruments, as a result of changes in market conditions. PSiRA is exposed to interest rate risk as it invest funds in the money market at a fixed and floating interest rate. This is managed by investing PSiRA's surplus fund in short term investments, thereby taking advantage of the maximum rate applicable from time to time from money markets. Such investments are held with a registered bank in the Republic of South Africa.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing

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basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

Trade and other receivables	46 576 987	35 386 043
Cash and Cash Equivalents	150 169 895	74 998 925

24. Going concern

The 2021/2022 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 Authority has reported an accumulated surplus of R121 797 811 for the 2021/22 financial year.

Financial consideration

We draw your attention to the fact that at 31 March 2022, entity had an accumulated surplus of R121 797 811 and that the total assets exceed total liabilities by R130 946 777. PSiRA posted a net surplus of R88 297 458 for the current financial period. A bad debt provision of R67 347 476 was recorded, for the 2020/21 financial year. The R67 million bad debt provision is after considering a bad debt write-off of R6 271 175 in the 2021/22 financial year.

PSiRA implemented a turnaround strategy to minimise the effects of the COVID-19 lockdown. The turnaround strategy yielded positive results with a surplus of R88 297 458 and PSiRA cash resources of R150 169 895 for the 2021/22 financial year. The turnaround strategy will focus on cost containment and the collection of debt that is owed to the Authority using external debt collectors and resources within the Authority.

Legal and statutory considerations

The Private Security Industry Regulatory Authority was established in terms of Section Two of the Private Security Industry Regulation Act (56 of 2001) Act in 2002. There is a process underway to amend the Act. The amendment seeks to strengthen mechanisms of regulation, at the same time, retaining the form of the entity which regulates the industry. Further, the Amendment Bill seeks to introduce funding of the Authority through appropriation by Parliament. This will ensure that PSiRA has sufficient resources to carry out its legislative mandate.

Assessment of going concern assumption

The Standard of Generally Recognised Accounting Practice – Presentation of Financial Statements (GRAP 1) paragraph.27 states “when preparing financial statements, management shall make an assessment of an entities ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease trading, or if there is no realistic alternative to do so.”

PSiRA has a statutory mandate in terms of the Act and will continue to deliver on its mandate for the foreseeable future.

The going concern assumption in public entities is not predicated on the solvency test that is usually applied to business enterprises. The legislated ability to raise fees from the security industry may allow PSiRA to operate for extended periods in a net asset position.

The Accounting Authority is of the opinion that PSiRA will continue to operate in the foreseeable future.

The ability of the Authority to continue as a going concern is dependent on a number of factors. The most significant of these is that the Authority has projected positive cashflows for the 2022/23 financial year. The positive cash flows have been calculated based on the revenue and expenditure trends for the 2021/22 financial year also taking into account the cost containment measure that are implemented continuously.

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25. Events after the reporting date

The Authority approved the extension of the Durban Regional office lease for an additional 12 months. The rental amount for 12 months equates to R2 024 403.

26. Fruitless and wasteful expenditure

Opening balance as previously reported	162 178	98 577
Add: Expenditure identified - current	1 436	66 615
Less: Amounts recovered from staff	-	(464)
Less: Amounts recoverable - prior period	(82 899)	-
Less: Amount written off - current	-	(2 550)
Less: Amount written off - prior period	(67 265)	-
Closing balance	13 450	162 178

27. Irregular expenditure

Opening balance as previously reported	-	-
--	---	---

28. Budget differences

Material differences between budget and actual amounts

Statement of Financial Performance. Revenue

Total Revenue is 6% above budget.

Below is an explanation of variances 10 % and more above budget.

Annual Fees are 28% above budget. In comparison to the projected number of 465 833 Security Officers and 10 484 Security Businesses, the actual billed number of Security Officers and Security Businesses is 493 270 and 12 206, respectively. Individuals are more interested in joining the private security industry, which has reduced start-up costs and training fees.

Interest on debtors is 29% above budget. The Authority is imposing a ten percent interest rate on overdue security business accounts, as determined by the Minister of Finance. Because of the economic downturn, interest rates are higher due to non-payment by Security Service Providers.

Course reports are 16% above budget. It is due to the implementation of the online registration system which enabled quicker processing of the reports.

Below is an explanation of variances below budget.

Registration fees are 0.43% below budget. The actual number of registrations of SO's and SP's was lower than the budgeted as more registrations were anticipated after the implementation of the online system. Challenges were experienced at the beginning of the implementation

Training Accreditation Fees are 15% below budget. There is a slower uptake of new accreditations after the upliftment of the moratorium. The Authority intends to appoint a service provider to develop training materials for special courses to attract more accreditations.

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Bad Debts Recovered 56% below budget. The amount depends on whether part of debt collected relates to debt that had been written off. Service providers with old debt are usually no longer operating in the industry.

28. Budget differences (continued)

Other Income 82% below budget. The amount includes revenue from infrastructure re-assessments, SASSETA receipts, penalties on refunds, administration income, insurance proceeds etc. The transactions are dependent of the requests from Security Service Providers in instances where security tenders are issued or refunds are required, or if there are changes in directors of security businesses.

Expenditure

Total Expenditure is 10% below budget.

Below is an explanation of expenditure variances which are 10% and more below budget:

Office and Machine Rentals are 65% below budget. As part of cost containment, the Authority renegotiated rental reductions for all renewed leases which has resulted in reduced rental payments by 4%.

Advertising & Publications is 34% below budget. There has been less marketing events as at the end of the 4th quarter of the financial year. The Authority has implemented events that cost less but have a bigger impact.

Security costs 28% below budget. The Authority is moving to the use of electronic security and reducing physical security. The reduction has contributed to the saving on security costs that is estimated to be R12 million over three years.

Printing, Stationery and Cartridges 18% below budget. The under expenditure is mainly due to the discontinuation of printing of certificates because of implementation of electronic certificates with the Online Registration System.

Repairs and Maintenance 8% below budget. The Authority included as part of the renewed lease contracts the repairs and maintenance of additional items.

Travel costs are 66% below budget. There has been less travel during the financial year. The lessons learnt during the period of Covid-19 have assisted in the reduction of costs such as travel and accommodation.

Consultancy costs are 66%, Licence Fees 31% and Depreciation 32% below budget. The saving is mainly due to modules of the online registration system where the implementation of some phases are still in the process of being finalised.

Telephone and Data costs 17% below budget. The cell-phone contracts have been moved to the transversal contract which is cheaper due to benefits such as internal employee calls being charged at a zero rate and certain sites being accessed for free.

Fingerprint Costs 18% below budget. There were less registrations in the month of February 2022 due to challenges in the initial phase of the implementation of the online registration system.

Legal Fees 18% below budget. The expenditure is dependent on the number of transgressions that are instituted during the period.

Seminars, conferences, and venue hire 66% below budget. The Authority had a lesser number of stakeholder and other engagements due to the prohibition of social gatherings under lockdown regulations. Several engagements were held virtually resulting in the reduction of costs.

Staff Training 11% below budget. There was a reduction in cost of training due to most training being held virtually because of Covid-19 regulations.

Other Expenses 54% below budget. The expenses include storage costs, cleaning costs, staff amenities etc, which were reduced and targeted for cost containment measures.

Below is an explanation of expenditure variances which are 10% and more above budget:

Debtors Impairment Expense are 100% below budget. An assessment is done at interim and at year end to determine the amount by

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which debtors should be impaired.

Water, Electricity and Levies 27% above budget. The increase in costs is due to the general increase of municipal levies which was higher and electricity for the Cape Town and Nelspruit Offices which were planned to be sold.

28. Budget differences (continued)

Bank Charges 38% above budget. The increase is because of more service providers using the bank deposit option which has higher charges. The amount coincides with the higher rate of collection and an increased balance at the bank.

Statement of Financial Position

Property, Plant and Equipment (PPE). 24% below budget. The reduction is mainly due to depreciation and write off of assets and lesser purchase of capital assets during the year.

Inventories. 24% above budget. This is mainly due to ID cards that were not utilised at year end

Other receivables. The increase of 100% is due to current lease liabilities that was an asset at year end Prepayment. The increase of 45% is due to warranties and licence renewals purchased during the year

Asset In Progress. The online system which is in progress and is not yet completed will be classified/ transferred to Intangible Assets on completion.

Trade and other receivables. The increase of 38% is due to the billing of annual fees for the 2021/22 financial year. Additional billing is done throughout the financial year as new SSP are engaged and fines imposed for non-compliant SSP's.

Cash and cash equivalents. The increase of 337% in cash and cash equivalents is due the turnaround strategy which seeks to improve the liquidity of the Authority by ensuring that cash resources are increased. Cash and cash equivalents amounting to R23 million belong to the UIF project.

Principal Liability. The amount represents cash and cash equivalents belonging to the UIF project which should be reflected as a liability on the financial statements. A cash balance of R23 million remains as a surplus funds.

Operating lease liabilities. The increase of 55% is due to new lease entered into for Head Office, Port Elizabeth and Umthatha

Payables from exchange transactions. The increase of 68% is due to accrued leave that has to be taken by June in the subsequent year.

Unallocated Deposits. The amount is representative of receipts that do not have reference numbers. The Authority continuously allocates the amounts to the relevant accounts using dedicated staff members.

Provisions. Provision for bonus payment has increased by 10% due to a deferred bonus provision that was implemented in the current financial year.

Net assets. Net assets increase is due to a surplus that has been made because of cost containment measures and the billing done in April 2021.

29. Agent-Principal Disclosure

Receipts

Opening Balance	37 640 442	37 816 906
Interest Received	1 052 369	1 184 935
	38 692 811	39 001 841

Operating Expenditure

UIF Consulting Fees- Security Training Companies	15 237 470	1 359 680
Amenities	-	1 000
Bank Charges	825	719
	15 238 295	1 361 399
	23 454 516	37 640 442

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PSIRA entered into an agreement with the Unemployment Insurance Fund (UIF) to implement the skills development programmes for the benefit of persons who have contributed to the Unemployment Insurance Fund and are currently unemployed to create opportunities for their employability. A total of 6 605 learners have been trained as at 31 March 2022. Section 5(d) of the Unemployment Insurance Fund Act provides that the UIF funds must be used for the financing of the retention of contributors in employment and re-entry into the labour market and any other scheme aimed at vulnerable workers. For the purposes of this scheme the Authority is regarded as an agent and the UIF a principal and all transactions relating to the partnership have been accounted for on that basis.

The principal liability of R23 454 516 is the amount that has been included in cash and cash equivalents at 31 March 2022.

30. Prepayments

	2022	2021
Prepayments	1 261 031	1 061 451

Prepayments consist of licences, membership fees and warranties on IT assets which are consumed over a specified period.

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AUDIT AND RISK COMMITTEE REPORT 2021/2022

The Committee is pleased to present its report for the financial year ended 31 March 2022.

Audit and Risk Committee members and attendance of meetings

Name	Qualification	Designation	# of Ordinary Meetings	# of Special Meetings	Total Meetings Attended
Mr A.N Mhlongo	B. Com (Hons), ATC, ACMA, CGMA and CA (SA)	Chairperson	5	0	5
Ms. U. Exner	B. Com (Informatics), CGEIT, and EDP	Deputy Chairperson	5	0	5
Mr. M. Matlwa	B. Com, B. Compt (Hons), CTA, CA(SA), MBA and MCOM(Tax)	Member	4	0	4
Ms. L. Mudau	B. Com, B. Com (Hons), M.Com and CA (SA)	Member	3	0	3
Ms. G. Ramphaka	B. Accountancy (Hons), B. Com and CA (SA)	Member	4	0	4

Audit and Risk Committee Responsibility

The statutory responsibilities of the Committee are prescribed under Section 77 of the Public Finance Management Act, 1999 and Treasury Regulation 3.1.13. The Committee's responsibilities are further supplemented by the adopted formal terms of reference (Charter) of the Committee, which outline how the Committee should conduct its affairs and activities as informed by its annual plan (programme). The Committee is satisfied that its affairs and activities for the period under review were executed as per the annual plan and the terms of reference as adopted by the Council (Accounting Authority).

The Effectiveness of Internal Control

The systems of internal control are designed to provide assurance that the entity's assets are safeguarded, and that liabilities and working capital are efficiently managed in the execution of the mandate of the entity.

During the period under review, the Committee regularly monitored and reviewed Management's reporting on the continued implementation and improvement of internal controls to ensure sustainability on the operations of the entity.

The Committee is supported by an independent outsourced Internal Audit function, which provides the Committee and Management with independent and objective assurance on the appropriateness and effectiveness of the internal control environment within PSiRA, to mitigate the risks that the entity faces in the execution of its mandate. The opinion of internal auditors gives the Committee confidence that Management would implement agreed audit action plans for the audited areas that needed improvements during the period under review. The Committee is satisfied with the progress being made by Management to enhance the effectiveness of the internal control environment in those areas.

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Internal Auditors had during the year under review, conducted audits in the following areas in accordance with the approved Internal Audit Coverage Plan:

- Unaudited Annual Performance Information – 2021;
- Unaudited Financial Statements Compliance Review – 2021;
- Information and Communication Technology – Security Controls and Follow Up review on ITGCR;
- Compliance and Enforcement;
- Communication, Registrations and Training;
- Review of Performance Information reporting Q1, Q2 and Q3;
- Review of Annual Performance Plan for 2022/23;
- Supply Chain and Expenditure Management;
- Human Capital Management;
- Follow Up on External Audit Findings 2020/21; and
- Financial Discipline Review

Risk Management

The Committee also plays an oversight role on risk management processes within the Authority, and it's supported by the Risk Management Committee at an operational level, which is however, chaired by an external independent risk management professional. The Audit and Risk Committee continued to monitor and review Management's implementation of risk mitigation measures for the strategic risks as identified at the beginning of the financial year.

The Committee is also alive to the realities of the challenges brought about by the COVID-19 pandemic, which have to some extent, also contributed to delayed implementation of some of the mitigation measures. The risks that remain significant for the entity, had been rolled-over to the next financial year with Management taking the initiative through the Risk Management Committee to identify other mitigating measures for implementation and to continue monitoring the risks from escalating to higher risk rating. Committee is assured that the monitoring of the liquidity risk which had since been brought under control, will continue to ensure no recurrence of the previous going concern issues arise.

The Committee also continues to monitor the implementation of the risk management strategy and plan, and the fraud prevention plan. Quarterly reports in these areas are reviewed and monitored for appropriate and timely resolution of reported cases, including the Fraud Hotline cases. Compliance with legislation is also a standing agenda item at the meetings of the Committee, and monitoring is through reporting under the PFMA compliance checklist.

In-Year Management and Quarterly Reports

The Committee has reviewed quarterly reports and managements accounts (financial reports) for the entity at each quarterly meeting before submission to Council for approval. The Committee is satisfied that these reports represented an accurate performance in terms of the operations of the entity as confirmed by the results of internal audit reviews.

Governance processes

The Committee is satisfied with the established governance processes within the entity, and continues to obtain assurance from the internal audit function that these processes are aligned to good governance practices and remain relevant for improved internal control environment. The Committee is therefore, satisfied that PSIRA governance processes and structures continue to support improved sustainable operations of the entity.

Evaluation of the report on predetermined objectives

The Committee has reviewed and evaluated the performance information report on predetermined objectives before the audit process, and was satisfied with the reported performance against predetermined objectives of the entity, which is at 83% achievement. The Committee is pleased that the audit outcome in this area confirmed the results as presented by Management before the audit. The Committee commends the Management of the entity for the achievement, which once again happened under difficult conditions as presented by the Covid-19 pandemic.

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Evaluation of Financial Statements

The Committee has reviewed the annual financial statements prepared by Management, including the appropriateness of accounting policies in the preparation of the annual financial statements before the audit. A review of the annual financial statements by the internal audit function assured the committee of the accuracy of the reported financial information.

Auditor-General's Report

The Committee has reviewed the entity's implementation of the audit action plan on issues raised in the prior year, and is assured that the plan continues to be implemented, and that there is progress in addressing the findings in a few areas where findings from the interim audit remained unresolved. The Committee has also reviewed and discussed with the AGSA and the Management of the entity, the audited annual financial statements to be included in the annual report, AGSA's Management report and Management's response thereto, and the adjustments resulting from the audit. The Committee is satisfied that all audit adjustments/corrections have been incorporated into the final annual financial statements of the entity for the 2021/22 financial year, and that corrective actions would be implemented by Management going forward, to address the root causes of the corrected material misstatements.

The Committee is not pleased that the opinion of the Auditors is qualified due to unavailability of sufficient appropriate audit evidence to confirm the principal liability balance in the entity's Statement of Financial Position. The Committee's intervention for alternative means to be considered by AGSA with Management to resolve the qualified opinion could not assist due to time constraints for the amount of information that still needed to be audited in this regard. Although there are areas that require further attention to deliver an absolute positive report given the improvements needed, the committee remains confident in the leadership of the executive committee, and remains committed to oversee and monitor that the remaining challenges are addressed accordingly. The Committee would also like to thank the AGSA for the support and guidance during the audit with improvements in their processes having been noted and appreciated.

The Committee therefore, welcomes and appreciates the conclusions of the Auditor-General on the annual financial statements and the report on predetermined objectives, and recommends that the annual financial statements and the report on predetermined objectives read together with the report of the Auditor-General, should be accepted.



Mr. A.N Mhlongo CA(SA) ACMA CGMA

Chairperson: Audit and Risk Committee

Date: 31 July 2022

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