



ANNUAL REPORT





ANNUAL REPORT 2022 - 2023

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PART A

GENERAL INFORMATION



1. SANAS GENERAL INFORMATION



REGISTERED NAME OF THE PUBLIC ENTITY

South African National Accreditation System (SANAS)



REGISTRATION NUMBERS AND/OR OTHER RELEVANT NUMBERS

Not applicable



REGISTERED OFFICE ADDRESS

Libertas Office Park
Cnr. Libertas Avenue and Highway Street
Equestria, Pretoria
0184



CONTACT TELEPHONE NUMBERS

+27 12 740 8400



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EXTERNAL AUDITOR'S INFORMATION

Balushi Chartered Accountants and Auditors Inc.
1185 Park Street, Parkfield Court, Unit 9
Hatfield, Pretoria, 0083



BANKER'S INFORMATION

First National Bank, Shop 39, Hillcrest Boulevard,
Lynnwood Road, Hillcrest, South Africa, 0083



COMPANY SECRETARY

Mr Dawood Petersen
Company Secretary Legal Affairs

2. ABBREVIATIONS AND ACRONYMS

AB	ACCREDITATION BODY
AF	ADVISORY FORUM
AfCFTA	AFRICAN CONTINENTAL FREE TRADE AREA
AFRAC	AFRICAN ACCREDITATION COOPERATION
BBBEE	BROAD-BASED BLACK ECONOMIC EMPOWERMENT
CABs	CONFORMITY ASSESSMENT BODIES
CEO	CHIEF EXECUTIVE OFFICER
CFO	CHIEF FINANCIAL OFFICER
CMMI	CAPABILITY MATURITY MODEL INTEGRATION
COBIT	CONTROL OBJECTIVES FOR INFORMATION AND RELATED TECHNOLOGY
COVID-19	CORONAVIRUS DISEASE OF 2019
DMRE	DEPARTMENT OF MINERAL RESOURCES AND ENERGY
EWP	EMPLOYEE WELLNESS PROGRAMME
EPC	ENERGY PERFORMANCE CERTIFICATE
EVP	EMPLOYEE VALUE PROPOSITION
FSSC	FOOD SAFETY SYSTEMS CERTIFICATION
GRAP	GENERALLY RECOGNISED ACCOUNTING PRACTICE
GLP	GOOD LABORATORY PRACTICE
IAF	INTERNATIONAL ACCREDITATION FORUM
IB	INSPECTION BODIES
ICT	INFORMATION AND COMMUNICATIONS TECHNOLOGY
IEC	INTERNATIONAL ELECTROTECHNICAL COMMISSION
ILAC	INTERNATIONAL LABORATORY ACCREDITATION COOPERATION
ISO	INTERNATIONAL ORGANIZATION FOR STANDARDIZATION
ITIL	INFORMATION TECHNOLOGY INFRASTRUCTURE LIBRARY
KENAS	KENYA ACCREDITATION SERVICES
KTD	KNOWLEDGE TRANSFER DEPARTMENT
MLA	MULTILATERAL AGREEMENT
MOU	MEMORANDUM OF UNDERSTANDING
MRA	MUTUAL RECOGNITION ARRANGEMENT
MTSF	MEDIUM TERM STRATEGIC FRAMEWORK
NDP	NATIONAL DEVELOPMENT PLAN
NEHAWU	NATIONAL EDUCATION, HEALTH AND ALLIED WORKERS' UNION
NLA-SA	NATIONAL LABORATORY ASSOCIATION SOUTH AFRICA
NRCS	NATIONAL REGULATOR FOR COMPULSORY SPECIFICATIONS
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
OVC	ORPHANS AND VULNERABLE CHILDREN

PAQI	PAN-AFRICAN QUALITY INFRASTRUCTURE
PDis	PREVIOUSLY DISADVANTAGED INDIVIDUALS
PFMA	PUBLIC FINANCE MANAGEMENT ACT
POCT	POINT OF CARE TESTING
POPIA	PROTECTION OF PERSONAL INFORMATION ACT
PPPF	PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT
PT	PROFICIENCY TESTING
QMS	QUALITY MANAGEMENT SYSTEM
RM _s	REFERENCE MATERIALS
RMP	REFERENCE MATERIAL PRODUCERS
SAAMA	SOUTH AFRICAN ASSET MANAGEMENT ASSOCIATION
SADC	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SADCA	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY COOPERATION IN ACCREDITATION
SADCAS	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY ACCREDITATION SERVICES
SAHPRA	SOUTH AFRICAN HEALTH PRODUCTS REGULATORY AUTHORITY
SANAS	SOUTH AFRICAN NATIONAL ACCREDITATION SYSTEM
SATS	SOUTH AFRICAN TECHNICAL SPECIFICATION
SDGs	SUSTAINABLE DEVELOPMENT GOALS
SEDA	SMALL ENTERPRISE DEVELOPMENT AGENCY
SMMEs	SMALL, MEDIUM AND MICRO ENTERPRISES
STC	SPECIALIST TECHNICAL COMMITTEE
TBT	TECHNICAL BARRIERS TO TRADE
TFTA	TRIPARTITE FREE TRADE AREA
the dtic	THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION
WADA	WORLD ANTI-DOPING AGENCY
WOAC	WEST AFRICAN ACCREDITATION SYSTEM
WTO	WORLD TRADE ORGANISATION

3. FOREWORD BY THE MINISTER



MR EBRAHIM PATEL
Minister of Trade, Industry
and Competition

I hereby table the Annual Report of the South African National Accreditation System (SANAS) for the 2022/23 financial year. The Report sets out the performance information, governance report, human resources and financial information for the past financial year.

The report reflects the work of SANAS in implementing their core mandate, and the outcome of joint efforts to align work of the dtic's 18 entities towards a set of three shared outcomes:

- **Increased industrialisation**
- **Strengthened transformation in the economy; and**
- **Building a capable state.**

Focusing on these central outcomes allows the diverse set of entities in **the dtic** Group – comprising regulators, financiers and technical institutions – to pool capacities and collaborate to best deliver for the South African people.

Given its mandate, SANAS has a role to play in each of these outcomes, through its core work of fostering trust that South African products and services' have been tested, inspected, or certified by competent conformity assessment bodies.

In the coming year, SANAS should align its work around a common set of outcomes defined for **the dtic-group**, including the forty-five central outcomes established for the 2023/24 Financial Year. These outcomes are focused on measuring performance in terms of real impact, defined through key measures like the number of jobs supported, investment unlocked, and output generated by our work.

I take this opportunity to thank the Board as well as the management and staff of SANAS for the work done in the past year.

Mr Ebrahim Patel

Minister of Trade, Industry and Competition

4. FOREWORD BY THE CHAIRPERSON



MS LINDI TLOU
Chairperson of the Board

Introduction

SANAS continues to deliver on its mandate focused on the provision of an internationally recognised and effective accreditation service that supports Government's policy objectives as well as initiatives to revitalise the economy which supports the needs of the enterprises competing in a fast-paced global economy.

Overview of SANAS Strategy and performance

SANAS strategy is focused on its contribution to the competitiveness of South Africa's enterprises, and on Government achieving its policy objectives with specific reference to regional integration, health, safety and the environment as well as on the sustainability of the organisation. During the 2022/23 financial year, SANAS was able to achieve 13 of its 14 planned APP targets resulting in an overall performance of 93%, with four targets being over-achieved.

Strategic Relationships

As a public entity under the dtic, SANAS has signed Memorandums of Understanding (MOU) with various regulators that use or aspire to use accreditation to reduce risk in the sectors that they regulate. The demand for accreditation from regulators has been on an increase, given the value add brought through accreditation within the regulatory domain.

SANAS has also formed relationships with industry associations that participate in the Specialist Technical Committees, which provide guidance to industry-specific idiosyncrasies that determine technical criteria/requirements for accreditation in a variety of fields and scopes of accreditation. Furthermore, SANAS has updated the Memorandum of Agreements with the African Accreditation Cooperation (AFRAC), Southern African Development Community Cooperation in Accreditation (SADCA) and the National Laboratory Association South Africa (NLA-SA) as a way of formalising their strategic relationships and partnerships.

Challenges faced by the board

During the reporting period, the Board of Directors exercised its fiduciary and oversight responsibilities over SANAS. However, there is an urgent need to ensure that Board members are appointed on a more permanent basis, in line with the provisions of the Act, to ensure greater stability. The term of the current Board of Directors expires in 2023 and if appointments are not concluded, it could result in instability and a lack of continuity.

Strategic focus over the medium to long term period

In line with its medium-term plans, SANAS will focus on the implementation of its mandate to provide an internationally recognised accreditation service, which supports the needs of enterprises focused on the economic growth of the country. In so doing, SANAS will identify and implement interventions which are focused on the achievement of its identified outcomes of contributing to the competitiveness of South Africa's enterprises, and on Government achieving its policy objectives with specific reference to regional integration, health, safety and the environment, as well as on the sustainability of the organisation. Furthermore, SANAS will ensure that, through the implementation of its mandate, it optimally contributes to the relevant output targets of the dtic Group.

Over the longer term, SANAS will focus on the development and implementation of its 2025 – 2030 Strategic Plan while taking into consideration both the external environment within which it operates, as well as its internal environment, inclusive of industry and sector trends. Through the implementation of its Strategic Plan, SANAS will continue with its focus on the provision of services as specified in the Accreditation for Conformity Assessment, Calibration, and Good Laboratory Practice Act, Act 19 of 2006, while ensuring that it contributes to the achievement of strategic priorities of the dtic and Government outcomes, as reflected in the Medium-Term Strategic Framework (MTSF).

Acknowledgement/Appreciation

As the Interim Chairperson of the SANAS Board of Directors, I would like to express my heartfelt gratitude to the members of the Board, the SANAS employees, management and stakeholders for their contribution towards the entity's success in the face of the challenging economic environment that prevailed during the reporting period.

I am further grateful to my fellow Board members for allowing me to lead the entity for the period that I was appointed as the Interim Chairperson, and I appreciate their dedication and devotion to the entity. A special thanks to Mr Ebrahim Patel, the Minister of Trade, Industry, and Competition, as well as the dtic staff who contributed to the success of SANAS during the period under review.



Ms Lindi Tlou

Interim Chairperson of the Board

5. ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW



MR TUMELO BALENI
Acting Chief Executive Officer

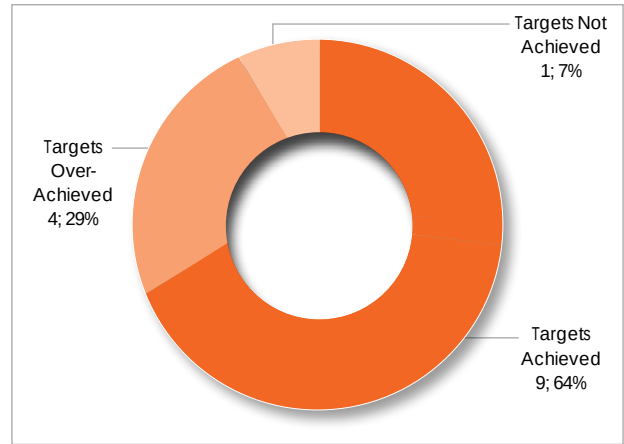
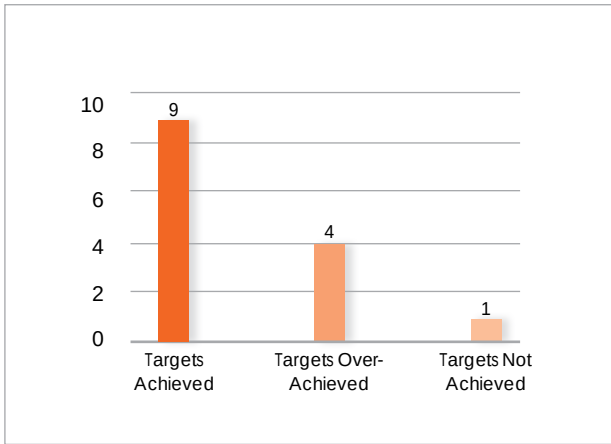
Introduction

The South African National Accreditation System (SANAS) is a Schedule 3A Public Entity as listed in terms of the Public Finance Management Act of South Africa, 1999 (Act 1 of 1999) (PFMA) as amended. As the sole accreditation body for conformity assessment recognised by the Government in South Africa, SANAS promotes the competence, against a specific schedule of activity, of its accredited facilities nationally, regionally, and internationally. It has successfully concluded several Mutual Recognition Arrangements in this regard.

SANAS is guided by the principles of the found legislation promulgated by the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act of South Africa, 2006 (Act No.19 of 2006) (Accreditation Act) as of 1 May 2007. The statutory duties, responsibilities and liabilities are imposed on the Accounting Authority by the PFMA.

Overview of the Performance of SANAS in the year under review

During the 2022/23 financial year, SANAS committed to achieve 14 Annual Performance Plan (APP) targets. As of 31 March 2023, SANAS achieved 13 of its 14 planned APP targets resulting in an overall performance of 93%, with four targets being over-achieved, as illustrated in the graphs below:



The table below provides a summary of the performance across the four SANAS Programmes:

Programme	Number of Annual Targets	Performance against APP Annual Targets as of 31 March 2023	Performance Results
Administration	4	Achieved: 1 Over-achieved: 2 Not Achieved: 1	75%
Corporate Services	2	Achieved: 1 Over-achieved: 1 Not Achieved: 0	100%
Strategy and Development	3	Achieved: 3 Over-achieved: 0 Not Achieved: 0	100%
Accreditation	5	Achieved: 4 Over-achieved: 1 Not Achieved: 0	100%
Total	14	Achieved / Over-achieved 13 out of 14 annual targets	93%

In the achievement of its set targets during the period under review, SANAS continued its contribution towards the achievement of the following outcomes as reflected in its Strategic Plan: (i) Competitiveness of South Africa's enterprises, (ii) Government achieving its policy objectives with specific reference to regional integration, health, safety and the environment, and (iii) Sustainability of the organisation.

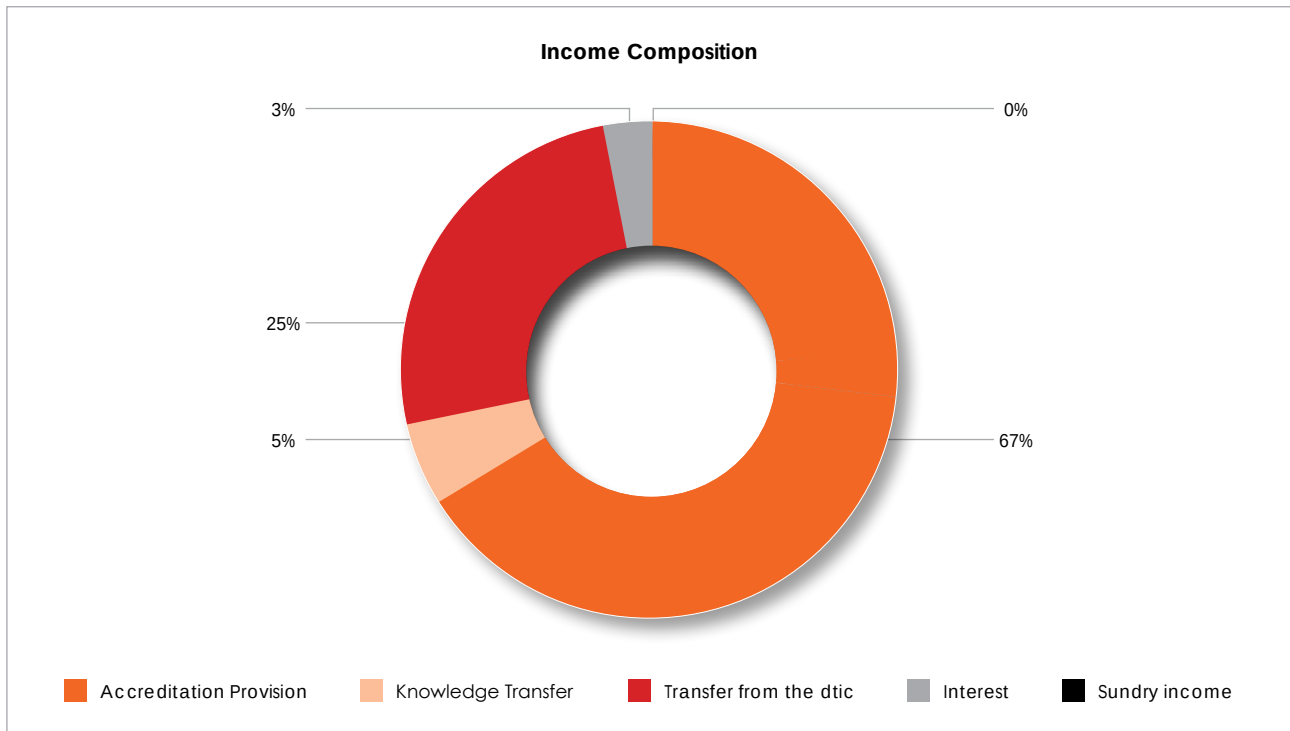
Overview of SANAS' Financial Performance

Income

Despite the ongoing economic challenges which South Africa faces, the financial year ending 31 March 2023 continued to be characterised by the improvements witnessed over the past 12 months. The growth in accreditation contributed 5.32% to income above budget.

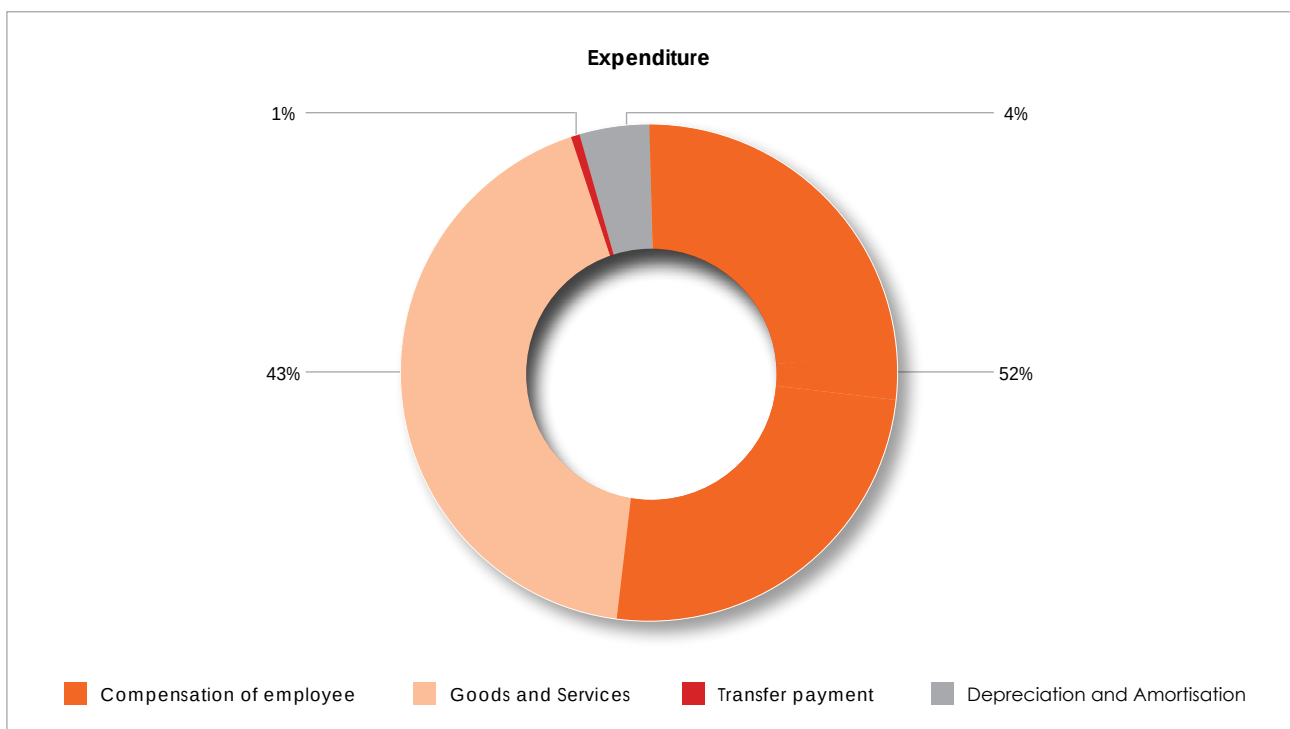
SANAS' Medical Laboratory Accreditation Programme remains the fastest-growing programme, closely followed by the Testing Body programme.

SANAS' income is derived from fees charged for accreditation services, the government grant, training services and projects. The largest contributor to SANAS' income for 2022/23 was the fees collected for accreditation services, at 67%, followed by the government grant at the rate of 25%.



Expenses

The expenditure focus remained on accreditation services as the core function of SANAS. The bulk of expenditure relates to employee costs, assessor costs, travel, and accommodation. For the 2022/2023 financial year, the costs relating to travel and accommodation has gone up to pre-COVID-19, as more assessments were performed on site. The graph below summarises the expenditure for the 2022/2023 financial year:



52% of the expenditure was attributable to employee related costs while 43% of expenditure to goods and services expense, with a big portion of these expenses relating to accreditation assessors and travel costs. The remaining balance is made up of depreciation and amortisation and the transfer payment.

The overall financial health of the entity was still assessed to be good as the total assets exceeded the total liabilities by a ratio of 7.6:1.

Discontinued activities / activities to be discontinued.

No programmes were discontinued during the period under review.

Requests for roll-over of funds

As per Section 53(3) of the PFMA, SANAS, as a Schedule 3A Public Entity, may not accumulate surpluses without the prior written approval of the National Treasury. SANAS had, therefore, submitted a request to the National Treasury, in terms of National Treasury Instruction No. 12 of 2020/2021 to retain its surplus of R17 979 482 for the 2021/2022 financial year. This was approved subject to the monthly monitoring of the commitments made to spend the surplus SANAS surrender of R14,849 million of the unapproved surpluses to the National Revenue Fund in March 2023.

Supply Chain Management

The Supply Chain Management Unit resides within the Finance Unit at SANAS and consists of a Procurement Officer, Supply Chain Administrator, and Intern. SANAS meets all the compliance requirements of the PFMA, Treasury Regulations, Preferential Procurement Policy Framework Act (PPPFA) and National Treasury Instruction Notes. In the 2021/22 financial year the Preferential Procurement Regulations, 2017 were deemed to be invalid by the Constitutional Court which required SANAS to apply for an exemption from the PPPFA. Approval was granted for the exemption on 11 March 2022 and procurement resumed, however, only taking into consideration evaluation on price and not considering any BBBEE points or preferential procurement.

However, because of the invalidity of the preferential procurement regulations of 2017, in the 2022/23 financial year, the Preferential Procurement Regulations 2022 were introduced by the National Treasury which came into effect on 16 January 2023. Changes to BBBEE were included in the new regulations which required government institutions to determine their own 'specific goals' regarding the preferential procurement requirements. SANAS had to update both its SCM policy, which was approved by the Board of Directors, and the related procedures. SANAS is implementing the revised SCM Policy and related procedures in alignment with the Preferential Procurement Regulations 2022.

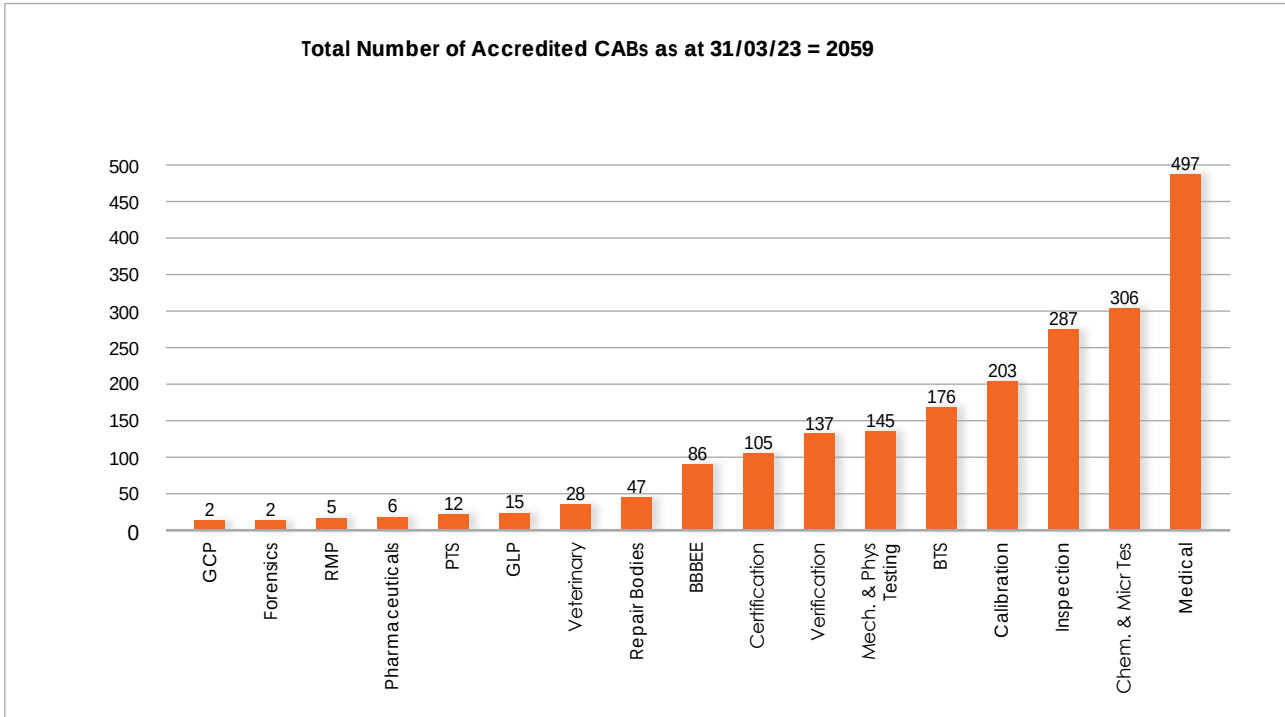
Audit report matters in the previous year and how they would be addressed.

During the 2022/2023 financial year, the external auditors, Nexia SAB&T, provided SANAS with an unqualified opinion with no matters of emphasis. An audit action plan had been developed from the previous audit to deal with the findings raised in the management report. As of 31 March 2022, two items remained in progress.

Outlook/ Plans for the future to address financial challenges.

73% of SANAS' income is derived from internally generated funds which includes fees charged to Conformity Assessment Bodies (CABs). During the first half of the 2022/2023 financial year, there were some withdrawals from CABs which negatively affected the income of SANAS. It was assumed that the financial impact of the COVID-19 pandemic was the main cause for the withdrawals. In the second half of the financial year, there was a turnaround in the number of CABs accredited by SANAS. These numbers started to increase resulting in a total of 2 059 CABs accredited by the end of the year, exceeding the performance target for the year. This resulted in the revenue estimated for the year being realised. Given this positive trend, it is likely that the revenue targets of SANAS will be realised in the future.

In addition, cost containment continues to be implemented with regards to travel costs, with further areas identified in for possible automation where process improvements could help to ensure that accreditation remains a financially viable business. The table below indicates the increase as reported.



Events after the reporting date

There were no reportable events after the reporting date.

Financial viability

The financial statements of SANAS were prepared based on accounting policies applicable to a going concern. This basis assumes 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.

Acknowledgement/s or Appreciation

As the Acting CEO, in this second tenure, would like to express sincerest gratitude to the staff, managers, executives, stakeholders, and the Board of Directors for their contributions to the success of the entity during the 2022/2023 financial year.

It was indeed quiet a journey of lessons for this acting period, and despite good progress made, there is still room for improvement with regards to process optimisation which will be a focus area for SANAS in the current financial year.

One truly appreciates the co-operation and support provided throughout the financial year by all staff and stakeholders of SANAS.

Mr Tumelo Baleni
Acting Chief Executive Officer

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

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

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

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year that ended on 31 March 2023.

Yours faithfully



Mr Tumelo Baleni
Acting Chief Executive Officer

Date: August 2023



Ms Lindi Tlou
Interim Chairperson of the Board

Date: August 2023

7. STRATEGIC OVERVIEW



VISION

A better life through accreditation.



MISSION

To provide an internationally recognised accreditation system in support of public policy objectives, including trade facilitation, for the betterment of our people.



VALUES

Five values underpin everything we do. They are integral to our role as an accreditation body that instills global trust in the goods and services produced in South Africa.

EXCELLENCE

We are confident, assertive, result-driven, invest in continuous learning, pay attention to detail and are rational in the delivery of our mandate with a sense of urgency.

INTEGRITY

We understand that our strength is based on trust and are, therefore, consistent in our deeds, principles and outcomes, and act with honesty and respect without compromising the truth.

INNOVATION

We are a forward-thinking company and have the courage and confidence to come up with creative ways in accreditation development.

DEDICATION

As a team, we are committed, motivated and passionate about our work and take ownership in all that we do.

SOCIALLY RESPONSIBLE

We are a company that cares; therefore, accountable and we invest in our people, our communities and the environment.

8. LEGISLATIVE MANDATE

SANAS is classified as a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA) (Act No. 29 of 1999). It is established under the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, 2006 (Act No. 19 of 2006).

Mandate

SANAS is the sole national accreditation body, established to provide an internationally recognised and effective accreditation and monitoring system for the Republic of South Africa by:

- Accrediting or monitoring, for Good Laboratory Practice (GLP) compliance, organisations falling within its scope of activity;
- Promoting accreditation to facilitate international trade and to enhance South Africa's economic performance and transformation;
- Promoting the competence and equivalence of accredited bodies; and
- Promoting the competence and equivalence of GLP-compliant facilities.

Core Functions

The Accreditation Act empowers SANAS to perform the following functions:

- a. Promote the Entity as the sole national accreditation body and its scope of activity;
- b. Encourage and promote the accreditation of calibration, testing and verification laboratories, certification bodies, inspection bodies, rating agencies, and any other type of body that may be added to its scope of activity;
- c. Encourage and promote GLP compliance with principles adopted by the Organisation for Economic Cooperation and Development (OECD) for GLP facilities;
- d. Promote the acceptance of its activities and those of all bodies accredited by SANAS or its international counterparts;
- e. Promote the recognition of accredited bodies by users of conformity assessments;
- f. Liaise with regional and international standards bodies, and with technical regulatory and metrology organisations, on any matter regarding related accreditation;
- g. Liaise with national regulators on any matter regarding related accreditation;
- h. Promote the use of accredited bodies to facilitate trade;
- i. Advise national, regional, and international organisations on conditions for accreditation, and on other issues related to accreditation;
- j. Establish and maintain a register of all accredited organisations in South Africa;
- k. Initiate, negotiate, conclude, and maintain Mutual Recognition Arrangements (MRAs) and Multilateral Arrangements (MLAs);
- l. Support Government's activities on MRAs;
- m. Obtain and maintain membership of national or international organisations that may assist SANAS in achieving its objectives, and actively participate in such organisations;
- n. Participate in formulating international and regional guidelines and standards to facilitate the accreditation process;
- o. Formulate and implement national guidelines and standards to facilitate the accreditation process;
- p. Promote recognition and protect the use of the SANAS logo nationally and internationally;
- q. Promote and protect regional and international arrangement logos, like those of the International Laboratory Accreditation Cooperation (ILAC) and the International Accreditation Forum (IAF);
- r. Establish appropriate technical committees; and
- s. Investigate methods of facilitating trade through accreditation.

9. ORGANISATIONAL STRUCTURE

SANAS' structure represents the collective accountability and responsibilities for good governance. At the apex of the structure is the Minister of Trade, Industry and Competition as the Executive Authority. The Minister's oversight role includes the appointment of the Board of Directors.



BOARD MEMBERS



Ms Lindi Tlou
Interim Chairperson: Board of Directors



Ms Lerato Mothae
Chairperson: Audit and Risk Committee



Mr Samuel Mlangeni
Chairperson: Information Communications and Technology Strategy Sub-Committee



Mr Fezile Flip Wetes
Chairperson: Human Resources and Remuneration Committee



Dr Sarah Mohlala



Dr Tshenge Demana



Ms Irene Ramafola



Ambassador Sadick Jaffer



Dr Molefe Pule



Ms Zukiswa Kimani



Mr Mpho Phaloane
Executive: Accreditation



Mr Tumelo Baleni
Acting Chief Executive Officer

PART B

PERFORMANCE INFORMATION



1. EXTERNAL AUDITOR'S REPORT ON PRE-DETERMINED OBJECTIVES

The external auditors, Balushi Chartered Accountants and Auditors Inc. performed the audit procedures necessary for this Annual Report. The outcome of this audit is captured in Part E (Annual Financial Statements), which can be found on page 90.

2. OVERVIEW OF SANAS PERFORMANCE

Service Delivery Environment

SANAS plays a key role in supporting the health and safety of the public and the protection of the environment, while providing confidence in conformity assessment results through the provision of accreditation services. This facilitates the mutual acceptance of results, which underpins the national, regional and international acceptance of goods and services produced in South Africa.

In delivering its services, SANAS is impacted by developments in the economic environment both nationally and regionally. SANAS plays a strategic role in economic development and in advancing key government objectives, as well as private sector demands which informs the national demand for accreditation.

Global Trends

In the 20th century accreditation was predominantly seen as a voluntary activity mainly for export purposes. However, the use of accreditation is widening in terms of greater reliance by both business and regulators. Accreditation is also expanding into new sectors. In many economies now, accreditation has been embraced by governments as a mandatory activity in many regulated areas, because of the benefits accreditation brings to help governments meet their responsibilities and safeguard the public.

Globally, growth in the demand for accreditation continued to be driven by regulatory sectors and global agenda issues such as the United Nations Sustainable Development Goals. Global bodies like the World Trade Organisation (WTO), the World Anti-Doping Agency (WADA), the International Electrotechnical Committee (IEC), and retailer-based schemes like Global Gap recognise the added value of a network of national accreditation bodies to achieve their objectives.

The international accreditation organizations, ILAC and IAF, together with ISO and the Independent International Organization for Certification (IIOC) have undertaken studies that showcase different global examples where accreditation was used to support public policy efforts. This ranges from assisting forensic science in the UK, to effective voluntary programmes in the US, to improving the delivery of food safety in Australia, to protecting consumers in the safety of products in the Gulf Coast Countries, to supporting sustainable animal health in Botswana. All of these demonstrate how public policy is delivered using accreditation

Therefore, in many economies now, accreditation has been embraced by governments as a mandatory activity in many regulated areas because of the benefits it brings in helping governments meet their responsibilities and safeguard the public.

Regional Trends

The demand for accreditation in Africa, arises from the role that accreditation plays in facilitating regional and global trade as well as supporting socio-economic development. Accreditation achieves these objectives through facilitating the regional and global acceptance of conformity assessment- results, i.e., testing, calibration, certification, inspection, etc., which is critical for market access for African-produced goods and services into foreign markets. The non-acceptance of conformity assessment results is one of the Technical Barriers to Trade (TBT) that could potentially obstruct Africa's regional integration efforts. By ensuring that the required infrastructure and competence exists within Africa, much of these TBT's can be eliminated, thus allowing for the free flow of quality goods and services across borders.

SANAS, as the largest and oldest accreditation body on the African continent, is actively involved in expanding the global acceptance of not only South Africa's, but the continent's conformity assessment results globally. This is done through SANAS' active involvement and influence in the regional accreditation cooperation infrastructures, i.e., the Southern African Development Community Cooperation in Accreditation (SADCA) and the African Accreditation Cooperation (AFRAC).

Furthermore, industrial development and exports are key to the newly launched African Continental Free Trade Area (AfCFTA). The AfCFTA is a flagship project of Agenda 2063 of the African Union intended to impact positively on socio-economic development and enhance confidence and the commitment of Africans as the owners and drivers of Agenda 2063. The AfCFTA aims to accelerate intra-African trade and boost Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations. In this regard, the global competitiveness of the region's goods and services hinges on quality being confirmed by accredited Conformity Assessment Bodies (CABs). Confidence in the competence of CABs is key for the success of industrial development and exports.

National Trends

The increase in the number of accredited Conformance Assessment Bodies, year on year, demonstrates the growing demand for accreditation from the private sector. The increase in demand for accreditation within South Africa also highlights the value that business places on obtaining accreditation and the positive impact thereof.

SANAS' strategic role to lock in export markets and lock out unsafe, poor-quality goods and services as part of South Africa's technical infrastructure, continues to contribute to the achievement of South Africa's developmental goals. In carrying out its mandate, SANAS also supports Government to achieve its goals of protecting the health, safety and the environment, as well as initiatives to revive the economy and boost local industries.

Organisational Environment

In 2020 and 2021, due to the COVID-19 pandemic, SANAS delivered its accreditation activities through conducting remote assessments which resulted in a significant saving on operational expenses such as travel and accommodation. However, as of 1 April 2022, SANAS returned to full on-site assessments, after communicating to CABs at least three months in advance of the change in approach for the 2022/23 financial year. The return to on-site assessments resulted in an increase in expenditure related to travel and accommodation. During the period under review SANAS adopted a hybrid approach for its knowledge transfer courses which enabled training to be provided through contact sessions, virtual live, and contact-virtual live hybrid platforms.

Despite the effects of COVID-19 and the economic pressures experienced within the country, SANAS' customer base grew from 1 529 to 2 059 over the past six years, translating to about 35% growth. Given that the worst of the pandemic is behind us and as we see gradual economic growth, it is envisaged that such growth in the number of accredited CABs will continue to increase at a similar rate.

The scarcity of technical expertise in some specialised areas demands innovation and collaborations as higher compensation and privileges are not the panacea. This can exert undue pressure for SANAS to provide cost-effective accreditation infrastructure. It is against this background that SANAS will continue to roll out its long-term strategy of investing in tertiary education institutions by providing training on accreditation through assessor training, internship, and bursary programmes to address skills shortages. As part of the transformation of the SANAS assessor pool, key focus was given to increase the number of black assessors, which resulted in an increase in the number of black assessors to a cumulative of 324.

Regarding the digitisation and utilisation of information technology within SANAS, investment in Information and Communication Technology (ICT) was prioritised through the purchasing of cutting-edge equipment for staff and protecting our IT infrastructure from cybercrime which also facilitated the continuation of a hybrid working arrangement. In this regard, SANAS will continue with updating and implementing its Digital Transformation Strategy for the organisation.

In terms of its human resources SANAS was able to maintain a vacancy rate of just 2.6% by the end of the reporting period. However, the key position of the Chief Executive Officer (CEO) remains vacant. The position of the CEO is in the process of being filled and it is envisaged to be completed within the 2023/24 financial year.

Key Policy Developments and Legislative Changes

During the reporting period, there were no major changes to relevant policies or legislation that affected the operations of SANAS.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

SANAS' accreditation services impact directly on CABs, industry sectors, and the economy by facilitating the national, regional, and international acceptance of test, inspection, and certification results. Doing so lowers the risk of rejection of South African goods and services.

SANAS has built its strategy focused on contributing to the following the outcomes which are aligned with the priorities of **the dtic** and, in turn, Government's strategic direction as outlined in the MTSF.

Outcome 1: Competitiveness of South Africa's Enterprises

SANAS, as one of the four interlinked entities in South Africa's technical infrastructure, focuses on the provision of an internationally recognised and effective accreditation and monitoring system for the country. The aim is to support the needs of the country's enterprises competing in a fast-paced global economy. This also includes the development of new accreditation programmes over a shorter period to advance South Africa's industrial development goals and overall economic growth through the increased competitiveness of South Africa's enterprises.

In this regard, over the 2022/2023 financial year, SANAS focused on rolling out the Asset Management System (AMS) Programme. Moving forward, SANAS and the South African Asset Management Association (SAAMA) will continue to promote the scheme within the physical and intellectual property assets fraternity. The Conformity Assessment Bodies (CABs) that will be providing management system certification according to SANS International Organization for Standardisation (ISO) 55001, will be accredited according to ISO/IEC 17021-1 and ISO/IEC TS 17021-5. Accreditation will be giving formal recognition of technical competence and impartiality of those CABs.

In fulfilling its responsibility to manage the accreditation of new and existing clients in terms of legislation and international good practice and ensure that accredited organisation's services are available to the South African industry and regulators, SANAS increased the number of accredited organisations, from 1 960 to 2 059, by the end of the 2022/23 financial year. This is 58 more organisations than the set annual target of 2 001.

Outcome 2: Government achieving policy objectives focused on regional integration, health, safety and the environment

South Africa's economic growth and job creation are to be built on the establishment, growth and sustainability of Small, Medium and Micro Enterprises (SMMEs). Therefore, the Small Enterprise Development Agency (SEDA) is developing the ecosystem required for the development of incubators and accelerators within the private and public sector which will be required to meet the minimum requirement of South African Technical Specification (SATS) 2234:2020. During the year under review, SANAS focused on finalising the Technical Requirements document that will be used to accredit CABs in business incubators and accelerators. In the development of the scheme, potential technical assessors were sourced during the third quarter of the financial year following which the potential assessors were trained during the fourth quarter. Furthermore, SEDA continues to promote the specification to the business incubators and accelerators while the required support is provided by SANAS.

SANAS' membership of the highest decision-making structures, i.e., AFRAC, SADCA, ILAC and IAF reinforces SANAS' credibility as an internationally recognised accreditation body. The expansion of the scopes of recognition of SANAS, its accredited organisations, and its ability to influence international accreditation criteria contributes to enabling trade and investment.

During the 2022/2023 financial year, SANAS continued to play a leading role in developing the required accreditation infrastructure in the SADC and the rest of Africa through the Southern African Development Community Cooperation in Accreditation (SADCA) and the African Accreditation Cooperation (AFRAC). As Regional Coordinator of SADCA, SANAS has led the international recognition of SADCA through ILAC and IAF for the scopes of Calibration, Testing and Certification. This international recognition now places the SADC on par with Europe, America and Asia in terms of accreditation and the mutual acceptance of conformity assessment results globally.

As the secretariat of AFRAC, SANAS has actively participated in the Pan-African Quality Infrastructure (PAQI) discussions and drafting of the Cassava continental value chain, and the development of the African Mutual Recognition Arrangement framework for consideration by the AfCFTA secretariat. Furthermore, SANAS contributed to the development and finalisation of the African Quality Policy (AQP) and is currently actively participating in the development of the implementation of the AQP implementation plan. As secretariats of both AFRAC and SADCA, SANAS has fully achieved its annual targets of implementing the planned key interventions of both the AFRAC Secretariat's Annual Performance Plan as well as the SADCA Secretariat's Annual Performance Plan.

Furthermore, while fulfilling its responsibility of managing the accreditation of new and existing clients in terms of legislation and international good practice, SANAS ensures, through the accredited conformity assessment bodies, that the products and services do not pose health and safety risks for consumers and the environment.

Outcome 3: Organisational sustainability

During the period under review, SANAS resumed full on-site assessments which resulted in an increase in expenditure related to travel and accommodation. However, SANAS also saw an increase in the number of accredited organisations which exceeded its planned target. Despite the increase in expenditure related to travel and accommodation the growth in the number of accredited organisations resulted in increased revenue which contributed to achieving a ratio of 75:25 SANAS of income vs the government grant.

To reduce red tape and improve turnaround times, during the reporting period, SANAS achieved an average turnaround time of 13,5 working days to issue certificates and scopes of accreditation, after completion of the approvals process. This achievement was attributed to the continued implementation of improvement measures regarding turnaround times on certificates as well as the continuous monitoring of the process.

As part of transforming the SANAS assessor pool to represent the demographics of the country, during the period under review, twenty additional black assessors were registered thus increasing the actual total to 324 black assessors.

In terms of stakeholder engagements, SANAS over-achieved the 2022/2023 target for rolling out the planned activities within the approved Annual Stakeholder Engagement Plan by achieving a 100% of planned activities against the planned target of 90%. Furthermore, by the end of the reporting period, SANAS achieved an average vacancy rate of 3.6% against the target of maintaining its vacancy rate of below 5 percent.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 PROGRAMME 1: ADMINISTRATION

Purpose

The purpose of this programme is to ensure that effective leadership, financial management, legal and administrative support continue to refine the organisational strategy and structure, in compliance with the appropriate legislation and international best practices.

Description of the Programme

The sub-programmes that fall under this programme include Policy Development, Financial Management, Legal Services and the Company Secretary.

Policy Development

SANAS' Board of Directors, as its Accounting Authority, provides strategic direction in alignment with the Accreditation Act, the Strategic Plan and the Annual Performance Plan as submitted to the Minister of Trade, Industry and Competition as the Executive Authority. Through its CEO, and as delegated by the Accounting Authority, SANAS' management is responsible for the day-to-day implementation and control of the Entity's Strategic Plan and Annual Performance Plan.

Financial Management

The Financial Management Sub-Programme ensures that the Entity is compliant with the PFMA and Treasury Guidelines and all other relevant financial standards and regulations. The responsibilities and the functions of the Chief Financial Officer include, amongst others, overseeing the supply chain management function, the refinement of its managerial financial accounting systems, and advising the CEO on financial risk and risk control.

Legal Services

Internal legal services are provided by the Company Secretary by focusing on SANAS' contractual, litigious, operational and managerial matters. It proactively ensures that the legal implications of proposed decisions are examined to mitigate future risks. The King IV Code and Report on Governance for South Africa, adopted by SANAS, has yielded success in resolving potentially litigious matters in an amicable manner that avoided protracted and costly litigation.

Company Secretary

The Company Secretary oversees corporate governance and assists the Board with adhering to sound corporate governance principles. The role includes providing Board members with training on their roles and responsibilities, guiding the Board on legislation, regulations and policies and providing the Board and its committees with secretariat services.

Institutional Outcomes for Programme 1

- Organisational sustainability
- Government achieving policy objectives (health, safety, environment and regional integration)

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements:

Programme: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Organisational sustainability	Internal business excellence	Payment Efficiency: Eligible creditor payment days from receipt of a fully compliant invoice to electronic payment deposited.	7.3% of eligible payments processed after 20 days	2% of payments were processed after 20 days but within the legislated 30 days	Improve payments of creditors to ensure <5% of eligible payments processed after 19 days. All eligible payments to be made within 30 days.	Annual Target not Achieved. Percentage of payments processed after 19 days was greater than 5%	Exact deviation cannot be calculated due to the method of calculation used by SANAS within the financial year.	Given that the date of receipt of the invoices by the relevant managers was not recorded, the method of calculation of the number of creditor days was found not to be reliable to verify achievement of the target. In the 2023/24 financial year, SANAS will put in place measures to mitigate the above.
	Reduced reliance on government funding	Increased percentage ratio of SANAS income generation versus government grants	69:31 SANAS income vs government grant	73:27 SANAS income vs government grant	72:28 SANAS income vs government grant	Annual Target Overachieved. 75:25 SANAS income vs government grant	3:2	Increase in the number of accredited CABs, which was not anticipated, resulted in additional revenue
Government achieving policy (health, safety, environment and regional integration objectives)	Acceptance of conformity assessment results	AFRAC: Percentage of AFRAC Secretariat's Annual Performance Plan as it relates to supporting regional integration on matters of accreditation	100% of the AFRAC Secretariat's annual performance plan was implemented	90% of the AFRAC Secretariat's annual performance plan was implemented	Implement 90% of the AFRAC Secretariat's Annual Performance Plan	Annual Target Overachieved. 100% of the AFRAC Secretariat's annual performance plan was implemented	10%	The AFRAC Internal Audit was concluded ahead of schedule and the subsequent comments were cleared earlier than anticipated
		SADCA: Percentage of SADCA Secretariat's Annual Performance Plan as it relates to supporting regional integration on matters of accreditation	Application for SADCA peer evaluation by ILAC and IAF was submitted	90% of the SADCA Secretariat's Annual Performance Plan was implemented	Implement 90% of the SADCA Secretariat's Annual Performance Plan	Annual Target Achieved. 90% of the SADCA Secretariat's Annual Performance Plan was implemented	Not applicable	Not applicable

Linking performance with budgets

Programme	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	45,860	41,641	4,219	49,553	43,139	6,414
Total	45,860	41,641	4,219	49,553	41,641	4,219

Strategy to overcome areas of under-performance

The target to ensure that <5% of eligible payments were processed after 19 days was not achieved as planned. The calculation method used by SANAS did not take into consideration the date of receipt of the invoices by the relevant managers. In the 2023/24 financial year, SANAS will put in place measures to ensure that the date of receipt of invoices are recorded so as to accurately calculate creditor payment days.

Changes to planned targets

There were no changes to the annual targets during the course of the 2022/2023 financial year.

4.2 PROGRAMME 2: CORPORATE SERVICES

Purpose

The purpose of this programme is to oversee the provision of corporate services which plays an enabling role for the Entity.

Description of the Programme

The Sub-Programmes that form part of Corporate Services include ICT, Quality Management, ICT Security, HR Management, Facilities Management, Admin Coordination, and Marketing and Communications.

Quality Management

The Quality Management Department is responsible for ensuring the control, maintenance and supervision of the implementation of the policies, processes and procedures of the SANAS Management System in accordance with ISO/IEC 17011:2017 and other national, regional and international requirements, as set out by government, ILAC/IAF/OECD/AFRAC.

In the 2022/2023 financial year, the key objective for Quality Management was to ensure the continuous review and improvement of SANAS' Management Systems, Quality processes and automation of its Quality Management processes.

During the reporting period, positive progress was made to ensure quality of operations which resulted in the achievement of the following, amongst others:

- Seven new documents were published, and 74 documents reviewed and/or revised and improvements incorporated as needed;
- Further progress in the implementation of the automated assessor database; and
- Upskilling of Quality Management staff.

International and Regional Development

International Development

As a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA) and the International Accreditation Forum (IAF) Multi-lateral Arrangement (MLA), SANAS is an internationally recognised accreditation body for the scopes of testing, medical testing and calibration laboratories, inspection bodies, proficiency testing (PT) providers, Reference Material Producers (RMP) and certification bodies in the management system and product certification scopes. ILAC and IAF attests to the competence of SANAS and its accredited Conformity Assessment Bodies (CABs) across 109 global economies. As such, the results from CABs accredited by SANAS are recognised internationally, which assists in reducing technical barriers to trade and allows for the free flow of quality goods and services across borders.

As part of South Africa's contribution to the development of the accreditation infrastructure on the continent, SANAS is actively involved in the work of ILAC and IAF. Such activity continues to influence the international accreditation requirements through participation in ballots, providing input into the relevant ILAC and IAF documentation, and participation in the various forums of ILAC and IAF.

In the 2022/2023 financial year, SANAS provided responses to 19 ILAC/IAF draft documents and voted on 93% of IAF voting requests and on 100% of ILAC voting requests.

Regional Development

Regional arrangements are managed by the recognised regional co-operation bodies that work in harmony with ILAC and IAF. SANAS' signatory status to ILAC and IAF is based on its recognition through the African Accreditation Cooperation (AFRAC) and the Southern African Development Community Cooperation in Accreditation (SADCA), which are recognised regional cooperation bodies and signatory members of ILAC and IAF.

African Accreditation Cooperation (AFRAC)

SANAS currently hosts the positions of the AFRAC Secretariat and Technical Committee Chairperson. AFRAC is part of the Pan-African Quality Infrastructure (PAQI) institutions recognised by the African Union Commission as the platform for accreditation and conformity assessment. In this context, AFRAC's purpose is to strengthen the competitiveness of Africa's goods and services, and to contribute towards the industrialisation of the continent and its sustainability. AFRAC is a recognised region under the ILAC and IAF Mutual Recognition Arrangements (MRA), which allows for the global acceptance of results produced by CABs accredited by AFRAC member Accreditation Bodies (AB's).

In the 2022/2023 financial year, the strategic objective of the AFRAC Secretariat (hosted by SANAS) was to support regional integration on matters of accreditation. This was measured through the Secretariat's Annual Performance Plan, of which all of the planned key interventions were successfully carried out and resulted in:

- Successful mid-term and General Assembly meetings, allowing AFRAC to meet its annual strategic objectives;
- Successful internal audit of AFRAC, resulting in no non-conformances and four comments;
- AFRAC's MRA under the ILAC MRA was confirmed for Calibration, Testing, Medical Testing & Inspection Body accreditation schemes;
- AFRAC's recognised scopes under the ILAC MRA was extended to include Proficiency Testing and Reference Material Producer accreditation schemes;
- AFRAC's MRA under the IAF MLA was confirmed for Management System Certification;

- AFRAC's recognised scopes under the IAF MLA was extended to include Product Certification and Certification of Persons;
- AFRAC's successful evaluation of three accreditation bodies;
- Securing of funding for AFRAC projects;
- Review and improvement of AFRAC policies and procedures; and
- Reports to ILAC and IAF on the MRA activities of AFRAC.

The Southern African Development Community Cooperation in Accreditation (SADCA)

SANAS currently hosts the SADCA Regional Coordinator position as well as SADCA Secretariat position. The Regional Coordinator is appointed in terms of the Technical Barriers to Trade (TBT) Annexure to the SADC Trade Protocol as head of the Secretariat. SANAS also hosts the positions for the SADCA MRA Committee Chairperson and the SADCA Technical Committee Chairperson. The TBT Annexure to the SADC Trade Protocol mandates SADCA to provide SADC Member States with accreditation infrastructure. The purpose of this mandate is to facilitate national, regional, and international recognition and acceptance of conformity assessment results, and, in turn, facilitate trade and protect the health and safety of the public and the environment.

In the 2022/2023 financial year, the strategic objective of the SADCA Secretariat was to support regional integration of accreditation. This was measured through the Secretariat's Annual Performance Plan, of which all of the planned key interventions were successfully carried out which resulted in the following achievements:

- Successful internal audit of SADCA, resulting in one (1) non-conformance and eight (8) comments;
- SADCA obtained its recognition under the ILAC MRA as a recognised regional accreditation cooperation in the scopes of Testing and Calibration;
- SADCA obtained its recognition under the IAF MLA as a recognised regional accreditation cooperation in the scopes of Certification, Quality Management Systems (QMS);
- Successful General Assembly and meetings, allowing SADCA to meet its annual strategic objectives;
- Finalisation and publication of the SADCA Annual Report; and
- Timeous submission of reports to ILAC/IAF on the MRA activities of SADCA

Cultivating efficiency and quality

The Administration Coordination sub-programme provides administrative support to SANAS' core business viz. all Accreditation Programmes. The function of the sub-programme is to ensure quality and timeous delivery of services and end-products (Certificates and Scopes of Accreditation) to our customers. Vital to this sub-programme is to improve the accreditation administration processes. This is achieved through the monitoring of performance outputs, review of process and procedures, and the continuous training of our administrative staff.

In the year under review, the focus remained on the improvement of accreditation administrative processes. Challenges were highlighted during the review of processes and feedback was received from our customers via the Customer Satisfaction Survey. This process assisted in the identification of opportunities to enhance continuous improvement in the delivery of our services. Various plans and initiatives were implemented during this period which resulted in an improved turnaround time of decision-making and delivery of the Certificate and scope of Accreditation.

Creating Efficiencies through Information and Communications Technology (ICT) Management

In the past financial year, SANAS IT continued to enable the core business operations in meeting its organisational business objectives. Through its ICT business unit, the entity has continued to make technological investments to enhance its ICT infrastructure to provide key stakeholders with seamless and integrated solutions. The key focus for the year has been moving towards a technologically advanced and efficient SANAS.

Automation and digitalisation of processes has become a priority focus for SANAS. The entity is continuously researching and benchmarking for the right tools, applications and systems that will enhance the efficiencies and effectiveness of the way we perform our day-to-day work which improves our service delivery to our valued customers.

Some of the technological investments made during the FYE 2022/23 include the following

- Development of automated and remote helpdesk processes for internal and external customers;
- Further automation and roll-out of online accreditation system;
- Enhancement of a Human Resource Management System (HRMS) to ensure accurate information to support people management decisions
- Phased moving of applications to be accessible on demand on any device
- Commencement with a virtual assistant project which, on completion, will see our online accreditation system users having 24/7 support and help with the accreditation processes;
- Assessing the viability of moving the server infrastructure to the cloud; in line with digital transformation direction;
- Automation and streamlining of various support business processes e.g., automation of document approval processes;
- Investigation into an advanced Course Management System (CMS) to assist our Knowledge Transfer Unit to perform and streamline its training processes.

In its continued effort to achieve the technological advancement objectives, SANAS has also been mindful to ensure adherence to the Green IT strategy aimed at sustaining the environment which includes the following initiatives:

- Creating a paperless workplace;
- Responsible disposal of all IT equipment;
- Reduction of printing costs; and
- Recycling of ICT related consumables (paper, cartridges etc.).

The focus for the current financial year will be on rolling out an integrated digital transformation strategy which will see our customers receiving efficient and effective services.

IT Security: Risk Management and Business Continuity

Business continuity and the need to secure customer and employee information have become imperative during this period as there has been escalation in various system attacks. SANAS has utilised a continuous improvement strategy towards its cyber security framework in accordance with ISO/IEC 27001 and COBIT (Control Objectives for Information and Related Technology) Framework. This framework helps SANAS to protect its information assets, improve business continuity and customer experience, thus meeting SANAS strategic objectives.

To maintain the Information Technology (IT) Security needs of all stakeholders (i.e., staff, customers, suppliers, contractors, etc) in accordance with the Protection of Personal Information Act of 2013 (POPIA), SANAS continually improves staff awareness on cyber security. SANAS has improved staff awareness and education according to a global IT Security Government Awareness Index through online training and continuously testing our IT systems for vulnerabilities. Such deliberate strategies and tactics have resulted in reduced cyber security incidents, increased cost savings, proactive risk management, improved business continuity and enhanced customer experience.

Communications and Marketing - Engaging our Stakeholders

The Communication and Marketing Sub-Programme continues to facilitate activities that aim to increase SANAS brand awareness and awareness on the importance and the value of SANAS accreditation. The rolled-out activities were aligned to the priorities outlined in the SANAS Strategic Plan, its Annual Performance Plan, as well as the approved Marketing and Communications Annual Stakeholder Engagement Plan that caters for both internal and external stakeholders and partners.

Brand Awareness Campaigns

Brand messaging included above the line and below the line campaigns aimed at educating various stakeholders, and the general public. In line with the approved Marketing Strategy, the business unit continues to promote and create awareness of the SANAS brand by profiling SANAS in various platforms such as:

A Nationwide Out-of-home Awareness Campaigns Through Billboards Placed In:

- Gauteng Province: Bedfordview, Grayston, Johannesburg;
- Eastern Cape: N6 Queenstown highway;
- Mpumalanga: R536 Road, Hazyview Mpumalanga highway;
- Free State: Alexander Avenue, Bloemfontein;
- Northern Cape: N12 Southern Bypass, Kimberley;
- North West: Mafikeng; and
- Limpopo: Polokwane entrance.

Print Media Advertising

Advertisements were placed in the following publications to continue promoting and creating awareness of the SANAS brand:

- +Impact Magazine (*August edition*)
- Green Youth Connect (*June – September 2022 edition*)
- Green Economy Journal (*October 2022 Digital and Print platforms*)
- Campus Connect Magazine (*February 2023 edition*)
- Rural 2 Rural Connect Publication (*March 2023 edition*)

Community Radio Station Campaigns

Raising awareness amongst the general public, youth, various industries and tertiary students remains our priority and was achieved during the year under review.

To reach the general public as well communities that are in smaller, and rural areas, the importance of SANAS accreditation was profiled in the prevalent vernacular language in the following community Radio Stations:

- **Jozi FM** in Gauteng;
- **Rainbow FM** also in Gauteng;
- **Vuma FM** in KwaZulu-Natal;
- **Ukhozi FM** in KwaZulu-Natal;
- **Waterberg FM** in Limpopo; and
- **Energy FM** also in Limpopo.

Stakeholder Engagements

Various external stakeholder engagements in the form of events and workshops were hosted virtually. These events conveyed key messages regarding the integrity of SANAS, service reliability, trust, processes, requirements as well as confidence about SANAS' accredited organisations. The engagements included the following:

World Accreditation Day (WAD)

A joint SADCA Regional World Accreditation Day (WAD) was hosted on 9 June 2022 in partnership with other regional Accreditation Bodies, namely the South African National Accreditation System (SANAS), Southern African Development Community Accreditation Service (SADCAS), and Mauritius Accreditation Service. This virtual session was attended by representatives of policy-makers, regulators, and various industry representatives from across the region.

Representatives from SADCA Regional Accreditation Bodies presented on the background and importance of the various structures, and highlighted how accreditation has supported the sustainability of economic growth and the environment within the region.

Accreditation Information Session

A number of virtual accreditation awareness sessions were hosted under different themes during this period. These were aimed at highlighting how accreditation impact everyone's daily lives. Through these sessions, simplified information on how accreditation links with various industries, as well as how it affects day-to-day activities is shared. The following sessions were hosted during this period:

- 21st June 2022 - the session focused on how **'Accreditation plays a key role in Food Safety'** under the theme "Farm to Fork".
- 13th September 2022 - the session focused on how **'Accreditation supports building construction in South Africa'**.
- 06th December 2022 - the session highlighted how blood transfusion save lives and on how **Accreditation Delivers Confidence in Blood Transfusion in South Africa'**.
- 28th March 2023 – the session shared information on 'how the accreditation of medical laboratories plays a major role for the medical diagnosis of patients by medical doctors.' The presentation was prepared in line with the theme, **"Reliable Pathology Diagnostics through Accreditation"**.

Regulators Session

In collaboration with the Department of Mineral Resources & Energy (DMRE) and the South African National Energy Development Institute (SANEDI), SANAS hosted a virtual regulators session for Energy Performance Certificates on 25 and 31 August 2022. The purpose of this meeting was to discuss the amendment to Annexure A SANS 1544:2014 and the compulsory use of Energy Performance Certificates (EPC) template as resolved during the SANAS EPC STC (Specialist Technical Committee) that took place on 8 April 2022. The session was attended by representatives from SANAS, DMRE, SANEDI and EPC Inspection Bodies, and the identified gaps between SANAS, EPC Regulators and the Inspection Bodies were addressed. The outcome of this session will continue to be tabled at the upcoming EPC STC meetings.

Communications Meeting

Annual sessions are aimed at holding continuous engagements and discussions with representatives from our accredited conformity assessment bodies. At the meeting, hosted on 11 October 2022 SANAS communicated changes, relevant notifications, resolutions and important matters concerning accreditation.

New Applicants Workshop

The 2022 New Applicants Workshop was hosted through a Zoom webinar on 16 November. The purpose of the meeting was to provide new clients, in pursuit of accreditation, with information regarding the SANAS processes, procedures, terms and conditions and other relevant information that might simplify the application process. The primary goal was to increase the understanding of accreditation requirements and SANAS believes that this platform allowed it to achieve that.

Annual Assessor Conclaves

The primary goal for hosting this meeting is to engage and update all assessors on assessments requirements and processes, as well as regional and international updates.

The 2023 Hybrid Assessor Conclave took place on 23 February, to discuss and highlight critical matters to be addressed in the coming financial year regarding the assessment/GLP inspection cycle, as well as issues of concern with the focus on improving consistency in the assessment/GLP inspection processes. The following topics were covered:

1. Assessing Information Technology (IT) systems;
2. SANAS Assessor Portal;
3. Conflict of interest;
4. Influencing user behaviour (cyber security); and
5. Completion of SANAS forms and record keeping.

Industry Partnership And Collaboration

It is important that SANAS continues to participate in various industry engagements to share relevant information regarding accreditation offerings and requirements. To achieve this SANAS participated at the following engagements:

2022 Green Youth Indaba (GYI)

We participated at the **2022 Green Youth Indaba (GYI)** as one of the strategic partners amongst listed government departments and entities, as well as through exhibition, presentation, and an advertisement placed in the GYI magazine. This afforded SANAS the opportunity to engage with industry representatives, tertiary students, environmental leaders, representatives from municipalities, private sector representatives and the youth.

The conference covered the following six pillars: Renewable Energy and Agriculture, Green Buildings, Waste Management & Recycling, Water Conservation and Water Demand Management, Sustainable Mobility and Responsible Tourism, Climate Change Adaptation and Mitigation. SANAS accreditation programmes cuts across all six pillars of critical importance, and it participated at this platform to create awareness and educate the audience on the SANAS offerings.

Tertiary Institution Awareness Campaign / Collaboration

SANAS is committed to create awareness through tertiary institutions within SANAS business-related departments. In-line with this, SANAS participated at the University of KwaZulu-Natal (UKZN) Post-Graduate Research and Innovation Symposium (PRIS 2022) that was hosted virtually on 8 and 9 December by the UKZN College of Agriculture, Engineering and Science. This platform afforded SANAS an opportunity to showcase its offerings to academics, students and external guests who were invited, amongst which were local and international partners in government as well as private and public tertiary institutions.

Joint Tertiary Exposure Workshop

SANAS participated as a presenter at the Student Exposure Workshop hosted by the Department of Trade, Industry and Competition (the dtic) in collaboration with the Potchefstroom Agricultural College. The purpose of the workshop was to encourage the youth to make use of different products and services available from government; highlight opportunities available in the agri-processing sector; promote opportunities for self-employment and innovation; and facilitate business contacts between the youth and international counterparts. The workshop took place on 19 and 20 October 2022, at the Potchefstroom Agricultural College. SANAS presented on how accreditation supports the agri-processing initiatives.

Joint Accreditation Awareness Session

SANAS and SAHPRA hosted a joint meeting on 5 October 2022. The purpose of this session was to discuss the accreditation requirements in line with the signed Memorandum of Understanding (MoU) with the foreign conformity assessment bodies and industry representatives.

It is important that SANAS continues to participate in various industry engagements to ensure that it shares relevant and accurate information about the accreditation offerings and the relevant requirements.

Customer Relationship Management

SANAS' regular engagement with its stakeholders is aligned to its commitment to transparent communication and reporting. SANAS continued to service and communicate with all its key stakeholders. These activities included the extensive use of its customer relationship management tools like bulk short messages, bulk e-mailers, website announcements, internal and external newsletters. Internal and external marketing communication during the year under review, therefore, contributed to accelerating and strengthening activities that position the SANAS brand and its value.

Social Media Platform

SANAS launched a social media/digital platform to increase its digital presence. This will allow SANAS to interact with stakeholders and share information in real time, and also assist to increase brand awareness and broaden customer reach, create on-line networks and promote SANAS offerings and services.

Institutional Outcomes for Programme 2

- Organisational sustainability

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements:

Programme: Corporate Services								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Organisation sustainability	Internal business excellence	Percentage completion of planned stakeholder engagements in line with the approved annual Stakeholder Engagement Plan	The annual target of finalising and rolling out 90% of the approved annual Stakeholder Engagement Plan was overachieved	90% of the planned activities within the approved Annual Stakeholder Engagement Plan were rolled out	1) Finalise the annual Stakeholder Engagement Plan 2) Roll out 90% of the annual Stakeholder Engagement Plan as approved by the relevant Executive	Annual Target Overachieved. 100% of the planned activities within the approved Annual Stakeholder Engagement Plan were rolled-out	10%	Quarterly activities on related interventions were simultaneously achieved
	Internal Business Excellence (Managing Resources)	Percentage of vacancy rate out of the total funded positions for the financial year.	Vacancy rates for all quarters were less than the maximum targeted. Average target for the year was 1.7% (4.1%+1.4%+1.4% +0% =6.9% / 4 = 1.7%	Vacancy rates for all quarters were less than the targeted maximum of 5%. Average reporting period was less than 1% (1.3% 1.3%+1.3% +0% = 3.9% / 4 = 0.97%)	5% vacancy rate of the total funded positions for the financial year	Annual Target Achieved. All quarterly targets were achieved resulting in an average vacancy rate of 3.6% (5.2% + 2.6%+ 3.9% + 2.6% = 3.6%)	Not applicable	Not applicable

Linking performance with budgets

Programme	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	14,810	10,503	4,307	12,825	10,411	2,414
Total	14,810	10,503	4,307	12,825	10,411	2,414

Strategy to overcome areas of underperformance

Not applicable, as all planned targets were achieved.

Changes to planned targets

There were no changes to the annual targets during the course of the 2022/2023 financial year.

4.3 PROGRAMME 3: STRATEGY AND DEVELOPMENT

Programme Purpose

The purpose of this programme is to provide effective direction and leadership in developing accreditation programmes in new fields, project development as well as knowledge transfer to the SANAS assessor pool and accreditation clients. These initiatives are all aimed at driving the Government's sub-regional, regional and international objectives. Its purpose is also to support South Africa's objective of effective regional integration by playing a leadership role in accreditation development in the SADC region and the African continent.

Description of the Programme

The sub-programmes that fall under this programme include Knowledge Transfer and New Programme Development.

Knowledge Transfer

The SANAS Knowledge Transfer Department (KTD) provides the following services:

- Lateral services in the form of SANAS staff members, Team Leader's and Technical Assessor training;
- Cognate services to support the development of new accreditation programmes in line with the dtic's Master Plans and industry needs; and
- Commercial services to accredited SANAS clients and future accreditation clients.

The SANAS Knowledge Transfer Department (KTD) has developed a solid reputation both nationally and regionally as a sought-after training service provider. The SANAS KTD has, and continues, to deliver SANAS staff members and assessor training courses, courses aimed at new accreditation fields and conformity assessment field-related courses to current and potential SANAS accredited clients.

During the 2022/2023 Financial year, the SANAS KTD delivered 77 courses, to 938 participants over 204 training days while maintaining its annual customer satisfaction index at 96,5%.

The courses were provided through contact sessions, virtual live, and contact-virtual live hybrid platforms covering clients in various South African provinces, Zambia, Mozambique, Eswatini, Uganda, Botswana, Nigeria and Gabon.

The fields represented by the participants included the testing, calibration, inspection, certification and verification in sectors and industries such as food, water, chemistry, pharmaceutical, veterinary, electrical engineering, mechanical engineering, civil engineering, energy efficiency, energy management, agriculture, nuclear, geology, mining, textiles, BBBEE and medical and medical forensic science. Through its competent course facilitation team and training coordinators, KTD continues to successfully transfer knowledge, skills and competence to empower SANAS clients in using accreditation as a tool for removing technical barriers to trade nationally and internationally.

New Programme Development

Asset Management System Accreditation Scheme (ISO 55001)

As part of its focus on developing new Accreditation Programmes, SANAS launched/rolled-out the Asset Management System (AMS) Programme. SANAS and SAAMA will continue to promote the scheme within the physical and intellectual property assets fraternity.

The CABs that will provide management system certification according to SANAS ISO 55001 will be accredited according to ISO/IEC 17021-1 and ISO/IEC TS 17021-5. Accreditation will give formal recognition of technical competence and impartiality of those CABs.

Business Incubator and Accelerator (SATS 2234:2020)

The development of SMMEs plays a pivotal role in realising the goal of economic growth and jobs creation within South Africa. To attain this goal SEDA is establishing the required ecosystem for the development of incubators and accelerators within the private and public sector. These incubators and accelerators are to meet the minimum requirement of South African Technical Specification (SATS) 2234: 2020.

During the period under review, as part of developing an accreditation scheme to support the Small Enterprise Development Agency (SEDA), SANAS finalised the Technical Requirements. Potential technical assessors were sourced during the third quarter of the financial year after which the potential assessors were trained during the fourth quarter in January 2023.

Furthermore, SEDA continues to promote the specification to the business incubators and accelerators while required support is provided by SANAS.

Institutional Outcomes for Programme 3

- Government achieving policy objectives (health, safety, environment and regional integration)
- Competitiveness of South African enterprises

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements:

Programme: Strategy and Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Government achieving policy (health, safety, environment and regional integration objectives)	Acceptance of conformity assessment results	Number of new accreditation programmes developed and rolled in line with the NDP / MTSF and industry requests	Two stakeholders' meetings were convened; one organised by SANAS and the other by SEDA to finalise the establishment of the working group	Technical requirements were developed and Technical Assessors were sourced.	Develop – 1 programme. Implement 80% of the project. (Business Incubators and Accelerator)	Annual Target Achieved. 80% of the Business Incubators and Accelerator project was implemented as planned.	Not applicable	Not applicable
Competitiveness of South Africa's enterprises	Service delivery excellence	Number of new accreditations developed and rolled out accreditation scheme for industry	Technical Assessors were sourced and trained. One application for accreditation was received.	Engaged the Asset Management Industry Association and rolled-out the Asset Management Programme.	Roll out – 1 Programme Implement 100% of the project. (Asset Management)	Annual Target Achieved. Through engagements with the Asset Management Industry Association, the Asset Management System Accreditation Scheme was promoted via the SAAMA platform	Not applicable	Not applicable
Government achieving policy (health, safety, environment and regional integration objectives)	Acceptance of conformity assessment results	Percentage of the dlic's engagements participated in and/or advised on, in support of government trade negotiations	The Tripartite Free Trade Area (TFTA) meeting was cancelled due to legal technicalities. SANAS is in constant contact with ITED.	Participated and/or advised on 100% of the dlic's engagements. This was achieved through participation in a TFTA for conformity assessment meeting; participation in the dlic's TBT programme as well as through providing input on conformity assessment requirements and SANAS' role going forward. Furthermore, SANAS presented to the WTO Thematic Session on the acceptance of CA results.	Participate on 100% of the dlic's engagements required. Participate in the acceptance of conformity assessment procedures and results within AfCFTA, TFTA, BRICS and WTO	Annual Target Achieved. SANAS participated in all (100%) of the dlic's engagements to which it was invited.	Not applicable	Not applicable

Linking performance with budgets

Programme/ activity/objective	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Strategy and development	5,244	1,006	4,238	6,418	1,909	4,509
Total	5,244	1,006	4,238	6,418	1,909	4,509

Strategy to overcome areas of under-performance

Not applicable, as all planned targets were achieved.

Changes to planned targets

There were no changes to the annual targets during the course of the 2022/2023 financial year.

4.4 PROGRAMME 4: ACCREDITATION PROVISION

Purpose

The purpose of this programme is to provide, manage and maintain accreditation services for new and existing clients in both the voluntary and regulatory domain.

Description of the programme

This programme is responsible for managing the accreditation of new and existing clients in terms of legislation and international good practice, and for ensuring that the services of accredited organisations are available to the South African industry and regulators. The programme covers general testing laboratories, medical laboratories, blood transfusion facilities, veterinary laboratories, Good Clinical Practice (GCP), pharmaceutical laboratories, forensic laboratories, certification bodies, mechanical and physical testing laboratories, calibration laboratories, repair and verification bodies as well as Broad-Based Black Economic Empowerment rating agencies. Furthermore, SANAS grants compliance recognition to the Good Laboratory Practices' (GLP) facilities in accordance with the OECD GLP requirements.

Calibration Laboratories

The 2022/2023 fiscal year has seen the Calibration Programme emerge from under the mantle of COVID-19 and able to fully return to on-site assessments. This is in line with the international trend to limit the use of remote assessment techniques to cases where, due to external circumstances it is not possible to conduct physical on-site assessments.

The process of conducting assessments remotely, through the utilisation of technology, including on-line meeting platforms and video technology, and communication channels, has enabled SANAS to establish a method to conduct remote or hybrid assessments, should circumstances dictate.

The use of remote techniques has also allowed SANAS to gauge how the accredited calibration laboratories have accepted digitisation into their own processes, i.e., through the availability of digital records that can be readily accessed.

The numbers of SANAS accredited calibration laboratories in South Africa have remained fairly constant. However there has been several withdrawals of accreditations, and new accreditations.

The Calibration programme, through the accredited calibration laboratories continues to fulfil a vital role in South African industry, namely, to provide metrological traceability to the SI System of units. Metrological or measurement traceability remains a corner stone of manufacturing and testing.

Members of the Calibration programme participated in the activities of AFRAC, through the Peer Evaluation process in Kenya and Mauritius.

The programme has received several new applications which are currently in various stages of consideration and should be finalised within the 2023-24 Fiscal year.

Producers of Reference Materials

All accreditations for Reference Materials are undertaken against the requirements of ISO 17034:2016. At present there are five accredited facilities providing this service in South Africa covering the following:

- Various minerals serving the mining industry;
- Reference gasses for chemical manufacturing and pollution monitoring;
- Reference materials used for the legal traceability for blood alcohol measurement purposes;
- Reference materials used in the food industry (Mycotoxins); and
- Coal and coal ash.

The accreditation of a sixth producer is currently in progress. This producer will provide reference materials in the area of minerals and metals. These RMPs assist testing laboratories seeking confirmation of their metrological traceability using reference materials.

Proficiency Testing (PT) Providers

The accreditation of providers of Proficiency Testing (PT) schemes is necessary for Conformity Assessment Bodies wishing to meet the proficiency testing requirements of the various standards to which conformity accreditation bodies are accredited. Proficiency testing allows laboratories, and inspection bodies (where applicable), to demonstrate their capability to produce measurement results that are both reliable and competent. Proficiency testing is an essential tool in the accreditation process.

At present SANAS has accredited 12 Providers of Proficiency Testing Services, two of whom are located outside of South Africa (in Uganda and Nigeria). A 13th application is in progress, for a PT provider located in Botswana

Many of the accredited PT Scheme providers offer their services to Medical Laboratories, whilst others offer their services in the mining sector and testing of both potable and wastewater. One of the PT providers provides proficiency testing for calibration laboratories.

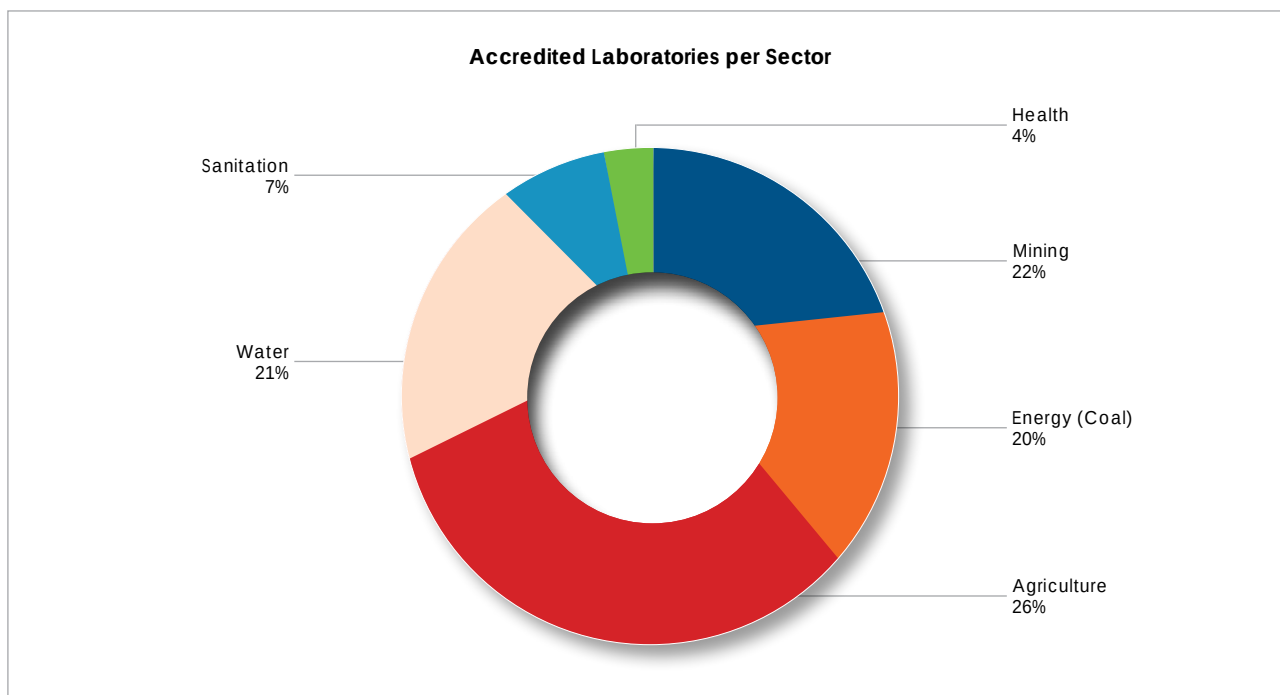
The Proficiency Testing and Reference Material producer programmes are now both recognised under the AFRAC Mutual Recognition Arrangement.

General Testing Laboratories

Testing Program

During the year under review, there was no growth in the chemical and microbiology sub-programme as anticipated. Currently, the sub-programme has 306 accredited CABs. The zero growth was due to withdrawal of 14 laboratories for various reasons. The sub-programme is expected to perform better in the coming financial year if the number of new applications that are currently being processed is used as an indicator. In addition to its vertical growth (i.e., in numbers), the programme is known for its bullish horizontal growth through accredited laboratories expanding their scope of operation, and the 2022/2023 financial year was no exception. This type of growth helps the sub-programme to be financially self-sufficient.

The sub-programme plays a significant role in the sectors that form the nucleus of the government's Nine-Point Plan aimed at growing the country's economy. The sectors that have been identified by government as key to the Nine-Point Plan include mining, water and sanitation, agriculture, energy, health and science. The programme has accredited several laboratories in these sectors, (see the chart below for more details).



The sub-programme has a total number of 83 assessors of which 58 are from the previously disadvantaged (PDIs) groups, which translates to 70% PDIs. Thus, the programme has achieved the set assessor pool transformation target. In the previous year, 20 people were trained as assessors of which 85% were PDIs and 75% women. Accordingly, the number of PDIs is likely to grow to over 80% by the end of the next financial year.

GLP Monitoring Authority

The GLP sub-programme has granted GLP compliance recognition to a total of 15 test facilities within the continent. In the period under review, there was no growth. A projected growth of between 20% – 30% was not realised due to the residual effect of the COVID-19 pandemic. The test facilities that are part of the GLP sub-programme conducts studies on behalf of research organizations who intend to submit non-clinical health and environmental studies to national authorities for the purposes of assessing the health and environmental safety of chemicals and chemical products.

Currently, the GLP sub-programme is operating in three African regions, namely, Southern, Eastern and Western Africa. SANAS is the only GLP Monitoring Authority in the continent. South Africa achieved this historic feat in 2002. It was the first non-OECD member country to be accepted as a full-adherent member to the OECD Mutual Acceptance of Data agreement. The programme's mandate is to monitor compliance to the OECD Principles of Good Laboratory Practices by test facilities (research facilities) that conduct non-clinical health and environmental studies.

GLP is currently not mandatory in South Africa. Receiving Authorities (regulators) responsible for the assessments of the health and environmental safety of chemical and chemical products do not legislatively mandate test facilities that conduct non-clinical health and environmental studies to comply with GLP. Test facilities that are currently SANAS GLP compliant have done so on their own volition. However, efforts are underway by one of the regulators i.e., Department of Agriculture, Land Reform and Rural Development (DALRRD), to make

GLP mandatory for certain types of studies. SANAS is working with both the department and the industry to ensure that this becomes a reality. The GLP programme will remain as one of the smaller programmes within SANAS until such time that the regulators make GLP mandatory.

A growth of between 30% is projected in the next financial year (2023/2024). The anticipated growth is based on the number of applications that the sub-programme is currently processing.

Inspection Programme

Inspection Bodies

The Inspection Programme is one of the fastest growing programmes at SANAS, and it is driven by regulatory requirements. Regulators are making it mandatory for providers of conformity assessment services to be accredited before attaining approval to operate in their regulated spaces, pursuant to minimising risk in those areas.

Users of the services need to be confident that the Inspection Bodies are competent to perform their specific duties. As an example, IBs inspecting workplace health and safety requirements in accordance with the Occupational Health and Safety Act and relevant regulations, carry out inspections of the diagnostic imaging equipment such as medical and dental diagnostic X-ray equipment in accordance with the SAHPRA requirements.

Others carry out inspection of pressurised equipment in accordance with the Pressure Equipment Regulations, etc. Inspection bodies also support the Green Industry Initiative through the measurement and verification of energy efficiency savings in accordance with the standard SANS 50010; and the energy performance of buildings in line with SANS 1544.

New Accredited Facilities

Even though there has been some voluntary withdrawal of accreditation due to poor business sustainability as a result of COVID-19 and competitions within other sectors, the programme has witnessed growth as compared to the previous financial year, especially regarding energy performance, non-destructive Testing as well as the pressure equipment regulations. The IB for the Energy Performance Certificate was the leader of the pack with 10 accredited facilities out of a total of 27 accredited facilities, increasing the total accredited facilities within the inspection programme to 287. This translates to a 9.4% growth in the period under review.

Highlights for Inspection Programme

The highlight was the Energy Performance Certificate (EPC) scope, which is the latest offering within the inspection programme. It boasts a total of ten new accredited EPC facilities within a period of a year. By the end of the reporting period, there were about 27 accredited facilities. Even though there is currently an extension for all EPCs compliance from the Department of Mineral and Energy, there are still applications in progress for EPCs in various stages of the application process, and it continues to attract enquiries of no fewer than five per day. Another highlight is participation in the Major Hazardous Installations (MHI) Regulations Guidance documents for the Department of Employment and Labour where the accreditation process was simplified so that all MHI facilities can apply with ease.

Assessor Pool in the Inspection Programme

SANAS makes use of (mostly) external assessors as part of the assessment teams that assist it in achieving its mandate. The inspection programme currently has a total of 82 assessors in various fields. The programme is prioritising the training and appointment of more black assessors. In this regard the programme has 37% black assessors, and the plan is to improve this to include more black people in the assessor pool.

Some 18 new assessors were trained in February 2023 to address the shortage of black assessors with certain scopes like EPC, NDT, OH and XRAY. Seventeen of the 18 assessors trained were blacks and they will increase the PDI % from 37% once they are qualified.

Legal Metrology

Verification and Repair Bodies

Legal Metrology comprises of the legislative, administrative, and technical procedures established by public authorities (The dtic and other related bodies) and implemented on their behalf by the relevant regulatory body such as the National Regulator for Compulsory Specifications (NRCS) and the South African National Accreditation System (SANAS) to ensure consumer protection. The dtic, through consultation with all the relevant stakeholders, established the required legislation and applicable technical regulations via the National Regulator for Compulsory Specifications (NRCS). The implementation processes of these requirements are guided by the Legal Metrology Act, 2014 (Act No. 09 of 2014), approved technical regulations, the Accreditation Act, and other related accreditation requirements. The focus is on appropriate quantity, quality and credibility of measurements related to trade, health, safety, and the environment. Because of the strength of globalisation in which numerous countries trade with one another and the constant decline of the economy over the past decades this activity has become even more critical.

Therefore, the broader function of the Legal Metrology, also referred to as Verification and Repair bodies, is to ensure the accuracy of measurement of the equipment used in the trade of goods or products, law enforcement, as well as the protection of health and wellbeing of the members of society and the environment.

New Applications

During the year under review the growth of verification bodies has remained stable with the number of withdrawals and new accreditations cancelling each other out. In stark contrast, the repair bodies achieved a substantial growth, from 36 repair bodies in 2021/2022 to 47 in 2022/2023. The most common reasons cited by many businesses for the withdrawal of accreditation were lack of sufficient budget due to rising operational costs and the lasting impact of COVID-19.

Memorandum of Understanding between SANAS and NRCS

After a rigorous period of drafting the MoU between SANAS and the NRCS in the process of being signed by the relevant representatives. This agreement will ensure that our activities are harmonised and managed within a legal framework.

Mechanical and Physical Testing Programme

Mechanical and Physical Testing

The accreditation offered by SANAS under the Mechanical and Physical Testing programme (M&PT) is highly beneficial to industry. Such accredited laboratories ensure that products and services in the fields of the engineering and manufacturing sectors adhere to the relevant safety and performance standards. This is of paramount importance given our established mandate to ensure consumer protection. The SANAS accredited laboratories derive international recognition status, because SANAS has been a signatory member of the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangements (MRA) since 1992.

There is also an immense economic benefit derived from the work carried out by our accredited laboratories. These accredited laboratories facilitate international trade through the international recognition status they enjoy by virtue of SANAS being an affiliate to the ILAC Mutual Recognition Arrangement.

New Applications in the programme

During the year under review the Mechanical and Physical programme recorded a total of 12 active applications. These applications were from various sectors of the economy such as metals, plastics, fibre and polymer industries, civil engineering and electrical and electronic appliances. This scenario is pleasing given that the sustainability and growth of the economy in these sectors depend substantially on internationally recognised accreditation which, among others, facilitates the global acceptance of testing results, thus minimising Technical Barriers to Trade (TBTs) within the importing and exporting of goods and services between our country and its trading partners throughout the world.

Number of new accreditations

Despite the challenges brought about by the lack of dependable energy sources (i.e., load shedding), the Mechanical and Physical programme still managed to record an annual increase of 6, 6%, bringing the total number of accredited laboratories to 145 (from 136 in the previous financial year).

We have noted with keen interest the significant increase in civil engineering laboratories which is a major contributor to this growth. Our research shows that this growth is further driven by the requirement of provincial departments on the use of the services of SANAS-accredited laboratories for road maintenance projects and tenders. There are currently more than 90 civil engineering SANAS-accredited laboratories in good standing spread across all nine 9 provinces.

Assessor Pool

To meet the mandate for the transformation of the assessor pool, three potential technical assessors were recruited and trained during the year under review. Additionally, two black team leaders were qualified, thus ensuring that we maintain our goal to transform the overall assessor pool

Pharmaceutical Laboratories

Pharmaceutical laboratories play an important role in the monitoring of pharmaceutical products. This is to ensure the safety and efficacy of medicines and disinfectants. The pharmaceutical industry is still at the forefront of ensuring that vaccines and medication are available to assist ordinary citizens in the fight against emerging diseases. The increased global demand for vaccines to fight new diseases is the reason why pharmaceutical laboratories are, more than ever important to ensure that people get vaccines that are effective and not harmful to their health. In this fiscal year we continue to accredit one of the facilities that is responsible for testing some of these vaccines (e.g., polio, measles and yellow fever).

SANAS continues to work together with the World Anti-Doping Agency to ensure fairness in the sports and recreation sector. In September 2022 a representative of SANAS was involved as an observer in an on-site assessment of the South African Doping Control Laboratory by WADA. Furthermore, a representative of SANAS will, in the next fiscal year, be sent to attend WADA training, which will further ensure that we continue to assess these organisations fully.

One of the objectives of SANAS is to accredit cannabis and hemp facilities following the State of Nation Address by the President in 2022. We are getting involved in the Cannabis and Hemp Masterplan and in also in the SABS Technical Committee to ensure that a standard is produced that enables growth in this sector. Although the number of accredited pharmaceutical laboratories remained stagnant in the 2022/23 fiscal year, these laboratories continue to play a significant role in the pharmaceutical sector.

The Pharmaceutical, Blood Transfusion, Forensic and Veterinary Programme saw an increase to 79% in the PDI stats in the 2022-23 fiscal year. This represented an increase of 4% from the previous fiscal year. We continue to support and qualify black assessors and empower them as experts in their field.

Blood Transfusion Facilities

SANAS continues to accredit blood transfusion facilities from the process where blood is donated, to the testing of blood and blood products, to the blood banks where blood is issued to physicians. Although there was not a change in the total number of accredited facilities, the programme saw the last twelve facilities in this programme move from being accredited under the BT Standards of Practice “National Standard” to the ISO 15189 international standard.

Furthermore, SANAS was able to participate in a SAHPRA workshop on the regulation of blood and blood products which was hosted in Cape Town in October 2022. This was a great opportunity for all stakeholders to understand and share information on how the regulator will ensure implementation of the Act. In November 2022, we saw the publication of the new ISO 15189: 2022 standard. This will enable the 176 accredited facilities to transition to the 2022 standard by November 2025.

Veterinary Laboratory

In the field of diagnostic test validation, the World Organisation for Animal Health (OIE) Reference Laboratories have a pivotal role to play. They provide the international community with impartial advice and support in diagnostic test selection, development and validation which can be applied to the specialist diseases for which they are designated.

Veterinary laboratory tests are very important and useful tools for assisting in the diagnosis of many health problems in animals. They help veterinarians diagnose diseases which may not be clinically evident, confirm diseases which may be suspected upon clinical examination, and help them to monitor disease progression. Veterinary laboratories will usually offer a range of services, making sure they can provide a comprehensive diagnostic resource for their customers. This range of diagnostic services covers essential areas of laboratory work, including but not limited to:

- Microbiology/Bacteriology,
- Serology,
- Parasitology,
- Virology,
- Molecular Biology,
- Chemistry

SANAS continues to work with the Department of Agriculture, Land Reform and Rural Development to ensure that all veterinary laboratories (private and provincial laboratories) that test controlled, and notifiable diseases are accredited. Furthermore, the relationship between SANAS and the statutory body (The South African Veterinary Council) continues to ensure that we do not approve individuals without the correct qualification and competence to perform the tasks at hand. Not only are these laboratories critical in preventing and controlling animal diseases but they also help to reduce reducing sanitary risks in the import and export of animals and animal products.

Although there wasn't an increase in the number of accredited facilities in the 2022/23 fiscal year, SANAS saw an increase in the number of private laboratories that applied for accreditation. The accreditation of these private laboratories will help see the programme grow slightly in the next FY and SANAS will continue to work with the regulator and statutory bodies to ensure that laboratories consistently issue accurate results.

Forensic Laboratories

Forensic Science laboratories analyse samples such as hair follicles and DNA, chemical evidence like drugs or bodily fluid components, and physical evidence such as fibre samples, bullet casings, fingerprints, tire tracks etc. These laboratories gather and examine evidence related to crime or unlawfulness. After the clarification of the DNA act 7(1) in the annual Specialised Technical Committee Meeting in 2022, SANAS saw an increase in the number of applications from private laboratories to be accredited under the ISO/IEC 17025: 2017 standard.

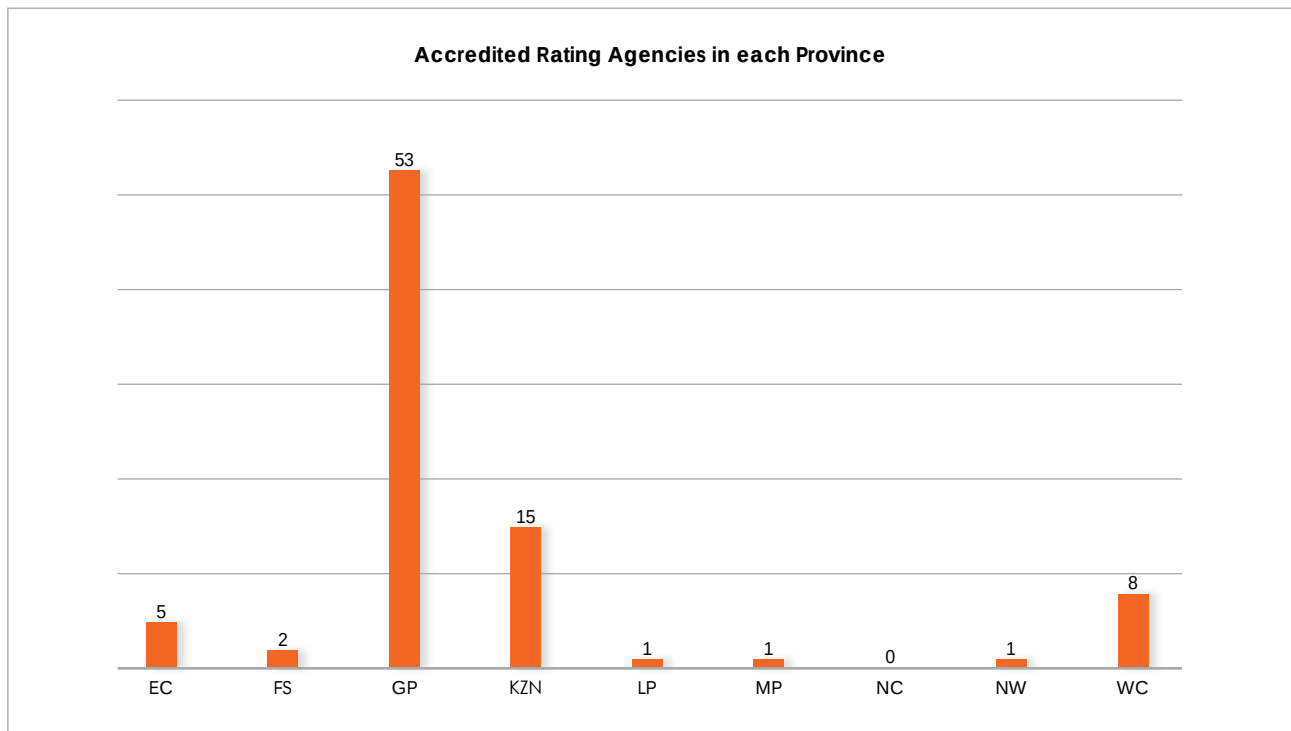
SANAS has accredited two facilities for the testing of blood or urine collected from suspects and victims to identify the presence of alcohol or illegal drugs. The programme anticipates a slight growth in the next fiscal year due to a growing interest in private laboratories in the testing of DNA.

Broad-Based Black Economic Empowerment (BBEE) Verification Agencies

The BBBEE programme ensures that related SANAS' accredited Rating Agencies produce accurate and reliable BBBEE certificates and scorecards. This is of critical importance given that the outcome of the verification process is applied in decision-making processes such as evaluating the suitability of organisations wishing to do business with the government and private entities.

Five BBBEE Rating Agencies were accredited by the sub-programme during the year under review, bringing the total up to 86 BBBEE accredited Rating Agencies.

The chart below shows the number of ratings agencies in the different provinces:



According to Statement 005 of the Broad-Based Black Economic Empowerment Act, 53 of 2003, BBBEE Rating Agencies need to demonstrate transformation and rated as a Contributor to BBBEE (Level 1 to 3 Contributor).

Despite challenging times brought about by the COVID-19, which resulted in several withdrawals of accredited rating agencies, positive aspects are specific to transformation in the 86 BBBEE Rating Agencies:

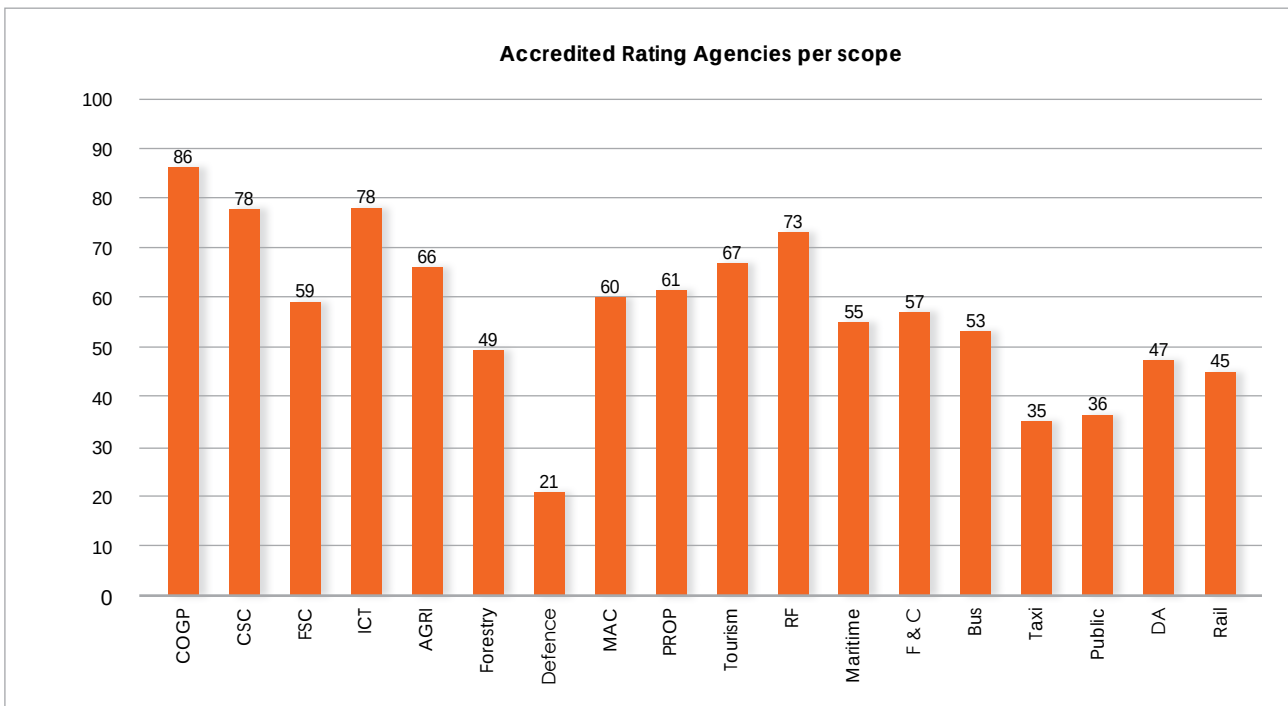
- 36 agencies are 100% black-owned; Black Owned;
- 45 agencies are between 51% and 99% black-owned;
- 11 agencies are less than 100% black female-owned;

- 21 agencies are less than 51% and 99% black female-owned;
- 4 agencies are less than 100% black youth-owned;
- 15 agencies are less than 51% and 99% black youth owned.

This is a remarkable achievement given that the rating agencies are a critical instrument in driving economic transformation towards ensuring that black people are involved in the mainstream economy. Thus, who else to monitor the transformation than the targeted groups themselves. Furthermore, SANAS ensures that black people are part of the assessor pool. Thus, 79% of this sub-programme's assessor pool are black people.

The Sector Specific Codes were gradually introduced in terms of Section 9 (1) of the BBBEE Act, No. 53 of 2003. The aim of these sector codes is to ensure that the transformation requirements are specific to the applicable sector. The significant number of SANAS accredited BBBEE Rating Agencies that have extended their scope of accreditation to include the sector specific codes of good practice ensures that there are enough accredited agencies to service the industry.

The chart below shows the capacity of available accredited rating agencies for specific codes:



Medical Laboratories

In the 2022/2023 financial year, the medical programme continued to grow from 447 to 497 laboratories, which is a growth of 11,12% from the previous financial year. The growth has been impeded by the withdrawal of the accreditation of seven laboratories which were handed over to the SADC Accreditation Service, SADCAS, as they are located within the SADC Region, and it was agreed that at reassessment they will be handed over to SADCAS. All the laboratories within the SADC Region have been moved over to SADCAS

Accreditation of new medical laboratories is expected to grow, as SANAS has already received over 92 new applications, mainly from Uganda where SANAS is growing at a significant rate. The Uganda Ministry of Health has identified SANAS as the preferred Accreditation Body to offer accreditation in the country. SANAS has already accredited 50 new laboratories in Uganda. The Medical Programme has accredited laboratories within Kenya, Rwanda, Nigeria and Cameroon. It is envisaged that as soon as those countries establish their own internationally recognised National Accreditation Bodies, SANAS will surrender the laboratories following a mutually agreed process.

The programme has a total of 159 active assessors of which 76% are from Previously Disadvantage Individuals (PDIs). The programme has over-achieved on the set targets for PDIs. The programme is in the process of training more technical assessors to become team leaders, which will assist in increasing the SANAS Team Leader pool as well as having assessors who can assess both technical and management requirements, thus reducing costs eventually, as only one person will be assigned to an assessment, especially for small facilities and regional facilities.

The Medical programme is in the process of ISO 15189:2022 transition. This is the standard use for the accreditation of Medical Laboratories, Point of Care (POCT) facilities as well as Blood Transfusion Services Laboratories. The standard was published in December 2022 after a three-year process of revision. SANAS was actively involved in the ISO TC212 working group responsible for the revision of the standard. Laboratories are given three years to completely the change over to the new ISO 15189:2022 standard.

Certification Bodies

Accredited certification is increasingly being recognised as a valuable tool across a wide range of policy areas including better regulation, good governance, fair markets, and public confidence. This is particularly evident in areas as diverse as healthcare, food production, energy supply, climate change, personal safety, and recently, information security management systems.

SANAS continues to develop and launch market-relevant accreditation schemes for modern management systems, and risk-based systems to achieve business sustainability. This includes management system standards like ISO 13485 which has increasingly become an important differentiator for organisations looking to improve their marketability in the medical device sector. On the one hand, the primary objective of ISO 13485 certification is to facilitate harmonised Medical Devices Quality Management System (QMS) requirements for regulatory purposes within the medical device sector. On the other hand, companies also value ISO 13485 certification as the confidence of patients and other stakeholders is increased with the implicit promise of quality, consistency, and continuous improvement.

This Sub-Programme also continues to proactively manage the accreditation of management system certification schemes in accordance with ISO/IEC 17021-1 which includes the following:

- quality management systems (ISO 9001);
- environmental management systems (ISO 14001);
- occupational health and safety management (ISO 45001);
- food safety management systems (ISO 22000);
- energy management systems (ISO 50001);
- road transport management systems (SANS 1395-1); and
- information security management systems (ISO/IEC 27001) – the most recent addition.

Customer-centricity and brand pride through the provision of strategic leadership is at the core of the SANAS culture and underpins the development of transitional arrangements in standards in energy management schemes such as ISO 50003:2021.

While SANAS continues to provide accreditation to other certification schemes in line with ISO/IEC 17065 (Product certification), ISO/IEC 17024 (Personnel certification), ISO 14065 (GHG Verification and Validation), and ISO/IEC 17029, it continues to establish stakeholder partnerships and regulatory alliances in launching industry-relevant accreditation schemes. This includes climate-change schemes that rely on carbon offset registries such as ICA CORSIA. Schemes like ISO 3834 defines quality requirements suitable for the fusion welding processes of metallic materials. It demonstrates a manufacturer's capability to produce welded constructions in accordance with specified criteria.

All the above developments call for driving the implementation of compliance with policies aimed at strengthening the SANAS brand and stakeholder interface. Doing so includes proactively monitoring the internal and external risk landscape, and most importantly, the recruitment of a diverse pipeline of qualified individuals representing South African demographics to meet the future accreditation needs. To date, over 85% of SANAS' trained assessors in various accreditation schemes for certification bodies, are PDIs.

Institutional Outcomes for Programme 4

- Improve competitiveness of South Africa's enterprises;
- Improve SANAS' operational efficiency to deliver services with a spirit of excellence;
- Organisational sustainability; and Government achieving policy objectives (health, safety, environment and regional integration).

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme: Accreditation								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Improve competitiveness of enterprises	Service delivery excellence	Increase the number of accredited organisations	1 874 accredited organisations (cumulative)	1 960 cumulative	2001 (Cumulative)	Annual Target Overachieved 2 059 (Cumulative)	58	Unexpected growth in the number of accredited organisations, especially in the Medical and Inspection Accreditation programmes
Improve SANAS' operational efficiency to deliver services with a spirit of excellence	Service delivery excellence	Reduce the number of working days to issue certificates and scopes of accreditation after completion of approvals process.	The revised target of 16 days was not achieved by 3 days	Average time of 13,5 working days was achieved for issuing certificates and scope of accreditation after completion of approvals process	13 working days to issue certificates and scopes of accreditation after completion of approvals process	Annual Target Achieved Certificates and scopes of accreditation were issued within 13 working days on average, after completion of approvals process.	Not applicable	Not applicable
Organisational sustainability	Internal business excellence	Increasing the registration of Black assessors (Transforming the assessor pool to represent the demographics of the country)	296 cumulative number of PDI's	Eight additional Black assessors were registered during the financial year, thus increasing the actual total to 304	324 cumulative	Annual Target Achieved Twenty additional Black assessors were registered during the financial year, thus increasing the actual total to 324	Not applicable	Not applicable

Programme: Accreditation								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Government achieving policy (Health, safety, environment and regional integration objectives)	Acceptance of conformity assessment results	Expand SANAS scopes of recognition under the Mutual Recognition Arrangements	Recognition for 1 scope reference material producers) and 1 sub-scope (Occupational Health & Safety Management System OH&SMS) obtained	1 scope obtained, and 1 sub-scope application (FSSC) submitted	1 Sub-scope application	Annual Target Achieved One sub-scope application for Medical devices was submitted as planned	Not applicable	Not applicable
Government achieving policy (health, safety, environment and Regional integration objectives)	Acceptance of conformity assessment results	Engage regulators on the benefits of accreditation in the regulatory domain	The EPC programme falls under the Inspection Programme, as a new scope in the regulatory domain (Dept. of Energy)	Testing/ certification of PPE has been made a priority to combat COVID-19. SANAS engaged with regulators and specifically with SAHPRA, following which a MoU with SAHPRA was developed focused on relevant fields of accreditation	Conclude MoU with SAHPRA, identify priority areas	Annual Target Achieved SANAS and SAHPRA concluded the MoU which informed the identification of priority areas and the development of relevant action plans.	Not applicable	Not applicable

Linking performance with budgets

Programme	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Accreditation	61,530	49,455	12,075	64,861	65,813	(952)
Total	61,530	49,455	12,075	64,861	65,813	(952)

Strategy to overcome areas of under-performance

Not applicable as all planned targets were achieved.

Changes to planned targets

There were no changes to the annual targets during the course of the 2022/2023 financial year.

Revenue Collection

Sources of revenue	2021/2022			2022/2023		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Accreditation	79,643	79,533	9,832	84,423	88,964	4,541
Training	11,454	6,203	3,016	12,141	7,114	(5,027)
Total	91,097	85,736	12,848	96,564	96,078	(486)

The SANAS accreditation fee income consists of annual fees, and fees for additional accreditation services. The revenue collection policy differs for those two categories. Annual fees must be paid by 31 May each year. Additional accreditation services require that customers pay prior to the service to enable travel arrangements.

Additional accreditation services are invoiced upon request of the service; however, the income is only recognised after service delivery. In special circumstances, deviation from the policy is allowed if kept to a minimum to keep control over debtors. Therefore, the under-collection at year-end predominantly relates to annual fees. Due to economic constraints an annual fees customer has the option to make payment arrangement to pay off the annual fees within 12 months.

Training revenue is generated by charging for participation in courses offered through the KTD. Although payment is usually required at registration, some clients make arrangements to settle accounts at a later stage. Certificates are not issued until after receipt of full payment.

Capital Investment

Infrastructure projects	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
R'000	R'000	R'000	R'000	R'000	R'000	R'000
Office equipment	0	0	0	-	-	-
Computer Equipment	4,000	246	3,754	4,200	589	3,611
Intangible assets (Shanduka)	500	210	290	525	54	471
Total	4,500	456	4,044	4,725	643	4,082

PART C

GOVERNANCE INFORMATION



1. INTRODUCTION

The Board of Directors is committed to sound corporate governance that ensures the interests of SANAS and its Stakeholders are paramount. Consequently, SANAS subscribes to the principles of transparency, accountability, and business integrity in all its dealings with stakeholders.

As the custodian of corporate governance, the Board, ensures that SANAS endorses the King IV Code of Corporate Practices and Conduct and monitors the implementation and compliance through its related committees.

The Board of Directors is cognisant of the benefits of good corporate citizenship, financial and non-financial performance, and to achieve a balance of integrated economic performance, service delivery, and social and environmental performance.

2. IT COMPLIANCE AND GOVERNANCE

Compliance and governance are key to SANAS. The entity regularly reviews its technologies, policies and processes to align its governance framework to new legislation and/or regulations in the accreditation environment so as to mitigate risk as well as to ensure continuous improvement and alignment to meet new technological advancements and emergent business objectives

- In its operations, the entity ensures alignment to related IT governance frameworks including:
- **ISO/IEC 27001** Standard for Information Security Management System (ISMS) for the IT security risk management, protection for personal information and alignment to the Corporate Risk Management Plan and Strategy.
- **COBIT** (Control Objectives for Information and Related Technologies) - providing quality, reliability and control of information and related Information technology architecture.
- **ITIL** (Information Technology Infrastructure Library) – focusing on the alignment of IT services with SANAS' needs.

3. PORTFOLIO COMMITTEE

The Portfolio Committee on Trade, Industry and Competition exercises oversight over SANAS' service delivery performance in pursuit of enhancing economic growth. The oversight includes reviewing the information contained in the SANAS Annual Report.

4. EXECUTIVE AUTHORITY

In terms of Section 6(2)(b) of the Accreditation Act, the Minister of Trade, Industry and Competition is the Executive Authority, as contemplated in Section 52 of the PFMA. The oversight function of the Executive Authority is generally informed by the prescripts of the PFMA which governs and gives the Executive Authority oversight powers.

All SANAS' Quarterly Performance Reports were submitted to the Executive Authority.

5. ROLES AND RESPONSIBILITIES OF THE BOARD

In addition to the roles and responsibilities that the Board executes in accordance with the prescripts of King IV, the Accreditation Act, and the PFMA, it also undertakes the following:

- Approves SANAS' Strategic Plan and Annual Performance Plan;
- Monitors the implementation of the plans and approves all budgets;
- Ensures that policies and procedures that provide for effective risk management and internal controls are established and reviewed;
- Recognises the need for establishing and appointing committees to enable it to comply with the PFMA and other legal requirements;
- Determines the composition of committees and amends, develops, and implements any rules, regulations, and procedures, which it may deem necessary;
- Formulates and makes publicly available rules consistent with the provisions of the Accreditation Act, including the form and procedure for applications for accreditation or GLP compliance, fees applicable to different categories of accreditation or GLP compliance, and fees for training or other projects undertaken;
- Monitors the proper use of the name, accreditation body logo or accreditation symbol of the SANAS logo, and the regional and international accreditation logos; and
- Approves all permanent executive positions.

Board members undertake to act in the best interests of SANAS. They do this by ensuring adherence to legal standards of conduct, by seeking independent advice in connection with their duties following an agreed procedure, and by disclosing real or perceived conflict-related matters to the Board and by dealing with the matters accordingly.

6. BOARD CHARTER

In terms of the Board Charter, P 08, Governance and Procedures of the SANAS Board and Delegations to the CEO, the Board shall:

- Approve the strategic plan and monitor implementation of the strategic plan;
- Ensure establishment and review of policies and procedures which provide for effective risk management and internal controls;
- Formulate rules consistent with the provisions of the Act, including:
 - form and procedure for applications for accreditation;
 - accreditation fees;
 - training fees;
 - proper use of the name, accreditation body logo or accreditation symbol of SANAS; and
 - proper use of regional and international logos (e.g., AFRAC, ILAC and IAF).
- Approve all permanent positions of SANAS Executives and above;
- Approve all budgets;
- Be responsible for information technology governance;
- Appoint the CEO, after consulting the Minister;
- Be responsible to appoint a Board of Appeals; and
- Approve all powers delegated to the CEO and the Board related committees.

7. COMPOSITION OF THE BOARD

The unitary structure of the Board encourages solid interaction among members of the Board of Directors in the decision-making process on strategy, performance, planning and the allocation of resources, risk, ethics, and communication with stakeholders. In terms of the Accreditation Act, the Board should consist of no less than ten and no more than fifteen members.

The Board currently comprises of ten members, all of whom are appointed by the Minister of Trade, Industry and Competition as the Executive Authority of SANAS. There are ten Non-Executive Directors and one Executive Director. All Non-Executive Directors are independent of the management function of SANAS and have no conflict of interest with the business of SANAS.

The Board provides strategic direction and is the legally accountable body for the daily operations of SANAS. The performance of the Board members is evaluated annually to ensure their effectiveness and to identify any areas that need improvement. A self-evaluation exercise was conducted during the year under review. The Company Secretary compiled a report. The performance of the Board was deemed to be of a high standard.

Furthermore, an Advisory Forum (AF) is established by the Board, in terms of Section 14 of the Accreditation Act. The Advisory Forum comprises of key accreditation stakeholders such as representatives of accredited CABs, regulators, associations, academia and business forums. The main aim of the AF is to advise the SANAS Board of Directors on industry and Government accreditation needs in line with the strategic objectives of SANAS, among other emerging needs. In terms of the AF's terms of reference, the AF shall meet at least once a year or when the Board of Directors deems a meeting necessary.

8. MEETINGS ATTENDED BY BOARD MEMBERS

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Date appointment period ended	Area of Expertise	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	Number of meetings attended
Dr Tshenge Demana	Independent Non-Executive Director	1 January 2018	N/A	N/A	Science Strategy Governance Management Drafting Legislation	Human Resources and Remuneration Committee member	15
Amb. Sadick Jaffer	Independent Non-Executive Director	1 September 2021	N/A	N/A	Investment promotion and facilitation	Audit and Risk Committee member	19
Ms Zukiswa Kimani	Independent Non-Executive Director	1 January 2021	N/A	30 September 2022	Policy Strategy management	Audit and Risk Committee member	10
Mr Tumelo Baleni	Executive Director	12 July 2021	N/A	N/A	Strategy Management Governance Health Supply chain management	N/A	8

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Date appointment period ended	Area of Expertise	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	Number of meetings attended
Mr Sammy Mlangeni	Independent Non-Executive Director	1 December 2018	N/A	N/A	Engineering Aviation Management Information Technology	Audit and Risk Committee Member and Information and Communications Technology Strategy Sub-Committee	21
Dr Sarah Mohlala	Independent Non-Executive Director	1 December 2018	N/A	N/A	Science	Human Resources and Remuneration Committee Member and Audit and Risk Committee Member	21
Ms Lerato Mothae	Independent Non-Executive Director	1 December 2018	N/A	N/A	Accountancy Finance	Chairperson of the Audit and Risk Committee	27
Ms Irene Ramafola	Independent Non-Executive Director	1 September 2021	N/A	N/A	Auditing Forensics Finance	Audit and Risk Committee Member	24
Mr Mpho Phaloane	Executive Director	1 December 2018	N/A	N/A	Engineering Management Accreditation	N/A	7
Dr Molefe Pule	Independent Non-Executive Director	29 May 2020	N/A	30 June 2022	Clinical Psychology Policy Planning Systems	Human Resources and Remuneration Committee Member	12
Ms Lindi Tlou	Independent Non-Executive Director	1 December 2018	N/A	N/A	Administration Accreditation	Interim Chairperson of the Board Human Resources and Remuneration Committee Member	17
Mr Fezile Wetes	Independent Non-Executive Director	1 December 2018	N/A	N/A	Human Resources Management	Chairperson of the Human Resources and Remuneration Committee	16

9. COMMITTEES

The Board of Directors formally delegates the duties of management through different structures, such as the responsibility and accountability for operations to the Executive Management Committee. The Board's Sub-Committees are appointed according to the required skills set. The current Sub-Committees are the Human Resources and Remuneration Committee, and the Audit and Risk Committee.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee provides the Board of Directors with recommendations on policy matters regarding the following:

- The CEO recruitment and appointment;
- Employee recruitment, benefits, incentives, and bonus arrangements;
- Succession and retention planning for the CEO and senior employees;
- Scarce and critical skills; and
- Equity targets.

The Human Resources and Remuneration Committee held five meetings during the year under review. The Human Resources and Remuneration Committee confirms that it has conducted its affairs in accordance with its terms of reference, and that it has discharged all responsibilities delegated to it by the Board.

The roles and responsibilities of the Human Resources and Remuneration Committee include the following:

- Annual review of the remuneration terms and conditions, and making recommendations to the Board;
- Consideration of any changes to the employee benefit structures and making recommendations to the Board;
- Consideration of the remuneration, incentive, and benefit arrangements of the CEO - including pension rights and any compensation payments, and making recommendations to the Board;
- Consideration of the cost-of-living increases, performance bonus awards, changes to employees' terms and conditions and any other related activities, and making recommendations to the Board;
- Review of the human resources strategy and policies, and making recommendations to the Board;
- Promotion of a culture of excellence throughout SANAS; and
- Ensuring compliance with applicable legislation and regulations.

Human Resources and Remuneration Committee Membership and Attendance

The Human Resources and Remuneration Committee currently comprises four Non-Executive Directors.

The following table depicts the meeting attendance of members of the Human Resources and Remuneration Committee during the year under review.

BOARD MEMBER	MEETING ATTENDANCE RECORDS					
	19 April 22	24 May 22	19 July 22	18 Oct 22	24 Nov 22	19 Jan 22
Dr Tshenge Demana	AP	P	AP	P	P	P
Dr Sarah Mohlala	P	P	P	P	P	P
Dr Molefe Pule	P	AP	AE	AE	AE	AE
Ms Lindi Tlou	P	P	P	P	P	P
Mr Fezile Wetes	P	P	P	AP	P	P

**p – present, ap – apology, a – absent, nya – not yet appointed, and ae – appointment ended.*

Audit and Risk Committee

The Audit and Risk Committee is an independent statutory committee appointed by the Board, which delegates duties and responsibilities to it in accordance with Section 77 of the PFMA. In terms of Section 51(1)(a)(ii) of the PFMA, the Board, as the Accounting Authority, must ensure that SANAS has, and maintains, a system of internal audit under the control and direction of the Audit and Risk Committee.

The function of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of assets and liabilities, and the operation of adequate systems of control. It is also tasked with reviewing financial information and preparing the annual financial statements.

The Audit and Risk Committee's functions are formalised in a Charter approved by the Board and annually reviewed to ensure compliance. During the period under review, the Audit and Risk Committee conducted its affairs in accordance with the Charter and discharged its responsibilities as required by the Charter, the Companies Act, 71 of 2008, and the prescripts of the King IV Code of Governance.

The Audit and Risk Committee's terms of reference are formalised in a Charter approved by the Board and annually reviewed to ensure compliance. During the period under review, the Audit and Risk Committee conducted its affairs in accordance with the Charter and discharged its responsibilities as required by the Charter, the Companies Act, 71 of 2008, and the prescripts of the King IV Code.

Audit and Risk Committee's Responsibilities

The Audit and Risk Committee has adopted appropriate terms of reference in accordance with the requirements of Section 77 of the PFMA and Treasury Regulation 27.1 and conducted its affairs in compliance with those terms of reference, and the Audit and Risk Committee's Charter.

The Audit and Risk Committee ensured compliance with the relevant provisions of the Shareholders' Compact between SANAS and **the dtic**. This Committee performs an oversight function and advises the Board of Directors on carrying out its responsibilities. The responsibilities include matters relating to financial, management and other reporting practices, internal controls and risk management, integrated reporting, combined assurance, information technology governance, and compliance with laws, regulations, and ethics.

The Audit and Risk Committee reports to the Board on any matter identified while carrying out its duties that it considers significant. The Audit and Risk Committee performs, on behalf of the Board of Directors, any other tasks, or actions that the Board of Directors may authorise from time to time.

Responsibilities of the Audit and Risk Committee, in addition to the above, are as follows:

- Reviews and assesses the adequacy of management reporting to the Board regarding the quantity, quality, and timing of information necessary for internal and external reporting on SANAS' operations and financial condition;
- Reviews the accounting policies and practices in alignment with the applicable statutory requirements and generally accepted accounting principles and evaluation of SANAS' financial statements for reasonability and accuracy;
- Satisfies itself about the integrity and prudence of management control systems - including the review of policies and practices;
- Ensures that the Board and Management Team are aware of any matters that might have a significant impact on the financial condition or affairs of SANAS; and
- Monitors the accomplishment of established objectives through the mission statement, business plan, and transformation process.

Audit and Risk Committee Membership and Attendance

The Audit and Risk Committee comprises of five members, with the Chairperson being a Non-Executive Director. During the year under review, the Audit and Risk Committee held sixteen meetings.

The following table depicts the attendance of the members of the Audit and Risk Committee in the year under review.

BOARD MEMBER	MEETINGS															
	12 April 22	20 April 22	20 May 22	27 May 22	08 June 22	15 June 22	30 June 22	27 July 22	22 Aug 22	20 Oct 22	21 Nov 22	22 Jan 23	08 Feb 23	01 March 23	15 March 23	28 March 23
Dr Sarah Mohlala	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	NYA	P	P	P	P
Ms Zukiswa Kimani	P	P	P	P	P	AP	AP	AP	AP	AE	AE	AE	AE	AE	AE	AE
Mr Sammy Mlangeni	AP	P	P	AP	P	AP	P	P	AP	P	AP	P	P	AP	P	P
Amb. Sadick Jaffer	P	P	P	P	P	P	P	P	AP	P	P	AP	P	P	AP	AP
Ms Lerato Mothae	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Ms Irene Ramafola	P	P	P	P	AP	P	P	P	P	P	P	P	P	P	P	AP

**p – present, ap – apology, a – absent, nya – not yet appointed, and ae – appointment ended.*

Remuneration of Board Members

The members of the Board receive fees for attending meetings in accordance with the National Treasury's determination. The Board's remuneration is based on SANAS' classification as a Schedule 3A entity. Board members that are employed by an organ of state are not entitled to remuneration.

Name	Remuneration	Other allowance	Other re-imbursements	Total
	R'000	R'000	R'000	R'000
F Wetes	141	92	-	233
S Mlangeni	156	85	-	241
L Tlou	201	117	-	318
L Mothae	239	81	-	320
S Mohlala	136	92	-	228

10. RISK MANAGEMENT

The Board acknowledges that it is responsible for the entire process of risk management, and the effectiveness of the process. The Audit and Risk Committee is mandated to assess the effectiveness of SANAS' risk management process. SANAS' Management Team is accountable for designing, implementing, and monitoring the process of risk management, and integrating it into SANAS' day-to-day activities.

During the period under review, and under the supervision of the Audit and Risk Committee, SANAS' Management Team assessed, reviewed, and updated the organisational risk management framework. The framework was implemented in all streams and business units to ensure that risks are understood, and that the controls necessary to mitigate these risks are in place.

The Audit and Risk Committee performs an oversight function and advises the Board primarily on matters relating to risks that SANAS faces and may be exposed to. The Audit and Risk Committee undertakes the following:

- Monitors the major risk areas, including financial, legal, and fiscal risks, the internal control environment, and the control process;
- Monitors areas that expose SANAS to potential financial risks and ensures that SANAS' Management Team effectively manages the risks;
- Ensures that an effective system of accounting and internal control is established and maintained to manage financial risks;
- Oversees the development and annual review of the risk management framework and makes recommendations to the Board for its approval;
- Monitors the implementation of the risk management framework by means of risk management systems and processes, and quarterly reports;
- Makes recommendations to the Board concerning SANAS' levels of risk tolerance and appetite;
- Obtains assurance that risks are managed within the levels of tolerance and appetite as approved by the Board;
- Ensures that the Risk Management Plan is widely disseminated throughout SANAS, and integrated into its day-to-day activities;
- Obtains assurance that risk management assessments are performed on an ongoing basis;
- Obtains assurance that frameworks and methodologies are implemented to increase the ability to anticipate unpredictable risks;
- Obtains assurance that SANAS considers and implements appropriate risk strategies and responses;
- Obtains assurance that continuous risk monitoring by SANAS takes place;
- Liaises closely with the Human Resources and Remuneration Committee to exchange information relevant to risk;
- Expresses its formal opinion to the Board on the effectiveness of the system and process of risk management; and
- Reviews reports concerning risk management for comprehensive, relevant, and timely inclusion in the integrated reporting.

11. INTERNAL CONTROL

SANAS maintains internal controls and systems designed to provide reasonable assurances about the integrity and reliability of the financial statements. The controls and systems must adequately safeguard, verify, and maintain accountability for its assets. The controls are based on established policies and procedures and are implemented with appropriate separation of duties and responsibilities. The internal audit function operates under the direction of the Audit and Risk Committee, which approves the scope of the work. Findings are reported to the Audit and Risk Committee.

12. COMPLIANCE WITH LAWS AND REGULATIONS

The Board, with the assistance of the Audit and Risk Committee, ensures that SANAS' Management Team has the necessary mechanisms in place to comply with legislation and regulations governing its activities.

This responsibility entails:

- Reviewing policy documents, to ensure incorporation of laws, regulations, ethics and policies, and the reviewing of rules that ensure compliance and address conflicts of interest;
- Monitoring compliance with policies and procedures;
- Noting and addressing significant cases of employee conflict of interest, misconduct or fraud, and the resolution of related cases;
- Reviewing the internal auditor's report on the scope of compliance reviews, and the resolution of findings and follow-ups on recommendations;
- Monitoring developments and changes in legislation regarding the accountability, responsibilities, and liabilities of SANAS' Management Team, and monitoring and reviewing the extent to which SANAS' Management Team meets its obligations;
- Monitoring developments and changes in the legislation and regulations that relate to SANAS' operations; and
- Monitoring and reviewing the extent to which SANAS complies with such legislation.

13. FRAUD AND CORRUPTION

SANAS manages fraud, corruption, theft, maladministration, and any other dishonest activities in accordance with its Anti-fraud and Corruption Policy, and its Fraud Prevention Plan and Anti-fraud Charter.

SANAS employees are obliged to report all incidents of fraud, corruption, theft, maladministration, and any other dishonest activity to their manager/s. If employees are uncomfortable with reporting the matter to their manager/s, they need to report the matter to the superior of their manager/s, with recourse to the CEO. Employees may also report the matters to the Human Resources Department for reasons of anonymity or otherwise.

All SANAS Managers are responsible for the detection, prevention and investigation of fraud, corruption, theft, maladministration, and any dishonest activities of a similar nature within their areas of responsibility.

SANAS will take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft, or maladministration. The accountability to conduct investigations regarding allegations of fraud, corruption, theft, maladministration, and any other dishonest activity resides with the CEO.

14. MINIMISING CONFLICT OF INTEREST

SANAS, as part of **the dtic's** Council of Trade and Industry Institutions (COTII), acknowledges the importance of ensuring the mitigation of potential conflicts of interest and has therefore implemented measures to ensure that possible conflicts of interest do not exist.

SANAS has also implemented processes and procedures to mitigate possible associated risks emanating from instances where a perceived conflict of interest cannot be avoided.

15. CODE OF CONDUCT

SANAS subscribes to the Public Service Code of Conduct detailed in the Public Service Regulations. The provisions of this Code of Conduct have been integrated into SANAS' Code of Ethics and Business Conduct. The Code of Conduct provides the guidelines for ethical conduct expected from SANAS employees in their individual conduct and in their relationships with others. There is a strong emphasis on adherence to the SANAS Code of Ethics to promote awareness of its values and accountability within the Entity. Compliance with the Code of Conduct is expected to enhance professionalism and help to contribute to confidence in the Entity.

SANAS' Code of Conduct is governed by its Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct addresses the following:

- SANAS' values;
- The framework for identifying SANAS employees' conduct that is ethical and acceptable;
- The context for the ethical use of authority; and
- The alignment of SANAS' guidelines for ethical behaviour with those of the public service.

Failure to comply with any provisions of the Code of Conduct is interpreted as a violation of SANAS' values. Moreover, the employee concerned will be dealt with according to the Entity's grievance and/or disciplinary process.

16. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

SANAS' Health, Safety, Security, and Emergency Response Procedure aims to provide principles and guidelines to ensure healthy and safe working conditions for employees, the prevention of health hazards in the workplace, and the effective handling of emergency situations.

SANAS makes the necessary resources available to actively manage occupational health and safety, and environmental issues in alignment with the Occupational Health and Safety Act of 1993.

17. COMPANY SECRETARY

The Company Secretary oversees corporate governance and is responsible for assisting the Board to ensure that it adheres to the principles of sound corporate governance. The Company Secretary has an ipso facto relationship with the Board and informs the Board of any legislation, regulations or policies that affect SANAS, and any related non-compliance.

During the year under review, the Company Secretary assisted the Board in providing ongoing training for Board members on the implications of King IV – the corporate governance standard for South Africa.

18. SOCIAL RESPONSIBILITY

SANAS is committed to contribute towards development and economic growth. This is done by adopting identified needy establishments in local communities. The SANAS Corporate Social Investment (CSI) strategy is strongly focused on the adoption of communities that cater for Orphans and Vulnerable Children (OVC).

Corporate Social Investment

During the financial year under review, SANAS continued to place its focus on participation in the economic challenges through the eradication of poverty experienced by its beneficiaries as identified through the needs analysis process. SANAS embarked on several initiatives for the orphanage home, including:

- Provision of stationery, groceries, toiletries and gas (with the aim of cutting electricity costs)
- Participation by staff members in commemoration of Mandela Day where they donated winter clothing, and resuscitated the vegetable garden;
- Invitation of six unemployed youth from the orphanage home to attend basic computer training;
- Procurement of an industrial baking oven, signage and pamphlets for advertising to ensure that they generate income.

The following table highlights the overall spend for the above-mentioned initiatives:

Items/Activities	Quarter	Estimated Cost
Groceries inc. gas cylinder	Q1 – Q4	R56 000.00
Stationery and toys	4	R11 000.00
Basic computer training	2	R12 000.00
Industrial baking stove	4	R89 000.00
TOTAL		R168 000

Impact Monitoring: Morena Children's Village

SANAS ensures that monitoring and evaluation is in place for all its CSI initiatives. This is done to establish the impact of the investment or contributions made. The usage of gas operated equipment led to a cost saving of over R1 800 per month in the total electricity bill. The procured groceries assisted in feeding the children living at the home and the vegetable garden also assisted to feed the children, together with the industrial baking oven that has changed their lives as a source of income generation. The home also experienced savings due to the donated clothes as it had a significant impact on the children, especially during the winter period. The budget allocated for clothing was redirected to some activities of the orphanage. SANAS closed the project of supporting the orphanage home during a final visit on 31 March 2023. The home now has the resources to be financially independent. The impact of the installed industrial baking oven will be monitored and evaluated.

19. AUDIT COMMITTEE REPORT

The Audit and Risk Committee (Committee) is pleased to present its Report for the financial year end on 31 March 2023

Audit and Risk Committee Responsibility

The Committee has operated within the approved Committee Charter and complied with all governing legislation in executing its' responsibilities in terms of the PFMA and Treasury Regulations and requirements of King IV.

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

Key Committee Activities

Statutory Duties

The roles and responsibilities of the Committee as per Section 51(1) (a)(ii) and Section 76(4)d of the Public Finance Management Act, National Treasury Regulations Section 27 (1) and the requirements of the KING IV Code of Corporate Governance include:

- To assist the Board in its evaluation of the adequacy and effectiveness of the internal control systems, governance, accounting practices, information systems, risk management and auditing processes applied within the SANAS's day to day management of its business;
- To facilitate and promote communication between the Board, Management, the External Auditors and Internal Auditors on matters which fall within the responsibilities of the Committee;
- To ensure the risk and compliance areas of SANAS operations are covered in the scope of Internal and External audits;
- To ensure the accounting and auditing concerns identified from the Internal and External audits conducted during the period under review are addressed;
- To ensure SANAS compliance with legal and regulatory provisions, the Accreditation Act and the PFMA as well as the Treasury Regulations; and
- To ensure the independence and objectivity of the Internal and External Auditors.

Internal Controls

The Committee undertook the following primary activities in assessing the effectiveness of the internal controls:

- Reviewed Risk Reports.
- Reviewed SCM reports.
- Reviewed the Audit Action Plans.
- Reviewed the quarterly legal reports.
- Reviewed the framework for establishing effectiveness of policies and procedures relevant to this Committee.
- Established a framework for determining SANAS's compliance with significant legal and regulatory provisions.
- Reviewed the controls over significant financial and operational risks.
- Tabled and discussed Internal Audit Reports at each meeting.
- Reviewed the annual report and financial statements to ensure that they present a balanced and understandable assessment of the position, performance, and prospects of SANAS.

The key outcomes following the above assessment procedures include the internal financial controls and systems, which are satisfactory.

Whistle-Blowing

The Committee considered complaints received relating to SANAS via the whistleblowing hotline.

External Auditors

The Committee independently engaged with External Audit and is satisfied that it has adequately discharged its legal and regulatory responsibilities.

The Committee has reviewed and accepted External Audit's final Management Report and Audit Opinion relating the Annual Financial Statements, Audit of Performance Information and Compliance with legislation as well as the audit findings issued which are to be addressed in accordance with the mitigation action plans as agreed between SANAS and the External Audit.

Evaluation of Annual Financial Statements

The Committee has:

- Reviewed the appropriateness of accounting policies;
- Reviewed the appropriateness of assumptions made by Management in preparing the Annual Financial Statements;
- Reviewed the significant accounting and reporting issues, and understood their impact on the annual financial Statements;
- Reviewed the Annual Financial Statements and considered that they are complete, consistent with prescribed accounting practices and information known by the Committee; and
- Obtained assurance from Management with respect to the completeness and accuracy of the annual financial statements

Governance of Risk

The Committee has continued to fulfil its oversight role regarding:

- Enterprise risk management; and
- Combined Assurance.

Areas of enhancement have been raised by the Committee in relation to:

- Compliance Management;
- Anti-Corruption and Fraud; and
- Business Continuity Management.

Internal Audit

The Committee discharged its responsibility to approve the annual and three-year rolling plan and consider Internal Audits quarterly reports and the mitigation action plans as agreed between SANAS and Internal Audit.

The Committee further ensured that Internal Audit remained independent, objective and had the necessary resources, standing and authority within SANAS to enable it to discharge its duties.

Conclusion

The Committee recommended the approval of the audited March 2023 Annual Financial statements and the audit opinion thereon at its meeting held on 30 July 2023 and these Annual Financial Statements and audit opinion were duly approved by the Board on 31 July 2023 to be included in SANAS's Annual Report for the financial year ended March 2023.



Ms Lerato Mothae
Chairperson of the Audit and Risk Committee
SANAS

20. BROAD-BASED BLACK ECONOMIC EMPOWERMENT

As part of the transformation strategy, SANAS continues to deliver on the transformation agenda of South Africa. SANAS does this by striving to transform the economy, through allowing meaningful participation by black people in the economy with focus on community support, enterprise development and supplier development, amongst others. One of the tools used to measure progress in this area is through the annual assessment for BBBEE compliance.

During the period under review, SANAS focused on the development of a strategy for corrective actions from the previous BBBEE evaluation outcome with the aim to improve our contributor status. Whilst efforts are made to improve, there are ongoing challenges that are posed by budget cuts which limit certain initiatives at SANAS.

Skills Development towards BBBEE

During the period under review, SANAS also focused on engagements with higher education institutions, to offer students opportunities for work exposure whilst in the process of completing their studies. SANAS appointed three interns in the 2022/2023 financial year. The aim is to look at ways to assist them in getting permanent jobs post their internship.

BBEE Compliance Information

Has the Public Entity applied any relevant Code of Good Practice (BBBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	SANAS issues a certificate as a final product to all accredited organisations following compliance with the accreditation processes. The certificate allows organisations to participate in various activities with direct impact on the economic activities of the country.
Developing and implementing a preferential procurement policy?	Yes	Supply Chain department has put in place relevant procedures to implement the preferential procurement policy, FP02-08.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	Not applicable
Developing criteria for entering into partnerships with the private sector?	No	Impartiality principle does not allow SANAS to enter into such partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	SANAS partnered with SEDA as part of its contribution to the BBBEE Enterprise Development.

PART D

HUMAN RESOURCE MANAGEMENT INFORMATION



1. INTRODUCTION

HR is responsible to ensure that SANAS has the human resources capacity to deliver on its mandate in terms of the Accreditation Act and is able to respond to customer's different needs and expectations. The aim of the Human Resources Management function is to ensure a fit for purpose entity, improve on the employee life cycle as well as comply with statutory requirements.

The culture at SANAS is cultivated through the compelling Employee Value Proposition (EVP) embedded in its core values. This, in turn enables SANAS employees to meet the needs of its customers and shareholders. At SANAS we win through our people and, therefore, consider them as the most valued assets.

Human Resources Achievements at a Glance

SANAS is committed to provide learning, personal growth, and development opportunities for its employees. The skills development initiatives available to employees include short courses, workshops, conferences, in-house training, and bursaries. In support of this, 13 bursaries were allocated to qualifying staff members who applied for funding. A total of 45 employees were also exposed to various short courses, workshops and training interventions

During this period, all compliance reporting was done in the form of the Employment Equity Report, the Workplace Skills Plan and Annual Training Report. Details are provided in the tables below.



Employee Performance Management Framework

In an environment where operational excellence is expected, SANAS acknowledges the need to continuously support the performance of its employees. The SANAS Performance Management Framework is based on a balanced scorecard philosophy and balanced scorecard principles. The value of excellence is entrenched in the performance process to ensure efficiencies and to positively impact on customer-centricity. The performance management process is interactive and non-punitive – it is intended to enhance performance and provide guidance and support.

The SANAS performance management system and policy also encourage constructive feedback to employees about achievements, potential development and growth areas. SANAS believes that the success of every performance management system lies in the effectiveness of its implementation. During the year under review performance was maintained at an acceptable level. All employees are kept up to date with the performance management process to ensure that key performance indicators are always aligned to the attainment of SANAS' Strategic Objectives.

Employee Wellness Programmes

SANAS is committed to optimise employee well-being to enhance performance excellence in the workplace and in their personal lives. SANAS has a well-structured and effective Employee Wellness Programme (EWP) provided to employees through a contracted service provider, ICAS. The SANAS Employee Wellness Programme assists and supports employees with personal, work-related problems, other difficulties and concerns which they may experience from time to time.

The SANAS EWP, provides its employees with access to medical, psychological, financial, legal, and other areas of support. Interaction is possible via phone, through email or face-to face. The EWP programme goes beyond benefitting the SANAS employees as it also provides their immediate families with similar services.

SANAS continued to support staff through the Employee Wellness Programmes offered by ICAS. ICAS continuously reports on the utilisation of its services. The main issues experienced by employees are related to anxiety, stress, fear, uncertainty and financial challenges.

Communication relating to healthy lifestyle, creating a positive work environment, ergonomics and other health-related issues were shared with employees through internal publications. Furthermore, to promote positive health, SANAS utilised professional services for the testing of pap smears for female employees, and a wellness workshop was held with various health stakeholders.

Policy Development

Several procedures linked to the SANAS Human Resources Policy have been reviewed to ensure alignment with legislative amendments and contribute to SANAS positive work climate. Furthermore, an effort is made to always solicit employee contributions and views when reviewing and/or developing procedure/s to promote employee engagement and further ensuring familiarity with the content(s) of the procedures. This level of engagement and awareness with employees, ultimately mitigates workplace transgressions.

Challenges Faced by SANAS

SANAS' strategy to maintain, grow, and support national, regional, and international developments in accreditation continues to place a significant demand on its human resources. These resources include external contracted assessors, as well as internal administration and management resources. SANAS' ability to sustain and grow its existing customers and programmes, integrate new programmes, and support accreditation developments depends on its ability to attract, develop, and retain talent which will enable the entity to keep pace with the growing demand of its services.

The model of SANAS' business requires employees that possess technical and managerial capabilities which are usually difficult to replace. During this period the major challenge related to time taken to source the assessors and other resources with relevant talent, skill and experience. There is, however, an ongoing effort to promote skills transfer to ensure business continuity in case of an unexpected vacancy.

Future HR Plans /Goals

The future human resources plans and goals include, maintaining continuous development of employees, a focus on leadership development initiatives, an improved talent management framework, maintaining the vacancy rate to below 5%, rolling out organisational development initiatives and measuring the effectiveness of interventions. To ensure organisational effectiveness and move towards a fit for purpose structure, SANAS embarked on an organisational work-study which is still underway. This exercise will be concluded during the current financial year.

Furthermore, during the year under review, SANAS automated some HR processes and aims to continue with the automation of HR processes to ensure that employees have easier and improved access to HR services. This will also assist management in making relevant people management decisions based on easily accessible information.

Intellectual Capital Framework

HR continues to strive for effective intellectual capital development. An intellectual capital framework focuses on the development of SANAS' intellectual capital which covers human capital, structural capital and relational capital. Interventions such as skills programmes, short courses, workshops / seminars, bursary programmes and in-house online training sessions are ongoing throughout the year. ROI on training initiatives has also been implemented to ensure that SANAS derives value from the training investment.

Competencies and Skills

Building the right capabilities is a strategic imperative for SANAS' success and growth. This key focus area embraces the benefits of instilling a culture of continuous learning. SANAS believes that having the right capabilities means more than attracting and retaining exceptional people – it also provides an opportunity for upskilling and/or reskilling its employees. SANAS ensures that all the required competencies necessary for its success are reviewed and enhanced accordingly, in line with the organisational competency library. The context of the review of the competency library is in alignment with SANAS' mandate. Employees' training is aligned with competency gaps and other needs identified as part of the performance management system.

To support the enhancement of competencies, bursaries are awarded to employees who intend to improve their formal qualifications in alignment with their roles and competency requirement in SANAS.

In the year under review, SANAS invested a total of R 663 405.00 between courses, training programmes, workshops, and bursaries, as reflected in the table below.

Training Costs

Activity	Training Expenditure	Number of employees
	R'000	
Bursaries	R 271 261	13
Short courses, workshops, training interventions	R 392 144	45

Feedback received from various surveys confirmed that participants extracted value from the training. Planning for future training will be informed by additional skills gaps identified during the 2022/2023 training initiatives.

Internships

The purpose of the SANAS internship programme is to provide work-life experience that enables interns to put everything they have learnt into action. The SANAS programme helps interns gain the necessary skills which they can apply to future jobs, thus contributing to job creation. This is also done as part of SANAS' commitment to the transformation of the economy in line with the BBBEE provisions. In the financial year 2022/2023, we appointed a total of three interns, who are currently placed in identified Business Units (Marketing & Communications, IT and Procurement). The interns are appointed for the period of 18 months with the intention to assist them to get permanent jobs after the internship.

External Bursaries

SANAS offers external bursaries to previously disadvantaged South African citizens. The purpose of the programme is to establish an effective system for the continuous development of qualified candidates for future appointments and mobility in both the public and private sectors. Through its external bursaries programme, SANAS seeks to achieve the following objectives: (1) Enhance youth development and (2) Develop a culture of high-quality lifelong learning within SANAS. This is also aimed at ensuring that the country has the necessary talent and skills to assist youth to be employable.

2. HUMAN RESOURCES STATISTICS

Remuneration, Recognition and Rewards

SANAS' Remuneration, Recognition and Rewards policy provides guidance on remunerating of its employees. In line with Remuneration policy, salary scales are benchmarked against industry standards and other related government entities to ensure that remuneration packages are competitive and promote retention. These salary scales are reviewed every five years to ensure that SANAS continue to remunerate the employees fairly. As part of the Recognition and Awards system, SANAS also recognises employees with long service. In the year under review, eleven employees were recognised for their long service. This was celebrated by a formal virtual event during which employees with five to 15 years of service received awards.

The tables below reflect key Human Resources related expenditure and information.

Personnel Cost by Programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	Number of employees	Average personnel cost per employee (R'000)
Administration	41641	41641	12%	10	756
Corporate services	14643	14643	24%	20	732
Strategy and Development	7121	7121	12%	7	1017
Accreditation	31220	31220	52%	40	780

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)*	% of personnel exp. to total personnel cost (R'000)	No. of employees*	Average personnel cost per employee (R'000)
Senior Management	9 729	5.19%	4	2 433
Professional qualified	40 046	41.55%	32	1 252
Skilled	21 393	44.15%	34	627
Semi-skilled	1 657	5.19%	4	415
Unskilled	1 394	3.92%	3	464
TOTAL	74 217	100%	77	5 192

Note: Percentages may not add up to 100% exactly

*Excludes terminated employees

** Excludes seconded employee

***Includes Interns and Temporary Employees

Performance Rewards

During the year under review, an amount of R 3,261,322.52 was budgeted for the payment of performance bonuses. Provision for the payment of performance bonuses has been made in the Annual Financial Statements however it is yet to be paid in the current financial year, subject to approval by the Board of Directors.

Programme	Performance Rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	0	0
Senior Management	0	0	0
Professional qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Unskilled	0	0	0
TOTAL	0	0	0

Employment and Vacancies

No. of Employees	Approved Positions	No. of Employees	Vacancies	% of vacancies
Top Management	1	1 (Secondment)	0	0%
Senior Management	4	4	0	0%
Professional qualified	34	32	2	2.7%
Skilled	33	32	1	1.3%
Semi-skilled	4	4	0	0%
Unskilled	1	1	0	0%
TOTAL	77	74	3	3.9%

Employment Changes

SANAS had a total of 74 employees by the end of the period under review. This includes the secondment in Top Management. There were two appointments on skilled level and two terminations within the reporting period.

The table below provides information on changes in employment over the financial year.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1 (Secondment)	0	0	1 (Secondment)
Senior Management	4	0	0	4
Professional qualified	33	0	1	32
Skilled*	31	2	1	32
Semi-skilled**	4	0	0	4
Unskilled	1	0	0	1
TOTAL	74	2	2	74

Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
Death	1	1.35%
Resignation	0	0%
Dismissal	0	0%
Retirement	1	1.35%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
TOTAL	2	2.7%

Labour Relations: Misconduct and Disciplinary Action

SANAS is committed to upholding good labour practices and a working environment that entrenches the rights of all employees to be treated with fairness, equality, and with respect. This is done through an open-door policy that contributes to building and maintaining cross-cutting employee relations practices. Employees are free to exercise their right of belonging to a trade union. The majority of employees at SANAS are members of the National Education, Health and Allied Workers' Union (NEHAWU).

In the year under review the Employee relations activities are outlined below:

Nature of disciplinary Action	Number
Verbal warning	4
Written warning	0
Final written warning	0
Dismissal	0

The tables below provide employment equity statistics per category.

Equity Target and Employment Equity Status

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	1	0	0	0
Professional qualified	16	0	1	0	0	0	3	0
Skilled	28	0	1	0	0	0	0	0
Semi-skilled	2	0	0	0	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
TOTAL	48	0	2	0	1	0	3	0

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	1	0	0	0	1	0	0	0
Professional qualified	9	0	1	0	0	0	2	0
Skilled	3	0	0	0	0	0	0	0
Semi-skilled	2	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	16	0	1	0	1	0	2	0

Levels	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	0	1	1
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	1	0

PART E

PFMA

COMPLIANCE REPORT



1. IRREGULAR EXPENDITURE

a. Reconciliation of irregular expenditure

Description	2022/2023	2021/2022	2020/2021
	R	R	
Opening balance	207 175	26 584 211	26 011 803
Prior Period Errors	0	0	396 034
As Restated	207 175	26 584 211	26 407 837
Add: Irregular expenditure confirmed	0	511 808	176 374
Less: Irregular expenditure condoned	0	26 888 844	0
Less: Irregular expenditure not condoned and removed	0	0	0
Less: Irregular expenditure recoverable	0	0	0
Less: Irregular expenditure not recovered and written off	0	0	0
Closing balance	207 175	207 175	26 584 211

National Treasury had initially condoned irregular expenditure of R1 736 788 in the 2021/2022 financial year. They had subsequently confirmed in the 2022/2023 financial year that the nature of the irregular expenditure that was condoned of R1 736 788 applied to all expenditure incurred due to that specific irregularity and specific nature. As a result, all expenditure incurred because of that irregularity was condoned. This was subsequently corrected in the 2021/2022 financial year.

Reconciling notes to the annual financial statement disclosure

Description	2022/2023	2021/2022
	R	R
Irregular expenditure that was under assessment in 2021/2022	0	0
Irregular expenditure that relates to 2021/22 and identified in 2022/23	0	0
Irregular expenditure for the current year	0	511 808
Total	0	511 808

No irregular expenditure was incurred for the 2022/2023 financial year and the irregular expenditure incurred in the 2021/2022 financial year had been condoned.

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

Description	2022/2023	2021/2022
	R	R
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	Cannot be quantified	Cannot be quantified
Total	0	0

Alleged irregular expenditure raised in prior years was being investigated. It was concluded that the matters were not irregular, however, the Audit and Risk Committee had recommended that this be confirmed by the external auditors. Once confirmed, the matters will be closed.

c. Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R	R
Irregular expenditure condoned	0	26 888 844
Total	0	26 888 844

d. Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/2023	2021/2022
	R	R
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

There were no instances of irregular expenditure not condoned and removed from the AFS

e. Details of current and previous year irregular expenditure recoverable

Description	2022/2023	2021/2022
	R	R
Irregular expenditure recovered	0	0
Total	0	0

There were no instances of irregular expenditure recovered

f. Details of current and previous year irregular expenditure not recoverable and written off (irrecoverable)

Description	2022/2023	2021/2022
	R	R
Irregular expenditure written off	0	0
Total	0	0

There were no instances of irregular expenditure not recoverable and written off.

Additional disclosure relating to Inter-Institutional Arrangements**g. Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

Description
None
Total

The matters under investigation related to institutional arrangements. These matters are discussed above in paragraph b.

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

Description	2022/2023	2021/2022
	R	R
	-	-
Total	-	-

There were no such instances

i. Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Description	2022/2023	2021/2022
	R	R
	-	-
Total	-	-

Disciplinary processes had taken place in prior years and no action was relevant for the period under review

2. FRUITLESS AND WASTEFUL EXPENDITURE

a. Reconciliation of Fruitless and Wasteful Expenditure

Description	2022/2023	2021/2022
	R	R
Opening balance	284 824	0
Prior period error	0	284 824
Restated opening balance	0	284 824
Add: fruitless and wasteful expenditure confirmed	0	0
Less: fruitless and wasteful expenditure written off	0	0
Less: fruitless and wasteful expenditure recoverable	0	0
Closing balance	284 824	284 824

The fruitless and wasteful expenditure incurred related to the signing of a mutual separation agreement. Confirmation is being sought if this amount could be recovered or if it should be written off.

Reconciliation Notes

Description	2022/2023	2021/2022
	R	R
Fruitless and wasteful expenditure that was under assessment in 2021/22	0	0
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	0	0
Fruitless and wasteful expenditure for the current year	0	0
Total	0	0

Fruitless and wasteful expenditure was incurred in December 2019. No fruitless and wasteful expenditure was incurred for 2021/2022 and 2022/2023.

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

Description 5	2022/2023	2021/2022
	R	R
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total 6	0	0

The fruitless and wasteful expenditure was raised in a prior year by the external auditors and was recorded in 2021/2022.

c. Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/2023	2021/2022
	R	R
Fruitless and wasteful expenditure recovered	0	0
Total	0	0

As mentioned above, it is still being confirmed if the fruitless and expenditure is recoverable or if it should be written off.

d. Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/2023	2021/2022
	R	R
Fruitless and wasteful expenditure written off	0	0
Total	0	0

It is still being confirmed if the fruitless and wasteful expenditure is recoverable or if it should be written off.

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

Disciplinary steps taken

Disciplinary steps could not be followed because the responsible officials had left the entity.

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

a. Details of current and previous year material losses through criminal conduct

No theft or material losses were incurred.

b. Details of other material losses

There were no material losses.

c. Other material losses recovered

Not applicable, as no material losses were incurred.

d. Other material losses written off

Not applicable, as no material losses were incurred.

3. INFORMATION ON LATE AND / OR NON-PAYMENT OF SUPPLIERS

Description	Number of Invoices	Consolidated Value
		R'000
Valid invoices received	7 542	R36 600
Invoices paid within 30 days or agreed period	7 507	R36 124
Invoices paid after 30 days or agreed period	35	R476
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	0	R0
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	1	R24

Invoice in dispute was a result of a deviation not being timeously signed

4. INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Pipe replacement	Cush Development cc	Emergency	D2022/23-01	R13 282.50
Licence Fee for SAGE Evolution system	SAGE South Africa	Sole source	D2022/23-02	R128 882.00
Annual Membership Fees.	The Institute of Directors in South Africa	Sole source	D2022/23-03	R27 610.00
Annual Membership Fees.	PEASA	Sole source	D2022/23-04	R700.00
Resolution of the air cons not cooling as well as the automatically switching on	Khanya Air Cons and Projects	Emergency:	D2022/23-05	R8 119.00
Procurement of SABS standards	SABS	Sole source	D2022/23-06	R8 376.00
Participation at the 2022 Green Youth Indaba through exhibition, advertisements (website, print and radio) and presentation at breakaway session.	Green Youth Network	Sole source	D2022/23-07	R150 000.00
Procurement of SABS standards	SABS	Sole source	D2022/23-08	R20 941.50
Forex for all international travel	Travelex	Sole source	D2022/23-08-2	
Membership fees	SABPP	Sole source	D2022/23-09	R1,600.00
Memorial service setup	Indingliz Advertising & marketing	Urgent	D2022/23-10	R29 997.75
SANAS annual membership fee	SAACB	Sole source	D2022/23-11	R2 315.00
Bulk purchase of accreditation division unit standards	The South African Bureau of Standards (SABS)	Sole source	D2022/23/12	R696 978.78
MSQF Website	National Laboratory Association (NLA)	Sole source	D2022/23/13	R12 500.00
Presentation and exhibition at the 2022 Post-Graduate research and Innovation Symposium (PRIS), to be hosted on Zoom on 8 and 9 December 2022.	University of KwaZulu-Natal	Sole source	D2022/23/14	R5 000.00
IAF has granted SANAS signatory status as an Accreditation Body	International Accreditation Forum (IAF)	Sole source	D2022/23/15	\$US 2 825.00 (R 49 053.58)
Member of the IAF Multi-Lateral Arrangement (MLA)"	Fluid Rock Governance	Sole source	D2022/23/16	R68 250.00
Assessment of our Audio-visual system in our training rooms	PEC Utility Management (Pty) Ltd.	Urgent case	D2022/23/17	R5 900.00

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Annual subscription renewal for Caseware	Adapt IT Pty Ltd	Sole source	D2022/23/18	R83 431.37
AV system and projectors	Volano	Urgent case	D2022/23/19	R107 205.25
International Accreditation Forum (IAF); and International Laboratory Accreditation Cooperation (ILAC)	Meeting registration fees for the IAF/ILAC Mid-Term meetings	Sole source	D2022/23/20	USD 3 995 (R 74 634.19)
Appointment of a suitably professional bidder for provision of the support, maintenance, and further enhancements of SANAS' online accreditation system and websites for a period of three (3) years.	N/A	Urgent case	D2022/23/24	N/A
Total				R1 494 776.92

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
Renewal of the Microsoft e3 o365 open value subscription (QVS) licences for 36 months"	Altron Karabina	Price fluctuations due to ROE	N/A	R 4 737 967.68	N/A	R311 457.59
Building security services	Elihle Intusi Proprietary (Pty) Ltd t/a Titanium Security Service	Continuation of service while finalising the tender process	N/A	R923 717.72	N/A	R27 237.62
Building security services	Elihle Intusi Proprietary (Pty) Ltd t/a Titanium Security Service	Continuation of service while finalising the tender process	N/A	R923 717.72	R27 237.62	R14 936.76
Printer's rentals	Seartec	The contract with the existing service provider was extended by one month to allow for the contracting process with the new service provider to be completed.	N/A	R253 148.64		R37 972.30
Catering services	Maribelo trading and projects; Fumi Akie Pty Ltd	The contract with the existing service provider was extended by one month to allow for the contracting process with the new service provider to be completed.	N/A	R1 204 697.25		R150 000.00
Cleaning services	Keewave trading and projects	The contract with the existing service provider was extended by one month to allow for the contracting process with the new service provider to be completed.	N/A	R1 288 130.76		R35 781.26
Total						R577 385.53

PART F

ANNUAL FINANCIAL INFORMATION



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

The 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 SANAS 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 SANAS, and all employees are required to maintain the highest ethical standards in ensuring SANAS' business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in SANAS is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, SANAS 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 does not anticipate any major threats to SANAS' revenue generation for 2023/2024. The Accounting Authority has reviewed SANAS' cash flow forecast for the medium term and, in light of this review and the current financial position, is satisfied that SANAS has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that SANAS is a going concern and that SANAS has neither the intention nor the need to liquidate or curtail materially the scale of SANAS.

The external auditors are responsible for independently reviewing and reporting on SANAS' annual financial statements. The annual financial statements were examined by SANAS' external auditors and their report will be presented once the audit is finalised.

The annual financial statements were approved by the Board of Directors on 31 July 2023 for submission to the Auditor General of South Africa and are signed on its behalf by:



Ms L Tlou

Interim Chairperson of the Board



Mr T Baleni

Acting Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON SOUTH AFRICAN NATIONAL ACCREDITATION SYSTEM

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the South African National Accreditation System set out on pages 99 - 134, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the South African National Accreditation System as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the public entity in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

We draw attention to the matter below. Our opinion is not modified in respect of this matter.

Restatement of corresponding figures

As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2022 were restated due to incorrect reporting in the financial statements of the public entity at and for the year ended, 31 March 2023.

Responsibilities of the accounting authority for the financial statements

The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

Our 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 our 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.

A further description of our 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

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

We selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected a programme that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 4 - Accreditation	41 - 54	To provide, manage and maintain accreditation services for new and existing clients in both the voluntary and regulatory domain.

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

We performed procedures to test whether:

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

We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

We did not identify any material findings on the reported performance information of this programme:

- Programme 4: Accreditation

Other matters

We draw attention to the matters below.

Achievement of planned targets

The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the material findings on the reported performance information.

The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 4 - Accreditation <i>Targets achieved: 100%</i> <i>Budget spent: 100%</i>		
Increase the number of accredited organisations	2001 (Cumulative)	Annual Target Overachieved 2059 (Cumulative)
Reduce the number of working days to issue certificates and scopes of accreditation after completion of approvals process	13 working days to issue certificates and scopes of accreditation after completion of approvals process	Annual Target Achieved Certificates and scopes of accreditation were issued within 13 working days on average, after completion of approvals process.
Increasing the registration of black Assessors (Transforming the Assessor pool to represent the demographics of the country)	324 Cumulative	Annual Target Achieved Twenty additional black assessors were registered during the financial year, thus increasing the actual total to 324
Expand SANAS scopes of recognition under the Mutual Recognition Arrangements	1 Sub-scope application	Annual Target Achieved One sub-scope application for Medical devices was submitted as planned
Engage Regulators on the benefits of accreditation in the regulatory domain	Conclude MoU with SAHPRA, identify priority areas	Annual Target Achieved SANAS and SAHPRA concluded the MoU which informed the identification of priority areas and the development of relevant action plans.

The planned targets were all achieved.

Material misstatements

We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 4- accreditation. Management subsequently corrected all the misstatements and we did not include any material findings in this report.

Report on compliance with legislation

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

We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion.

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

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

Other information in the annual report

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

Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

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

Internal control deficiencies

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

We did not identify any significant deficiencies in internal control.

Auditor tenure

In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Balushi Chartered Accounts and Auditors Inc has been the auditor of the South African National Accreditation System for 1 year.



Registered Auditor

Director

Balushi Chartered Accounts and Auditors Inc

31 July 2023

1185 Park Street, Parkfield Court, Hatfield

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b);
Treasury Regulations	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
CIDB Regulations	CIDB reg. 17; 25(7A)
PPPFA	Section 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.3; 4.4; 4.4 (a); 4.4 (c) -(d)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1
NT SCM Instruction Note 03 2021/22	Paragraph 4.3; 4.4; 4.4 (a); 4.4 (c) -(d)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

ACCOUNTING AUTHORITY'S REPORT

The Accounting Authority submits their report for the year ended 31 March 2023.

1. GENERAL REVIEW

The South African National Accreditation System (SANAS) is a Schedule 3A Public Entity as listed in the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) as amended.

SANAS is the sole government recognised accreditation body for conformity assessment in South Africa. SANAS promotes the competence, against a specific schedule of activity, of its accredited facilities nationally, regionally and internationally. It has successfully concluded several mutual recognition arrangements in this regard.

SANAS is guided by the principles of the PFMA and promulgated by the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act of South Africa, 2006 (Act No.19 of 2006) (Accreditation Act) as of 1 May 2007. The statutory duties, responsibilities and liabilities are imposed on the Accounting Authority by the PFMA.

The activities of SANAS during the year under review are comprehensively covered in the annual report.

2. GOING CONCERN

We draw attention to the fact that at 31 March 2023, SANAS had an accumulated surplus of R 111,197,529 and that SANAS' total assets exceeded its liabilities by R 111,197,529.

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

It is anticipated that revenue generation for 2023/2024 will continue to improve and SANAS does not expect any material effect of the macro environment that will affect its liquidity or financial position. SANAS' cash flow forecast for the medium term has been reviewed and, in light of this review and the current financial position, the Accounting Authority is satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

3. ACCOUNTING AUTHORITY MEMBERS

The Accounting Authority of entity during the year and to the date of this report is as follows:

Name	Nationality
Ms L Tlou (Interim Chairperson)	South African
Mr T Baleni (Acting CEO)	South African
Dr T Demana	South African
Ambassador Jaffer	South African
Mr S Mlangeni	South African
Dr M Mohlala	South African
Ms L Mothae	South African
Mr M Phaloane (Executive: Accreditation)	South African
Ms I Ramafola	South African
Mr F Wetes	South African

4. COMPANY SECRETARY

The company secretary of SANAS is Mr Dawood Petersen.

Business address	Libertas Office Park Cnr Libertas and Highway Streets Equestria Pretoria 0184
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5. BUSINESS AND OPERATIONS

SANAS' business and operations and the results thereof are clearly reflected in the annual report and the attached annual financial statements.

6. EVENTS AFTER REPORTING DATE

There were no material facts or circumstances that arose between the accounting date and the date of this report that require disclosure or adjustment to the financial statements.

7. TAXATION

SANAS is exempt from paying normal South African income tax in terms of the Income Tax Act as amended. SANAS is further unregistered for Value Add Tax (VAT) purposes given its nature of services and mandate as a Public Entity. SANAS is however liable to pay all other statutory taxes.

8. PUBLIC FINANCE MANAGEMENT ACT (PFMA)

The SANAS Board of Directors is the Accounting Authority in terms of the PFMA, of which SANAS is listed as a Schedule 3A public entity.

The PFMA focuses on financial management with related outputs and responsibilities. SANAS has established an ongoing process of awareness and education. With the continuing emphasis on the creation of PFMA compliant systems, the Accounting Authority is of the opinion that SANAS has complied with the provisions of the Public Finance Management Act, 1 of 1999 (PFMA), as amended, and other applicable legislation during the period under review.

9. BUSINESS AND POSTAL ADDRESS

Business address	Libertas Office Park, Block D Cnr Libertas & Highway Street Equestria Pretoria East 0184
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Contact details

Bankers	First National Bank - Hatfield Branch
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Auditors	Balushi Chartered Accounts and Auditors Inc as appointed in terms of the Public Audit Act Section 4(3).
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10. CONTROLLING ENTITY

SANAS, as part of the Economic cluster within government, reports to the Department of Trade, Industry and Competition.

STATEMENT OF FINANCIAL POSITION

Figures in Rand (Restated)	Note(s)	2023	2022
Assets			
Current Assets			
Receivables from exchange transactions	4	9,651,007	5,660,934
Cash and cash equivalents	5	62,364,660	65,948,077
		72,015,667	71,609,011
Non-Current Assets			
Property, plant and equipment	6	54,880,055	58,579,542
Intangible assets	7	4,500,295	5,189,548
		59,380,350	63,769,090
Total Assets		131,396,017	135,378,101
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	6,244,967	8,318,232
Income received in advance	10	6,678,780	5,479,742
Provisions	11	4,101,052	2,961,037
Accrual for leave pay	12	3,173,689	2,598,418
		20,198,488	19,357,429
Total Liabilities		20,198,488	19,357,429
Net Assets		111,197,529	116,020,672
Accumulated surplus		111,197,529	116,020,672

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand (Restated)	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Rendering of services		96,080,144	85,735,470
Other income		139,230	186,242
Interest received - investment	15	4,080,290	1,695,252
Total revenue from exchange transactions		100,299,664	87,616,964
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	16	33,820,000	32,967,000
Total revenue	17	134,119,664	120,583,964
Expenditure			
Employee related costs	18	(66,318,686)	(59,324,586)
Accreditation Assessor Costs		(16,907,821)	(15,413,169)
Transfer payments - Other		(794,820)	(753,383)
Depreciation and amortisation	19	(4,944,011)	(5,590,619)
Debt Impairment	20	381,834	(552,636)
General Expenses	21	(35,510,303)	(20,527,057)
Total expenditure		(124,093,807)	(102,161,450)
Surplus for the year		10,025,857	18,422,514

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Note	Accumulated surplus	Total net assets
Balance at 01 April 2021		96,371,883	96,371,883
Prior period error	31	1,226,275	1,226,275
Surplus for the year		18,422,514	18,422,514
Restated balance at 01 April 2022		116,020,672	116,020,672
Changes in net assets			
Surplus for the year		10,025,857	10,025,857
National Treasury 2021/2022 cash surplus surrender		(14,849,000)	(14,849,000)
		(4,823,143)	(4,823,143)
Balance at 31 March 2023		111,197,529	111,197,529

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2023	2022
Cashflows from operating activities			
Cash receipts			
Funds received from the dtic		33,820,000	32,967,000
Fee income - Accreditation, Strategy and Other		93,414,328	81,909,671
Investment income		4,080,290	1,695,252
		131,314,618	116,571,923
Payments			
Employee costs		(65,349,045)	(58,878,764)
Operating expenses		(54,056,865)	(33,107,512)
		(119,405,910)	(91,986,276)
Net cashflows from operating activities	23	11,908,708	24,585,647
Cashflows from investing activities			
Purchase of property, plant and equipment	6	(589,277)	(245,571)
Purchase of intangible assets	7	(53,848)	(209,691)
Net cashflows from investing activities		(643,125)	(455,262)
Cashflows from financing activities			
Surrender of 2021/2022 cash surplus		(14,849,000)	-
Net increase (decrease) in cash and cash equivalents		(3,583,417)	24,130,385
Cash and cash equivalents at the beginning of the year		65,948,077	41,817,692
Cash and cash equivalents at the end of the year	5	62,364,660	65,948,077

STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
the dtic grant	33,820,000	-	33,820,000	33,820,000	-	
Accreditation Income	84,421,226	-	84,421,226	88,967,016	4,545,790	33a
Other including Knowledge Transfer	15,661,639	-	15,661,639	11,332,648	(4,328,991)	33b
Total revenue	133,902,865	-	133,902,865	134,119,664	216,799	
Expenditure						
Compensation of employees	(68,430,308)	-	(68,430,308)	(66,318,686)	2,111,622	33c
Goods and services	(58,677,737)	-	(58,677,737)	(52,036,290)	6,641,447	33d
Transfer payments - Other	(794,820)	-	(794,820)	(794,820)	-	
Depreciation and amortisation	(6,000,000)	-	(6,000,000)	(4,944,011)	1,055,989	33e
Total expenditure	(133,902,865)	-	(133,902,865)	(124,093,807)	9,809,058	

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 89(1) of the Public Finance Management Act (Act 1 of 1999).

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

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 preparation of these annual financial statements, are disclosed below.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that SANAS will continue to operate as a going concern for the foreseeable future.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management was 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 was 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. Significant judgements include:

Receivables from exchange transactions

SANAS assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgements as to whether there is observable data indicating the reasons debtors have not settled their balances after processes have been implemented to recover trade receivables.

The impairment for trade receivables is calculated on a portfolio basis, based on historical data stored on the ability of trade debtors to settle their balances and other indicators present at the reporting date that correlate with defaults on the portfolio.

Impairment testing of assets

SANAS reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. 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 and intangible assets are inherently uncertain and could materially change over time.

When the carrying amount of an asset exceeds its recoverable service amount, it is impaired.

Provisions

Provisions were raised. Management had considered the obligation that had existed because of past events or services that were rendered as well as the probability that there will be an outflow of resources. The overarching judgement in classifying the expenditure as a provision was based on the uncertainty of the timing of the payment of such services and because firm agreements had not been made with the suppliers or relevant authority required to release such payment. Additional disclosure of these estimates of provisions are included in the Provisions note 11.

1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Land is not depreciated.

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

Item	Depreciation method	Useful life
Buildings	Straight line	20 years
Furniture and fixtures	Straight line	10 to 20 years
Motor vehicles	Straight line	3 to 5 years
Office equipment	Straight line	5 to 18 years
IT equipment	Straight line	4 to 7 years

The residual value and the useful life and depreciation method of each asset is reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

1.4 Intangible assets

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 SANAS and
- the cost or fair value of the asset can be measured reliably.

SANAS assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumption 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.

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

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

Item	Amortisation method	Useful life
Computer software	Straight line	10 - 12 years
Automated Accreditation Management system	Straight line	10 years
Knowledge Transfer management system	Straight line	12 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

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.

1.5 Financial instruments

Classification

SANAS 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	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

SANAS 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	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

SANAS recognises a financial asset or a financial liability in its statement of financial position when SANAS becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

SANAS measures a financial asset and financial liability initially at its fair value plus 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

SANAS 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.

Derecognition**Financial assets**

SANAS derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived; or
- SANAS transfers to another party substantially all of the risks and rewards of ownership of the financial asset;

Financial liabilities

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

1.6 Leases

SANAS classifies leases as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as an operating lease.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straightline basis over the lease term. For the current reporting period, only operating leases were entered into.

1.7 Impairment of cash-generating assets**Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

SANAS assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, SANAS estimates the recoverable amount of the asset.

Reversal of impairment loss

SANAS assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, SANAS estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

1.8 Employee benefits

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

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

- SANAS' decision to terminate an employment before the normal retirement date; or
- an decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

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

Short-term employee benefits include items such as:

- Salaries, medical aid and provident fund; and
- Performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

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

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

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

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

1.9 Provisions and contingencies

Provisions are recognised when:

- SANAS 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.

Contingent assets and contingent liabilities are not recognised however are disclosed when there is a possible significant and material effect on SANAS.

1.10 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.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Recognition of rendering of services

Rendering of services is divided into two categories, namely fee income for accreditation services and courses for training. Fee income is received for new and existing clients in terms of legislation and international standards, and for ensuring that accredited conformity assessment services are available to South African Industry and Regulators, including the Industrial Policy Priority Sectors (IPPS). Course fees are received for accreditation courses held in order to support existing and new accreditation fields within IPPS.

Service revenue for accreditation services is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the stage of accreditation completed, i.e. document review at new application, pre- assessment (where required) or initial assessment. Accreditation is only granted after successful completion of all stages and signed off by an Approval Committee. Training courses revenue is recognised when the relevant course has been attended.

1.11 Revenue from non-exchange transactions

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

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that the inflow is conditional upon the completion of a certain event or task in which case a liability is also recognised in respect of the conditional inflow.

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by SANAS. When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition.

Transfers

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

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

Gifts and donations, including goods in-kind.

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

1.12 Funds received from the dtic

Funds received from the dtic are recognised as revenue from non exchange transactions when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to SANAS.
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any conditions associated with the grant.

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.14 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.

1.15 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. the PFMA; or
- b. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the PFMA or
- c. any provincial legislation providing for procurement procedures in that provincial government.

For irregular expenditure to have occurred, the following must be present:

- expenditure incurred in contravention of, or not in accordance with legislation, and
- expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position.

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to irregular expenditure incurred in the current financial year, with one financial year comparative analysis. (This analysis does not include irregular expenditure recognised in the previous financial years and does not include irregular expenditure not recognised in those previous financial years as such analysis is recorded in the irregular expenditure register and dealt with in terms of its approval process.

1.16 Segment information

A segment is an activity of SANAS:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of SANAS);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing SANAS' financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measure of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in SANAS' financial statements.

1.17 Budget information

The approved budget is prepared on an accrual basis and is included in the budget of Vote 39 - Department of Trade, Industry and Competition.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

A comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.18 Related parties

SANAS 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 the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of SANAS and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that SANAS is transparent about its dealings with related parties.

Related parties include:

- a. A person or a close member of that person's family is related to SANAS if that person:
 - has control or joint control over the SANAS;
 - has significant influence over SANAS
 - is a member of the management of SANAS or its controlling entity.
- b. An entity is related to SANAS if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others)
 - a person identified above has significant influence over that entity or is a member of the management of its controlling entity).

1.19 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).

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

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

2. Changes in accounting policy

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

 Figures in Rand

3. New standards and interpretations

3.1 Standards and Interpretations issued, but not yet effective

SANAS 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 2023 or later periods:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected Impact
Amendments to GRAP 1	1 April 2023	Not expected to impact results but may result in additional disclosure
Improvements to Standards of GRAP	1 April 2023	Not expected to impact results but may result in additional disclosure
Amended GRAP 104 on Financial Instruments	1 April 2023	Not expected to impact results but may result in additional disclosure
Amended GRAP 25 on Employee Benefits	Not yet effective	Not expected to impact results but may result in additional disclosure
IGRAP 7 - Limit on a Defined Benefits Asset Min Fund Requirement and Interact	Not yet effective	No effect

3.2 Standards and interpretations early adopted

SANAS has chosen to early adopt IGRAP 21 - The Effect of Past Decisions on Materiality as well as the Guideline of the Application of Materiality to Financial Statements in the 2021/2022 financial year. The implementation of the Interpretation and the Guideline does not have any material impact on results but results in additional disclosure where judgement was applied to assess the materiality of transactions and items in order to determine its disclosure. The recognition and disclosure of the item is based on whether non-disclosure will affect the decisions of users.

4. Trade and other receivables from exchange transactions

Trade debtors	10,458,379	6,577,817
Less: Impairments for bad debts	(1,056,355)	(1,438,190)
Prepayments	163,279	177,290
Utilities deposit	45,000	45,000
Staff debtors	40,704	299,017
	<u>9,651,007</u>	<u>5,660,934</u>

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

Trade receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than three (3) months are not past due and are also not considered to be impaired. At 31 March 2023 R6,627,222 (2022: R 3,726,753) were past due but not impaired.

 Figures in Rand

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

1 month past due	24,155	393,054
2 months past due	6,603,067	3,333,699

Trade receivables from exchange transactions impaired

As of 31 March 2023, trade and other receivables of R1,056,355 (2022: R1,438,190) were impaired and provided for.

The ageing of these impairments is as follows:

0 to 90 days	34,668	-
Over 90 days	1,021,687	1,438,190

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1,438,190	885,553
Provision for impairment	-	552,637
Amounts written off as uncollectible	(90,227)	-
Unused amounts reversed	(291,608)	-
	1,056,355	1,438,190

The creation and release of provision for impaired receivables have been included in operating expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Other Receivables

Staff debtors relate to a debt for the recovery of funds because of the application of the no work no pay rule that was applied due to strike action that had taken place in 2017. These funds are currently being recovered from staff. The debt outstanding is older than twelve (12) months but is not impaired as it is being recovered.

A deposit of R45 000 was paid to the utilities management company as a deposit for water and electricity usage at the SANAS office building. This amount is not interest bearing.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand (including foreign exchange)	4,396	13,396
Bank balances	62,360,264	3,130,556
Call accounts	-	62,804,125
	62,364,660	65,948,077

Surplus cash would be deposited with the Corporation for Public Deposits at the Reserve Bank. A bank account number was only forwarded to SANAS at the end of the financial year. Surplus funds would be deposited in that account in the new financial year.

Figures in Rand

6. Property, plant and equipment

	2023			2022		
	Cost/Valuation	Accumulated Depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated Depreciation and accumulated impairment	Carrying value
Land	8,858,565	-	8,858,565	8,858,565	-	8,858,565
Buildings	55,559,047	(13,371,809)	42,187,238	55,559,047	(10,605,369)	44,953,678
Furniture and fixtures	3,507,362	(1,713,451)	1,793,911	3,581,897	(1,396,678)	2,185,219
Motor Vehicles	1,259,392	(870,188)	389,204	1,259,392	(618,310)	641,082
Office equipment	985,073	(821,658)	163,415	1,033,478	(747,610)	285,868
IT equipment	6,872,715	(5,384,993)	1,487,722	7,150,063	(5,494,933)	1,655,130
Total	77,042,154	(22,162,099)	54,880,055	77,442,442	(18,862,900)	58,579,542

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	8,585,565	-	-	-	8,585,565
Buildings	44,953,678	-	-	(2,766,440)	42,187,238
Furniture and fixtures	2,185,219	-	(41,173)	(350,135)	1,793,911
Motor Vehicles	641,082	-	-	(251,878)	389,204
Office equipment	285,868	-	(6,298)	(116,155)	163,415
IT equipment	1,655,130	589,277	(40,383)	(716,302)	1,487,722
Total	58,579,542	589,277	(87,854)	(4,200,910)	54,880,055

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	8,858,565	-	-	-	8,858,565
Buildings	47,720,118	-	-	(2,766,440)	44,953,678
Furniture and fixtures	2,554,140	-	(12,075)	(356,846)	2,185,219
Motor Vehicles	892,961	-	-	(251,879)	641,082
Office equipment	432,961	-	(23,070)	(123,878)	285,868
IT equipment	2,789,730	245,571	(9,390)	(1,370,781)	1,655,130
Total	63,248,330	245,571	(44,535)	(4,869,824)	58,579,542

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance	2023	2022
General expenses	590,744	414,892

A full asset verification was conducted in the financial year. Some assets were approved for write off and to be disposed and the asset register was updated accordingly. Land and buildings were restated and separately disclosed to correct a prior period error. See note 31.

Figures in Rand

7. Intangible assets

	2023			2022		
	Cost/Valuation	Accumulated Depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated Depreciation and accumulated impairment	Carrying value
Computer software	316,026	(248,539)	67,487	316,026	(225,262)	90,764
Automated Accreditation Management system	6,775,114	(2,533,039)	4,242,075	6,581,852	(1,861,628)	4,720,224
Intangible assets Management system	-	-	-	139,415	-	139,415
Knowledge Transfer management system	549,308	(358,575)	190,733	549,308	(310,163)	239,145
Total	7,640,448	(3,140,153)	4,500,295	7,586,601	(2,397,053)	5,189,548

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Transfer	Amortisation	Total
Computer software	90,764	-	-	(23,277)	67,487
Automated Accreditation Management system	4,720,223	53,848	139,415	(671,441)	4,242,075
Intangible assets under development	139,415	-	(139,415)	-	-
Knowledge Transfer management system	239,146	-	-	(48,413)	190,733
Total	5,189,548	53,848	-	(743,101)	4,500,295

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Transfer	Amortisation	Total
Computer software	114,043	-	-	(23,279)	90,764
Automated Accreditation Management system	5,019,368	209,691	(349,959)	(649,104)	4,720,223
Intangible assets under development	279,683	-	(349,959)	-	139,415
Knowledge Transfer management system	287,558	-	-	(48,412)	239,146
Total	5,700,652	209,691	-	(720,795)	5,189,548

Figures in Rand

7. Intangible assets (continued)

Intangible assets under Development

Intangible assets under development related to the Automated Accreditation Management system. This system was being developed for the automation of the accreditation assessment process up to the monitoring of the accreditation process and a website front end for external stakeholders.

Phase III of the project was under last stages of finalisation with one module remaining in the 2021/2022 financial year. This module has been completed in the 2022/2023 financial year and transferred to completed assets.

Cumulative expenditure of intangible assets still under development and recognised in the carrying value of Intangible assets is R0 (2022: R138,415).

All completed modules were signed off, capitalised and amortised accordingly as the modules were put in use.

8. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2023	Financial instruments at amortised cost	Total
Trade and other receivables from exchange transactions (excluding prepayments)	9,442,728	9,442,728
Cash and cash equivalents	62,364,660	62,364,660
Utilities deposit	45,000	45,000
	71,852,388	71,852,388

The utilities deposit is not interest bearing.

2022	Financial instruments at amortised cost	Total
Trade and other receivables from exchange transactions (excluding prepayments)	5,438,644	5,438,644
Cash and cash equivalents	65,948,077	65,948,077
Utilities deposit	45,000	45,000
	71,431,721	71,431,721

9. Trade and other payables

Trade payables	6,244,967	8,318,232
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Figures in Rand

10. Income received in advance

Income received in advance	6,678,780	5,479,742
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SANAS' annual fees are issued annually on 1 April however quotations are issued during March in order to provide customers an indication of the new fees payable. On receipt of these quotations, many customers make payments in March instead of April. In addition to this, training is booked in advance and payment is sometimes received in the current year for training that will take place in the following year. These payments will only be recorded against income when the service is rendered and are therefore recorded as income received in advance.

11. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Employee Cost of living increases	2,866,946	-	(2,866,946)	-
Performance Bonuses	-	3,261,317	-	3,261,317
Expenses	-	839,735	-	839,735
Bursaries	94,091	-	(94,091)	-
	2,961,037	4,101,052	(2,961,037)	4,101,052

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employee cost of living increases 2020/2021	2,211,100	2,866,946	(2,111,682)	(99,418)	2,866,946
Bursaries	180,244	94,091	(180,244)	-	94,091
	2,391,344	2,961,037	(2,291,926)	(99,418)	2,961,037

A provision for certain expenses had been raised. These services had been rendered, however, the service providers had not billed SANAS for these services. A provision for performance bonuses was also raised for the 2022/2023 financial year.

12. Accrual for Leave Pay

Accrual for leave pay	3,173,689	2,598,418
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An accrual for leave pay had been raised on the outstanding leave balances for all staff members as at 31 March 2023.

Figures in Rand

13. Contingent liability

Internal audit investigations into 2018/2019 Irregular Expenditure

SANAS Management requested the Internal Audit service provider to conduct reviews of documentation and provide reports for tabling with the Accounting Authority pertaining to 2018/2019 expenditure identified as potential irregular expenditure. The reviews were performed during March 2019 and a report regarding all the items was provided during April 2019. The cost of these reviews was budgeted at R39,900 and approved. A subsequent request was then made to the internal auditors to separate each identified irregular expenditure into separate reports detailing the findings and recommendations as well as aligning the reports to the National Treasury Framework of Irregular expenditure.

The final reports were submitted in December 2019, however upon finalisation of the reports, the service provider issued an invoice for R729,080. SANAS management disputed the amount above the proposal amount of R39,900 as no discussion was held regarding additional fees at time of assignment. Additional engagements were made between the service provider and SANAS to reach consensus on the matter and the service provider was not satisfied with the conclusions reached by management regarding the alleged invoice outstanding. New correspondence has been received from the service provider and the balance of R689,180 is still regarded as being in dispute and the contingent liability of R689,180 has therefore still remained for the 2022/2023 financial year.

Invoice received for assistance to the Accounting Authority

In September 2020, the Internal Audit service provider presented SANAS with an invoice for services rendered for their involvement in disciplinary matters initiated by the Board between November 2019 and July 2020. These disciplinary matters emanated from Irregular expenditure projects, Whistle-blower, and other pertinent matters (as stated on their invoice). Additional engagements were made between the service provider and SANAS to reach consensus on the matter and the service provider was not satisfied with the conclusions reached by management regarding the alleged invoice outstanding. This invoice has still been disputed by the service provider and a contingent liability of R317,064 has thus remained for the 2022/2023 financial year.

Request to retain cash surplus 2021/2022

As per Section 53(3) of the PFMA, SANAS as a Schedule 3A Public Entity may not retain cash surpluses that were realised in the previous financial year without the prior written approval of the National Treasury.

Therefore, in terms of this section and National Treasury's instruction no.12 of 2020/2021, SANAS will make a submission to National Treasury to retain surpluses for 2022/2023 in line with this instruction during August/ September 2023 based on the final audited figures.

The cash surplus as per this instruction note is based on the cash and cash equivalents plus receivables less current liabilities. At the end of the 2022/2023 financial year the calculated cash surplus, of R55,078,496 as calculated in the table below, may be required to be surrendered in full or part thereof to the National Treasury should approval to retain the 2022/2023 cash surplus not be granted. R14,849,000 had to be surrendered for the 2021/2022 financial year. It is probable that these funds will be retained and therefore a contingent liability had been raised as opposed to an accrual.

	Surplus
Cash and cash equivalents	62,364,660
Receivables	9,651,007
Less: Current liabilities	(16,937,171)
	55,078,496

Figures in Rand

14. Financial liabilities by category

2023

Trade and other payables

Financial liabilities at amortised cost

6,244,967

2022

Trade and other payables

Financial liabilities at amortised cost

8,318,232

15. Investment income Interest revenue

Interest received

4,080,290

1,695,252

Interest received is from interest earned on the SANAS bank account and call accounts.

16. Government grants and subsidies

Operating grants

Grant from the dtic

33,820,000

32,967,000

SANAS receives an unconditional grant from the dtic.

17. Revenue

Funds received from the dtic (non-exchange revenue)

33,820,000

32,967,000

Fee income (exchange revenue)

88,967,016

79,532,606

Courses and project fees (exchange revenue)

7,113,128

6,202,864

Investment Income

4,080,290

1,695,252

Other Income

139,230

186,242

134,119,664

120,583,964

18. Employee related costs

Basic salary

52,590,730

50,024,344

Medical aid - company contributions

2,462,197

2,261,469

UIF

285,088

276,224

WCA

295,526

210,679

SDL

526,868

470,672

Performance Bonus

3,261,317

-

Long term benefits - Provident Fund

6,896,960

6,081,199

66,318,686

59,324,587

Basic salary includes the movement in leave pay. The payment to workman's compensation was due to an assessment raised by the Department of Labour in the financial year. A provision for performance bonus has been raised for 2022/2023.

 Figures in Rand

19. Depreciation and amortisation

Property, plant and equipment	4,200,910	4,869,824
Intangible assets	743,101	720,795
	4,944,011	5,590,619

20. Debt impairment and Debts written off

Debt (impairment reversal) / impairment	(381,834)	552,636
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The provision for doubtful debts for the 2022/2023 financial year had reduced and reversed.

Bad debts written off	90,227	-
	90,277	-

Receivables from customers that were considered irretrievable were written off.

Figures in Rand

21. Operating expenses

Accounting Authority emoluments	1,340,903	1,062,610
Advertising	1,789,568	1,538,840
Bank charges	39,317	55,312
Cleaning	400,390	429,375
Consulting and professional fees	465,187	51,139
Donations/Social contributions	281,827	11,768
Electricity and water	762,378	669,692
External Auditors remuneration	316,020	316,020
HR expenses incl bursaries and staff wellness	1,904,229	1,329,196
IT expenses	4,993,383	5,688,268
Insurance	484,624	137,453
Other operating expenses	1,434,953	356,096
International and regional responsibilities	1,190,000	37,282
Internal Auditors remuneration	374,102	949,147
Marketing costs	1,067,388	481,915
Other accreditation expenses	82,445	157,273
Operating lease	163,292	147,670
Printing and stationery	237,329	90,697
Property levies	512,967	527,384
Property rates	818,625	779,475
Project expenses	321,512	122,178
Repairs and maintenance	590,744	414,892
Security	442,109	346,217
Subscriptions and membership fees	47,258	16,202
Telephone and fax	252,694	23,616
Training Course expenses	766,253	846,910
Travel - local	14,430,805	3,940,430
	35,510,303	20,527,057

 Figures in Rand

Travel - Local

Assessments for conformity assessments bodies were conducted on site during financial year as compared to the previous year resulting in a substantial increase in travel expenditure. Travel and accommodation costs had also increased due market conditions outside the control of SANAS.

IT Expenses

IT expenses had decreased due to the fact that the costs for disaster recovery was incurred in the prior year and not in the 2022/2023 financial year.

Insurance

A new insurance company had been appointed. The contract with the previous service provider had ended four months before the end of the prior financial year resulting in the costs being reduced.

Printing and Stationery

Printing of training packs was done in bulk.

Internal Audit Remuneration

The contract with the service provider was terminated by mutual agreement resulting in some audits not being done. A new service provider had been appointed who will complete those audits.

Accounting Authority Emoluments

The costs had increased due to an increase in meetings during the financial year.

Other Operating Costs

These costs include consumables, cellphone subscriptions and accreditation documentation costs. The costs had increased from 2021/2022 due to accreditation documentation.

Other Accreditation Costs

These costs relate to the costs associated with the scheduling of accreditation, withdrawals and assessor monitoring.

International and Regional Responsibilities

There were increased activities during the year and more face-to-face meetings compared to the virtual meetings held in the prior year.

Telephone and fax

The costs had increased due to the provision raised for telephone services. The service provider had not billed SANAS despite the fact the service had been utilised.

22. Operating lease

SANAS currently rents four (4) photocopy machines that classify as operating leases. The period of the lease is 36 months and three of the contracts had commenced in December 2022 with the fourth commencing in February 2023. SANAS had previously leased four (4) photocopy machines and that lease had ended in August 2022 but was extended to September 2022. There are no escalations in the current lease and the lease will end in November 2025 for three of the contracts and in January 2026 for the fourth contract.

At 31 March 2023, the outstanding commitment under the non-cancellable operating lease was as follows:

	2023	2022
Up to 1 year	127,604	105,479
More than 2 years less than 5 years	218,491	-
	346,095	105,479

Figures in Rand (Restated)

23. Cash generated from operations

Surplus	10,025,857	18,422,514
Adjustments for:		
Depreciation and amortisation	4,944,011	5,590,619
Movements in provisions	1,140,015	569,693
Write off or disposal of assets	87,854	44,535
Changes in working capital:		
(Increase)decrease in receivables from exchange transactions	(3,990,073)	(3,604,496)
Increase(decrease) in payables from exchange transactions	(2,073,265)	4,276,322
(Decrease) increase in income received in advance	1,199,038	(503,516)
(Decrease) increase in accrual for leave pay	575,271	(210,024)
	11,908,708	24,585,647

24. Commitments

Authorised capital expenditure		
Already contracted for but not provided for		
Intangible assets	-	92,943
Total commitments		
Total commitments		
Authorised capital expenditure	-	92,943

The capital expenditure in the prior year related to the third phase of enhancements of the automated accreditation management system that is under final stages of development (Project Shanduka). All the phases have now been completed.

Figures in Rand

25. Related parties

Relationships

Executive Authority	Department of Trade, Industry and Competition (the dtic) - Minister Ebrahim Patel
Accounting Authority	Ms L Tlou (Interim Chairperson) Mr T Baleni (Acting CEO) Dr T Demana Mr S Mlangeni Dr M Mohlala Ms L Mothae Mr M Phaloane (Executive: Accreditation) Mr F Wetes Ms I Ramafola Ambassador S Jaffer Dr M Pule
SANAS MOU Signatory	National Laboratory Association (NLA)
Members of key management	Mr T Baleni (Acting CEO) Mr M Phaloane (Executive: Accreditation) Ms F Radebe (Executive: Corporate Services) Ms N Thomas (CFO) Mr F Osman (Executive: Strategy and Development) Mr D Petersen (Company Secretary)

Related party balances

Amounts included in receivables from exchange transactions

Agricultural Research Council	36,246	3,356
Department of Agriculture	7,416	211,478
Council for Scientific and Industrial Research	34,084	32,164
Eskom	346,649	167,989
South African Bureau of Standards	58,467	27,580
Telkom SA Limited	-	13,108
South African Medical Research Council	-	10,408
National Health Laboratory Services	1,090,151	1,187,245
National Metrology Institute of South Africa	-	41,524
Lepelle Water	52,315	-
National Regulator for Compulsory Specifications	211,344	-
Sedibeng Water	31,736	-
SA Nuclear Energy Corporation	26,892	-
South African Airways	28,853	-
Transnet Limited	170,633	-
South African Weather Service	3,584	-
Total	2,098,370	1,694,852

Income received in advance from related parties

Magalies Water	-	9,905
Rand Water	2,454	12,835
Lepelle Northern Water	-	7,303
Sedibeng Water	-	28,472
Telkom SA Limited	6,652	-
Technology Innovation Agency	35,911	-
Mhlataze Water	8,930	-
Total	53,947	58,515

Figures in Rand

25. Related parties (continued)**Related party transactions****Funds Received**

the dtic	33,820,000	32,967,000
Exchange Transactions - Services rendered to the public entities		
Agricultural Research Council	261,269	211,155
Amatola Water	62,080	121,784
Councilfor Geoscience	76,002	-
Council for Scientific and Industrial Research	548,967	524,760
National Metrology Institute of South Africa	1,019,155	1,071,976
Denel	90,926	85,780
National Regulator for Compulsory Specifications	869,871	853,592
Eskom	1,257,419	1,330,045
Rand Water	96,919	81,640
Lepelle Northern Water	59,618	77,593
Sedibeng Water	60,208	155,530
Magalies Water	66,791	63,010
South African Airways	176,662	114,978
Mhlatuze Water	60,208	170,820
South African Bureau of Standards	2,058,634	2,069,769
South African Weather Services	78,950	162,660
Telkom SA Limited	44,849	170,864
National Health Laboratory Services	8,658,008	6,799,071
Umgeni Water	142,376	312,600
South African National Blood Service	1,587,934	1,450,488
South African Meat Industry Company	61,271	47,362
Total	17,338,117	15,875,477

Expenses: Goods and services paid to other public entities

Agricultural Research Council	-	4,115
Compensation Commissioner for Occupational Diseases	295,526	-
National Regulator for Compulsory Specifications	-	163,926
South African Burea of Standards	726,297	433,100
South African Revenue Services	12,521,514	14,035,369
Unemployment Insurance Fund	250,540	150,885
National Metrology Institute of South Africa	244,417	161,380
National Health Laboratory Services	24,942	7,498
National Laboratory Association	608,615	778,952
Department of trade and industry	1,702,259	-
Total	16,374,110	15,735,225

Funds paid to other related parties

Transfer payment - National Laboratory Association (NLA)	794,820	753,383
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Through a Memorandum of Understanding signed by SANAS and the National Laboratory Association (NLA), SANAS transfers funds to the NLA from the funds received from **the dtic**.

Figures in Rand

25. Related parties (continued)**Remuneration and Emoluments****Accounting Authority**

2023

Name	Members Fees	Committee Fees	Total
Ms L Tlou	200,823	117,068	317,981
Mr S Mlangeni	155,650	85,062	240,712
Dr M Mohlala	136,097	92,459	228,556
Ms L Mothae	239,186	81,079	320,265
Mr F Wetes	141,020	92,459	233,479
	872,776	468,127	1,340,903

2022

Name	Members Fees	Committee Fees	Total
Ms L Tlou	175,286	70,241	245,527
Mr S Mlangeni	146,881	55,475	202,356
Dr M Mohlala	104,920	55,474	160,394
Ms L Mothae	201,016	55,474	256,490
Mr F Wetes	142,367	55,475	197,842
	770,470	292,139	1,062,609

Some members of the Accounting Authority were not remunerated in their personal capacity as they are employees of Government or Institutions. Agencies or Entities of Government. These Accounting Authority members for the 2022/2023 financial year were as follows:

- Dr T Demana
- Ambassador S Jaffer
- Ms I Ramafola
- Dr M Pule

For the 2021/2022 financial year, these Accounting Authority member who were not remunerated because of reason stated above, were as follows:

- Ms I Bologo
- Dr T Demana
- Mr N Gunga
- Ms Z Kimani
- Ambassador S Jaffer
- Dr M Pule

Some member of Executive Management were also members of the Accounting Authority and were not remunerated in their personal capacity. Their remuneration as part of Executive Management is listed in the table below. The members of management that were Accounting Authority members for the 2022/2023 financial year were as follows:

- Mr T Baleni
- Mr M Phaloane

Figures in Rand

25. Related parties (continued)**Executive management****2023**

	Emoluments	Acting Allowance	Travel Allowance	Post-employment benefits	Total
Name					
Mr T Baleni (Acting CEO)	1,373,001	291,572	-	-	1,664,573
Mr M Phaloane (Executive: Accreditation)	1,835,033	-	54,000	322,256	2,211,289
Ms F Radebe (Executive Corporate Services)	1,769,033	-	120,000	322,256	2,211,289
Mr F Osman (Executive: Strategy and Development)	1,188,008	-	342,000	173,811	1,703,819
Ms N Thomas (Chief Financial Officer)**	1,681,908	-	-	191,067	1,872,975
Mr D Petersen (Company Secretary)	1,343,012	-	-	152,104	1,495,116
	9,189,995	291,572	516,000	1,161,494	11,159,061

2022

	Emoluments	Acting Allowance	Travel Allowance	Post-employment benefits	Total
Name					
Mr T Baleni (Acting CEO from 12 July 2021)*	1,132,527	266,230	-	92,244	1,491,001
Mr M Phaloane (Executive: Accreditation)	1,641,936	50,173	54,000	299,283	2,045,392
Ms F Radebe (Executive Corporate Services)	1,575,936	-	120,000	299,283	1,995,219
Mr F Osman (Executive Strategy and Development from 17 January 2022)	288,117	-	-	41,391	329,508
Ms N Thomas (Chief Financial Officer from 04 August 2021)	1,001,982	-	-	119,056	1,121,038
Mr D Petersen (Company Secretary)	1,201,600	-	-	140,970	1,342,570
Ms C Warren (Acting CFO until 10 August 2021)	505,869	-	-	-	505,869
	7,347,967	316,403	174,000	992,227	8,830,597

*Mr T Baleni was seconded from **the dtic** to act as the Chief Executive Officer (CEO) of SANAS. Claims are made by the dtic to SANAS for the payment of Mr T Baleni's salary, allowances, employer contributions and acting allowance that is paid by **the dtic**. The amounts paid by **the dtic** to Mr T Baleni are therefore claimed by **the dtic** from SANAS.

**The Chief Financial Officer, Ms N Thomas, resigned on 01 May 2023.

Figures in Rand

26. Risk management

Financial risk management

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

SANAS' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

Liquidity risk

SANAS' risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash and cash equivalents are sufficient to settle current liabilities even if the contingent liability of cash surplus surrender should be paid.

At 31 March 2023	0 - 30 days
Trade and other payables	6,244,967

At 31 March 2022	0 - 30 days
Trade and other payables	8,318,232

Interest rate risk

Surplus funds invested attract interest rates that vary in relation to the prime rate. The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus or deficit.

Currency risk

The entity operates internationally but invoices only in South African Rands. The entity does not hedge foreign exchange fluctuations as the number of international transactions is limited, thus the entity is not exposed to significant foreign exchange risk. The entity reviews its foreign currency exposure, including commitments on an ongoing basis.

Credit risk

Credit risk potentially affects cash deposits, cash equivalents and trade and other receivables from exchange transactions. 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 evaluates credit risk relating to customers on an ongoing basis.

The maximum (gross) exposure to credit risks are as follows:

	2023	2022
Cash and cash equivalents	62,364,660	65,948,077
Trade and other receivables from exchange transactions (excluding prepayments)	9,487,728	5,438,644

 Figures in Rand

27. Going concern

We draw attention to the fact that at 31 March 2023, SANAS had an accumulated surplus of R 111,197,529 and that SANAS' total assets exceed its liabilities by R 111,197,529.

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

28. Events after the reporting date

The Chief Financial Officer resigned on 01 May 2023. There were no other significant events after the reporting date.

29. Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure confirmed or incurred in the 2022/2023 financial year or the 2021/2022 financial year.

30. Irregular expenditure

Opening balance	-	-
Add: Irregular Expenditure - current year (including contracts previously confirmed as irregular)	-	511,808
Subtotal	-	511,808
Total Irregular Expenditure	-	511,808

There was no irregular expenditure incurred in the 2022/2023 financial year.

The irregular expenditure for 2021/2022 related to irregular contract for Travel of R470,534 and for Whistle Blowing Services of R41,274. This irregular expenditure was condoned in 2022/2023.

31. Prior period error

The SANAS building had previously included land. The land was being depreciated with the building over a 20 year period. This error was detected and corrected retrospectively. Land is now separately disclosed and not depreciated.

The correction of the error had resulted in adjustments as follows:

Statement of Financial Position

Increase in Property, Plant and Equipment	-	1,669,307
(Increase) in Accumulated Surplus	-	(1,226,275)

Statement of Financial Performance

(Decrease) in depreciation	-	(443,032)
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32. Segment information

SANAS is organised and reports to management on the basis of four major functional areas: Administration services, Accreditation services, Strategy and Development services and Corporate Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

SANAS' place of operations is at Libertas Office Park, Equestria, Pretoria. The Administration and Corporate Services are non-segmental information.

Types of goods and/or services by segment

These segmental and non-segmental segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Administration

Corporate Services

Strategy and Development

Accreditation

Goods and/or services

Policy development, financial management, legal and administrative support

Human Resources (HR) management, quality management, information and communication technology and communication and marketing

Research and development of new accreditation programmes, knowledge transfer and regional and international development

Accreditation assessments and good laboratory practice monitoring

Figures in Rand

32. Segment information (continued)**Segment surplus or deficit****2023**

	Administration	Corporate Service	Strategy and Development	Accreditation Provision	Total
Revenue					
Revenue from non-exchange transactions	33,820,000	-	-	-	33,820,000
Revenue from exchange transactions	-	-	7,113,128	88,967,016	96,080,144
Interest revenue	4,080,290	-	-	-	4,080,290
Sundry income	139,230	-	-	-	139,230
Total revenue	38,039,520	-	7,113,128	88,967,016	134,119,664
Non-segmental revenue					38,039,520
Segmental revenue					96,080,144
Expenditure					
Salaries and wages	31,444,107	-	-	34,874,579	66,318,686
Other expenses	4,376,282	14,755,992	2,277,765	31,421,071	52,831,110
Depreciation and amortisation	4,944,011	-	-	-	4,944,011
Total expenditure	40,764,400	14,755,992	2,277,765	66,295,650	124,093,807
Non-segmental expenditure					55,520,392
Segmental expenditure					68,573,415
Total surplus /(deficit)	2,724,880	14,755,992	4,835,363	22,671,366	10,025,857

Figures in Rand (Restated)

32. Segment information (continued)

2022

	Administration	Corporate Service	Strategy and Development	Accreditation Provision	Total
Revenue					
Revenue from non-exchange transactions	32,967,000	-	-	-	32,967,000
Revenue from exchange transactions	-	-	6,202,866	79,532,604	85,735,470
Interest revenue	1,695,252	-	-	-	1,695,252
Sundry income	186,242	-	-	-	186,242
Total revenue	34,848,494	-	6,202,866	79,532,604	120,583,964
Non-segmental revenue					34,848,494
Segmental revenue					85,735,470
Expenditure					
Salaries and wages	29,380,899	-	-	29,943,688	59,324,587
Other expenses	6,226,472	10,502,530	1,006,369	19,510,873	37,246,244
Depreciation and amortisation	5,590,619	-	-	-	5,590,619
Total expenditure	41,197,990	10,502,530	1,006,369	49,454,561	102,161,450
Non-segmental expenditure					51,700,520
Segmental expenditure					50,460,930
Total surplus /(deficit)	(6,349,496)	(10,502,530)	5,196,497	30,078,043	18,422,514

33. Statement of Comparison of Budget and Actual Amounts

The following are the explanations of material differences as required by paragraph 12(c) of GRAP 24. The budget was adjusted during the year due to the anticipated filling of vacancies.

Statement of financial performance:

a. Accreditation Income

Due to an increase in the number of application for accreditation, the performance target for conformity assessment bodies was exceeded. This resulted in an increase in revenue and therefore the budget was exceeded.

b. Other including Knowledge Transfer

The budget for Knowledge Transfer products had been set to pre-Covid levels, however the demand for the courses in the 2022/2023 financial year had not reached that level. This had resulted in a variance from the budget to the actual income.

c. Compensation of Employees

There were a few vacancies during the year. In addition, the annual cost-of-living adjustments were lower than what had been budgeted for which had also contributed to the variance.

d. Goods and Services

Due to a reduction in the estimated demand for knowledge transfer products, the costs associated to the income had reduced resulting in a variance in the budget and actual figures.

e. Depreciation and Amortisation

Some assets were written off and disposed which resulted in a decrease in the number of assets being depreciated.

34. Comparative Figures

Some figures in the financial statements had been restated for the 2021/2022 financial year because of the prior period error as per Note 31.

[illegible]



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