PSETA

Public Service Sector Education & Training Authority

ANNUAL REPORT
2023|24

higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

PART A

GENERAL INFORMATION

1. PUBLIC ENTITIES GENERAL INFORMATION

REGISTERED NAME	Public Service Sector Education and Training
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2. ABBREVIATIONS

4IR	Fourth Industrial Revolution
AA	Accounting Authority (the Board)
AG	Auditor-General
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGICT	Corporate Governance of Information and Communication Technology
COO	Chief Operating Officer
CSE	Corporate Services Executive
DG	Discretionary Grants
DHET	Department of Higher Education and Training
DPSA	Department of Public Service and Administration
EA	Executive Authority
ERP	Enterprise Resource Planning
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
HCM	Human Capital Management
ICT	Information and Communication Technology
MIS	Management Information System
MPSA	Minister of Public Service and Administration
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NEHAWU	National Education Health and Allied Workers Union
NGP	National Growth Plan
NQF	National Qualifications Framework
NSG	National School of Government
NSDP	National Skills Development Plan
NT	National Treasury
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
POPCRU	Police and Prisons Civil Rights Union
PSA	Public Servants Association of South Africa
PSETA	Public Service Sector Education Training Authority
QAS	Qualification Assessment Specifications
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act
SETA	Sector Education and Training Authority
SD	Skills Development
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SDP	Skills Development Provider
SP	Strategic Plan
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

3. ACKNOWLEDGEMENTS

DR. NOBUHLE NKABANE
MINISTER OF HIGHER EDUCATION AND TRAINING

DR. MIMMY GONDWE
DEPUTY MINISTER OF HIGHER EDUCATION AND TRAINING

MR. BUTI MANAMELA
DEPUTY MINISTER OF HIGHER EDUCATION AND TRAINING

REPORT TO THE HONOURABLE MINISTER OF HIGHER EDUCATION AND TRAINING IN TERMS OF SECTION 10 (2) OF THE PUBLIC AUDIT ACT, 2004 (ACT NO 25 OF 2004)

I am pleased to submit the annual report for the Public Service Sector Education and Training Authority (PSETA) for the financial year ending 31 March 2024. The Annual Report covers PSETA's operations, fiscal performance, and achievements against all performance targets agreed upon with the Department of Higher Education and Training.

The PSETA Accounting Authority (AA) is satisfied with the audited financial statements and unmodified audit opinion.

The PSETA AA wishes to congratulate and warmly welcome the MHET, Honourable Dr Nobuhle Nkabane, Deputy Ministers, Dr Mimmy Gondwe and Mr Buti Manamela. We eagerly anticipate working together to advance education and skills development in building a capable, ethical and developmental state.

Lastly, we thank our key strategic partners for their cooperation.

We anticipate another vibrant financial year with challenging targets to enhance the skills development and training of the sector we prudently serve.

Yours faithfully

Thulani Tshefuta

Mr Thulani Tshefuta
Chairperson
Date: 31 July 2024

Bontle Lerumo

Ms Bontle Lerumo
Chief Executive Officer
Date: 31 July 2024

4. FOREWORD BY THE CHAIRPERSON

MR. THULANI TSHEFUTA

"The PSETA adopts a 'delivery through partnerships' approach that aligns with the SETA's strategic priorities. This strategy allows the SETA to establish partnerships to effectively fulfil its mandate, particularly in cases where direct delivery is not feasible, and contribute to broader government objectives to enhance service delivery in the sector."

I am pleased to submit the Public Service Sector and Training Authority (PSETA) Annual Report for the year ended 31 March 2024 on behalf of the PSETA Accounting Authority (AA) in accordance with the requirements of the Public Finance Management Act (PFMA) section 55(1).

The Accounting Authority (AA) members appreciate the depth of dedication of management and staff working with the oversight committees and the Accounting Authority (The Board). We also acknowledge the collaboration with our stakeholders and service providers that drives the continued improvement of the PSETA. The AA has exercised oversight of the implementation of the five-year Strategic Plan 2020/21-2024/25 and the Annual Performance Plan (APP), which have culminated in this report. Part C: Governance of the Annual Report provides details of the members of the PSETA AA and its Committees.

In this foreword, I will focus on the high-level overview of the strategy and performance of the PSETA, as well as strategic relationships, key challenges, and the strategic focus over the medium to long term.

HIGH LEVEL OVERVIEW OF THE PUBLIC ENTITY'S STRATEGY AND THE PERFORMANCE OF THE PUBLIC ENTITY IN ITS RESPECTIVE SECTOR

The current financial year marks the fourth year of implementation of the NSDP. The SLA signed with DHET quantified NSDP outcomes into SLA targets for the 2023/24 financial year. A total of 25 annual SLA targets were applicable, and 23 targets were achieved, representing 92% achievement. The current achievement represents a decrease compared to the 96% accomplishment in the 2022/23 financial period. In terms of performance against the Annual Performance Plan (APP), PSETA achieved 88% of its targets, marking an improvement from the previous year's 87%.

STRATEGIC RELATIONSHIPS

Resources and efforts to build skills towards a capable, ethical, and developmental state are distributed across the sector. PSETA actively collaborates with key stakeholders and providers on the supply side to fulfil its objectives. Establishing a diverse range of partnerships is crucial for supporting sector development. Inter-SETA collaborations, partnerships with national departments overseeing priority state capabilities and Offices of the Premier (OTPs), and relationships with TVET Colleges, CET Colleges, and HEIs, play a vital role in the successful execution of PSETA projects. These partnerships serve as the means through which PSETA advances its skills development goals.

PSETA adopts a "delivery through partnerships" approach that aligns with the SETA's strategic priorities. This strategy allows the SETA to establish partnerships to effectively fulfil its mandate, particularly in cases where direct delivery is not feasible, and contribute to broader government objectives to enhance service delivery in the sector.

In the year under review, PSETA formalised additional partnerships through Memoranda of Understanding with various institutions, such as the Special Investigating Unit, the South African Qualifications Authority, the Gauteng Corporative Governance and Traditional Affairs, the Small Enterprise Development Agency, the North West and Mpumalanga provincial governments, and the Association of Certified Fraud Examiners.

In addition, the SETA formalised partnerships with six TVET colleges (Flavius, Ikhala, Esayidi, Vuselela, Northern Cape Rural, Mnthashana), and seven partnership agreements with higher education institutions (University of Limpopo, University of Mpumalanga, University of the Western Cape, University of Pretoria, Stellenbosch University, University of the Free State and North West University).

CHALLENGES FACED BY BOARD

The PSETA's limited budget is restricting the SETA from fully implementing its mandate and meeting the skills development needs of stakeholders. PSETA is funded through voted funds, which poses a serious constraint in enabling PSETA to carry out its mandate effectively. An alternative funding mechanism to increase the PSETA's budget is required for the entity to realise its mandate fully. This has resulted in the Board commissioning a study on the entity's sustainable funding model. Prescripts such as the Skills Development Act and the Skills Development Levies Act need to be the enablers of the PSETA to discharge its mandate. The PSETA AA resolved to develop a sustainable funding model, and this exercise is currently underway. The expected outcome is that PSETA has various options for establishing sustainable funding for the entity.

Three (3) PSETA AA members were withdrawn by their constituency bodies, and two (2) resignations and replacements are being processed and submitted to the Minister of Higher Education and Training. The withdrawals and resignations of members of the Accounting Authority always present a potential challenge of non-quorating governance meetings.

THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG-TERM PERIOD

The strategic focus of the entity will be on strengthening stakeholder engagements to ensure that the training interventions that are identified and implemented are addressing the needs of its stakeholders.

ACKNOWLEDGEMENTS/APPRECIATION

We express our gratitude to the former Executive Authority, the Minister of Higher Education, Science and Innovation (MHESI), Honourable Prof Blade Nzimande, and the Deputy Minister, Honourable Buti Manamela, for their leadership and unwavering support in implementing various skills development programmes. We appreciate your unwavering support during the performance period under review.

I would also like to acknowledge and appreciate the cooperation and support the Accounting Authority received from the Minister for Public Service and Administration (MPSA) and the Director General of the DPSA, Ms Yoliswa Makhasi, in executing critical programmes to build the state's capacity.

“The strategic focus of the entity will be on strengthening stakeholder engagements to ensure that the training interventions that are identified and implemented are addressing the needs of its stakeholders.”

I extend my deepest appreciation to my AA colleagues for their unwavering commitment to guiding the SETA through this financial year and responding to challenges and emergencies whenever necessary.

I further thank the independent members of the PSETA AA Governance Structures for sharing their knowledge, skills, and expertise with the entity and the AA.

Furthermore, I wish to thank the CEO, Ms Bontle Lerumo, the Executive Management Team, Management, and all the PSETA staff for their hard work and dedication to ensuring that PSETA continues to deliver its mandate. Finally, to our stakeholders, thank you for your contribution in assisting PSETA in achieving its vision of being the heart of developing a skilled, capable, and innovative Public Sector workforce.

CONCLUSION

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

Mr Thulani Tshefuta
Chairperson
Date: 31 July 2024

5. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

MS. BONTLE LERUMO

"The PSETA continually explores innovative strategies to enhance skills development initiatives across the public service sector. New or proposed activities include enhancing the existing ERP system to increase accessibility and streamline services to our stakeholders."

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

Throughout the year, PSETA diligently allocated a total budget of R165 million to various departments and initiatives per the strategic priorities. Each allocation was carefully considered to ensure alignment with the overarching goals and mission. The major contributor to PSETA's revenue sources is the R121 million received from voted funds, with the balance comprising other income, levies, and investment income. During the year under review, a further R89 million of the approved retention of surplus funds was allocated to the budget as part of the commitments from the previous year.

PSETA showed strong revenue growth, driven by increased levy and investment income. Revenue increased by 2% to R139 million (R136 million in the 2022/23 financial year).

SPENDING TRENDS OF THE PUBLIC ENTITY

The PSETA's operational and discretionary expenditures are slightly higher than anticipated due to the settlement of the previous year's commitments, impacting the net surplus. The total expenditure for the year increased by 16% to R154 million (R133 million in the 2022/23 financial year). The PSETA will remain solvent for the foreseeable future with a healthy cash balance. The most significant liabilities of the PSETA are trade and discretionary grants payables, which will be settled in the next twelve (12) months.

The PSETA closed the 2023/24 financial year with R97 million in discretionary grant commitments. Actual payments to discretionary grant funding during the year were R75 million (R62 million in the 2022/23 financial year). The consistency in the disbursement of discretionary grant funding is attributed to the stability in the Finance Department and efficiencies within the Learning Programmes Department, which resulted in the timely settlement of outstanding invoices.

REVENUE ITEMS	2023/24 R'000	2022/23 R'000	2021/22 R'000
Voted Funds	121 461	123 972	120 082
Levies	5 168	4 502	4 107
Investment Income	10 796	7 381	4 162
Other Income	1 248	553	40
TOTAL	**138 673**	**136 408**	**128 391**

EXPENDITURE TYPE	2023/24 R'000	2022/23 R'000	2021/22 R'000
Discretionary and Mandatory Grants	74 938	61 853	46 254
Administration	79 429	71 553	72 951
TOTAL	**154 367**	**133 406**	**119 205**

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

PSETA had several vacancies, with the total vacancy rate at 26% as of 31 March 2024. The entity has developed a recruitment plan to ensure that all posts are filled before the end of March 2025 and will continue to prioritise filling vacancies in the new financial year.

DISCONTINUED KEY ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

PSETA did not discontinue any activities in the 2023/24 financial year.

NEW OR PROPOSED KEY ACTIVITIES

The PSETA continually explores innovative strategies to enhance skills development initiatives across the public service sector. New or proposed activities include enhancing the existing ERP system to increase accessibility and streamline services to our stakeholders. PSETA will also focus on supporting cooperatives and developing the entrepreneurship skills of unemployed youth as part of its rural development initiatives. Additionally, PSETA will continue implementing internships, work-integrated learning and learnership programmes aimed at young graduates to bridge the gap between theoretical knowledge and practical experience, thus fostering a new generation of skilled professionals ready to contribute to the public workforce.

REQUESTS FOR ROLLOVER OF FUNDS

The request for a rollover of funds for the 2022/23 financial year of R120 million was granted by the DHET in the current financial year. The surplus was mainly used to cover the commitments disclosed in the audited annual financial statements and additional discretionary grant allocations in the 2023/24 financial year.

SUPPLY CHAIN MANAGEMENT

The Supply Chain Management (SCM) Department operates efficiently with established controls and undergoes regular reviews to ensure compliance with legislative requirements. Additionally, the department has implemented and maintains SCM systems and processes.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

There were no unsolicited bids during the year.

CHALLENGES EXPERIENCED AND HOW THEY WERE RESOLVED

PSETA had challenges with budget projections that were aligned with expenditures; to address this matter, the entity will start discussing the budget projections at the Budget Committee meetings and holding Managers accountable.

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR AND HOW THEY WOULD BE ADDRESSED

The PSETA monitors the implementation of findings raised by the Auditor General and Internal Auditors. Management provides quarterly reports to the PSETA AA and its Governance Structures on the progress made in addressing audit matters to prevent recurrence.

OUTLOOK/ PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

The PSETA AA is currently working on creating a sustainable funding model. This project aims to provide PSETA with several options for establishing sustainable funding for the organisation. Significant work has already started, including the appointment of a service provider, conducting research, and engaging with stakeholders.

The South African Reserve Bank recently kept its lending rate unchanged, which will significantly contribute to the entity's revenue from its investments with the Bank.

EVENTS AFTER THE REPORTING DATE

No events after reporting were recorded in the current financial year.

ECONOMIC VIABILITY

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

ACKNOWLEDGEMENT/S OR APPRECIATION

I am truly grateful to the AA Chairperson and the AA members for their exceptional leadership, guidance, and unwavering commitment to our organisation's progress.

I also want to express my heartfelt appreciation to the dedicated PSETA Team for their continual efforts in enhancing public service skills development and transformation.

Furthermore, my sincere thanks go out to all of PSETA's stakeholders, the Director-General of the DHET, and Team PSETA for their invaluable support and collaboration. Your contributions are making a positive impact, and I am confident in our continued success.

Bontle Lerumo

Ms Bontle Lerumo
Chief Executive Officer
Date: 31 July 2024

6. STATEMENT OF **RESPONSIBILITY**

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General, South Africa.
- The annual report is complete, accurate and free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.
- The Annual Financial Statements (Part F) have been prepared per the applicable GRAP standards applicable to the public entity.
- The Accounting Authority is responsible for preparing the annual financial statements and making judgments based on this information.
- It is also responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the public entity for the financial year ended 31 March 2024.

Yours faithfully

Thulani Tshefuta

Mr Thulani Tshefuta
Chairperson
Date: 31 July 2024

Bontle Lerumo

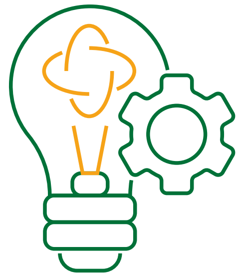
Ms Bontle Lerumo
Chief Executive Officer
Date: 31 July 2024

7. STRATEGIC **OVERVIEW**

VISION

PSETA's vision is:

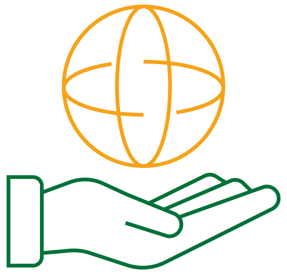
"To be the heart of developing a skilled, capable and innovative Public Sector workforce".



MISSION

PSETA's mission is to facilitate the delivery of a capable, ethical and developmental Public Service Sector workforce through:

- Researching skills demand and supply in the sector;
- Effective delivery of skills development interventions based on occupationally directed qualifications;
- Monitoring, evaluation and reporting of the implementation of education, training and skills development in the sector; and
- Being a capable institution.



VALUES

The PSETA values are:

- Honesty and integrity
- Accountability
- Service excellence
- Fairness and transparency

8. LEGISLATIVE AND OTHER MANDATES

8.1. OUR MANDATE

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

8.1.1 CONSTITUTIONAL MANDATE

PSETA's constitutional mandate is underpinned by section 29(1) (b) of the Constitution of the Republic of South Africa (Act 108 of 1996), which bestows upon all South African citizens the right to further education. This right must be provided by the State (including organs of State such as PSETA) within reasonable measures.

PSETA's constitutional mandate is also derived from the prescripts of section 195(1) of the Constitution, which states as follows:

(1) Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:

(a) A high standard of professional ethics must be promoted and maintained.

(b) Efficient, economic, and effective use of resources must be promoted.

(c) Public administration must be development oriented.

(d) Services must be provided impartially, fairly, equitably and without bias.

(e) People's needs must be responded to, and the public must be encouraged to participate in policymaking.

(f) Public administration must be accountable.

(g) Transparency must be fostered by providing the public with timely, accessible, and accurate information.

(h) Good human resource management and career development practices, to maximize human potential, must be cultivated.

(i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

These Constitutional prescripts and values are the cornerstone of PSETA's mandate.

8.1.2. LEGISLATIVE MANDATE

8.1.2.1. SKILLS DEVELOPMENT ACT

PSETA is established in terms of sections 9(1) and (2) of the Skills Development Act (Act No. 97 of 1998 as amended). The Skills Development Act is our enabling legislation that guides our operations as a sector education and training authority (SETA), as set out in section 10 of the Act.

Section 10 (1) of the Act sets out the functions of sector education and training authorities (SETAs) such as PSETA, as outlined below:

10(1) A SETA must, in accordance with any requirements that may be prescribed:

(a) develop a sector skills plan within the framework of the national skills development strategy;

(b) implement its sector skills plan by—

(i) establishing learning programmes;

(ii) approving workplace skills plans and annual training reports;

(iii) allocating grants in the prescribed manner and in accordance with any prescribed standards and criteria to employers, education and skills development providers and workers; and

(iv) monitoring education and skills development provision in the sector;

(c) promote learning programmes by—

(i) identifying workplaces for practical work experience;

(ii) supporting the development of learning materials;

(iii) improving the facilitation of learning; and

(iv) assisting in the conclusion of agreements for learning programmes, to the extent that it is required;

(d) register agreements for learning programmes, to the extent that it is required;

(e) perform any functions delegated to it by the QCTO in terms of section 26I;

(f) when required to so as contemplated in section 7(1) of the Skills Development Levies Act, collect the skills development levies, and must disburse the levies, allocated to it in terms of sections 8(3)(b) and 9) b in its sector;

(g) liaise with the National Skills Authority on -

(i) the national skills development policy;

(ii) the national skills development strategy; and

(iii) its sector skills plan;

(h) submit to the Director-General-

(i) any budgets, reports and financial statements on its income and expenditure that is required to prepare in terms of the Public Finance Management Act; and

(ii) strategic plans and reports on the implementation of its service level agreement;

(i) liaise with the provincial offices and labour centres of the Department and any education body established under any law regulating education in the Republic to improve information—

(i) about placement opportunities; and

(ii) between education and skills development providers and the labour market;

(iA) liaise with the skills development forums established in each province in such manner and on such issues as may be prescribed

(j) subject to section 14, appoint staff necessary for the performance of its functions;

(jA) promote the national standard established in terms of section 30B;

(jB) liaise with the QCTO regarding occupational qualifications; and

(k) perform any other duties imposed by this Act or the Skills Development Levies Act or consistent with the purposes of this Act.

8.1.2.2. SKILLS DEVELOPMENT LEVIES ACT

The Skills Development Levies Act (Act No. 9 of 1999 as amended) ("SDLA") also impacts PSETA operations. The main purpose of the SDLA is to regulate a compulsory levy scheme to fund education and training in the various sectors of the economy.

The compulsory levy scheme seeks to fund the country's skills development initiative. The intention is to encourage a planned and structured learning approach and increase employment prospects for work seekers. Section 3 of the SDLA compels employers to pay one percent (1%) of their monthly employee remuneration payroll, to the South African Revenue Service (SARS) as a levy. These levies are then collected by the relevant SETA, which distributes them in their particular sector.

However, section 4(a) of the SDLA states as follows:

The levy is not payable by -

(a) any public service employer in the national or provincial sphere of government;

This provision impacts PSETA as its sector encompasses the public services sector. Therefore, the amount of levies PSETA collects is limited. As a result, PSETA is largely funded by funds allocated through vote 15 under one of the budget programmes of the Department of Higher Education and Training.

8.1.2.3. THE SECTOR EDUCATION AND TRAINING AUTHORITIES GRANT REGULATIONS

The Sector Education and Training Authorities Grant Regulations (2012 Grant Regulations) are also critical to PSETA's operations.

The main purpose of the 2012 Grant Regulations is to improve the focus, management, and effectiveness of a SETA's disbursement and allocation of grants to stakeholders for skills development within its sector.

Regulation 3 guides how a SETA must manage its finances, particularly funds received as levies in terms of the Skills Development Levies Act. Regulations 3 (1) (2) and (6) state as follows:

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

(2) A SETA must use all monies received in terms of the Skills Development Levies Act to –
  (a) administer the activities of the SETA;
  (b) pay employers their mandatory grants;
  (c) implement the SSP and APP as contemplated in the Treasury Regulations issued in terms of the Public Finance Management Act through allocating the discretionary grants.

(6) A SETA is required to allocate 80% of its available discretionary grants within a financial year to PIVOTAL programmes that address scarce and critical skills in its sectors.

Regulation 4 guides how a SETA should allocate mandatory grants. These are grants allocated to employers that pay levies to the SETA and have submitted workplace skills programmes and annual training reports to the SETA. Regulation 4 (4) states as follows:

(4) 20% of the total levies paid by the employer in terms of section 3(1) as read with section 6 of the Skills Development Levies Act during each financial year will be paid to the employer who submits a WSP and ATR.

Regulation 6 deals with the allocation of discretionary grants by a SETA and prescribes a host of requirements to be met. Regulations 6(4) and (8) in particular, state as follows:

(4) A SETA must, on an annual basis and in accordance with any guidelines issued by DHET, approve a Discretionary Grants Policy, specifying how the SETA discretionary grants will be allocated to meet sector needs as set out in the SSP.

(8) The Discretionary Grants Policy must embrace the principles of transparency, openness, access and fairness.

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

On 27 January 2023, the Minister of DHET issued draft regulations regarding monies received by a SETA ("2023 Grant Regulations"). The 2023 Grant Regulations are currently undergoing public consultation processes and have not yet been officially adopted into law. Once they are promulgated and adopted into law, the DHET intends to repeal the 2012 Grant Regulations and replace them with the 2023 Grant Regulations.

8.1.2.5. NATIONAL QUALIFICATIONS FRAMEWORK ACT

The National Qualifications Framework Act (Act No. 67 of 2008 as amended) ("NQF") provides for the National Qualifications Framework. The NQF is a comprehensive system, approved by the Minister of Higher Education, Science and Innovation, for the classification, registration and publication of articulated and quality-assured national qualifications and part-qualifications.

"The NDP offers a long-term vision for the country. It defines the desired destination and identifies the role that different sectors of society need to play in reaching that goal. Based on the nine outcomes of the NDP focused on building a capable state, PSETA has considered the major NDP competencies in its strategic focus areas..."

The objectives of the National Qualifications Framework, as set out in section 5(1)(2) of the NQF Act, are as follows:

(1) The objectives of the NQF are to
  (a) create a single integrated national framework for learning achievements;
  (b) facilitate access to, and mobility and progression within, education, training and career paths;
  (c) enhance the quality of education and training;
  (d) accelerate the redress of past unfair discrimination in education, training and employment opportunities.

(2) The objectives of the NQF are designed to contribute to the full personal development of each learner and the social and economic development of the nation at large.

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

8.1.2.6. PUBLIC FINANCE MANAGEMENT ACT

The Public Finance Management Act (Act No. 1 of 1999, as amended) ("PFMA") is another critical legislation that impacts PSETA's operations. PSETA is classified as a National Public Entity under Schedule 3A of the PFMA. Therefore, compliance with the prescripts of the PFMA and the Treasury Regulations of 2005 is treated with the utmost importance at PSETA.

The PFMA regulates financial management in all spheres of government and government institutions. Its purpose is to ensure that those governments' revenue, expenditures, assets, and liabilities are managed efficiently and effectively. It also provides for the responsibilities of persons entrusted with financial management in those governments and for matters connected therewith.

PSETA is governed by its Accounting Authority, as per the prescripts of section 49 of the PFMA. The duties and functions of the PSETA Accounting Authority are guided by the prescripts of sections 50 and 51 of the PFMA and include, amongst others, the following:

a. Exercising the duty of utmost care to ensure reasonable protection of the assets and records of the public entity.
b. acting with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of PSETA.
c. ensuring that public entity has and maintains effective, efficient, and transparent systems of financial and risk management and internal control.
d. ensuring that there is a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77; and
e. ensuring that there is an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.

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

8.2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

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

8.2.1 NATIONAL DEVELOPMENT PLAN (NDP)

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

8.2.2. MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF)

The MTSF is a high-level strategic document to guide the five-year implementation and monitoring of the NDP 2030. In line with the electoral mandate, it identifies the priorities to be undertaken during 2019-2024 to put the country on a positive trajectory towards achieving the 2030 vision. It prioritises the nation's attainment of a capable, ethical and developmental state. The PSETA will focus specifically on Priorities 1 and 3 on A Capable, Ethical and Developmental State as a contribution towards putting the public service sector on a positive trajectory towards the achievement of the NDP goals for 2030.

8.2.3. NATIONAL SKILLS DEVELOPMENT PLAN (NSDP) 2030

The NSDP vision is "an educated, skilled and capable workforce for South Africa". The PSETA strategic focus and skills priority areas align with the NSDP outcomes. Conducting labour market research, addressing sector skills needs and priorities, implementing learning programmes, supporting the TVET system and artisan development and collaborating with relevant quality councils are key areas that will form the focus of the PSETA's core operations.

8.2.4. WHITE PAPER ON POST-SCHOOL EDUCATION AND TRAINING (PSET)

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

8.2.5. PUBLIC SERVICE HUMAN RESOURCE DEVELOPMENT STRATEGIC FRAMEWORK

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

8.2.6. PSETA SECTOR SKILLS PLAN (SSP)

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

8.2.7 ECONOMIC RECONSTRUCTION AND RECOVER PLAN (ERRP)

The ERRP seeks to actively change the economy towards positive growth, and this requires an active and immediate adaptation by parts of the post-school education and training (PSET) system – the Skills Strategy. The Skills Strategy lays out 10 interventions to introduce specific changes or enabling mechanisms to ensure that the skills required are produced. Six (6) interventions focused on delivery (specific skills to be produced immediately linked to sectoral strategies), whilst four (4) interventions are systemic, including mechanisms for refining and adding to skills and qualifications needed for fast responsiveness as the economy changes with the ERRP interventions. The ERRP Skills Strategy places emphasis on accessing targeted skills programmes linked to specific sectors of the economy to allow for immediate and short interventions. These include digital skills, access to workplace-based experience and retraining/up-skilling to preserve jobs. The National Digital and Future Skills Strategy calls for the entire education sector to build a strong focus and invest in digital skills and in the development of digital innovation skills.

"The NSDP vision is "an educated, skilled and capable workforce for South Africa". The PSETA strategic focus and skills priority areas align with the NSDP outcomes. Conducting labour market research, addressing sector skills needs and priorities, implementing learning programmes, supporting the TVET system and artisan development and collaborating with relevant quality councils are key areas that will form the focus of the PSETA's core operations."

In summary, the medium and long-term implications of the outlined policies and strategies are reflected in the PSETA's strategy of locating itself at the heart of developing highly skilled professional public servants as a means of increasing the pool of required skills and further harnessing and elevating the existing skills within the public service. Based on the nine outcomes of the NDP focused on building a capable state, PSETA has considered the major NDP competencies in its strategic focus areas, namely: A public service which is a career of choice; Sufficient technical and specialist professional skills; Efficient and effective management and operations systems; Procurement systems that deliver value for money; Strengthened delegation, accountability and oversight. These form key inputs in the strategic focus of the SETA. The PSETA will focus specifically on Priorities 1 and 3 of the MTSF on A Capable, Ethical and Developmental State as a contribution towards putting the Public Service sector on a positive trajectory towards the achievement of the NDP goals for 2030.

8.2.8 NATIONAL GROWTH PLAN

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

(1) Policy landscape: National policies and plans may not be considered in isolation from one another. In the Public Service, there is a range of agencies that have overlapping mandates in relation to skills development and capacity building. Thus, the need to establish partnerships and coordinate efforts are key outcomes of analysing these plans.

(2) Socio-economic agenda: An inherent feature of South Africa's labour market policies is the secondary aim to address inequality, unemployment, poverty and transformation issues. And conversely the goal of many socio-economic policies incorporates the need to improve education and skills development, ultimately impacting the labour market. The emergence of Covid-19 has exposed the inequalities that exist in society. There is also a need for skills development policies to address not only issues of poverty and unemployment but also those of economic growth and global competitiveness.

9. ORGANISATIONAL STRUCTURE

HIGH-LEVEL ORGANISATIONAL STRUCTURE

- **MINISTER OF HIGHER EDUCATION AND TRAINING** – DR NOBUHLE NKABANE
  - **CHAIRPERSON**, PSETA ACCOUNTING AUTHORITY – MR THULANI TSHEFUTA
    - **CHIEF AUDIT EXECUTIVE** – MS VIVIAN SELAULI
    - **BOARD SECRETARY** – MR LWAZI SILAS (ACTING)
    - **CHIEF EXECUTIVE OFFICER** – MS BONTLE LERUMO
      - **EXECUTIVE ASSISTANT TO THE CHIEF EXECUTIVE OFFICER** – MS PRUDENCE MONGWE
      - **SENIOR SPECIALIST: STRATEGY, MONITORING & EVALUATION** – MR GODFREY CHOOKA
      - **SENIOR SPECIALIST: POLICY, RISK & COMPLIANCE** – VACANT
      - **CHIEF OPERATIONS OFFICER** – MS SHIVANTHINI NAGALINGAM-POTTER
        - **QUALITY ASSURANCE MANAGER** – MS LUNGISWA MAFULEKA
        - **PROJECTS MANAGER** – MS NANA MNGOMA
        - **SKILLS PLANNING & RESEARCH MANAGER** – DR LEIGH ANNE NAICKER
        - **LEARNING PROGRAMMES MANAGER** – MR MOKOTO MAKAEPEA
      - **CORPORATE SERVICES EXECUTIVE** – ADV. SIPHOKAZI MOLESHE
        - **INFORMATION COMMUNICATION TECHNOLOGY MANAGER** – MR PHUTI MPHAGA
        - **HUMAN CAPITAL MANAGEMENT MANAGER** – MR CARLEB NXUMALO
        - **STAKEHOLDER MANAGEMENT & COMMUNICATION MANAGER** – MS NTOMBI FOMANA
      - **CHIEF FINANCIAL OFFICER** – MR PHUMUDZO MBULAHENI
        - **FINANCE MANAGER** – VACANT
        - **SUPPLY CHAIN MANAGEMENT MANAGER** – MS URSULA MATHONSI

PART B
PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 77 to 88 of the Report of the Auditor General's Report, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. SERVICE DELIVERY ENVIRONMENT

PSETA's overarching strategic imperative is building the skills required for a developmental, capable and ethical state. The scope of coverage includes National and Provincial Government departments, identified public entities, and National Parliament and Provincial Legislatures. The focus and emphasis of the PSETA is primarily on transversal skills, i.e., functions of administration, management, planning legislation, policy administration, monitoring and evaluation, etc. PSETA shares responsibility for human resource development (HRD) in the Public Service with the Department of Public Service and Administration (DPSA), which regulates HRD across the Public Service, and with State and sector academies, including the National School of Government (NSG), that provide the sector-specific training.

Some of the key factors in the public service sector that impact PSETA's strategic focus include:

a) The National Macro Organisation of Government has resulted in several departments being merged or reconfigured. The restructured departments are aligned with the strategic priorities, and some core functions will be moved to departments that are more appropriately aligned with their delivery mechanisms. The reconfiguration also has provincial impacts, given the alignment of powers and functions. This will require re-skilling and up-skilling of the affected public servants.

   The Fourth Industrial Revolution (4IR) has had a significant impact on the public service sector. It is recognised as a major factor influencing the demand for skills and the available supply in the sector. Advancements in information and communications technology (ICT) have greatly affected the nature of work, influencing the types of skills needed and how services are delivered in the public service sector. The digitalisation of the public service sector represents a move from physical technologies to adaptive social technologies in order to create a positive environment, which is crucial for success in this era. As a result, the current research focus areas for the PSETA include understanding the impact of the Fourth Industrial Revolution (4IR) on the public service sector and the role of the PSET sector in 4IR.

b) Given the increased use and accessibility of ICT systems and platforms in the public service sector, the opportunity to use technology-enabled learning platforms to build greater efficiencies in training delivery is crucial. Over the short term, PSETA has developed a policy framework to quality assure e-learning to provide a platform for the sector to use this mode of delivery and assessment. This ties in with the use of technologies to enhance the learning environment and promote access to learning opportunities.

c) PSETA's delegated functions from the QCTO will continue for the foreseeable future. PSETA will work closely with QCTO in qualification development, assessment, accreditation, certification and monitoring of skills development providers (SDPs). Processes within PSETA are reviewed and aligned to

QCTO requirements. Over the short term, increased focus and resources were invested in realigning historically registered qualifications, developing learning material and facilitating accreditation of SDPs on occupational qualifications. The PSETA and QCTO have signed a service level agreement (SLA), effective from 01 April 2020, which will detail the PSETA's commitments to specific areas regarding the delegated functions.

PSETA continued its focus on collaborative projects benefiting women, youth, and persons with disabilities in the 2023/24 financial year. PSETA has established strategic partnerships with various key stakeholders, including Provincial Administrations, the DPSA, the Department of Women, Youth, and Persons with Disabilities, and the National Youth Development Agency. These partnerships will be leveraged over the five-year period to deliver skills development programmes to empower these targeted groups.

PSETA has engaged in various research and skills planning initiatives, such as tracer studies, curriculum review, and selected Public Administration qualifications assessment. PSETA commissioned a research study into the key change drivers, including technology and 4IR, and their impact on the sector. The results from these studies inform current and future PSETA interventions to address the impact of 4IR on the sector. As part of its tracer studies, PSETA has developed tools for tracking and tracing learners on all PSETA-funded projects. The information collected through these tools has provided PSETA with the evidence base to address challenges with learning programmes and adopt its learning interventions for the sector.

Furthermore, key projects undertaken in partnership with the DPSA to ensure enabling frameworks for HRD in the Public Service Sector include the development of a Skills Audit Framework for the Public Service Sector, a Review of the Public Service HRD Strategy, and the Development of a Monitoring and Evaluation Framework for the Public Service HRD Strategy and more recently the Development of Guidelines on the Compilation of an Organisational Competency Framework for Public Service Departments. PSETA has further supported a capacity-building programme led by the DPSA for the training of chairpersons and initiators for disciplinary hearings.

Due to the dynamics of the sector, the nature of demand and supply for labour and skills is shaped by a far more complex set of processes than in the private sector. For example, regional labour market dynamics intersect with policy and political priorities emerging from the Executive. Furthermore, long institutional histories of the State shape the nature of organisational competencies. Indicators that can be used as rough estimations of the demand and supply of skills in the private sector (such as vacancy rates and the price of labour) do not provide public service managers with nearly sufficient information about the nature of scarce and critical skills in their departments.

The strategy for sector skills planning adopted by the Public Sector Education and Training Authority (PSETA) is founded on the understanding that identifying skills development priorities in the Public Service Sector should be driven by a focus on organisational performance. This approach highlights that a skill is deemed a priority if it significantly enhances the functioning of the Public Service Sector. The ongoing approach to skills development within the Public Service is encapsulated by the principle that to build a more capable state, skills development must be integrated into broader organisational development initiatives to be successful.

Accordingly, analysing key drivers of change and the direction of national strategies and plans impacting skills demand and supply form the basis for identifying sectoral priority occupations and skills. Current labour market shortages and skills gaps across organisations in the Public Service sector provide a secondary base for identifying priority skills and the required skills development interventions. These are outlined in further detail in the PSETA SSP.

Based on the analysis of the external environment, PSETA is required to build a performance and organisational system that can anticipate, model, and innovate programmes that are responsive to the sector's needs and capable of consistently delivering high-quality skills for an effective and capable Public Service. To this end, PSETA adopts a systematic approach to delivering value to its stakeholders, wherein demand and supply are integrated through PSETA's business operating model, underpinned by strong partnerships and collaborations with all sector stakeholders.

The Annual Performance Plan (APP) for the 2023/24 financial year was implemented through four (4) programmes listed below:

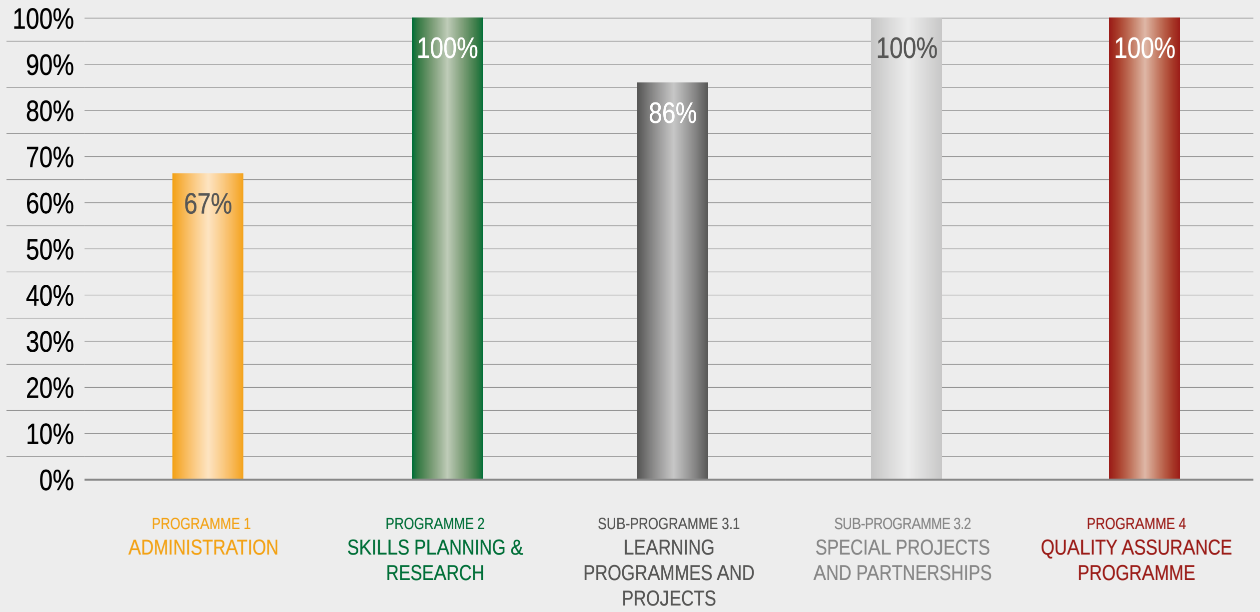
- **Programme 1: Administration:** This programme aims to develop and implement corporate support strategies and systems that contribute to achieving the organisational mandate.
- **Programme 2: Skills Planning and Research:** This programme aims to conduct and coordinate research to inform the strategic skills development priorities for the sector. This programme comprises two organisational business units: Skills Planning; and Research (SPR). The development and annual update of the Sector Skills Plan (SSP), research studies, coordinating research activities and conferences and capacity building of stakeholders in skills planning are core outputs within this programme.
- **Programme 3: Learning Programmes and Projects:** This programme facilitates and manages the implementation of learning programmes for and within the Public Service sector, per the NSDP goals. It includes special projects (including partnerships) and learning intervention monitoring, evaluation, and reporting.
- **Programme 4: Quality Assurance (QA):** This programme builds the provider capacity required to deliver the sector's priority skills by developing standards, accrediting providers, and quality-assuring learning. The QA department reviews legacy qualifications, develops new occupational qualifications, and conducts capacity-building workshops for providers.

PERFORMANCE HIGHLIGHTS

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

- The current financial year marks the fourth year of implementation of the NSDP. The SLA signed with DHET quantified NSDP outcomes into SLA targets for the 2023/24 financial year. A total of 25 annual SLA targets were applicable, and 23 targets were achieved, representing 92% achievement. Compared to the 96% achievement in the 2022/23 financial period, there has been a decline, which is attributed to not meeting the targets for training of public service officials on Skills Programmes. This shortfall is due to delays in execution by sector stakeholders. In terms of performance against the APP, PSETA achieved 88% of its APP targets, an improvement from the previous year's achievement of 87%.
- In November 2023, the PSETA AA held its 13th Annual General Meeting in Pretoria to present its annual report and financial statements for the year

PSETA PERFORMANCE OVERVIEW 2023/24



4 out of 6 performance indicators achieved 67%	3 out of 3 performance indicators achieved 100%	12 out of 14 performance indicators achieved 86%	6 out of 6 performance indicators achieved 100%	5 out of 5 performance indicators achieved 100%

This translates to 30 achieved APP indicators out of 34 planned APP indicator targets, which is an overall performance achievement of 88,2%.

ending 31 March 2023. The annual report allows the Accounting Authority to account for the achievements against set targets committed to during the year under review. As well as to set out and explore opportunities and challenges for the future.

- PSETA was able to fill three vacant executive positions by the end of March 2024. The Chief Financial Officer, Mr Phumudzo Mbulaheni, assumed duty in August 2023; the Chief Audit Executive, Ms Vivian Selauli, assumed duty in March 2024; and the Corporate Services Executive, Advocate Siphokazi Moleshe, assumed duty in April 2024. This has led to stability at the Executive level and will focus on supporting the PSETA AA to implement its mandate.
- As a caring organisation that aspires to be an employer of choice, PSETA has contracted Workforce Healthcare as the employee wellness provider for three years, from December 2023 to November 2026.
- PSETA has developed and approved a five-year ICT strategy of PSETA that is informed by the Fourth Industrial Revolution (4IR), which is driven by a fusion of technologies that have blurred the lines between the physical, digital, and biological spaces enabled by technologies such as Artificial Intelligence (AI), Cloud Computing, Internet of Things (IoT), Big Data, Robotics, etc.
- To strengthen governance, PSETA developed the Promotion of Access to Information Manual, which was approved on 22 August 2023, and the Contract Management Policy and the Promotion of Personal Information Policy, which was approved on 28 February 2024, respectively.

PSETA signed 20 MoUs in the year under review, culminating in various learning programmes and strategic projects.

- MoUs were signed with the Small Enterprise Development Agency, South African Qualifications Authority, Gauteng COGTA, Special Investigating Unit, Northwest Department of Health, Mpumalanga Department of Education, Mpumalanga Department of Public Works, Roads and Transport and the Association of Certified Fraud Examiners.
- MoUs with Higher Education Institutions were formalised with the University of Pretoria, University of Western Cape, Stellenbosch University, University of Mpumalanga, University of Limpopo and University of the Free State.
- PSETA formalised MoUs with Ikhala TVET College, Vuselela TVET College, Esayidi TVET College, Mthashana TVET College, Northern Cape Rural TVET College and Flavius Mareka TVET College.
- Based on the savings and surplus realised in the financial year, R44,1 million was allocated through the partnership process to various stakeholders for bursaries and internships.
- Specifically in support of the national call to fund learners categorised as the "missing middle", PSETA allocated R11,2 million of its surplus funds to various public Universities.
- The PSETA Research Agenda and the Research Plan were approved and implemented. The PSETA Research Agenda outlines research needs, assisting the SETA in organising and prioritising requests to enhance its sector intelligence. Developed in consultation with sector stakeholders, it informs planning, supports the Sector Skills Plan production, communicates research priorities, coordinates research activities, shares information impacting skills development, and establishes standards with sector lead departments.
- The Sector Skills Plan 2024/2025 Update was submitted to the DHET on 01 August 2023 and accordingly approved. The Sector Skills Plan is essential for the PSETA as it guides strategic planning, resource allocation, policy development, stakeholder engagement, and monitoring and evaluation of skills development initiatives within the public service sector. The SSP is a stakeholder-driven and research-supported process aimed at identifying and projecting the scale and nature of priority skills needs in the Public Service sector, aligned to key national imperatives.
- The PSETA Hybrid Research Colloquium was held on 28 June 2023. The Colloquium was attended by PSETA board members, strategic stakeholders, academics, researchers, research partners, and service providers.
- The PSETA supported the SAAPAM Conference held in September 2023. The Skills Planning and Research and Quality Assurance Managers contributed to the presentations. The PSETA CEO was a panellist in a plenary session titled Reflections on the National Development Plan Progress: Monitoring and Evaluation Perspective.
- PSETA and the University of Pretoria School of Public Management & Administration officially announced their partnership. This collaboration will facilitate several initiatives to enhance education and research in Public Administration. As part of this partnership, PSETA has already identified and pledged to fund two key initiatives in collaboration with the University of Pretoria School of Public Management & Administration. Firstly, 20 students

were granted funding to pursue their degrees in various fields, amounting to R1.6 million.

- Secondly, the first research project involves developing a provincial sector skills plan for the Northern Cape province in collaboration with the Northern Cape Office of the Premier. The second research study aims to develop guidelines for Skills Development Providers (SDPs) on implementing Recognition of Prior Learning (RPL) for Credit against PSETA Accredited Public Administration Qualifications. The objective is to conduct an empirical study to develop guidelines that will enable PSETA-guided RPL assessments to be standardised by PSETA-accredited SDPs. The total value invested by PSETA in these research projects is R1.19 million.
- On 26 and 27 October 2023, the University of Pretoria School of Public Management & Administration hosted a conference on hybridity governance in Africa. During her keynote address, Ms Lerumo unpacked the understanding of the hybrid nature of public service: in a world marked by globalisation, technological advances, and cultural diversity, the traditional governance models no longer suffice.
- Two PSETA-TUT Research on the Future of Work research project roundtables were held. The initial findings emanating from the two streams of work, The skills and competencies for the future model public servant and the baseline assessment ICT skills in the public service sector, were workshopped with PSETA's key strategic stakeholders and will play a crucial role in directing PSETA's initiatives and engagements with the sector. The research insights are expected to inform policy development within training and skills development initiatives and aid in long-term strategic planning for the sector. Moreover, this research assists PSETA in developing a proactive strategy that considers the potential changes to work within the public service sector to ensure a capable public service sector.
- The implementation of Work-Integrated Learning (WIL) has shown positive impetus to the beneficiaries by seamlessly combining academic theory with practical workplace experience. The WIL programme enables learners to acquire the necessary workplace experience to complete their diplomas and access the labour market. PSETA's support of the WIL programme has enhanced the readiness and employability of beneficiaries, equipping them with the necessary skills to tackle the complexities of public service efficiently. In the year under review, within the TVET and University of Technology WIL programmes, PSETA saw 97% and 88% completion rates, respectively.
- Improvements are also seen in stakeholder relations; PSETA has received numerous accolades from the TVETs and Universities it engages with for partnership programmes.
- Support to public TVET Colleges and state and sector academies operating within the public service sector was provided in accreditation and re-accreditation. The PSETA supported the Special Investigating Unit Learning Academy with their accreditation. Furthermore, capacity-building workshops on accreditation processes, external verification, and registration of Education, Training and Development Practitioners were conducted for PSETA skills development providers.
- The PSETA developed various occupational qualifications, learnerships and skills programmes in the year under review in response to the needs expressed by the sector and priority skills identified in the PSETA SSP. These include the Diplomat Learnership, General Manager Public Service Learnership, Public Service Administrator Learnership, Policy Formulation Facilitator, Skills Programme and Specialised Occupational Diploma: Programme Manager. In addition, learning material for the General Manager Public Service occupational qualification was developed. The PSETA will conduct train-the-trainer workshops with skills development providers to assist them with accessing accreditation through the QCTO process.

Some of the key events are:

ZAMBIAN SCHOOL OF GOVERNMENT DELEGATION VISITS PSETA

On May 9th, the Public Service Education and Training Authority (PSETA) had the honour of receiving a delegation from the Zambian Cabinet for a comprehensive four-day learning tour of South Africa. The esteemed delegation consisted of representatives from the Zambian Cabinet Office, the National Institute for Public Administration, and the National School of Government. During their visit, the delegation engaged in in-depth discussions and knowledge-sharing sessions with PSETA, delving into topics such as skills development planning, quality assurance measures, various learning interventions, and the process of grant disbursement. This exchange of expertise and insights provided an invaluable platform for collaboration and learning between the two countries.

POPCRU LAUNCHES A PSETA-FUNDED WOMEN EMPOWERMENT BURSARY PROGRAMME

In May 2023, the POPCRU House auditorium in Auckland Park was filled with excitement and eagerness as PSETA launched a women's empowerment program. PSETA has committed funding to train female employees at POPCRU, including provincial office bearers and gender coordinators. This training will consist of a twelve-month Higher Certificate in Economic Development and an Advanced Diploma in Public Administration at the prestigious University of the Western Cape. PSETA also announced that it would be funding an internship programme for graduates to be placed at various POPCRU provincial offices.

ACFE SA BECOMES PSETA'S STRATEGIC PARTNER

The PSETA has signed a MOU with the South African Chapter of the Association of Certified Fraud Examiners (ACFE SA). ACFE SA is a professional body that governs and represents fraud examination professionals in South Africa. The collaboration between the two parties will cover areas such as identifying priority research areas that support the Public Service in line with PSETA's Sector Skills Plan (SSP) priorities. They will also cooperate in capacity building for members and officials of the Public Service and unemployed learners, as per the National Development Plan, National Skills Development Plan priorities and the Public Service Human Resource Development Strategy.

MOU WITH THE SPECIAL INVESTIGATION UNIT

On 28 July 2023, the PSETA hosted the Special Investigation Unit for the signing of an MoU to cooperate and collaborate on various skills development-related initiatives, including accreditation of the SIU Anti-Corruption and Cyber Academy, training of public servants on Skills Programmes, funding and hosting of Internship Programmes and development of occupational qualifications.

PSETA-WITS PODCASTS

The Public Service Sector Education and Training Authority (PSETA) has worked as its research partner with the University of Witwatersrand's Centre for Researching Education and Labour (Wits REAL) for the past three years. This partnership aims to provide evidence-based research that facilitates skills development and effective planning for developing a competent and capable state.

As part of this collaboration, the Wits REAL Centre has launched a PSETA podcast series consisting of 10 podcasts released in July 2023.

MOU WITH THE UNIVERSITY OF FREE STATE

This Memorandum of Understanding (MoU) is for the University of the Free State ("UFS") and the PSETA to document their intention to collaborate and partner in developing skills within the public service and to fulfil both Parties' constitutional and statutory obligations.

MOU WITH THE NORTH-WEST UNIVERSITY

In March 2024, PSETA Management and the North-West University (NWU) met at the Potchefstroom Campus of NWU to formalise their cooperation and collaboration through an MoU. The two organisations have agreed to focus on meaningful interventions to address unemployment and service delivery. They also aim to contribute towards building a capable state by improving the relationship between the two industries to create a conducive environment for various skills development initiatives.

MOU WITH GAUTENG DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS AND NATIONAL YOUTH DEVELOPMENT AGENCY

The Learnership Programmes were launched in two municipalities, Emfuleni and Merafong, in March 2024. The Gauteng Department of Co-operative Governance and Traditional Affairs signed an MOU with PSETA to train 20 learners from the Emfuleni Local Municipality and 30 from the Merafong City Local Municipality. The training will take place from March 2024 until March 2025.

The programme aims to give aspiring and existing entrepreneurs the necessary skills to research, launch, and successfully manage a new business venture. Additionally, it will facilitate the connection between structured learning and work experience to obtain a registered qualification for the trainees.

Challenges encountered during programme implementation included the following:

- PSETA currently has multiple job vacancies, with a total vacancy rate of 26% as of March 31, 2024. The organization has devised a robust recruitment plan to ensure that all positions are filled by the end of March 2025 and will maintain a strong focus on filling

vacancies in the new financial year. Certain vacant positions will undergo a rigorous Job Evaluation process, which will be carried out in the 2024/2025 financial year.

- The late allocation of the discretionary grants and contracting processes specifically related to the Skills Programmes on Service Delivery led to limited implementation time. It resulted in the training not being concluded by the end of the financial year. Furthermore, delays were experienced in the contracting with the National Treasury to implement a Skills Programme on Public Sector Demand Planning and Infrastructure Delivery Management System.
- Delays by stakeholders in submitting correct learner documents and delays in closing the gaps identified post-validation of learner agreements continued to impact the timeframes for the registration of learners.
- Delays in implementation by stakeholders, such as recruitment of the targeted beneficiaries, lead to project timeframes not being met and the signing of addendums to accommodate replacement learners who start the programme late. Sometimes, stakeholders fail to close the project even after the extended contract duration.
- In certain instances, workplaces where learners are hosted for internships and WIL were not equipped with the necessary tools of trade to enable learners to gain relevant workplace experience. These issues were identified during the monitoring of the projects, and learners were either rotated to other host employers or addressed by the host employers. Furthermore, incorrect placement of learners that are not relevant to the qualification.
- The transition from pre-2009 to occupational qualifications has required concerted efforts from PSETA. Challenges experienced include government officials' poor participation in the development process and SDPs' slow uptake of accreditation on occupational qualifications.

2.2. ORGANISATIONAL ENVIRONMENT

PSETA successfully filled three vacant executive positions by the end of March 2024. Mr. Phumudzo Mbulaheni assumed the role of Chief Financial Officer in August 2023, Ms. Vivian Selauli became the Chief Audit Executive in March 2024, and Advocate Siphokazi Moleshe took on the role of Corporate Services Executive in April 2024. This achievement has brought much-needed stability to the Executive level, enabling PSETA to fully focus on implementing its mandate. Additionally, the process to fill other vacant posts has already commenced, and we are committed to reducing the vacancy rate to less than 10% by March 2025.

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

PUBLIC SERVICE REGULATIONS OF 2023

On 24 February 2023, the Minister of the Department of Public Service and Administration (DPSA) issued draft regulations to amend the Public Service Regulations of 2016.

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

The Public Service Regulations were officially adopted into law and into operation on 1 November 2023 after undergoing public consultation.

2.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The PSETA's Five-Year Strategic Plan 2020/21-2024/25 has four outcomes that seek to address the problem of lack of skills and shortage of technical and professional skills to address service delivery in the public service sector. To contribute to the desired future of sufficient technical and professional skills in the public service sector, in the period under review, the following progress was made towards the achievement of the desired institutional impact and outcomes:

OUTCOME 1: ENHANCED PSETA CAPABILITIES TO DELIVER ITS STRATEGY

The outcome indicator for this programme is measured by the improved operational performance and an unqualified audit opinion of its annual report, performance information and financial statements. To enhance PSETA's capabilities to deliver its strategy, achieve a clean audit outcome and positively impact a public service sector that delivers on its mandate, the following outputs achievements were recorded in the year under review:

- Combined efforts of line management, Risk and Internal Auditors, and the ICT, Risk and Audit Committee that provided oversight has ensured that the PSETA once again achieved an unqualified audit opinion with no findings (clean audit) for the fifth consecutive year.
- PSETA continues to implement the hybrid working model, which has proven to be a well-oiled machine in embracing digital platforms that contribute to staff well-being and retention.
- PSETA has reviewed the HCM policies, processes, and procedures to enhance governance within the HCM Department that supports the organisation. This was also to avoid repeat audit findings, as the review of the policies has been outstanding for quite some time.
- The PSETA website was redesigned to be more user-friendly with updated content.
- PSETA successfully hosted its 13th Annual General Meeting on 10 November 2023.
- A funding Model is being developed to create a sustainable funding mechanism (long-term solution).
- PSETA hosted three graduate interns in the Internal Audit, Stakeholder Management and Communication and Projects Management Departments for 24 months, who will complete their programme in May 2024. PSETA has hosted seven graduate interns from TUT in the Quality Assurance and ICT departments.
- Enforcement of cost containment measures, reducing operational inefficiencies, and streamlining operations to mitigate inadequate budget allocation.
- PSETA has an approved ICT Strategy: Out of 9 projects identified in the approved ICT Strategy, 7 have been implemented thus far, representing 78% implementation of the plan. The adoption of these technologies by the PSETA will set a process for bringing together digital power and practices to enable digital capabilities across the organisation.
- The ERP implementation has enabled PSETA to integrate system processes seamlessly. The system is cloud-based and accessible from any mobile device. The ICT systems and applications have been available 99.99% of the year under review.
- Cyber Security Compliance: A cyber awareness programme is in place to capacitate employees on cyber security issues. As part of the programme, continuous cyber awareness sessions are being conducted to mitigate cyber-related risks, and systems are being implemented to build a cyber-resilient network environment.
- The PSETA AA approved the PSETA AA and Sub-Committee Charters and Work Plans in January 2024. Further, the PSETA AA and Sub-Committee achieved 100% implementation of their work plans.
- The PSETA AA tracked the implementation of the resolutions by PSETA Management, and 100% of the resolutions were implemented.

- PSETA AA conducted an external Board Performance Assessment and is currently addressing recommendations and areas of improvement that were identified.

OUTCOME 2: IMPROVED CREDIBLE RESEARCH FOR SKILLS PLANNING.

The outcome indicator for this programme is measured by the initiatives implemented to inform skills planning in the sector.

To improve credible research for skills planning and impact positively on a public service sector that delivers on its mandate, the following outputs achievements were recorded:

- Six research reports were produced in the year under review in line with the PSETA Research Plan, which provided valuable information and knowledge in informing the PSETA's interventions and the Sector Skills Plan update.
- The Skills Planning and Research Department conducted two internal research studies. The first was a Tracer study of PSETA's training programmes in the Public Service Sector: Work-Integrated Learning (WIL) for two Universities of Technology (UoTs). The focus of this Tracer Study is to understand the outcomes and impact of the WIL programme on its beneficiaries and to understand the beneficiaries' perceptions and experiences of the WIL programme. The second internal study reviewed and analysed the training and development expenditure within the Public Service sector in the 2023/2024 financial year.
- Urban Econ was appointed to conduct an Impact Assessment study of five Skills Programmes for Employed learners in the Public Service sector. The following skills programmes were the focus of the study: Service Delivery (General Clerk Public Service) National Qualifications Framework (NQF) level 4, Service Delivery (Senior Government Official) NQF level 6, Change Management (General Manager Public Service) NQF level 6, Ethics (Senior Government Official) NQF level 6, and Ethics and Conflict Management in the Public Service NQF level 5.
- Based on an internal tracer study conducted in 2023, focusing on the beneficiaries of a PSETA-funded work-integrated learning programme implemented by two University of Technologies, beneficiaries were below 35 years of age, thus falling under the youth category, and the majority were females. This gender disparity in favour of females is indicative of documented gendered preferences where females tend to pursue more non-vocational training. This also reflects PSETA's targeted strategy to ensure that skills development Programmes funded by the SETA target a majority of females in line with the developmental and transformational imperatives of the PSET system. PSETA's target for the disaggregation of beneficiaries in PSETA-funded Programmes is 54% women and 80% youth, both for employed and unemployed learners entering the PSETA-funded learning Programmes. Most of the learners across both cohorts were Black. Whilst no disabled learners participated in the study, research shows that this is a common observation across many government interventions which commit to meeting targets for people with disabilities, but the ability to recruit and host is challenging.
- PSETA partnered with the University of Pretoria on two research projects in 2023/2024, namely the Development of a Provincial Sector Skills Plan for the Northern Cape province and the development of guidelines for Skills Development Providers for the implementation of Recognition of Prior Learning (RPL) of PSETA accredited Public Administration qualifications. Following extensive consultation with key stakeholders in the sector, both these projects were concluded in March 2024.
- The PSETA Hybrid Research Colloquium was held on 28 June 2023 in Pretoria and online. Findings and recommendations from research studies concluded in 2022/2023 were presented to more than one hundred and twenty (120) attendees. The key focus areas presented in the Colloquium related to the University of Witwatersrand, Centre for Researching Education and Labour (WITS REAL), PricewaterhouseCoopers (PWC) and the Tshwane University of Technology (TUT) research studies. The keynote speaker was the Department of Public Service and Administration's Director-General, Ms Yoliswa Makhasi.
- Through the PSETA-WITS REAL partnership, ten podcasts featuring the PSETA CEO and the WITS REAL Director, amongst other prominent speakers, were finalised. In addition, six policy briefs were disseminated through the PSETA website, and three webinars were held. A book contract for publishing a book focusing on Occupational Transitions: Systems, Skills and Work was also signed in 2023/24 and will be published in the new financial year.
- One new public entity, the Western Cape Tourism, Trade and Investment Promotion Agency (WESGRO) and two new provincial Departments (Department of Infrastructure (Western Cape) and Department of Mobility (Western Cape) were registered with PSETA in the year under review.
- Thirty-four Workplace Plan and Sector Skills Plan capacity-building sessions were conducted in nine provinces in the financial year under review.

OUTCOME 3: INCREASED POOL OF SKILLS INTO AND WITHIN THE PUBLIC SECTOR.

The outcome indicator for this programme is measured by the sectoral priority occupations identified in the Sector Skills Plan (SSP) and addressed through the implementation of relevant programmes.

To increase the entity's pool of skills in and within the public sector and impact positively on a public service sector that delivers on its mandate, the following outputs achievements were realised:

- The PSETA allocates Discretionary Grant funding for skills development initiatives to implement the priority actions identified in the PSETA Sector Skills Plan, objectives of the National Skills Development Plan and the PSETA Service Level Agreement.
- In the 2023/24 financial year, 36 agreements on various learning programmes to the total value of R78,4 million (including surplus allocations) were entered by PSETA and various stakeholders.
- Three key flagship projects targeting the youth, persons with disabilities and rural communities were initiated with our key strategic partners.
  - The PSETA, in collaboration with the NYDA and Gauteng Corporative Governance and Traditional Affairs, launched a New Venture Creation (NVC) learnership programme for unemployed youth in Emfuleni and Merafong Local Municipalities to the value of R4 million.
  - The qualification is a New Venture Creation at NQF level 4, with 149 credits. The programme aims to equip beneficiaries to identify and assess an entrepreneurial opportunity, design a business model, and write a business plan. The qualification will further assist beneficiaries to start and grow sustainable businesses that form part of the mainstream economy.
  - The PSETA, in partnership with the NYDA and the Northern Cape Office of the Premier, has initiated a New Venture Creation (NVC) and end-user computing learnership programme for unemployed youth in the Francis Baard District Municipality. This programme has a value of R 4 million and is specifically designed for individuals living with disabilities.
  - The primary purpose of the end user computing Qualification is to provide qualifying learners with the skills and knowledge required to undertake advanced tasks and procedures using office technology. In addition, this will significantly enhance the learner`s prospects of gaining employment by providing a solid grounding in basic computer skills required in today`s business environment.

- The PSETA, in collaboration with the NYDA and Limpopo Office of the Premier, will implement in 2024/25 financial year a New Venture Creation (NVC) learnership programme for unemployed youth in Lepelle-Nkumpi Local Municipality to the value of R4 million.

- PSETA, in partnership with the Police and Prisons Civil Rights Union (POPCRU), has entered into a memorandum of agreement worth R1,6 million to empower 20 POPCRU officials through a bursary program for women's development. The program, offered by the University of Western Cape, involves officials starting with a Higher Certificate in Economic Development in the first year, followed by an Advanced Diploma in Public Administration qualification.

- During the 2021/22 financial year, the PSETA entered into a memorandum of agreement with the Northwest Provincial Legislature and Jeppe College for the implementation of a bursary programme for 10 unemployed learners who were previously funded for a Public Administration NQF level 5 qualification under learnership programme. After completing NQF 5, learners progressed to NQF level 6 through the bursary programme. The Northwest Provincial Legislature, Jeppe College and PSETA celebrated 10 learners who achieved their NQF Level 6 in Public Administration Qualification. The graduation ceremony was held on 22 March 2024 at Ormonde, Unisa Campus.

- During the 2023/24 financial year, the PSETA entered into two separate memorandums of agreements with the National Treasury for the implementation of the Public Sector Demand Planning (PSDP) and Standard Chart of Accounts (SCoA) skills programmes for 450 and 225 public service officials respectively. This funding builds on the previous financial year's training of over 400 officials.

- During the 2021/22 financial year, the PSETA entered into a memorandum of agreement with the Eastern Cape Office of the Premier and Department of Planning Monitoring and Evaluation to implement the internship programme for 60 and 15 unemployed learners, respectively. The internship programme aims to expose graduates to the workplace environment, acquire workplace experience, and increase their chances of getting permanent employment. Fifty-three (53) learners completed the internship programme, and seventeen (17) learners secured permanent employment.

- During the 2022/23 financial year, the PSETA entered into a memorandum of agreement with the NYDA and partnered with the KZN Department of Social Development to implement a New Venture Creation learnership programme for 50 unemployed youth living with disabilities. The programme was implemented in KZN (Ndumo Area) under the Umkhanyakude District Municipality, and learners completed it in quarter 4 of the 2023/24 financial year. The programme achieved a 100% completion rate.

- Within the reporting period, PSETA enrolled four (400) hundred learners in the Technical Vocational Education and Training and Higher Education streams for WIL.

- Monitoring of WIL projects has improved, streamlined, and targeted critical phases of the learning programme implementation. Furthermore, we revised monitoring tools to focus on the core of the learning programme outcomes. This has led to improved completion rates and learner absorption. PSETA is, therefore, able to monitor 100% of PSETA WIL programmes.

- Stakeholder reports suggest that at least 12 learners in the WIL programme found permanent employment as a direct impact of the PSETA WIL programme.

- Savings and surplus allocations: Based on the savings and surplus realised in the financial year, a total of R44,1 million was allocated through the partnership process to various stakeholders for bursaries, internships and learnerships programmes. PSETA funded unemployed learners to pursue higher education qualifications aligned to the SETA's SPOI list through bursary allocation to various public Universities such as the University of Mpumalanga, University of the North West, University of the Free State and SAAPAM. Internship funding directed to unemployed graduates was also allocated to the Northern Cape Provincial Legislature, Small Enterprise Development Agency, Public Servant's Association, SAAPAM, University of Pretoria and University of the North West. These unemployed graduate interns will be placed at various public service institutions for their 24-month internship programme. PSETA further funded NEHAWU for a leadership development programme for their officials. And further funding for a rural development learnership in partnership with the NYDA and Limpopo Office of the Premier was allocated to support the PSETA's commitment to rural development and youth initiatives.

OUTCOME 4: QUALITY LEARNING INTERVENTIONS IN THE PUBLIC SERVICE SECTOR.

The outcome indicator for this programme is measured by the number of learning interventions available to address the priorities identified in the Sector Skills Plan (SSP) and the number of Skills Development Providers (SDPs) accredited.

To grow the quality of learning interventions available in the Public Service Sector and impact positively on a public service sector that delivers on its mandate, the following output achievements were realised:

- The PSETA continued to support accredited skills development providers through monitoring and verification visits conducted throughout the year.
- Skills Development Providers capacity building workshops were conducted to ensure that accredited Skills Development Providers are equipped with the necessary information and knowledge to implement PSETA qualifications efficiently.

- PSETA received confirmation of registration of five (5) occupational qualifications, one (1) part qualification, and one (1) learnership. The registered qualifications are:
  - Advanced Occupational Diploma: Senior Government Official, NQF Level 7
  - Occupational Certificate: Administrative Attaché, NQF Level 5
  - Higher Occupational Certificate: Immigration Officer, NQF Level 5
  - Higher Occupational Certificate: Refugee Status Determination Officer, NQF Level 5
  - Occupational Certificate: Legislation Administrative Assistant NQF Level 5
  - Advanced Occupational Certificate: Legislation Facilitator NQF Level 6
  - Occupational Certificate Learnership: General Manager, Public Service, NQF Level 6
- A total of 486 certificates and 3154 Statements of Results were issued in the period under review for qualifications and part-qualifications within the PSETA scope.
- PSETA developed and submitted the following learnership and skills programmes to the QCTO for registration:
  - Diplomat, NQF Level 7 (Learnership)
  - General Manager Public Service, NQF Level 6 (Learnership)
  - Public Service Administrator, NQF level 5 (Learnership)
  - Policy Formulation Facilitator, NQF Level 7 (Skills Programme)
- PSETA also developed an NQF level 8, Specialised Occupational Diploma: Programme Manager that was submitted to QCTO for registration.
- Various stakeholders, including DIRCO, the Department of Home Affairs, the Department of Employment and Labour, the Department of Monitoring and Evaluation, DPSA, and State Academies, were engaged in reviewing and developing various occupational qualifications for the sector.

- QCTO issued certificates of competence to learners who demonstrated competency in the September 2022 EISA.

- The Qualification Assessment Specifications (QAS) Addendum for the Occupational Certificate: Office Administrator, NQF Level 5, was reviewed and submitted to QCTO for approval. Furthermore, the QAS Addendum for the Occupational Certificate: General Manager, NQF Level 6 was developed and submitted to QCTO.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. Programme 1: Administration

3.1.1 PURPOSE OF THE PROGRAMME

The purpose of the programme is to ensure that the organisation has effective and efficient governance structures that lead, monitor and evaluate organisational performance; ensure prudent financial management and procurement of goods and services that are compliant with legislation and apply cost containment measures to improve budget efficiencies, and reporting on compliance with relevant acts and regulations; provide efficient and effective corporate services functions to internal departments within the PSETA and external stakeholders by providing the following services: human resources, ICT, improved stakeholder management and communication, and auxiliary services.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

This programme comprises three sub-programmes: Governance, Finance and Supply Chain Management (SCM) and Corporate Services. The purpose of this programme is to ensure that the organisation has effective and efficient governance structures that lead, monitor, and evaluate organisational performance, ensure prudent financial management, procurement of goods and measures to improve budget efficiencies, and report on compliance with various acts and regulations, provide efficient and effective services that are compliant with legislation and apply cost containment to improve budget efficiencies and reporting on compliance with relevant acts and regulations; provide efficient and effective corporate services functions to internal departments within PSETA and external stakeholders by providing the following services: human resources, ICT, improved stakeholder management and communication, and auxiliary services.

3.1.2 OUTCOME

Enhanced PSETA capabilities to deliver its strategy.

3.1.3 PROGRESS AND ACHIEVEMENT

Four out of six performance indicators were achieved (67% Achievement).

In the 2023/24 financial year, PSETA tabled its APP once. As a result, PSETA will not consider Table 1 (2.4.4.1), which provides for reporting changes made to the original tabled APP as per the issued guidelines for reporting on performance information.

PROGRAMME / SUB-PROGRAMME: ADMINISTRATION

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: ENHANCED PSETA CAPABILITIES TO DELIVER ITS STRATEGY							
Training and development interventions for PSETA employees provided to support the National Skills Development Strategy 2030	Percentage of training and development interventions implemented in line with the approved training plan	100%	43%	100%	27,2%	72,8%	Service providers could not reach the threshold number of delegates to conduct the training session.
Vacancy Rate of **≤10%.**	Vacancy rate maintained at ≤10%.	≤10%	27%	≤10%	26%	+16%	PSETA managed to finalise the recruitment of vacant Executive positions, with one assumption date being April 2024. During this period, there were also resignations, which affected the vacancy rate. A Recruitment plan has been developed to fast-track the filling of all positions.
Integrated Marketing & Communication and Stakeholder Relations Management Plan implemented	Percentage of the Integrated Marketing & Communication and Stakeholder Relations Management Plan implemented	100%	90%	100%	100%	0	Annual Target Achieved
Career guidance advocacy sessions delivered	Number of career guidance advocacy sessions delivered	Number of Career guidance advocacy Sessions delivered	28	Total = 30 Urban =22 Rural = 8	Total=40 Urban = 24 Rural = 16	Total = +10 Urban = +2 Rural = +8	The annual Target was exceeded as more invitations were received from stakeholders than planned
Availability of ICT Systems.	Percentage of the availability of ICT systems	Percentage availability of the ICT systems.	84%	95%	100%	+5%	Annual Target Exceeded as systems downtime was minimal
Valid invoices paid within 30 days of receipt	Percentage of valid invoices paid within 30 days of receipt	100%	100%	100%	100%	None	Annual Target Achieved

LINKING PERFORMANCE WITH BUDGETS

The table below depicts expenditure against the budget for the reporting period under review and the previous financial year for the programme and sub-programmes. Depreciation and amortisation costs caused R4,5 million of overspending on the overall administration budget.

PROGRAMME/ACTIVITY/OBJECTIVE	2022/2023			2023/2024		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Administration	67 668	54 435	13 233	54 470	59 003	(4 533)

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

We have identified two areas of underperformance within HCM: the vacancy rate and the implementation of the training plan. The 26% vacancy rate is a major concern and is being prioritised for improvement. PSETA has created a Post Filling Plan to speed up the process of filling vacancies. Some vacant positions will undergo a job evaluation process before being advertised. The aim is to reduce the vacancy rate to 10% or less by the end of the Financial Year. Additionally, the implementation of the training plan is also a focus area for improvement.

3.2 Programme 2: **Skills Planning and Research**

3.2.1 PURPOSE OF THE PROGRAMME

This programme aims to conduct and coordinate research to inform the sector's strategic skills development priorities. It comprises two sub-programmes: Skills Planning and Research (SPR). The development and annual update of the Sector Skills Plan, research studies, coordinating research activities and conferences, and capacity building of stakeholders in skills planning are core outputs of this programme.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

3.2.2 OUTCOME

Improved credible research for skills planning.

3.2.2 OUTPUT

To collaborate and conduct labour market research and develop a Sector Skills Plan, and to strengthen workplace capabilities in relation to skills planning in the sector.

3.2.3 PROGRESS AND ACHIEVEMENT

Three out of three performance indicators achieved (100% Achievement).

PROGRAMME / SUB-PROGRAMME: SKILLS PLANNING AND RESEARCH

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: IMPROVED CREDIBLE RESEARCH FOR SKILLS PLANNING.							
To collaborate and conduct labour market research and develop a Sector Skills Plan	Number of labour market-related research studies conducted	6	6	6	6	0	Annual Target Achieved
To strengthen workplace capabilities in relation to skills planning in the sector	Number of organisations' Workplace Skills Plans approved by PSETA	Total = 162 Small = 13 Medium=13 Large= 136	Total = 156 Small = 9 Medium=15 Large= 132	Total = 142 Small = 6 Medium = 10 Large = 126	Total=159 Small= 11 Medium= 14 Large= 134	Total=+17 Small=+5 Medium=+4 Large=+8	Annual Target Exceeded Departments and public entities with their core functions falling within the scope of other line function SETAs have been increasingly encouraged to submit WSPs to PSETA and were assisted with the dual reporting process
	Number of workplace engagements related to labour market trends and skills planning interventions	34	34	34	34	0	Annual Target Achieved

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME/ACTIVITY/OBJECTIVE	2022/2023			2023/2024		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Skills Planning and Research	8 137	9 987	(1 850)	17 147	10 166	6 981

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

There were no areas of underperformance.

3.3. Programme 3: **Learning Programmes and Projects**

3.3.1 PURPOSE OF THE PROGRAMME

This programme aims to facilitate and manage the implementation of learning programmes for and within the Public Service sector. This programme includes special projects (including partnerships) and the monitoring, evaluation and reporting of learning interventions.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

3.3.2 OUTCOME

Increased pool of skills into and within the Public Service sector.

3.3.2 OUTPUT

To implement programmes that address skills identified in the Sector Skills Plan (SSP) and occupationally directed programmes

3.3.3 PROGRESS AND ACHIEVEMENT

12 out of 14 performance indicators achieved (86% Achievement)

PROGRAMME / SUB-PROGRAMME: LEARNING PROGRAMMES AND PROJECTS

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: INCREASED POOL OF SKILLS IN AND WITHIN THE PUBLIC SERVICE SECTOR							
Programmes that address priority skills identified in the SSP	Number of public service employees entering learning programmes	SP: 1340	SP: 1267	SP:1650	687	- 963	Annual Target Not Achieved Certain projects' implementation was delayed due to the late awarding of discretionary grants, as the process was cancelled and readvertised. This affected the commencement of certain projects.
		RPL: 324	RPL: 206	RPL:200	202	+02	Annual Target Exceeded Additional beneficiaries were nominated by employers and were recruited into the programme with no additional financial implications.
	Number of public service employees completing learning programmes.	SP: 471	SP: 675	SP: 1485	767	-718	Annual Target Not Achieved Implementation was delayed due to the late awarding of discretionary grants. Therefore, the implementation of training did not commence, ultimately affecting the completion of the learning programme.
	Number of public service employees completing learning programmes. (continued)	RPL: 115	RPL: 237	RPL: 150	198	+48	Annual Target Exceeded. The increased number of learners recruited and completed in the current year under review led to an increased number of completions.
	Number of unemployed learners entering learning programmes.	TVET WIL: 100	TVET WIL: 200	TVET WIL: 200	200	None	Annual Target Achieved

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: INCREASED POOL OF SKILLS IN AND WITHIN THE PUBLIC SERVICE SECTOR							
Programmes that address priority skills **identified** in the SSP (continued)	Number of unemployed learners entering learning programmes. (continued)	HEI/HET WIL: 130	HEI/HET WIL: 200	HEI/HET WIL: 200	200	None	Annual Target Achieved
		Burs: 50	Burs: 60	Burs: 60	60	None	Annual Target Exceeded
		Internship: 75	Internship: 88	Internship: 70	70	None	Annual Target Exceeded
		N/A	N/A	L/Ship: 80	80	None	Annual Target Achieved
	Number of unemployed learners completing learning programmes	TVET WIL: 408	TVET WIL: 91	TVET WIL: 160	176	+16	Annual target Exceeded. Learners from the previous financial year completed in the year under review and the pass rate exceeded the baseline.
		HEI/HET WIL: 97	N/A	HEI/HET WIL: 160	272	+112	Annual target Exceeded. Learners from the previous financial year completed in the year under review and the pass rate exceeded the baseline.
		N/A	Burs: 38	Burs: 35	55	+20	Annual target Exceeded. Learners from the previous financial year completed in the year under review and the pass rate exceeded the baseline.
		Internship: 07	N/A	Internship: 53	53	None	Annual Target Achieved
		Artisans: 09	Artisans: 65	Artisans: 30	54	+24	Annual Target Exceeded Learners completed earlier than anticipated.

ADDITIONAL PERFORMANCE RECORDED DURING THE YEAR

The following achievements relate to learners funded through 2022/23 surplus funds and were achieved in the current year under review and contributed to the PSETA's overall performance during the 2023/24 financial year. The PSETA supports the implementation of the learning programmes funded through surplus funds through registration, monitoring and completion of learners. Learners are reported when they enter the programme and registered by the SETA.

OUTCOME	OUTPUT	OUTPUT INDICATOR	ACHIEVEMENT
Increased pool of skills in and within the public service sector	Programmes that address priority skills identified in the SSP	Number of public service employees entering learning programmes.	L/Ship: 175
			Burs: 20
		Number of public service employees completing learning programmes.	L/Ship: 51
		Number of unemployed learners entering learning programmes.	L/Ship: 60
			Burs: 48
			Internship: 74
		Number of unemployed learners completing learning programmes.	L/Ship: 47

Sub-Programme 3.2: **Special Projects and Partnerships**

3.3.4 PROGRESS AND ACHIEVEMENT:

Six (6) out of Six (6) performance indicators achieved (100% Achievement)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
PROGRAMME / SUB-PROGRAMME: SPECIAL PROJECTS AND PARTNERSHIPS							
OUTCOME: INCREASED POOL OF SKILLS IN AND WITHIN THE PUBLIC SERVICE SECTOR							
Programmes that address priority skills **identified in** the SSP	Number of worker-initiated training (federations/trade unions) interventions supported through capacity building	1	1	1	1	None	Annual Target Achieved
	Number of rural development projects initiated	1	1	2	2	None	Annual Target Achieved
	Number of TVET partnerships established	4	4	4	4	None	Annual Target Achieved
	The number of HEI partnerships established.	4	2	2	2	None	Annual Target Achieved
	Number of SETA-employer partnerships established	4	4	4	4	None	Annual Target Achieved
	Number of small businesses supported with training interventions	N/A	53	7	7	None	Annual Target Achieved

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME/ACTIVITY/OBJECTIVE	2022/2023			2023/2024		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Special Projects and Partnerships	155 138	65 035	90 103	171 706	80 229	91 477

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

There were two areas of underperformance:

Skills Programme entering and completions: The allocation of the DG for Skills Programmes was significantly delayed. Thus, the implementation of training did not commence, and some commenced late in the period under review and led to non-achievement of the skills programmes completion. To mitigate this risk, the Skills Programme for the 2024/25 financial year will be allocated through the following approaches: strategic partnerships, Supply Chain Management, and the Discretionary Grants call. The partnership approach will be the most preferred because it has been shown effective in other interventions.

3.4. Programme 4: **Quality Assurance**

3.4.1 PURPOSE OF THE PROGRAMME

The purpose of this programme is to build the provider capacity required to deliver the sector's priority skills by developing standards, accrediting providers, and quality-assuring learning. The Quality Assurance department undertakes the review and realignment of legacy qualifications, development of new occupational qualifications, and capacity-building of providers through advocacy workshops.

The Quality Assurance programme has the following sub-programmes:

- Accreditation
- Quality Assurance
- Qualification development
- Learner Achievement

3.4.2 OUTCOME

Quality learning interventions in the public service Sector

3.4.2 OUTPUT

A quality assurance system that allows for effective monitoring, analysis, support and continuous improvement of provisioning within the public service sector.

3.4.3 PROGRESS AND ACHIEVEMENT

5 out of 5 performance indicators achieved (100% Achievement).

PROGRAMME / SUB-PROGRAMME: SKILLS PLANNING AND RESEARCH

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: QUALITY LEARNING INTERVENTIONS IN THE PUBLIC SERVICE SECTOR							
A quality assurance system that allows for effective monitoring, analysis, support and continuous improvement of provisioning within the public service sector	Percentage of accredited skills development providers implementing PSETA-funded programmes monitored	100%	100%	100%	100%	None	Annual Target Achieved
	Number of TVET colleges and state academies supported	6	6	4	4	None	Annual Target Achieved
	Number of qualifications developed and/ or re-aligned and submitted to QCTO	2	4	4	4	None	Annual Target Achieved
	The number of accredited skills development providers monitored	N/A	86	85	85	None	Annual Target Achieved
	Number of capacity-building workshops conducted for Skills Development Providers	N/A	N/A	4	4	None	Annual Target Achieved

LINKING PERFORMANCE WITH BUDGETS

The under-expenditure includes commitments that will be realised in the 2024/25 financial year.

PROGRAMME/ACTIVITY/OBJECTIVE	2022/2023			2023/2024		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Quality Assurance	9 408	3 949	5 459	11 004	4 969	6 035

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

There were no areas of underperformance.

4. REVENUE COLLECTION

SOURCES OF REVENUE	2022/2023			2023/2024		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
Skills Development Levy: Income including interest and penalties (Public Entities)	4 407	4 502	(95)	4 670	5 168	(498)
Prior year surplus	-	-	-	30 960		30 960
Transfers from other government departments (National Treasury)	123 972	123 972	-	121 461	121 461	-
Investment Income	5 616	7 381	(1 765)	7 750	10 796	(3 046)
Other income	17	553	(536)	228	1 248	(1 020)
Total	134 012	136 408	(2 396)	165 069	138 673	26 396

The entity over-collected on its revenue estimates by R5 million due to higher interest, which led to higher investment income and more levies received than budgeted for. Further, the entity's other income was higher than anticipated due to insurance recoveries and refunds.

5. CAPITAL INVESTMENT

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

INFRASTRUCTURE PROJECTS	2022/2023			2023/2024		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Property, plant and equipment	500	260	240	980	1 735	(755)
Intangible assets	1 774	4 822	(3 048)	350	301	49
Total	2 274	5 082	(2 808)	1 330	2 036	(706)

PART C
GOVERNANCE

1. INTRODUCTION

The PSETA is a public entity established in terms of the SDA and classified as Schedule 3A in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended, hereinafter called PFMA. It reports to the MHESI and is governed by the Standard Constitution, which the MHESI determined in terms of Regulation R1399. Several statutory bodies play an oversight role over the functioning of the PSETA.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education, Science and Innovation oversees the SETAs, higher education institutions (HEIs), and DHET. It may periodically invite any SETA to explain its strategic plan, annual performance plans, and annual reports. The Portfolio Committee on Higher Education, Science and Innovation did not invite PSETA to appear before the Portfolio Committee during the year under review.

3. EXECUTIVE AUTHORITY

The Executive Authority of the PSETA is the Minister of Higher Education, Science and Innovation, who is responsible for appointing members of the AA and determines their remuneration per the tariffs set by the Minister of Finance. PSETA is required to submit, on an annual basis, a Sector Skills Plan, Strategic Plan and Annual Performance Plan. PSETA is also required in terms of the Skills Development Act to enter into an SLA with the DHET and agree on expected deliverables that contribute towards fulfilling the Ministerial outcomes. Four (4) quarterly reports detailing the performance against set targets were submitted to the DHET as required in terms of Treasury Instruction Note 33, which amended Part 5 and 30 of the Treasury Regulations, 2005.

The Executive Authority convenes meetings with SETA Chairpersons and CEOs from time to time to discuss strategic policy imperatives affecting the sector and the country. These engagements also present an opportunity for the SETA leadership to share and discuss the challenges encountered by the organisation.

4. THE ACCOUNTING AUTHORITY / BOARD

INTRODUCTION

The PSETA's Constitution forms the foundation for establishing its Accounting Authority, which is responsible for providing oversight and governance over the entity. The PSETA Accounting Authority consists of 15 members, although there are currently 3 vacancies. These members are drawn from organised labour, organised employers, community organisations, and one Ministerial appointee who serves as the Chairperson. The PSETA Accounting Authority's role is to provide strategic leadership and guidance.

The role of the AA is as follows:

The roles of the AA are outlined in the PSETA's Constitution as follows:

a. Govern and manage PSETA in accordance with the Public Finance Management Act (PFMA), the Skills Development Act and any other applicable legislation.
b. Ensure that PSETA achieves the objectives contemplated in Item 5 and performs the functions contemplated in Item 6 of the Standard Constitution Regulations, according to Government Gazette No. 35336, 11 May 2012.
c. Provide effective leadership and ensure that PSETA implements the goals of the NSDS and the Performance Agreement with the Minister as the Executive Authority.
d. Provide strategic direction for PSETA.
e. Liaise with stakeholders.
f. Manage institutional risk and ICT governance and monitor compliance with laws and regulations.
g. Monitor the performance of the PSETA.
h. Ensure that members of the Accounting Authority and Committees comply with the Code of Conduct in Annexure 2 of the Constitution.
i. Conduct performance assessment of the Audit Committee and the Accounting Authority.
j. Maintain integrity, responsibility and accountability at all times.

AA CHARTER

The PSETA AA and sub-committee charters and work plans were reviewed and approved during the past year. An external service provider conducted the Annual Board Performance Assessment for 2023/2024, which was in line with good corporate governance as stipulated in the King IV report. PSETA is currently addressing the recommendations from the assessment.

The PSETA AA has provided strategic direction and leadership by reviewing and approving various policies and quarterly performance reports, recommending budgets, sector skills, and strategic and annual performance plans for the MHESI, and monitoring the implementation of these plans.

The PSETA AA reports on the SETA's annual performance and confirms that the organisation's reporting is based on the going concern basis, as indicated. It also confirms that the PSETA will continue to be a going concern in the near future.

The PSETA AA is responsible for implementing and monitoring policies, procedures, practices, and systems to ensure the integrity of risk management, internal controls, compliance with laws and regulations, and the protection of the organisation's assets and reputation.

COMPOSITION OF THE AA

The PSETA AA consists of 12 members nominated as follows:

CONSTITUENCY	ORGANISATION
Ministerial Appointee	Accounting Authority Chairperson (1 member)
Organised Labour	NEHAWU (2 members) POPCRU (1 member) PSA (2 members)
Organised Employers	National Departments (2 members) Legislature (1 member) Public Entities (1 member)
Community	Community Organisations (2 members)

The process to fill the three (3) vacancies within the PSETA AA has commenced, and nomination documents have been submitted to the Minister for approval as the appointing authority.

MEMBERSHIP, QUALIFICATION, AND EXPERTISE OF THE ACCOUNTING AUTHORITY MEMBERS

NAME	DESIGNATION	QUALIFICATIONS	AREA OF EXPERTISE	DIRECTORSHIPS	SUB COMMITTEES
Mr T Tshefuta	Ministerial Appointee – Chairperson	B.A in Public Administration Leadership Programme Entrepreneurship Programme Effective Stakeholder Management International Executive Development Programme Post Graduate Diploma in Management	Strategic Management and Leadership, Strategic and Organisational Planning, Government Planning Process, Project Development, Management, Monitoring and Evaluation and Governance	None	Executive Committee
Ms C Brink	Community Organisation	Primary Teaching Certificate B-Tech Ed. Management	Report Writing, Corporate Governance and Facilitation in Local Government Sphere	None	Governance and Strategy Committee Finance Committee
Mr L Nzimande	Community Organisation	Bachelor of Education Certificate in Leadership and Communication	Law Making Processes, Policy Development, Development of skills, Strategic Management, Research and Report Writing and Strategic Leadership	None	Remuneration Committee Audit Committee AA Representative
Mr NN Maesela	Organised Labour	Certificate Correction Science Leadership BA Communication Science Advanced Diploma in Management	Union Leadership, Labour Relations and Labour Law	None	Governance and Strategy Committee Remuneration Committee
Mr P Makhafane	Organised Labour	Certificate in Labour Relations Management	Union Leadership, Labour Relations and Labour Law	None	Remuneration Committee Executive Committee
Mr MI Napo	Organised Labour	Diploma in Teaching Secretariate Diploma Bachelor of Human and Social Studies Bachelor of Arts Honours in Developmental Studies	Union Leadership, Research, Governance and Sustainable Development	None	Remuneration Committee Finance Committee

NAME	DESIGNATION	QUALIFICATIONS	AREA OF EXPERTISE	DIRECTORSHIPS	SUB COMMITTEES
Mr MA Ramakgale	Organised Labour	Bachelor of Administration Honours in Public Administration Masters in Town and Regional Planning Housing Policy Development and Management Executive Development Programme, Results – Based Monitoring and Evaluation	Results Based Monitoring & Evaluation (RBM&E); Strategic and conceptualization planning capabilities; Research, Programme and Project Management; Financial Management, Policy formulation & Implementation; Leadership, Good Governance, and Communication.	None	Remuneration Committee Executive Committee
Ms N Silinyana	Organised Labour	National Diploma in Marketing Management Diploma in Project Management Diploma in Terminal Management Bachelor of Commerce Degree in Transport Economics	Strategic Leadership and Management, Labour Relations, Union Leadership, Stakeholder Management and Communication, Transport Economics.	None	Finance Committee Governance and Strategy Committee
Ms L Dludla	Organised Employer	Honours: Social Science	Report Writing, Project Organisation, Report Generation and Analysis, Budget, Training Coordination, Planning, Strategic Management, Training Development and Facilitation, Compliance, and Governance.	None	Governance and Strategy Committee Executive Committee
Mr P Moopelwa	Organised Employer	National Diploma: Public Management and Administration B-Tech: Public Management Honours: Bachelor of Art in Public Administration	Financial Management, Strategic management, Operational management, Project management, Human Capital Management, Research, Problem-solving, Provisioning of Parliamentary procedural advice and management, Negotiations, Presentations, Leadership and Team Building, Marketing, Legal drafting and Corporate Governance.	None	Finance Committee and Executive Committee
Ms T Molefe – Sefanyetso	Organised Employer	Bachelor of Public Administration	Financial Management, Strategic management, Operational management, Project management, Human Capital Management, Research, Decision making, Analytical and Developmental (Self and Others)	None	Governance and Strategy Committee
Ms N Nzimande	Organised Employer	Bachelor of Commerce: Economics and Accounting Bachelor of Commerce: Honours Master of Business Leadership	Leadership, Customer and service orientation, significant process improvement experience, understanding of organisational workflows, Data Analysis, Reports and Metrics, Problem Solving, and Project Management	None	Finance Committee and Audit Committee AA Representative
Ms V Matshidza (Resigned 11 May 2023)	Organised Employer	Bachelor of Commerce Advanced Management Development Programme Postgraduate Certificate in Leadership	Financial Management, Financial Accounting, Management Accounting, Planning, Leadership, Project and Programme Management	None	Finance Committee

THE ACCOUNTING AUTHORITY

MR T TSHEFUTA
CHAIRPERSON

MS N NZIMANDE
MEMBER

MR P MAKHAFANE
MEMBER

MS C BRINK
MEMBER

MR MA RAMAKGALE
MEMBER

MS N SILINYANA
MEMBER

MR MI NAPO
MEMBER

MR L NZIMANDE
MEMBER

MS T MOLEFE-SEFANYETSO
MEMBER

MR P MOOPELWA
MEMBER

MS V MATSHIDZA
MEMBER

MR NN MAESELA
MEMBER

MS L DLUDLA
MEMBER

ALTERNATE MEMBERS OF THE ACCOUNTING AUTHORITY

The process of nominating alternate members has not commenced. This process was delayed due to the finalisation of appointing the outstanding principal members to the PSETA AA.

MEMBERS OF THE ACCOUNTING AUTHORITY

Seven (7) PSETA AA meetings were held during the financial year. Out of the seven (7) meetings, two (2) were special meetings.

NAME	DESIGNATION	DATE OF APPOINTMENT	DATE RESIGNED	MEETINGS ATTENDED
Mr T Tshefuta	Ministerial Appointee – Chairperson	01 April 2020	N/A	7
Ms C Brink	Ordinary Member - Community Organisation	01 April 2020	N/A	7
Mr L Nzimande	Ordinary Member - Community Organisation	01 April 2020	N/A	6
Mr P Makhafane	Ordinary Member – Organised Labour	01 April 2020	N/A	5
Mr MI Napo	Ordinary Member – Organised Labour	31 March 2023	N/A	7
Mr NN Maesela	Ordinary Member – Organised Labour	01 April 2020	N/A	7
Mr MA Ramakgale	Ordinary Member – Organised Labour	22 June 2021	N/A	7
Ms N Silinyana	Ordinary Member Organised Labour	22 June 2021	N/A	7
Ms T Molefe-Sefanyetso	Ordinary Member – Organised Employer	01 April 2020	N/A	4
Mr P Moopelwa	Ordinary Member – Organised Employer	01 April 2020	N/A	5
Ms V Matshidza	Ordinary Member – Organised Employer	01 April 2020	Resigned 11 May 2023	0
Ms N Nzimande	Ordinary Member – Organised Employer	22 June 2022	N/A	1
Ms L Dludla	Ordinary Member – Organised Employer	01 April 2020	N/A	6

ACCOUNTING AUTHORITY COMMITTEES

The Accounting Authority utilises the following governance structures that are established in terms of the PSETA Constitution to assist in carrying out its roles and responsibilities:

a. Executive Committee
b. Governance and Strategy Committee
c. Finance Committee
d. Remuneration Committee
e. Audit Committee
f. Risk Management Committee (Sub-Committee of the Audit Committee)
g. Information Communication Technology Steering Committee (Sub-Committee of the Audit Committee)

THE EXECUTIVE COMMITTEE

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Mr T Tshefuta (Chairperson)	8	8
Mr P Moopelwa	8	5
Mr P Makhafane	8	7
Ms Dludla	8	6
Mr M Ramakgale	8	8

GOVERNANCE AND STRATEGY COMMITTEE

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms L Dludla (Chairperson)	4	3
Ms C Brink	4	4
Mr NN Maesela	4	4
Ms T Molefe-Sefanyetso	4	0
Ms N Silinyana	4	4

FINANCE COMMITTEE

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Mr P Moopelwa (Chairperson)	7	7
Ms V Matshidza (Resigned 11 May 2023)	7	1
Ms C Brink	7	7
Ms N Silinyana	7	6
Ms N Nzimande	7	1
Mr MI Napo (Appointed 28 February 2024)	7	0

REMUNERATION COMMITTEE

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Mr P Makhafane (Chairperson)	7	4
Mr L Nzimande	7	5
Mr NN Maesela	7	7
Mr MA Ramakgale	7	7
Mr MI Napo (appointed 26 April 2023)	7	7

RISK MANAGEMENT COMMITTEE

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms L Francois	4	4

INFORMATION COMMUNICATION TECHNOLOGY STEERING COMMITTEE

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms L Francois	4	4

JOINT AUDIT COMMITTEE AND FINANCE COMMITTEE

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Dr P. Dala (AC Chairperson)	1	1
Mr Z. Myeza (AC Member)	1	1
Ms L Francois (AC Member and RMC Chairperson)	1	1
Mr S Ndaba (AC Member and ICTSC Chairperson)	1	1
Ms N Nzimande AA Representative	1	0
Mr L Nzimande - AA Representative	1	1
Mr P Moopelwa (FINCOM Chairperson)	1	1
Ms V Matshidza (FINCOM Member) (Resigned 11 May 2023)	1	0
Ms C Brink (FINCOM Member)	1	1
Ms N Silinyana (FINCOM Member)	1	1
Ms N Nzimande (FINCOM Member)	1	0
Mr MI Napo (FINCOM Member) (Appointed 28 February 2024)	1	0

JOINT EXECUTIVE COMMITTEE AND GOVERNANCE AND STRATEGY COMMITTEE

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Mr T Tshefuta (EXCO Chairperson)	2	2
Mr P Moopelwa (EXCO Member)	2	2
Mr P Makhafane (EXCO Member)	2	2
Ms Dludla (EXCO Member)	2	2
Mr M Ramakgale (EXCO Member)	2	2
Ms L Dludla (GSC Chairperson)	2	2
Ms C Brink (GSC Member)	2	2
Mr NN Maesela (GSC Member)	2	2
Ms T Molefe-Sefanyetso (GSC Member)	2	1
Ms N Silinyana (GSC Member)	2	2

REMUNERATION OF BOARD MEMBERS

The remuneration of the AA and Committees members is in line with the circulars on the adjustment of the remuneration levels and service benefit packages for office bearers of certain statutory and other institutions issued by the National Treasury annually. After a directive from the MHESI, the AA reached the decisions listed below:

a. Members of the AA are remunerated at the Category S rate for all meetings attended as determined by the MHESI based on the National Treasury rates.; and

b. AA members are reimbursed for all out-of-pocket expenses, including travel (according to SARS travel and subsistence guidelines).

NB: Meeting fees (preparatory and attendance) are paid according to the AA Remuneration Policy, which aligns with the rates published by the National Treasury each year.

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER REIMBURSEMENTS	TOTAL
Mr Thulani Tshefuta	174	20	-	194
Ms Christelene Brink	163	-	-	163
Mr Lewis Nzimande	172		-	172
Mr Nkojane Nelson Maesela	154		-	154
Mr Patrick Babsy Makhafane	145	9	-	154
Mr MA Ramakgale	231		-	231
Mr Moeketse Napo	112	7	-	119
Mr Patrick Boitumelo Moopelwa		5	-	5

REMUNERATION OF THE AUDIT COMMITTEE MEMBERS

The remuneration of the members of the Audit Committee (AC) is in line with a circular issued (24 June 2014) and approved by the National Treasury on the adjustment of the remuneration levels and service benefit packages for office bearers of certain statutory and other institutions. After a directive from the MHESI, the AA reached the decisions listed below, which the Executive Authority authorised:

a. Members of the AC are remunerated at the Category S rate for all meetings attended.
b. Members of the AC are reimbursed for all out-of-pocket expenses, including travel (According to SARS annual kilometre rates) and accommodation costs.

NB: Meeting fees (preparatory and attendance) are paid according to the AA Remuneration Policy, which aligns with the rates published by the National Treasury each year.

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER REIMBURSEMENTS	TOTAL
Mr P Dala	173	-	-	173
Mr Z Myeza	64	-	-	64
Mr S Ndaba	126	-	-	126
Ms Z Francois	147	-	-	147

5. RISK MANAGEMENT

The PSETA has a risk management policy and strategy in place to provide a standard and structured approach to risk management. This approach ensures that risks are identified, assessed, monitored, and managed within acceptable appetite levels.

The entity has a Risk Management Committee (RMC) chaired by an independent chairperson and an Audit Committee subcommittee. The PSETA Risk Management Committee independently monitors the effectiveness of the entity's risk management system and oversees risk management according to the quarterly and annual reports on improvements in risk mitigations tabled to it.

The PSETA continued managing strategic and operational risks through risk registers. The strategic risk register focused on achieving the strategic outcome and risks that could negatively affect the organisation's achievement of its set APP indicators and targets. The operational risk register focused on the organisation's day-to-day processes and risk exposures. The implemented risk mitigation plans are additional controls to enhance the organisation's control environment.

This approach ensured that all entity-wide risks that could impact people, business systems, processes, reputation, finance, and performance were identified, assessed, and appropriately mitigated to an acceptable level to address any adverse impacts to benefit current and future opportunities.

The organisation has improved its internal control environment through the implementation of risk mitigation plans. This enhancement has allowed the organisation to manage its operational and financial resources more effectively, resulting in better attainment of planned performance indicators and targets.

COMBINED ASSURANCE

Combined Assurance refers to the integration, coordination, and alignment of risk management and assurance processes within the organisation designed to optimise and maximise risk governance and control oversight over the risk landscape.

The PSETA has embarked on embedding combined assurance during the current year by formalising the interaction of assurance providers through a Charter. At year-end, a workshop for management was hosted, where roles and responsibilities relating to the first line of defence were explained.

The Combined Assurance Forum adopted the Combined Assurance Charter in March 2024. The PSETA will continue with the concept of combined assurance to ensure collaboration and cooperation between assurance providers. This will enable a coordinated approach to enhance the quality, cost-effectiveness, and value-add of the assurance provided.

BUSINESS CONTINUITY

The PSETA has a business continuity Management Policy in place. The organisation maintains an up-to-date ICT Service Continuity Plan where all its critical ICT infrastructure and applications are hosted in the cloud. This improves business continuity and disaster recovery and fosters better collaborations as the data is saved in the cloud and can be accessed anywhere. Replication, testing, restoration and data encryption are also part of the processes that ensure service delivery will continue during a disruption.

6. INTERNAL CONTROL UNIT

The PSETA Internal Control Unit is in the Office of the Chief Financial Officer. Internal control is the responsibility of the entity's management and a fundamental requirement in all operations. Each manager is responsible for identifying areas of weakness and implementing mechanisms such as policies and standard operating procedures to strengthen controls.

Further, to strengthen the internal control function, Management conducts risk assessments, implements controls, and develops mitigating action plans with target dates for monitoring and improving controls in the risk registers.

Oversight is maintained through audit activities, the Risk Management Committee, the Audit Committee and various other governance structures that monitor the effectiveness of internal controls.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

INTERNAL AUDIT

The PSETA has an Internal Audit Unit reporting functionally to the Audit Committee and administratively to the CEO. Internal Auditing is an independent, objective assurance and consulting activity that is designed to add value and improve an organisation's operations. It helps the entity to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

During the period under review, the Internal Audit Unit performed work that emerged from risks that were identified during planning and as requested by governance structures. Out of the eighteen (18) planned audits, one (1) was reprioritised and two (02) not completed.

The following audit projects were executed and completed in line with the approved 2023/2024 Internal Audit operational plan for the year:

- Audit of Annual Performance Report
- Audit of Quarter 1 & 2 Performance Information
- Audit of the 2024/25 APP alignment to the SMART Criteria
- Audit of GRAP and follow-up on AGSA Findings
- Audit of ICT General Controls.
- Audit of Cyber Security
- Audit of OHS Compliance
- Audit of the Risk Management Process
- Audit of Workplace Skills Planning (WSP) Process
- Audit of Leaner Monitoring
- Audit of Stakeholder Management and Communications
- Audit of Human Resources: Recruitment, Termination, Leave and Payroll
- Training of the Quality Assurance Department
- Follow-up audit on Accreditation and Certifications
- Audit of Discretionary Grant

AUDIT COMMITTEE

The independent Audit Committee reports to the PSETA AA. The Audit Committee is responsible for, amongst others:

a. The effectiveness of internal audit and internal controls;
b. Risk management;
c. The adequacy, reliability, accuracy and regularity of financial information provided to the AA;
d. Any accounting and audit concerns;
e. Legal and regulatory compliance; and
f. ICT governance.

Audit Committee Members were appointed on 1 April 2020 for a period of five years. The PSETA AA resolved on 29 July 2022 to include the Chairpersons of both the Information Communication Technology Steering Committee (ICTSC) and Risk Management Committee (RMC) to be the members of the Audit Committee.

NAME OF MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Dr P Dala (Chairperson)	6	6
Mr Z Myeza	6	6
Ms L Francois	6	5
Mr S Ndaba	6	5
Ms N Nzimande - AA Representative	6	5
Mr L Nzimande - AA Representative	6	5

The table below discloses relevant information on the audit committee members.

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Dr Prittish Dala	Doctorate Information Technology (PhD) - information security: Privacy Domain, Master of Information Technology Bachelor of Science (Computer Science) Honours and Bachelor of Information Technology	External	N/A	01 April 2020	N/A	6
Mr Zenzele Myeza	Master's in Business Administration Bachelor of Commerce Accounting Certificate in Corporate Governance and Certificate in Aviation Management	External	N/A	01 April 2020	N/A	6
Ms Lorraine Francois	Master's in Business Administration General Internal Auditor Certification Post-Graduate Certificate: Accounting B. Com degree	External	N/A	29 July 2022	N/A	5
Mr Sandile Ndaba	Bachelor of Science Diploma In Data metrics Post-Graduate Diploma In Business Management Master of Commerce (Information Technology) Master's in Business Leadership	External	N/A	29 July 2022	N/A	5
Mr Lewis Nzimande: AA representative	Bachelor of Education Certificate in Leadership and Communication	External	N/A	01 April 2020	N/A	5
Ms Nelisiwe Nzimande: AA Representative	Bachelor of Commerce Bachelor of Commerce: Honours Master's in Business Leadership	External	N/A	01 April 2020	N/A	5

8. COMPLIANCE WITH LAWS AND REGULATIONS

The PSETA is a public entity tasked with a skills development mandate for the public service sector and control of public funds. It is, therefore, obliged to comply with public laws and regulations. The entity has developed its compliance universe, which has been utilised to develop a quarterly compliance management and monitoring plan to ensure a consistent focus on compliance. This monitoring plan is submitted to the Risk and Audit Committees.

Compliance management is management's responsibility and has been embedded in the organisations' day-to-day activities, including policies, procedures, and performance agreements. The reduction of audit findings evidences improvements in the compliance management system.

9. FRAUD AND CORRUPTION

PSETA has a Fraud and Corruption Prevention and Control Policy in place. The policy's objective is to ensure that efforts to combat fraud and corruption are up-to-date and responsive to the environment.

The PSETA has an independent service provider that administers the Ethics and Fraud Hotline toll number. This number is widely promoted and included on the PSETA website. Cases reported through the hotline are communicated to the PSETA AA and its delegated committees: the Audit Committee and the Risk Management Committee.

Fraud and Corruption reporting is a standard agenda item at the Risk Management and Audit Committees. Complex fraud matters are referred to external service providers with the requisite skills and expertise. The entity conducts fraud awareness workshops regularly to ensure employees are educated about its fraud policies and procedures for identifying and reporting cases. These awareness sessions are conducted by an independent service provider managing the ethics and fraud hotline.

10. MINIMISING CONFLICT OF INTEREST

Formal declarations of interest by PSETA AA members are noted, and the Acting Board Secretary maintains records. Further, PSETA AA members submit annual declarations on an annual basis. The Governance Structure Committee Policy prohibits awards of bids to any persons in the service of the PSETA or an entity that has a direct or indirect interest in its business activities. All PSETA AA members and Sub-Committees submitted their Declarations of Interest forms in April 2023 for the 2023/2024 financial year.

PSETA Employees submitted the Disclosure / Declaration of Interest Forms in April 2023. The submission rate was 98% (49 out of 50 employees), and one employee is on prolonged sick leave. The forms were analysed for potential conflicts of interest, and no conflicts of interest were identified. Management reports quarterly to the Governance and Strategy Committee and Risk Management Committee on conflicts of interest reported during the quarter.

The PSETA AA approved the Conflicts of Interest Policy in October 2023. Management is working on the draft Policy on Remunerative Work Outside PSETA and consulting with Labour at the Collective Bargaining Committee.

11. CODE OF CONDUCT

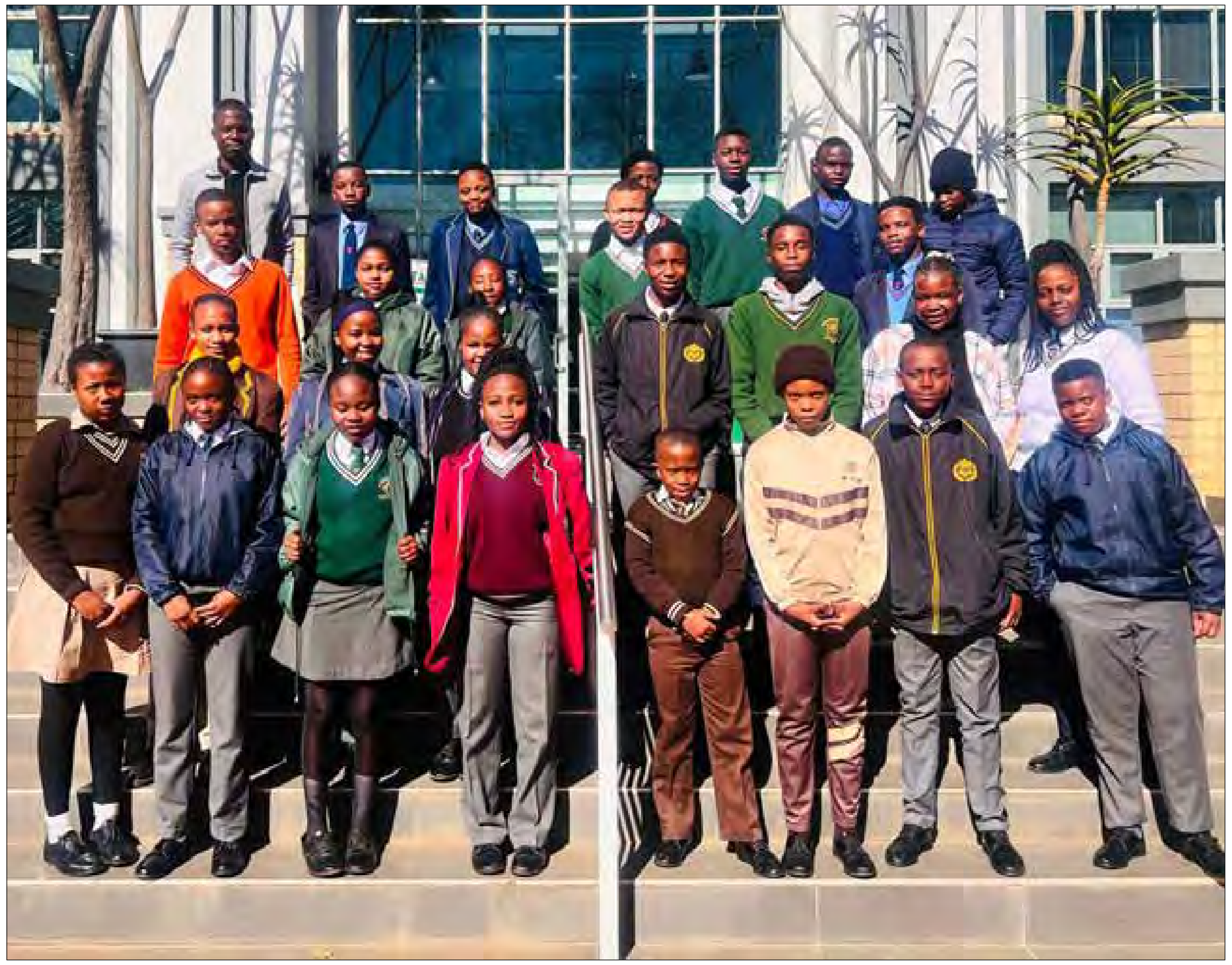
The PSETA Code of Conduct outlines the expected behaviour of employees daily. It reflects the organisation's daily operations, core values, and culture. The code describes the ethical conduct that members and employees must uphold in their interactions with internal and external stakeholders.

Furthermore, the PSETA implements a Code of Conduct to encourage the reporting of misconduct. Mechanisms are in place to ensure adherence to appropriate policies, procedures, and reporting requirements in compliance with South Africa's legislation. PSETA revised its Code of Conduct during the year under review.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

PSETA has implemented an approved Occupational Health and Safety Policy to address health and safety concerns within the organisation. A workshop was held on 2 February 2024 to raise staff members' awareness of the policy, which is crucial for ensuring the governance and compliance of health and safety matters that may affect PSETA employees.

Furthermore, PSETA has met the Occupational Health and Safety Act requirements by establishing an Occupational Health and Safety Committee. This committee is responsible for addressing health and safety matters within PSETA. The committee holds regular meetings to oversee health-related issues and ensure compliance with occupational health and safety regulations. Additionally, a Compliance Officer has been appointed to assist the organisation in meeting health-related compliance requirements outlined by the Act.



The management has developed and approved an Occupational Health and Safety Charter. Furthermore, Occupational Health and Safety statements are displayed throughout the building to reinforce the organisation's commitment to health and safety.

13. BOARD SECRETARY

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

The position of Board Secretary has been vacant since the 2020/21 financial year. During the period under review, it remained vacant, and Mr. Lwazi Silas, the Board Administrator, was appointed as the Acting Board Secretary.

The process of filling the Board Secretary post is currently in progress and is expected to be finalised in the 2024/25 financial year.

14. SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a crucial aspect of the PSETA Stakeholder Management and Communication component. It helps to position the entity as a socially responsible citizen. Since the PSETA is not a profit-making organisation, it conducts CSR activities cost-effectively while still making a difference. The organisation aims to have a positive impact on society. In 2017, we adopted Mothotluong High School in Brits, North-West, and have had a long-standing relationship with them ever since.

As part of the Nelson Mandela Commemoration Month, the PSETA hosted 99 matric learners from Mothotluong High School and City tutors at PSETA offices. The day's objective was to assist the learners with online applications to Higher Education Institutions.

The PSETA seeks to establish lasting partnerships with rural and underdeveloped communities to make a continuous impact and address South Africa's development challenges.

15. AUDIT COMMITTEE REPORT

DR. PRITTISH DALA

The Audit Committee is pleased to present its report for the financial year ended 31 March 2024.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Sections 51(1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act (PFMA) as well as Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

Internal Audit continues to provide assurance in terms of control, governance, and risk management as per the approved risk-based audit plan. However, the non-completion of the approved risk-based audit plan at 83% for the financial year was raised as a concern by the Audit Committee with the Chief Audit Executive to address and prevent going forward. At the end of the financial year, the following 15 out of 18 audit engagements were reported as complete as per the approved risk-based audit plan:

- Audit of Annual Performance Report;
- Audit of Cyber Security;
- Audit of Discretionary Grant;
- Audit of GRAP Compliance and Follow-up on AGSA Findings;
- Audit of Human Resources: Recruitment, Termination, Leave and Payroll;
- Audit of ICT General Controls;
- Audit of Leaner Monitoring;
- Audit of Occupational Health and Safety (OHS) Compliance;
- Audit of Quarter 1 and 2 Performance Information;
- Audit of Stakeholder Management and Communications;
- Audit of the 2024/25 Annual Performance Plan (APP) Alignment to the SMART Criteria;
- Audit of the Risk Management Process;
- Audit of Workplace Skills Planning (WSP) Process;
- Follow-up Audit on Accreditation and Certifications; and
- Training of the Quality Assurance Department (Consulting Engagement).

The Audit Committee's review of the findings identified by the internal and external auditors reveals that the control environment as well as risk management and governance processes are generally adequate and effective.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

PSETA has reported quarterly to the National Treasury and the Executive Authority as is required by the PFMA. The Audit Committee as well as assurance providers provided management with recommendations to improve the quality of financial and non-financial (performance information, information communication technology, risk management, human resource management, legal and compliance) information and reporting during the year under review.

EVALUATION OF FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Audit Committee has:

- Reviewed the unaudited financial statements with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions;
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues;
- Reviewed the unaudited information on predetermined objectives with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Reviewed the Auditor-General South Africa (AGSA) audit and management reports, with due consideration of the responses provided by Management; and
- Reviewed the audited financial statements as well as the information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit and reported to the Accounting Authority.

AUDITOR'S REPORT

The Audit Committee concurs with the conclusions of the Auditor-General South Africa (AGSA) on the annual financial statements and is of the opinion that the audited annual financial statements may be read together with the audit report of the AGSA.

We would like to express our appreciation to the Accounting Authority for their leadership and support as well as all other assurance providers and most importantly commend PSETA for achieving a sixth consecutive "clean" audit outcome (unqualified with no material findings).

P. Dala

Dr. Prittish Dala
Chairperson of the Audit Committee
PSETA

08 August 2024

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY
Determining qualification criteria for issuing licences, concessions, or other authorisations regarding economic activity in terms of any law?	YES	PSETA offered learnership qualification certificates to learners who qualified after completing a learnership programme per the Skills Development Act.
Developing and implementing a preferential procurement policy?	YES	PSETA has a preferential procurement plan, which is in line with the Preferential Procurement Policy Framework Act.
Determining qualification criteria for the sale of state-owned enterprises?	NO	N/A
Developing criteria for entering partnerships with the private sector?	YES	PSETA has categorised its stakeholders, mapped their different responsibilities and documented their respective tailor-made engagement strategies. Additionally, skills development partnerships are guided by various policies, including the learning programmes policy, that outline terms of engagement with providers of occupational learning, both public and private and any other training academy or state academy
Determining criteria for awarding incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	YES	PSETA offers discretionary grants for qualifying learners to learn through accredited training providers

PART D
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

OVERVIEW OF HUMAN CAPITAL MANAGEMENT (HCM) MATTERS AT PSETA

HUMAN RESOURCE WORKFORCE PLANNING

Human Capital Management (HCM) encompasses a wide range of responsibilities for effectively managing an organisation's workforce. It is crucial in supporting PSETA's mission by effectively managing its human capital and ensuring a productive and compliant workforce.

The PSETA has an organisational structure approved by the PSETA AA in October 2022. Its goal is to help the organisation be responsive to the future world of work.

The year's HCM priorities included Skills Development and Human Resource capacity building. However, challenges resulted in PSETA not achieving its planned targets.

a. The vacancy rate was supposed to be maintained at 10% or less but remained high at 26% as of March 31, 2024.

b. The Training and Development interventions implemented were not in line with the approved Training Plan, resulting in a performance towards the APP target of only 27.2%.

EMPLOYEE WELLNESS

PSETA continued its strategic interventions and appointed Workforce Healthcare as a partner to continue promoting and supporting employees' overall health and well-being, which leads to their effectiveness and efficiency.

HCM GOVERNANCE

The Human Capital Management department continuously reviews, develops, and workshops policies to enforce governance across the entire staff. These policies are regularly reviewed to ensure they remain relevant to current legislation and to reduce audit findings.

The Public Service Sector Education and Training Authority (PSETA) has reviewed and developed thirteen (13) HCM policies and the HCM Strategy. It is now implementing these policies and conducting workshops for PSETA employees.

a. Incentive Policy
b. Learning and Development Policy
c. Employment Equity Policy
d. Discipline Management Policy
e. Grievance Management Policy
f. Dress Code Policy
g. Remuneration Policy
h. Employee Wellness Policy
i. Placement of Learners Policy
j. Staff Bursary Policy
k. Gifts, Donations and Sponsorships Policy
l. Conflict of Interest Management Policy
m. Performance Management Development System
n. Human Capital Management Strategy

VACANCIES

PSETA is currently experiencing difficulties with a high vacancy rate. To tackle this issue, the organisation is developing a comprehensive post-filling plan to fill the open positions swiftly.

Moreover, the HCM department is looking to prioritise agility, innovation, and a people-centric approach to talent management and organisational success. These goals include revamping the HCM processes and ensuring full implementation of the HCM Strategy.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 PERSONNEL-RELATED EXPENDITURE

PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

PROGRAMME/ACTIVITY/OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	58 695	28 359	48%	29	978
Skills Planning and Research	10 151	4 431	44%	5	886
Learning Programmes	72 687	6 891	9%	9	766
Projects Management	3 961	3 565	90%	4	891
Quality Assurance	4 969	3 044	61%	5	609
TOTAL	150 463	46 290	31%	52	890

PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	6 446	14%	4	1612
Senior Management	13 827	30%	10	1383
Professional qualified	12 020	26%	10	1202
Skilled	9 022	20%	11	820
Semi-skilled	4308	9%	14	308
Unskilled	626	1%	3	209
TOTAL	46 249	100%	52	889

PERFORMANCE REWARDS

LEVEL	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management	672	6 446	10%
Senior Management	715	13 827	5%
Professional qualified	693	12 020	6%
Skilled	553	9 022	6%
Semi-skilled	485	4308	11%
Unskilled	0	626	0%
TOTAL	3 118	46 249	7%

TRAINING COSTS

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE
Corporate Services	347 300	1 621	4.67%	32	10 853
TOTAL	347 300	1621	4.67%	32	10 853

EMPLOYMENT AND VACANCIES

PROGRAMME/ACTIVITY/OBJECTIVE	2022/2023 NO. OF EMPLOYEES	2022/2023 APPROVED POSTS	2023/2024 NO. OF EMPLOYEES	2023/2024 VACANCIES	% OF VACANCIES
Administration	28	37	27	10	27%
Skill Planning and Research	5	6	5	1	17%
Learning Programmes	9	9	9	0	0%
Project Management	4	4	4	0	0%
Quality Assurance	5	9	3	6	67%
TOTAL	51	65	48	17	26%

PROGRAMME/ACTIVITY/OBJECTIVE	2022/2023 NO. OF EMPLOYEES	2022/2023 APPROVED POSTS	2023/2024 NO. OF EMPLOYEES	2023/2024 VACANCIES	% OF VACANCIES
Top Management	4	5	4	1	4%
Senior Management	11	11	9	2	4.5%
Professional qualified	15	15	8	7	1,1%
Skilled	10	16	10	6	1,6%
Semi-skilled	14	15	14	1	14%
Unskilled	3	3	3	0	0%
TOTAL	51	65	48	17	26%

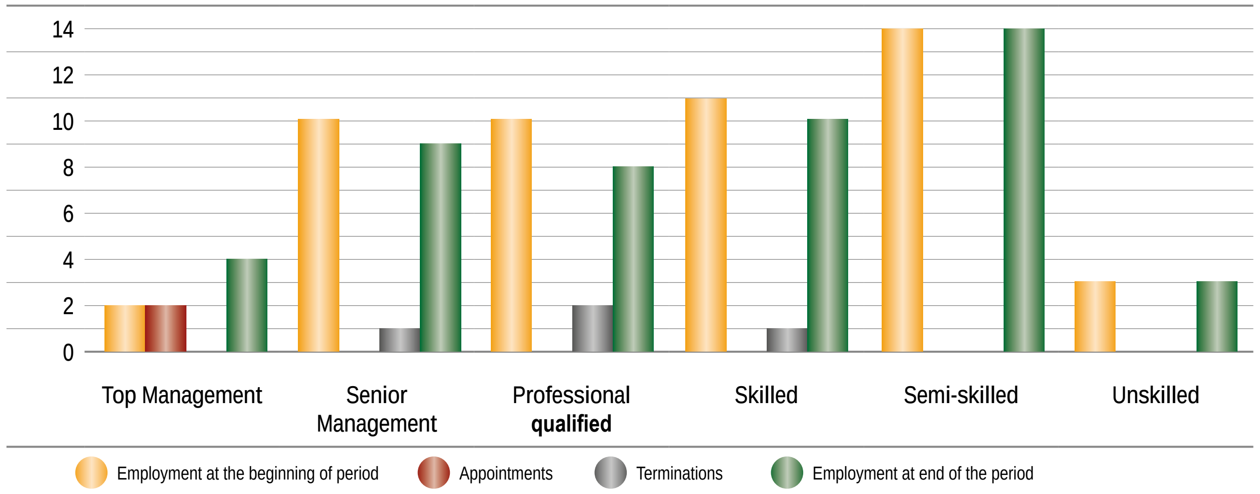
During the period under review, recruitment for three (3) of the top management vacant positions was finalised. The PSETA started the financial year with a full complement at the Executive level.

A plan has been developed to expedite the filling of all vacant positions.

EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT THE BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	2	2	0	4
Senior Management	10	0	1	9
Professional qualified	10	0	2	8
Skilled	11	0	1	10
Semi-skilled	14	0	0	14
Unskilled	3	0	0	3
TOTAL	50	2	4	48

EMPLOYMENT CHANGES

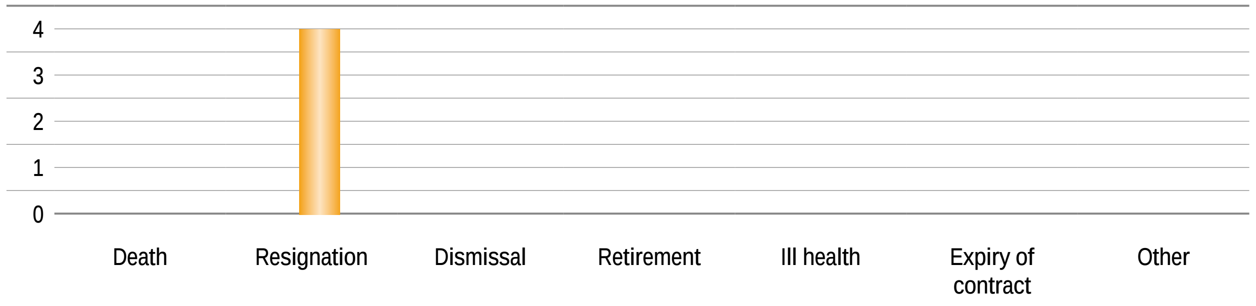


REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0%
Resignation	4	6%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
TOTAL	4	6%

Four (4) employees resigned during the year, and the process to fill the vacant positions is underway.

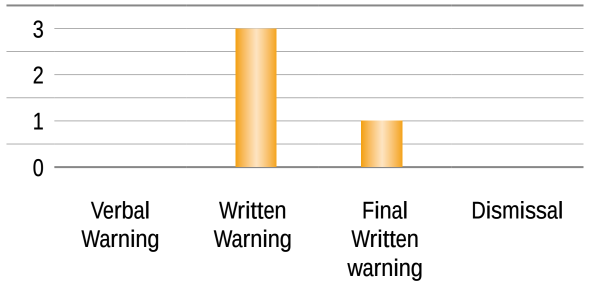
REASONS FOR STAFF LEAVING



LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	3
Final Written warning	1
Dismissal	0
TOTAL	4

MISCONDUCT AND DISCIPLINARY ACTION



EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

PROGRAMME/ACTIVITY/OBJECTIVE	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	1	0	0	0	0	0	0
Senior Management	4	0	0	1	0	1	0	0
Professional qualified	4	1	0	1	1	0	0	0
Skilled	2	4	0	1	0	1	0	0
Semi-skilled	4	0	0	0	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
TOTAL	20	6	0	3	1	2	0	0

PROGRAMME/ACTIVITY/OBJECTIVE	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	0	0	1	1	0	0	0
Senior Management	4	0	0	0	1	0	0	0
Professional qualified	5	2	0	0	0	1	0	0
Skilled	8	0	0	0	0	0	0	0
Semi-skilled	10	0	0	1	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
TOTAL	30	2	0	2	2	1	0	0

PROGRAMME/ACTIVITY/OBJECTIVE	DISABLED STAFF			
	AFRICAN		COLOURED	
	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	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	0	0

PART E
PFMA COMPLIANCE

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

A) RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Opening balance	42 330	43 558
Adjustment to opening balance	-	-
Opening balance as restated	42 330	43 558
Add: Irregular expenditure confirmed	-	229
Less: Irregular expenditure condoned	(42 330)	-
Less: Irregular expenditure not condoned and removed	-	(1 457)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	**-**	**42 330**

During the year under review, the National Treasury condoned irregular expenditure amounting to R42 million.

RECONCILING NOTES

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	-	229
Total	**-**	**229**

B) DETAILS OF IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	-	-

C) DETAILS OF IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure condoned	42 330	-
Total	42 330	-

During the year under review, the National Treasury condoned irregular expenditure amounting to R42 million.

D) DETAILS OF IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure NOT condoned and removed	-	1 457
Total	-	1 457

E) DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure recoverable	-	-
Total	-	-

F) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure written off	-	-
Total	-	-

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)

N/A

H) DETAILS OF IRREGULAR EXPENDITURE WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)

N/A

I) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

N/A

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

A) RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**-**	**-**

RECONCILING NOTES

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	**-**	**-**

B) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	-	-

C) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	-	-

D) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE NOT RECOVERABLE AND WRITTEN OFF

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

E) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

N/A

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

A) DETAILS OF MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Theft	307	-
Other material losses	-	-
Less: Recoverable	129	-
Less: Not recoverable and written off	178	-
Total	-	-

The total was R307 145, and the insurance settlement amounted to R 128 860.

B) DETAILS OF OTHER MATERIAL LOSSES

N/A

C) OTHER MATERIAL LOSSES RECOVERABLE

N/A

D) OTHER MATERIAL LOSSES NOT RECOVERABLE AND WRITTEN OFF

N/A

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	Number of invoices	Consolidated Value
Valid invoices received	1 386	96 946
Invoices paid within 30 days or the agreed period	1 386	96 946
Invoices paid after 30 days or the agreed period	-	-
Invoices older than 30 days or the agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or the agreed period (unpaid and in dispute)	-	-

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
Provision of the CaseWare software license	ADAPT IT	Sole distributor of the CaseWare software	PUB001	96
iThenticate Software (Plagiarism)	Eiffel Corp	Sole distributor	PO/2021/000565	384
Appointment of a service provider to conduct occupational health and safety	MBE Consulting	The services are sourced from the approved panel, and only two qualified		249
Appointment of a services provider to develop QAS addendum and assessment	NTIT Consulting	The was published on the e-portal, however one provider responded, and the proposal was evaluated and met the requirements	RFP/2021/000538	400
Survey Monkey	Neo Technologies	Less than three proposals were received.	PO/2021/000750	9
Provision of the CaseWare software license, SmartSync and Customisation	ADAPT IT	Sole distributor of the CaseWare software	PO/2021/000974	149
Assessment of External Integrated Summative Assessment	REVO QUEST Consulting	Less than three proposals were received.	PO/2021/000956	293
TOTAL				**1 580**

3.2. 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 R'000	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION R'000
Appointment of a service provider to provide offsite storage	METROFILE	Contract Variation	RFP/2020/8275	118	N/A	187
Appointment of a service provider to provide end-to-end recruitment for 2 QA specialist	Letarch Consulting	Contract Variation	RFP/2021/000557	954	N/A	463
Appointment of a service provider for the provision of a sustainable funding model for PSETA	PRINCETOP Corporate	Contract expansion	RFP/2021/000186	993	N/A	-
Appointment of a service provider to provide end-to-end recruitment for HCM specialist	PK Visible	Contract Variation	RFP/2021/000573	577	N/A	287
TOTAL				**2 642**	**-**	**937**

PART F
ANNUAL FINANCIAL STATEMENTS

ACCOUNTING AUTHORITY RESPONSIBILITIES AND APPROVAL

The Accounting Authority (AA) is required by the, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the AA to ensure that the annual financial statements fairly present the state of affairs of the 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 was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared by management 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 AA acknowledge that they are ultimately responsible for the system of internal financial control established by the and place considerable importance on maintaining a strong control environment. To enable the AA to meet these responsibilities, the AA sets standards for internal control aimed at reducing the risk of error in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the and all employees are required to maintain the highest ethical standards in ensuring the 's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the is on identifying, assessing, managing and monitoring all known forms of risk across the . While operating risk cannot be fully eliminated, the endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The AA 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 as well as receive the necessary assurance from the CEO and management team. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

Although the AA is primarily responsible for the financial affairs of the , they are supported by the 's management.

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

The annual financial statements set out on pages 83 to 120, which have been prepared on the going concern basis by management and recommended by the CEO, were approved by the AA on 27 May 2024 and were signed on its behalf by:

Thulani Tshefuta	Bontle Lerumo
Mr Thulani Tshefuta	**Ms Bontle Lerumo**
Chairperson	Chief Executive Officer
Date: 31 July 2024	Date: 31 July 2024

REPORT OF THE AUDITOR-GENRAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE PUBLIC SERVICE SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION

1. I have audited the financial statements of the Public Service Sector Education and Training Authority set out on pages 83 to 120 which comprise the statement of financial position as at 31 March 2024, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Service Sector Education and Training Authority as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTER

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

PRIOR PERIOD ERRORS

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2024.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. 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 the SDA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected the programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

PROGRAMME	PAGE NUMBERS	PURPOSE
Programme 2: Skills planning and research	40	The purpose of programme 2 is to conduct and coordinate research to inform the strategic skills development priorities for the sector. This programme is made up of two organisational business units: Skills Planning; and Research (SPR). The development and annual update of the Sector Skills Plan, research studies, coordinating research activities and conferences and capacity building of stakeholders in skills planning are core outputs within this programme.
Programme 3: Learning programmes and projects	41 to 42	The purpose of programme 3 is to facilitate and manage the implementation of learning programmes for and within the Public Service sector. This programme includes special projects (including partnerships) and the monitoring, evaluation and reporting of learning interventions.
Programme 4: Quality assurance	44	The purpose of programme 4 is to build the provider capacity required to deliver the priority skills for the sector, developing standards, accrediting providers, and quality assuring learning. The Quality Assurance department undertakes the review and realignment of legacy qualifications and development of new occupational qualifications and capacitation of providers through advocacy workshops.

14. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected programmes.

OTHER MATTERS

18. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over or underachievement.
20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of performance are included in the annual performance report on page 41.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

Targets achieved: 90%		
Budget spent 68%		
KEY INDICATOR NOT ACHIEVED	**PLANNED TARGET**	**REPORTED ACHIEVEMENT**
3.1 Number of public service employees entering learning programmes - Skills programmes	1650	687
3.2 Number of public service employees completing learning programmes - Skills programmes	1485	767

REPORT ON COMPLIANCE WITH LEGISLATION

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's' compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

25. The accounting authority is responsible for the other information included in the annual report. The other information comprises the information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Pretoria

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Sections 51(1){b){i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Sections 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Sections 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulations 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulations 16A6.1; 16A6.2(a); 16A6.2{b); Regulations 16A6.3(a); 16A6.3(a); 16A6.3{b); Regulations 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulations 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulations 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulations 16A 9.1{d); 16A9.1(e); 16A9.1(f); Regulations 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulations 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1. Regulations 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulations 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Sections 45(2); 45(3)(a){ii); 45(3){b){i); 45(3){b){ii); Sections 45(4); 46(1)(a); 46(1){b); 46(1)(c); Sections 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury instruction no. 5 of 202/21	Paragraph 1
Erratum National Treasury instruction no. 5 of 2020-21	Paragraph 2
National Treasury instruction no. 5 of 2020-21	Paragraphs 4.8; 4.9; 5.3
National instruction no. 1 of 2021-22	Paragraph 4.1
National instruction no. 4 of 2015-16	Paragraph 3.4
National Treasury SCM instruction no. 4A of 2016-17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021-22	Paragraphs 4.1; 4.2{b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020-21	Paragraphs 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction no. 2 of 2021/22	Paragraphs 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice note 11 of 2008/9	Paragraphs 2.1; 3.1 (b)
Practice note 5 of 2009/10	Paragraph 3.3
Practice note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulations 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulations 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Grant regulations	Sections 2(1), 2(2),2(30 Sections 3(3) & (4) Sections 4(3), (8) Section 6(9)(iii)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	NOTE(S)	2024 R '000	2023 Restated* R '000
ASSETS			
CURRENT ASSETS			
Receivables from exchange transactions	3	1 879	1 753
Cash and cash equivalents	4	129 722	129 173
		131 601	**130 926**
NON-CURRENT ASSETS			
Property, plant and equipment	5	3 435	3 016
Intangible assets	6	2 915	5 560
		6 350	**8 576**
Total Assets		**137 951**	**139 502**
CURRENT LIABILITIES			
EXCHANGE TRANSACTIONS			
Payables from exchange transactions	7	3 501	3 297
Provisions	10	3 089	1 432
Operating lease liability	12	1 150	1 352
NON-EXCHANGE TRANSACTIONS			
Payables from non-exchange transactions	8	18 544	5 057
Employer Grants Payables	9	37	1 032
Provisions	11	190	198
		26 511	**12 368**
Total Liabilities		**26 511**	**12 368**
		111 440	**127 134**
RESERVES			
Administration reserve		6 350	8 576
Discretionary grant reserve		105 090	118 558
Total Net Assets		**111 440**	**127 134**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE(S)	2024 R '000	2023 Restated* R '000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Skills Development Levy: Income	13	5 045	4 395
Skills Development Levy :Penalties and Interest	13	123	107
Voted funds received from National Treasury	13	121 461	123 972
Total revenue from non-exchange transactions		**126 629**	**128 474**
REVENUE FROM EXCHANGE TRANSACTIONS			
Other income	14	1 248	553
Investment Income	14	10 796	7 381
Total revenue from exchange transactions		**12 044**	**7 934**
Total revenue		**138 673**	**136 408**
EXPENDITURE			
Administration expenses	16.1	(25 802)	(23 311)
Audit Fees	16.2	(2 092)	(2 212)
Cost of employment	16.3	(46 424)	(39 109)
Depreciation and amortisation	5&6	(4 093)	(5 283)
Employer grant and project expenditure	15	(74 938)	(61 853)
QCTO Expenditure		(30)	(27)
Repairs and maintenance	16.4	(988)	(1 611)
Total expenditure		**(154 367)**	**(133 406)**
Surplus (Deficit) for the year		**(15 694)**	**3 002**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024

	Administrative reserve R '000	Employer Grant reserve R '000	Discretionary reserve R '000	Total reserves R '000	Accumulated surplus / (Deficit) R '000	Total net assets R '000
Balance at 01 April 2022	**9 240**	**-**	**114 892**	**124 132**	**-**	**124 132**
Changes in net assets						
Deficit or Surplus for the year	-	-	-	-	3 002	3 002
Allocation of Unappropriated	-	176	2 826	3 002	(3 002)	-
Surtplus of the Year						
Employer Grants Reserves transferred to DG Reserves	-	(176)	176	-	-	-
Excess Reserved Transferred	(664)	-	664	-	-	-
Total changes	**(664)**	**-**	**3 666**	**3 002**	**-**	**3 002**
Restated* Balance at 01 April 2023	**8 576**	**-**	**118 558**	**127 134**	**-**	**127 134**
Changes in net assets						
(Deficit) Surplus for the year	-	-	-	-	(15 694)	(15 694)
Allocation of unappropriated	-	715	(16 409)	(15 694)	15 694	-
Surplus for the year						
Employer grant reserves transferred to discretionary reserves	-	(715)	715	-	-	-
Excess reserves transferred	(2 226)	-	2 226	-	-	-
Total changes	**(2 226)**	**-**	**(13 468)**	**(15 694)**	**-**	**(15 694)**
Balance at 31 March 2024	**6 350**	**-**	**105 090**	**111 440**	**-**	**111 440**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	NOTE(S)	2024 R '000	2023 Restated* R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Levies, Interest and penalties received		5 168	4 518
Voted Funds received from National Treasury		121 461	123 972
Interest income	13	10 796	7 288
Other cash receipts from stakeholders		1 248	553
		138 673	**136 331**
PAYMENTS			
Compensation of employees		(44 891)	(38 789)
Payments to suppliers and others		(28 751)	(26 344)
Grants and project payments		(62 446)	(61 799)
		(136 088)	**(126 932)**
Net cash flows from operating activities	19	**2 585**	**9 399**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(1 735)	(260)
Purchase of other intangible assets	6	(301)	(4 822)
Net cash flows from investing activities		**(2 036)**	**(5 082)**
Net increase/(decrease) in cash and cash equivalents		**549**	**4 317**
Cash and cash equivalents at the beginning of the year	4	129 173	124 856
Cash and cash equivalents at the end of the year		**129 722**	**129 173**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2024

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
Skills Development Levy:income, interest and penalties	4 670	-	4 670	5 168	498	
Voted Funds received from DHET	121 961	(500)	121 461	121 461	-	
Other income	18	210	228	1 248	1 020	28.1
Investment income	5 863	1 887	7 750	10 796	3 046	28.2
Retention of Surplus	15 007	15 953	30 960	-	(30 960)	28.3
Total revenue	**147 519**	**17 550**	**165 069**	**138 673**	**(26 396)**	
EMPLOYER GRANTS AND PROJECT EXPENDITURE						
Mandatory Grants	(254)	(714)	(968)	(546)	422	
Discretionary Grants	(61 219)	(117 202)	(178 421)	(74 392)	104 029	28.4
Total employer grants and project expenditure	**(61 473)**	**(117 916)**	**(179 389)**	**(74 938)**	**104 451**	
EXPENDITURE						
Cost of Employment	(51 543)	6 590	(44 953)	(46 424)	(1 471)	28.5
Goods and Services	(33 173)	4 521	(28 652)	(33 005)	(4 353)	28.6
Total operations expenditure	**(84 716)**	**11 111**	**(73 605)**	**(79 429)**	**(5 824)**	
Net Surplus/(Deficit)	**1 330**	**(89 255)**	**(87 925)**	**(15 694)**	**72 231**	
Capex	(1 330)	-	(1 330)	-	1 330	28.7
Net Surplus/ (Deficit) after CAPEX	**-**	**(89 255)**	**(89 255)**	**(15 694)**	**73 561**	
Approved surplus	-	89 255	89 255	-	(89 255)	28.8
NET Surplus / (Deficit) after approved surplus	**-**	**-**	**-**	**(15 694)**	**(15 694)**	28.9

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material aspect, consistent with those of the prior year, except as otherwise indicated.

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

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Public Finance Management Act (PFMA), 1999 (Act No. 1 OF 1999).

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

1.2. PRESENTATION CURRENCY AND LEVEL OF ROUNDING

These financial statements are presented in South African Rand since it is the currency in which the majority of the entity transactions are denominated. Furthermore, all figures presented are rounded to the nearest thousand.

1.3. REVENUE RECOGNITION

1.3.1. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange revenue transactions result in resources being received by PSETA, usually in accordance with a binding arrangement. When PSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that PSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

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

Where the resources transferred to PSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. The assets and the corresponding liability are measured at fair value on initial recognition.

Subsequently, any interest that accrues from resources transferred to PSETA before the fulfilment of conditions are capitalised to the liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of fair value of the asset on initial recognition. Non- exchange revenue transactions include the receipt of levy income from Department of Higher Education Training, income from National Skills Funds and contributions received from public entities who contributes voluntarily to PSETA.

1.3.1.1. LEVY INCOME

The PSETA recognises levy income on receipt. The accounting policy for the recognition and measurement of skill development levy income is based on the Skills Development Act (SDA), Act 97 of 1998, as amended, and the Skills Development levies Act (SDLA), Act 9 of 1999, as amended. In terms of section 3 (1) and 3 (4) of the SDLA (1999) as amended, registered member companies of the SETA pay a Skills Development Levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collect levies on behalf of the Department. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4 (b) of the SDLA (1999) as amended, effective 1 August 2005.

80% of Skills Development levies are paid over to the SETA (net of the 20% contribution to the NSF). Revenue is adjusted for transfers between the SETAs due to employers changing SETAs. Such adjustments are separately disclosed as inter-seta transfers. The amount of the inter-seta adjustment is calculated according to the most recent standard operating procedure issued by DHET. SDL transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably.

This occurs when the DHET makes an allocation to the PSETA as required by section 8 of the SDLA (1999) as amended.

1.3.1.2. INTEREST AND PENALTIES

Interest and penalties received on the SDL are recognised on receipt since the nature of contribution is voluntary and not enforced through legislation

1.3.1.3. TRANSFER FROM OTHER GOVERNMENT ENTITIES

The PSETA recognises revenue and a corresponding asset in respect of transfers received from transfers through the National Treasury when the transferred resources meet the definition of revenue and an asset and satisfy the criteria for recognition as revenue and an asset.

1.3.1.4. FUNDS ALLOCATED BY THE NSF FOR SPECIAL PROJECTS

Funds transferred by the NSF are accounted for in the financial statements of the SETA as a liability until the related conditions are met. The liability is reduced by any project expenditure incurred and recognised as revenue. Property, plant and equipment acquired for National Skills Fund special projects are capitalised in the financial statements of the SETA, as the SETA has full control of such asset. The depreciation/amortisation expenses related to such assets are expensed against the liability over the lifespan of the asset.

1.3.2. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. Revenue is measured at the fair value of the considerations received or receivable. The only exchange revenue received by PSETA is the interest earned on the investment. Unconditional grants received are recognised when the amount have been received.

1.3.2.1. INVESTMENT INCOME

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

1.4. GRANTS AND PROJECT EXPENDITURE

In terms of the Grant Regulations, registered employers may recover 20% of levy payments (excluding interest and penalties) in the form of mandatory grants provided they timeously submit the documents prescribed in terms of grants regulations specified in the section dealing with monies received and related matters.

In addition registered employers that participate in training initiatives prescribed in the National Skills Development Plan (NSDP) effective 1 April 2020, as extended by the Department of Higher Education and Training can apply for and be granted discretionary grants to supplement their training costs.

MANDATORY GRANTS

Mandatory grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed format within the legislated cut-off period and the application has been approved as the payment then becomes probable. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning and annual training report grants.

RETROSPECTIVE AMENDMENTS BY SARS

The PSETA calculates and pays mandatory grants to employers based on the information from the Department of Higher Education and Training as obtained from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the PSETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayments, net of bad debts and provisions for irrecoverable amounts.

The receivable is measured at the net present value of the expected future cash inflow as determined in accordance with the PSETA policy on debtors' management and is based on the actual overpayments.

Discretionary grants and project expenditure

The PSETA may in terms of the Grant Regulations, out of funds set aside for discretionary and projects, investment income and any surplus monies from administration allocation and unclaimed mandatory grants, determine and allocate discretionary grants to employers, education and training providers and workers of the employers. The allocations of discretionary grants and projects are dependent on employers submitting the prescribed application, in the prescribed format and within the prescribed cut-off period. The discretionary grant and project expenditure payable and the related expenditure are recognised when the application has been approved and the conditions for grant payment, as set out in the PSETA grants policy have been met.

The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act and the grant regulations and is based on the amount of levies received, investment income and surplus monies from administration allocations and unclaimed mandatory grants.

Project expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- other costs as are specifically chargeable to the PSETA under the terms of the contract.

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

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred.

1.5. PREPAYMENTS

The PSETA may, in certain instances in contracting with SMMEs and when required by the terms of the contract of a services provider, make advance payments.

1.6. IRREGULAR EXPENDITURE

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

- the PFMA,
- the State tender Board Act, 1968; or any provincial legislation providing for the procurement procedures in that provincial government
- The Skills Development Act,
- The Skills Development Levies Act
- Irregular Expenditure Framework
- PSETA's SCM Policy (only upon contravention of legislative prescripts is Irregular expenditure recognised against the respective class of expense in the period in which it was incurred. These are then recorded in the irregular expenditure register.)

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may condone and disclose as such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law,the AA may remove the expenditure from the irregular expenditure register.

1.7. FRUITLESS AND WASTEFUL EXPENDITURE

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

All fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period it was incurred. The expenditure is disclosed in the notes to the financial statements of the reporting period that it has been identified.

1.8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and adjusted for any impairment Property, plant and equipment acquired at no cost are stated at fair value as at the date of acquisition less any subsequent accumulated depreciation.

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; Property, plant and equipment (owned and leased in terms of finance leases) are initially measured at cost.

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

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

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

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.

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

1.9. KEY ACCOUNTING JUDGMENTS

In the application of the PSETA's accounting policies management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The financial effects of the reviews to accounting estimates are recognised in the period in which the estimates are reviewed if the revision affects only that period or in the period of the review and future periods if the review affects both current and future periods.

The PSETA reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period, refer to note number 5.

The following average useful lives are used in calculation of depreciation:

Computer Equipment	3 years
Leasehold improvements (Fixtures and Fittings)	Over the lease period
Furniture and Equipment	6 years
Motor Vehicles	5 years

1.10. INTANGIBLE ASSETS

An asset is identified as an asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with related contract, asset or liability or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations

An intangible asset is recognised when:-

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

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

Expenditure on research (or on the research of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from the development (or the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale
- there is an intension to complete and use or sell it
- there is an ability to use or sell the asset
- it will generate probable future economic benefits or service potential
- there are available technical, financial and other resources to complete the development and to use or sell it
- the expenditure attributable to the asset during its development can be measured reliably

Internally Generated Software programmes are initially recognised at cost. Intangible assets with indefinite useful lives, if any, are not amortised but tested for impairment annually and impaired if necessary.

Purchased software: software licenses are carried at cost less accumulated amortisation and impairment. Software is amortised over its useful life on a straight line basis.

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

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

Reassessing the useful life of an intangible asset with finite useful life after it was classified as indefinite is an indicator that the asset may be impaired as is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. Amortisation is provided to write down an intangible assets on a straight line basis to their residual values.

Intangible assets are derecognised when:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

An average useful life of 2 years (or the lifespan of the intangible asset) is used when calculating the amortisation of intangible assets.

1.11. LEASING

1.11.1. OPERATING LEASES

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset, title may not eventually be transferred.

Lease payments under operating lease are recognised as an expense in the statement of financial performance on a straight- line basis over the lease term unless another systematic basis is more representative of the time pattern of the PSETA's benefit.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.12. PROVISIONS AND CONTINGENCIES

Provisions are recognised when the PSETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Long-term provisions are discounted to net present value.

1.12.1. OTHER PROVISIONS

Provisions included in the Statement of Financial Position are provisions for performance awards and provision for exempt companies. Provisions for performance awards are based on estimated performance levels and salary rates prevalent at the reporting date.

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

1.12.2. CONTINGENT LIABILITIES

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

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

1.12.3. CONTINGENT ASSETS

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

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

1.13. EMPLOYEE BENEFITS

The cost of other employee benefits (not recognised as retirement benefits) is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is raised for the estimated liability as a result of services rendered by employees up to the reporting date.

Liabilities for annual leave are recognised as they accrue to employees. The entity recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual.

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

1.14. FINANCIAL INSTRUMENTS RECOGNITION

Financial assets and financial liabilities are recognised on the SETA's Statement of Financial Position when the SETA becomes a party to the contractual provisions of the instrument.

1.14.1. FINANCIAL ASSETS

1.14.1.1 INVESTMENTS AND LOANS

The following categories of investments are measured at subsequent reporting dates at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:

- Loans and receivables
- Held-to-maturity investments;
- An investment that does not have a quoted market price in an active market and whose fair value cannot be measured reliably.

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as a fair value through profit or loss, which are initially measured at fair value.

Investments other than those listed above are classified as available-for-sale investments or investments held-for-trading and are measured at subsequent reporting dates at fair value, without any deduction for transaction costs that may be incurred on sale or other disposal.

Financial assets can be classified into the following specified categories: financial assets as 'at fair value through profit or loss" (FVTPL), "held to maturity investments", "available for sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

All financial assets of the PSETA are categorised as loans and receivables.

1.14.1.2 LOANS AND RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

1.14.1.3. EFFECTIVE INTEREST RATE METHOD

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

1.14.1.4 IMPAIRMENT AND UN-COLLECTABILITY OF FINANCIAL ASSETS

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

1.14.2. FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

1.14.2.1. FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or is designated at FVTPL.

1.14.2.2. GAINS AND LOSSES ON SUBSEQUENT MEASUREMENT

Gains and losses arising from a change in the fair value of financial instruments, other than available-for-sale financial assets, are included in net profit or loss in the period in which it arises. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

All financial liabilities of the PSETA were classified as other financial liabilities.

1.14.2.3. OTHER FINANCIAL LIABILITIES

Other financial liabilities are initially measured at fair value net of transaction costs.

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

De-recognition:

PSETA derecognises financial assets using trade date accounting.

The entity 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

1.15. RESERVES

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Accumulated surplus/deficit

Employer levy payments are set aside in terms of the SDA (1998) and the SETA Grant Regulations for the purpose of:

- Administration costs of the SETA 10.5%
- Employer grant fund levy 20.0%
- Discretionary grants and projects 49.5%
- Contributions to the National Skills Fund 20.0%

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source in terms of the above classifications, that is where income is associated with administration activities it is utilised for administration purposes, whereas where it is associated with project activities it is utilised for discretionary grants and projects purposes.

The items of revenue and expenditure are recognised on the accrual basis of accounting in the financial statements. Consequently, the reserves disclosed in the Statement of Changes in Net Assets and movements disclosed in note 2 do not represent cash reserves or fund monies as implied in Grants Regulations issued by the Department of Higher Education and Training in terms of the Skills Development Act, Act No. 97 of 1998 as amended.

Administration reserve represents the net book value of property, plant and equipment and other commitments of an administration nature arising from signed contracts as specifically approved by the PSETA board from time to time.

Employer grant reserve represents possible mandatory grants claims from newly registered employers that are eligible to submit their mandatory grants claims at year end in terms of the grants regulations.

Discretionary reserve represents the excess of discretionary grants revenue over discretionary and projects expenditure and includes transfers from administration and mandatory grant reserve where appropriate.

1.16. ADMINISTRATIVE EXPENDITURE

Administrative expenditure including inter alia Audit fees have been presented in accordance with the standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. PSETA's administrative expenditure has been paid using voted funds received from National Treasury.

1.17. EVENTS AFTER REPORTING PERIOD

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

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

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

1.18. RELATED PARTY TRANSACTIONS

Transactions are disclosed as other related party transactions where the SETA has in the normal course of its operations, entered into certain transactions with entities either related to the Department of Higher Education and Training or which had a nominated representative serving on the SETA accounting authority.

Transactions are disclosed as other related party transactions where Inter-seta transactions arise due to the movement of employers from one SETA to another.

1.19. CAPITAL COMMITMENTS

Capital commitments are disclosed in respect of contracted amounts for which delivery by the contractor is outstanding at year end, and for amounts which the Board's approval has been obtained but not yet contracted for.

1.20. COMPARATIVES

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

1.21. INVENTORY

Inventory consists of consumables on hand at the end of the reporting period and is recognised as assets on the date of acquisition. Inventory is stated at cost and it is determined on a first-in first-out basis. It is subsequently recognised in surplus or deficit as it is consumed.

1.22. TAXATION

No provision has been made for taxation as the SETA is exempt from income tax in terms of Section 10 of the Income Tax Act (Act No 58 of 1962)

2. CURRENT STANDARDS AND INTERPRETATIONS

STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE CURRENT YEAR

The effective date of these standards are 1 April 2019. These include the following Standards and Interpretations that are applicable to the SETA and have been assessed to have no material impact on the financial statements:

GRAP 20: RELATED PARTY DISCLOSURES

This standard prescribes the disclosure of information relevant to draw attention to the possibility that an entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and surplus or deficit may have been impacted by the existence of connected parties and by transactions and outstanding balances with such parties.

GRAP 32: SERVICE CONCESSION ARRANGEMENTS: GRANTOR

The purpose is to prescribe the accounting for service concession arrangements by the Grantor. It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

GRAP 108: STATUTORY RECEIVABLES

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. It furthermore covers: Definitions, recognition, de-recognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date. It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

GRAP 109: ACCOUNTING BY PRINCIPALS AND AGENTS

GRAP 109 outlines principles to assess whether an entity is party to a principal-agent arrangement. It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

GRAP 17: SERVICE CONCESSION ARRANGEMENTS: WHERE A GRANTOR CONTROLS A SIGNIFICANT RESIDUAL INTEREST IN AN ASSET

The purpose is to prescribe the accounting for service concession arrangements by the Grantor. It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

GRAP 104 (AMENDED): FINANCIAL INSTRUMENTS

It is unlikely that the standard will have a material impact on PSETA's annual financial statements.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024 R '000	2023 R '000
Trade debtors	18	-
Operating lease rental deposits	1 042	1 042
Prepayment - Operating lease	592	554
Accrued Income	227	157
	1 879	1 753

4. CASH AND CASH EQUIVALENTS

	2024 R '000	2023 R '000
Cash and cash equivalents consist of:		
Bank balances	24 095	31 830
Investment with CPD	105 627	97 343
	129 722	**129 173**

5. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost / Valuation R '000	**Accumulated depreciation and accumulated impairment R '000**	**Carrying value R '000**	**Cost / Valuation R '000**	**Accumulated depreciation and accumulated impairment R '000**	**Carrying value R '000**
Furniture and fixtures	2 452	(1 060)	1 392	1 543	(961)	582
Motor vehicles	482	(433)	49	482	(409)	73
Office equipment	156	(134)	22	156	(124)	32
Computer equipment	6 139	(4 167)	1 972	6 037	(3 708)	2 329
Total	**9 229**	**(5 794)**	**3 435**	**8 218**	**(5 202)**	**3 016**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

	Opening balance R '000	Additions R '000	Disposals R '000	Depreciation R '000	Total R '000
Furniture and fixtures	582	988	(10)	(168)	1 392
Motor vehicles	73	-	-	(24)	49
Office equipment	32	-	-	(10)	22
Computer Equipment	2 329	747	(159)	(945)	1 972
	3 016	**1 735**	**(169)**	**(1 147)**	**3 435**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023

Furniture and fixtures	728	-	(29)	(117)	582
Motor vehicles	110	-	-	(37)	73
Office equipment	73	-	(22)	(19)	32
Computer Equipment	3 260	260	(106)	(1 085)	2 329
	4 171	**260**	**(157)**	**(1 258)**	**3 016**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Repairs and maintenance disclosed in relation to property, plant and equipment has been disclosed in Administrative Expenses note 16.4 in line with the requirements of GRAP 17.

The PSETA has reviewed the residual values at year end and did not need to re-estimate it.

CHANGE IN ACCOUNTING ESTIMATE

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

Computer Equipment: revised to 36 months

Motor Vehicles: revised to 12 months and 36 months Office Equipment: revised to 36 months.

Furniture and Fittings: revised to 72 months.

The change in useful life has resulted in the following:

ITEM OF PROPERTY, PLANT AND EQUIPMENT	Decrease (Increase) in depreciation current year R '000	Increase (Decrease) in depreciation future years R '000
Computer Equipment	356 741	356 741
Motor Vehicles	11 962	11 962
Office Equipment	5 401	5 401
Furniture and Fittings	18 980	18 980
	393 084	**393 084**

6. INTANGIBLE ASSETS

	2024			2023		
	Cost / Valuation R '000	**Accumulated amortisation and accumulated impairment R '000**	**Carrying value R '000**	**Cost / Valuation R '000**	**Accumulated amortisation and accumulated impairment R '000**	**Carrying value R '000**
Computer Software and licences	17 436	(14 521)	2 915	17 567	(12 007)	5 560

RECONCILIATION OF INTANGIBLE ASSETS - 2024	Opening balance R '000	Additions R '000	Amortisation R '000	Total R '000
Computer Software and licences	5 560	301	(2 946)	2 915

RECONCILIATION OF INTANGIBLE ASSETS - 2023	Opening balance R '000	Additions R '000	Disposals R '000	Amortisation R '000	Total R '000
Computer Software and licences	5 069	4 822	(305)	(4 026)	5 560

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

CHANGE IN ACCOUNTING ESTIMATE

The useful lifes of some intangible assets have been revised to reflect the actual pattern of service potential derived from the assets. They were revised to 24 months.

The change in useful life has resulted in a decrease in depreciation of R2 714 511 for the current period and an increase in depreciation of R2 714 511 in future periods.

7. PAYABLES FROM EXCHANGE TRANSACTIONS

	2024 R '000	2023 R '000
Trade payables	198	224
Provident fund payable	109	91
Trade Accruals - administration	1 281	934
Leave pay accrual	1 913	2 048
	3 501	**3 297**

The provident fund payable arose as a result of the debit order going off after the cut-off period, which is 31 March 2024.

8. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Discretionary grant accruals	18 214	3 187
Discretionary grant payables *	330	1 870
	18 544	**5 057**

* Restated

9. EMPLOYER GRANTS PAYABLE

Skills development grants payable - mandatory grants	37	404
Inter-seta payables Administration	-	1
Mandatory	-	2
Discretionary	-	3
	-	**6**
DHET Levy creditor	-	622
	37	**1 032**

10. PROVISIONS

RECONCILIATION OF PROVISIONS - 2024	Opening balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Workman's Compensation	85	262	(85)	262
Performance Bonus	1 347	2 827	(1 347)	2 827
	1 432	**3 089**	**(1 432)**	**3 089**

RECONCILIATION OF PROVISIONS - 2023	Opening balance R '000	Additions R '000	Total R '000
Workman's Compensation	-	85	85
Performance Bonus	1 191	156	1 347
	1 191	**241**	**1 432**

The performance bonus provision relates to staff performance bonuses for 2023/24 financial year and a reasonable estimate using the PMDS Policy and the Incentive Policy and adjusted by the inflationary increase is made.

The finalisation of the performance bonus process for the 2021/22 financial year was completed and paid in August 2023. The performance bonus process for the 2022/23 financial year has been completed and paid in March 2024.

The performance bonus process for the 2023/24 financial year is on progress.

11. PROVISIONS - NON-EXCHANGE TRANSACTIONS

RECONCILIATION OF PROVISIONS - 2024	Opening balance R '000	Utilised during the year R '000	Total R '000
Exempt employer provision	198	(8)	190

RECONCILIATION OF PROVISIONS - 2023	Opening balance R '000	Utilised during the year R '000	Total R '000
Exempt employer provision	183	15	198

NON-EXCHANGE PROVISIONS

The provision for SARS reversals is based on employers contributing levies even though they are exempt in terms of the Skills Development Act. The Act requires employers with an annual payroll of at least R500 000,00 to contribute 1% of the payroll to SARS in the form of skills development levies. The employer contributions are only retained in the provision for a period of 5 years thereafter recognized as levy income.

12. FINANCE LEASE OBLIGATION

	2024 R '000	2023 R '000
MINIMUM LEASE PAYMENTS DUE		
Operating Lease Liability	1 150	1 352

13. REVENUE FROM NON-EXCHANGE TRANSACTIONS

13.1 SKILLS DEVELOPMENT LEVY INCOME

ADMINISTRATION

Levies received from SARS	661	582
R500k Provision	1	(2)
	662	**580**

EMPLOYER GRANTS

Levies received from SARS	1 259	1 102
R500k Provision	2	(4)
	1 261	**1 098**

DISCRETIONARY GRANTS

Levies received from SARS	3 117	2 726
R500k Provision	2	(4)
	3 122	**2 717**
TOTAL	**5 045**	**4 395**

13. REVENUE FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

13.2 SKILLS DEVELOPMENT LEVY INCOME: INTEREST AND PENALTIES

SKILLS DEVELOPMENT LEVY INCOME:

	2024 R '000	2023 R '000
Penalties	71	64
Interest	52	43
	123	**107**

13.3 VOTED FUNDS RECEIVED FROM NATIONAL TREASURY

	2024 R '000	2023 R '000
(2024: DHET)		
First tranche	30 490	30 993
Second tranche	30 490	30 993
Third tranche	30 490	30 993
Fourth tranche	29 991	30 993
	121 461	**123 972**

14. REVENUE FROM EXCHANGE TRANSACTIONS

14.1 INVESTMENT INCOME

	2024 R '000	2023 R '000
Interest received in the bank accounts	10 796	7 381

14.2 OTHER INCOME

	2024 R '000	2023 R '000
Grant Received for Training	77	200
Refunds received	1 042	343
Sale of scrap assets	-	10
Insurance recoveries	129	-
	1 248	**553**

15. EMPLOYER GRANT AND PROJECT EXPENSES

	2024 R '000	2023 R '000
Mandatory grants	546	922
Discretionary grants *	74 392	60 931
	74 938	**61 853**

* Restated

16. ADMINISTRATION EXPENSES

16.1 GENERAL ADMINISTRATION EXPENSES

	2024 R '000	2023 R '000
Loss on disposal of property, plant and equipment	169	462
Operating lease rentals	6 876	6 674
Advertising, Marketing and Promotions	1 365	1 180
Bank charges	32	29
Catering and refreshments	375	208
Consulting and professional fees	6 645	5 506
Legal Fees	457	883
Travel & Subsistence	3 293	903
Training	351	1 544
Governance Fees	1 823	1 940
Printing and Stationery	61	159
Insurance	225	137
Rates and taxes, water & lights and security	1 790	1 693
Staff Recruitment	135	142
Storage Cost	261	27
Sundry items	290	716
Licences and subscriptions	1 473	884
Cleaning	6	-
Equipment rentals	175	224
	25 802	**23 311**

Consultancy and Professional fees consist of payments made to the service provider in relation to support and maintenance for the ERP and Payroll systems.

Licences and suscriptions expenditure increased due to increased demand for ICT softwares. Travel and subsistence expenditure increased due to the physical monitoring of projects.

Training expenditure reduced due to less training conducted in the financial year.

16.2 AUDIT FEES

	2024 R '000	2023 R '000
Audit fees (External)	2 092	2 212

16.3 COST OF EMPLOYMENT

	2024 R '000	2023 R '000
Basic salary	27 488	25 932
PAYE	12 394	10 150
Incentive (Bonus)	3 625	156
Leave accrual	(135)	(14)
Union Fees	46	46
Workmens Compensation	269	85
Provident fund (defined contribution plan)*	1 133	1 105
Medical	501	572
Housing	465	494
Salaries and wages	45 786	38 626
UIF	206	210
SDL	432	373
	46 424	**39 109**

*PSETA provides for retirement benefits for all its permanent employees through a defined contribution scheme to the Sanlam fund.

16. ADMINISTRATION EXPENSES (CONTINUED)

16.4 REPAIRS AND MAINTENANCE

	2024 R '000	2023 R '000
Motor vehicle Repairs	90	101
Computer Equipment Maintenance	536	919
Building Maintenance	362	591
	988	**1 611**

17. ALLOCATION OF NET SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES

31 MARCH 2024	Total per Statement of Financial Performance R '000	Administration R '000	Mandatory R '000	Discretionary R '000	Special Projects R '000
TOTAL REVENUE					
SKILLS DEVELOPMENT LEVY: INCOME					
Admin levy income (10.5%)	662	662	-	-	-
Grant levy income (20%) Mandatory	1 261	-	1 261	-	-
Grant levy income (49.5%) Discretionary	3 122	-	-	3 122	-
Skills developemnt levy: penalties and interest	123	-	-	123	-
Voted Funds received from National Treasury	121 461	66 723	-	54 738	-
Investment Income	10 796	10 796	-	-	-
Other Income	1 248	1 248	-	-	-
	138 673	**79 429**	**1 261**	**57 983**	**-**
TOTAL EXPENSES					
Administration expenses	(79 399)	(79 399)	-	-	-
QCTO Expenditure	(30)	(30)	-	-	-
Employer grants and project expenses	(74 938)	-	(546)	(74 391)	-
Net surplus/(deficit per Statement of financial performance allocated	(154 367)	(79 429)	(546)	(74 391)	-
	(15 694)	**-**	**715**	**(16 408)**	**-**

17. ALLOCATION OF NET SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES (CONTINUED)

31 MARCH 2023	Total per Statement of Financial Performance R '000	Administration R '000	Mandatory R '000	Discretionary R '000	Special Projects R '000
TOTAL REVENUE					
SKILLS DEVELOPMENT LEVY: INCOME					
Admin levy income (10.5%)	580	580	-	-	-
Grant levy income (20%) Mandatory	1 098	-	1 098	-	-
Grant levy income (49.5%) Discretionary	2 717	-	-	2 717	-
Skills developemnt levy: penalties and interest	107	-	-	107	-
Voted Funds received from National Treasury	123 972	63 039	-	60 933	-
Investment Income	7 381	7 381	-	-	-
Other Income	553	553	-	-	-
	136 408	**71 553**	**1 098**	**63 757**	**-**
TOTAL EXPENSES					
Administration expenses	(71 526)	(71 526)	-	-	-
QCTO Expenditure	(27)	(27)	-	-	-
Employer grants and project expenses	(61 853)	-	(922)	(60 931)	-
	(133 406)	**(71 553)**	**(922)**	**(60 931)**	**-**

18. NEW STANDARDS AND INTERPRETATIONS

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the PSETA and may have an impact on future financial statements.

Standard and Interpretation:	Effective date: Years beginning on or after	Expected impact
GRAP 1: Presentation on Financial Statements	01 April 2024	Unlikely there will be a material impact
GRAP 103: Heritage Assets	01 April 2024	Unlikely there will be a material impact
GRAP 104: Financial Instruments	01 April 2024	Unlikely there will be a material impact
GRAP 105: Transfer of Functions Between Entities Under Common Control	01 April 2024	Unlikely there will be a material impact
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	01 April 2024	Unlikely there will be a material impact
GRAP 107: Mergers	01 April 2024	Unlikely there will be a material impact

19. CASH GENERATED FROM OPERATIONS

	2024 R '000	2023 R '000
(Loss) profit	(15 694)	3 002
Adjustments for:		
Depreciation and amortisation	4 093	5 283
Movements in provisions	1 649	257
Movement in Consumables	-	25
Movement Trade and other receivables from exchange transactions	(125)	(130)
Movement in Operating lease liability	(202)	248
Movement in Trade and other Payables - exchange transactions *	13 690	242
Movement in Employer Grant Payables	(995)	10
Loss on Disposal of PPE	169	462
	2 585	**9 399**

20. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

During the year under review, PSETA experienced a theft of Computer Equipment amounting to R307,145.00.

DESCRIPTION	Amount R '000	Total R '000
Theft	307	307
Less: Recoverable	(129)	(129)
Less: Not recoverable and written off	(178)	(178)
	-	**-**

21. IRREGULAR EXPENDITURE AND FRUITLESS & WASTEFUL EXPENDITURE

	2024 R '000	2023 R '000
Irregular Expenditure	-	229
Fruitless and Wasteful Expenditure	-	-
Closing Balance	**-**	**229**

During the year under review, National Treasury condoned irregular expenditure amounting to R42 million as disclosed in part E of the Annual Report.

22. RELATED PARTIES

RELATIONSHIPS

1. CONTROLLING ENTITY

The SETA's controlling entity is DHET

2. ENTITIES UNDER COMMON CONTROL

By virtue of the fact that PSETA is a National Public Entity controlled by DHET, it is considered related to other SETAs, the QCTO, TVET Colleges, Universities and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below:

22. RELATED PARTIES (CONTINUED)

3. TRANSACTIONS WITH EMPLOYER COMPANIES REPRESENTED AT THE PSETA BOARD

Employer representatives of the PSETA Board do not receive allowances for attending Board Meetings except for Ministerial appointees and labour representatives who receive board attendance fees as determined by the Minister of Higher Education, Science, and Innovation. Members may claim travel expenses incurred as a result of attendance of PSETA meetings.

4. ACCOUNTING AUTHORITY MEMBERS

2024	Meeting Fee R '000	Travel Expense R '000	Total R '000
T Tshefuta - Chairperson of AA	174	20	194
C Brink	163	-	163
L Nzimande	172	-	172
NN Maesela	154	-	154
PB Makhafane	145	9	154
MA Ramakgale	231	-	231
M Napo	112	7	119
P Moopelwa	-	5	5
	1 151	**41**	**1 192**

2023	Meeting Fee R '000	Travel Expense R '000	Total R '000
T Tshefuta - Chairperson of AA	141	7	148
C Brink	181	-	181
L Nzimande	202	-	202
NN Maesela	181	1	182
GA Seokolo	85	-	85
PB Makhafane	172	3	175
MA Ramakgale	78	-	78
N Silinyana	67	-	67
NA Kelengeshe	-	2	2
	1 107	**13**	**1 120**

5. INDEPENDENT COMMITTEE MEMBERS

2024	Meeting Fee R '000	Total R '000
P. Dala - Audit Committee Chairperson	173	173
S Ndaba (ICT Chairperson and AC member)	126	126
Z Francois (RMC Chairperson and AC member)	147	147
Z Myeza - Audit Committee Member	64	64
	510	**510**

2023 - RESTATED	Meeting Fee R '000	Total R '000
P. Dala - Audit Committee Chairperson	219	219
N Nyakaza	7	7
Z Myeza	85	85
S Ndaba (ICT Chairperson and AC member)	167	167
Z Francois (RMC Chairperson and AC member)	214	214
	692	**692**

22. RELATED PARTIES (CONTINUED)

6. KEY MANAGEMENT PERSONNEL 2024	Position	Salary R '000	Performance bonus R '000	Other allowances R '000	Total R '000
Ms. B. Lerumo	CEO	2 278	289	25	2 592
Mr P Mbulaheni	CFO@	1 306	167	396	1 869
Ms S Nagalingam-Potter	COO	1 618	213	99	1 930
Mr N Nkuna	CAE+	803	69	562	1 434
Ms V Selauli	CAE#	54	-	1	55
		6 059	**738**	**1 083**	**7 880**

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

@Mr P Mbulaheni, the current Finance Manager, acted as CFO from the 22 February 2021 to 31 July 2023.

+Mr N Nkuna, the current senior Internal Auditor, acted as CAE from 01 January 2023 to 31 October 2023 and 11 December 2023 until 17 March 2024.

#Ms V Selauli has been appointed as CAE from 18 March 2024

2023	Position	Salary R '000	Other allowances R '000	Total R '000
Ms. B. Lerumo	CEO	2 098	22	2 120
Mr P Mbulaheni	CFO@	1 212	341	1 553
Ms S Nagalingam-Potter	COO	1 541	18	1 559
Ms E Rampola	CAE#	981	132	1 113
		5 832	**513**	**6 345**

* Other allowances include travel, cellphone, data, acting allowances and leave pay.

@Mr P Mbulaheni, the current Finance Manager, acted as CFO from the 22 February 2021 to date.

#The outcome of the job evaluation approved by the board in October 2021 changed the position from a manager level to an executive level.

22. RELATED PARTIES (CONTINUED)

7. TRANSACTIONS WITH TVET COLLEGES AND UNIVERSITIES 2024	Interventions	Remaining Commitment R '000	Total R '000
Vuselela TVET College	Workplace Integrated Learning	1 046	1 046
University of North West	Bursary	4 800	4 800
Majuba TVET College	Artisan	768	768
Northern Cape Rural TVET	Workplace Integrated Learning	1 046	1 046
Mthashana TVET College	Workplace Integrated Learning	1 108	1 108
University of Pretoria (PSSP)	Research	269	269
University of Pretoria (RPL)	Research	209	209
University of Mpumalanga	Bursary	4 000	4 000
University of Western Cape	Bursary	800	800
University of Pretoria	Bursary	800	800
University of Free State	Bursary	3 040	3 040
Flavius Mareka TVET College	Workplace Integrated Learning	1 098	1 098
Ikhala TVET College	Workplace Integrated Learning	1 046	1 046
Esayidi TVET College	Workplace Integrated Learning	1 046	1 046
University of Limpopo	Bursary	562	562
Tshwane University of Technology	Internship	972	972
Stellenbosch Universtity	Research	601	601
Cape Peninsula University of Technology	Bursary	1 275	1 275
University of Pretoria	Internship	4 446	4 446
University of North West	Internship	4 891	4 891
University of Pretoria	Qualifications Development Facilitator	621	621
		34 444	**34 444**

22. RELATED PARTIES (CONTINUED)

2023	Interventions	Remaining Commitment R '000	Total R '000
College of Cape Town	Artisan	3 116	3 116
College of Cape Town	Artisan	2 662	2 662
Wits Commercial Enterprise	Research	2 587	2 587
Tshwane South TVET College	Artisan	720	720
Tshwane South TVET College	Artisan	727	727
Cape Peninsula University of Technology	Bursaries	4 000	4 000
Boland TVET College	Workplace Integrated Learning	17	17
Ikhala TVET College	Workplace Integrated Learning	138	138
Western TVET College	Workplace Integrated Learning	1 673	1 673
Falsebay TVET College	Workplace Integrated Learning	135	135
Gert Sibande TVET College	Artisan	509	509
TUT	Research	1 400	1 400
Majuba TVET College	Artisan	2 932	2 932
Sekhukhune TVET College	Workplace Intergrated Learning	1 273	1 273
Tshwane North TVET College	Workplace Integrated Learning	1 762	1 762
South West GP TVET College	Workplace Integrated Learning	627	627
TUT	Workplace Integrated Learning	2 964	2 964
South West GP TVET College	Workplace Integrated Learning	2 221	2 221
		29 464	**29 464**

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

22. RELATED PARTIES (CONTINUED)

7. TRANSACTIONS WITH TVET COLLEGES AND UNIVERSITIES	Amounts Received R '000	Total R '000
W&R SETA	(6)	(6)

Interseta transactions and balances arise due to the movement of employers from one SETA to another and mandatory grants due from the SETA to which the PSETA contributes its levies and submits its WSP & ATR. No other transactions occurred during the year with other SETAs.

9. TRANSACTIONS WITH OTHER NATIONAL PUBLIC ENTITIES AND STATE INSTITUTIONS

2024		
DHET	121 461	121 461
2023		
DHET	123 972	123 972

23. COMMITMENTS

OPERATING LEASE COMMITMENTS MINIMUM LEASE PAYMENTS DUE	2024 R '000	2023 R '000
• within one year	7 534	7 045
• in second to fifth year inclusive	4 126	11 161
	11 660	**18 206**

The operating lease relates to the rental of building and parking of Ground and 1st floor of Woodpecker Office Block, 179 Lunnon Road, Hillcrest, Pretoria used for office accommodation and Rental of office printers.

The office lease agreement entered into effective 1 October 2020 for a period of 5 years, expiring on the 30 September 2025. PSETA entered into a new contract for printers lease for a period of 36 months starting from 19 February 2024

DG COMMITMENTS TYPE OF PROGRAMME	Adjusted Opening balance 01 April 2023 R '000	Expenditure Incurred R '000	Write Backs R '000	New Contracts R '000	Closing balance 31 March 2024 R '000
Artisans	10 665	(6 970)	(2 927)	-	768
Bursary	6 707	(8 770)	-	22 723	20 660
Internship	18 959	(13 564)	(1 055)	32 011	36 351
Qualifications Development	1 821	(1 206)	(565)	2 304	2 354
Learnership	14 749	(9 423)	(91)	12 374	17 609
Recognition of prior learning	2 205	(2 804)	(361)	3 200	2 240
Research	4 250	(5 846)	(120)	3 254	1 538
Skills Programme	2 304	(3 286)	(170)	10 166	9 014
Workplace Intergrated Learning	6 886	(22 522)	(1 192)	23 220	6 392
Total Discretionary Commitments	**68 546**	**(74 391)**	**(6 481)**	**109 252**	**96 926**

The opening commitments balance was understated due to a prior period error, see note 29.

See note 28.8 for Approved surplus.

24. CONTINGENCIES

	2024 R '000	2023 R '000

24.1 RETENTION OF CASH SURPLUS

In terms of section 53 (3) of the PFMA, public entities listed in schedule 3A and 3 C to the PFMA may not retain cash surplus that were realized in the previous financial year without obtaining the prior written approval of DHET. During September 2021, National treasury Issued Instruction No. 12 of 2020/21 which gave more detail to the surplus definition. According to this instruction, a surplus is based on the formula used below:

As of the 31 March 2024 the cash surplus was calculated as follows:

	2024 R '000	2023 R '000
Cash and cash equivalents	129 722	129 173
Add: Receivables	1 879	1 753
Less: Current Liabilities	(26 511)	(12 368)
	105 090	**118 558**

Notwithstanding the surplus calculated above, PSETA has commitments at year end through contracts with several service providers, some of which have been disclosed in note 23 above. Reflected below is the accumulated surplus after taking into account the impact of PSETA's year end commitments.

COMMITTED AMOUNTS AT 31 MARCH 2024

Surplus calculated above	105 090
Commitments	(96 926)
Uncommitted Surplus	**8 164**

The submission regarding the request to retain the cash surplus will be made to the National Treasury for the 2023/24 financial year upon completion of the audit by the Auditor General.

24.2 OTHER CONTINGENT LIABILITIES

ACTING ALLOWANCE CLAIM

A Specialist acted as a Manager from 09 March 2018 to 03 March 2019 without being compensated an acting allowance because the position was not vacant as per PSETA policies. The Specialist is claiming an amount of R202 080.39 acting allowance for the period 08 February 2018 up to 03 March 2019. The matter has been set down for trial for 14 February 2024

MANDATORY GRANTS

In October 2019, an association of private entities won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased from 50% to 20% in terms of section 4(4) of the Seta grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards. The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory grant percentage. DHET continued to show the mandatory levies portion as 20% in 2019/20 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2019/20 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure as well as the mandatory grant liability were calculated using mandatory grant percentage of 20%. The SETA therefore discloses a contingent liability in regard to the amount of the mandatory grants payable to qualifying levy payers from the date of the court decision to the year end. This is disclosed as a liability as the intention of the litigants was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. PSETA has assessed the potential impact of a significant change to the percentage of Mandatory levies and considered this impact to not be material. Currently the department is in discussions with the entity in regard to the mandatory grant percentage.

24. CONTINGENCIES (CONTINUED)

HIGH COURT MATTER

PSETA has received court papers for a notice of motion out of the Pretoria High Court. The court papers were issued by a skills development provider who has applied for extension of scope for certain unit standards with the ETQA Department of PSETA. The application for extension of scope was rejected, as the unit standards that the skills development provider had sought accreditation for was classified and could only be offered by 1 government department.

The skills development provider then appealed to the Quality Council for Trades and Occupations ("QCTO") after the application for extension of scope was rejected by PSETA. After not receiving any feedback on the appeal, The skills development provider has now applied for judicial review of the decision to not extend its application for scope, at the Pretoria High Court. PSETA has held a meeting with the other respondents in this matter. The parties have agreed to oppose the case at the Pretoria High Court. Subsequent to year-end, PSETA received summons to appear in court on the matter. The value of the contingency liability is undeterminable at this point and PSETA is not willing to settle on the matter.

The total known potential contingent liabilities is R202,080.39

24.3 OTHER CONTINGENT ASSETS

SERVICE PROVIDER DISPUTE

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

BREACH OF CONTRACT

Subsequent to year end, a TVET College has breached its obligations in terms of the MoA by capturing the Learners that PSETA funded with another SETA. Furthermore, as part of the College's remedy, PSETA demands that the College refund PSETA with the discretionary grant amounts that has been paid to the College towards the Apprenticeship training for the 05 Motor Mechanic Learners that the College has captured and reported with another SETA. The total amount of estimated refund is at R604,662,15.

The known potential contigency assets amount to R4,804,662.15

25. FINANCIAL INSTRUMENTS DISCLOSURE

In the course of its operations, the PSETA is exposed to interest rate, credit, liquidity and business risk. The PSETA has developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below

	FLOATING RATE		FIXED INTEREST RATE			NON- INTEREST BEARING		
31 MARCH 2024	Amount R '000	Effective interest rate %	Amount R '000	Weighted average effective interest rate %	Weighted average period for which the rate is fixed in years	Amount R '000	Weighted average period for which the rate is fixed in years	Total R '000
ASSETS								
Cash	129 722	5.7%	-	-	-	-		129 722
Accounts receivable	-		-	-	-	1 879	1 year	1 879
Total financial assets	**129 722**		**-**	**-**	**-**	**1 879**		**131 601**
LIABILITIES								
Accounts payable	-		-	-		26 511	1 year	26 511
Total financial liabilities	**-**		**-**	**-**		**26 511**		**26 511**
31 MARCH 2023								
ASSETS								
Cash	129 173	5.7%	-	-	-	-		129 173
Accounts receivable	-		-	-	-	1 753	1 year	1 753
Total financial assets	**129 173**		**-**	**-**	**-**	**1 753**		**130 926**
LIABILITIES								
Accounts payable	-	-	-	-	-	12 368	1 year	12 368
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**12 368**		**12 368**

	31 MARCH 2024		31 MARCH 2023	
CASH AND CASH EQUIVALENTS	Gross R '000	Impairment R '000	Gross R '000	Impairment R '000
Not past due	129 722	-	129 173	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 1 year	-	-	-	-

Cash and cash equivalents comprise cash held by the PSETA and short term bank deposits with an original maturity of less than 1 month. The carrying amount of these assets approximates their fair value.

25. FINANCIAL INSTRUMENTS DISCLOSURE

ACCOUNTS RECEIVABLE

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively short- term maturity of these financial assets.

ACCOUNTS PAYABLE

The carrying amount of accounts payable approximates fair value due to the relatively short-term maturity of these financial liabilities.

FAIR VALUES

The PSETA's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, and accounts and other payables. No financial instruments were carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

INVESTMENTS

The fair value of debt securities is determined using the discounted cash flow method (where applicable). The fair value of publicly traded investments is based on quoted market prices for those investments.

BORROWINGS

The fair value of interest-bearing borrowings is based on either :

- the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (where applicable). The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts.
- the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (where applicable).

The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts.

26. RISK MANAGEMENT

26.1 LIQUIDITY RISK

The PSETA manages liquidity risk through proper management of working capital, capital expenditure, long term cash projections and monitoring of actual vs forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

31 MARCH 2024	Carrying amount R '000	Contractual cash flows R '000	6 months or less R '000	6-12 months R '000	1-2 years R '000	More than 2 years R '000
Trade and other payables from exchange transactions	3 501	3 501	3 501	-	-	-
Trade and other payables from non-exchange transactions	18 544	18 544	18 544	-	-	-
31 MARCH 2023						
Trade and other payables from exchange transactions	3 298	3 298	3 298	-	-	-
Trade and other payables from non-exchange transactions	5 057	5 057	5 057	-	-	-

26. RISK MANAGEMENT (CONTINUED)

26.2 CREDIT RISK

Financial assets, which potentially subject the SETA to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

The PSETA limits its counter-party exposure by only dealing with well established financial institution approved by the National Treasury. The PSETA's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The PSETA's concentration of credit risk is limited to the industry (public service industry) in which it operates. No events occurred in the Public Service industry that may have an impact on the accounts receivable that has not been adequately provided for, as the levy income received from some public entities is minimal.

26.3 MARKET RISK

The PSETA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the PSETA is aware of except for the impact of the country's electricity crisis that may result in the shrinking of employment and a reduction is skills development levy income in the future.

27. GOING CONCERN

All SETAs operate on a license term, linked to the life-cycle of the National Skills Development Plan (NSDP). The entity is currently established until 31 March 2030. There are no known instances which cast doubt on the SETA's ability to continue as a going concern for the next 12 months. The financial position of PSETA is adequate for a conclusion to be reached that the operations will continue and the going concerns assumption is confirmed. The COVID 19 pandemic has not had a material affect on the operations of PSETA for the year.

28. EXPLANATION OF MATERIAL VARIANCES BETWEEN ACTUAL RESULTS AND FINAL BUDGET

The explanation of variances between actual results and the final budget was done on the basis of the entity's materiality framework whereby all variances in excess of the R707 550.00 materiality have been explained below.

The budget is approved by the Minister of Higher Education, Science and Innovation for the financial year 2023/2024. The approved budget items are classified by economic nature and the budget is on accrual basis.

28.1 OTHER INCOME – REFUNDS, INSURANCE, AND GRANTS RECEIVED.

PSETA has received refunds from DG contracts and insurance recoveries.

28.2 INVESTMENT INCOME

Additional interest income received owing to higher SARB interest rates.

28.3 RETENTION OF SURPLUS

Approved retention of surplus from 2023/2024 financial year.

28. EXPLANATION OF MATERIAL VARIANCES BETWEEN ACTUAL RESULTS AND FINAL BUDGET (CONTINUED)

28.4 DISCRETIONARY GRANTS

Discretionary grants expenditure incurred for the current financial year is below budget. Due to a large portion of Surplus being allocated to Discretionary Grants towards the latter part of the financial year.

28.5 COST OF EMPLOYMENT

The over-expenditure is due to 2023/2024 provision for performance bonus.

28.6 GOODS AND SERVICES

- **General Expenditure:** Over expenditure due to invoices for work done in the current year being settled against POs issued in the previous year.
- **Legal Fees:** There is under expenditure on legal fees, as Legal Service Unit does most of the legal work internally.
- **Training and staff development:** There is under expenditure as most of the training were done in-house.
- **Travel and Subsistence:** Overspending due to more employees travelling to clients.
- **Depreciation and Amortisation:** Depreciation is a non-cash expense and as such it is not budgeted for.

28.7 CAPEX

This is due to furniture and laptops bought during the year for operational requirements.

28.8 APPROVED SURPLUS

This is a balancing figure as a result of a new requirement of including commitments from previous years to the current financial year's budget. See note 23.

28.9 NET SURPLUS/ DEFICIT AFTER APPROVED SURPLUS.

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

29. PRIOR PERIOD ERRORS

To comply with GRAP 3, adjustments to correct the prior period errors were effected onto the comparative figures. The above necessitated the adjustments below:

29.1) A write-back amount of R152,498.00 was not raised, overstating the commitment balance. this has an effect on the opening balance of the commitment in the current year as shown in the table below.

29.2) A discretionary Grant contract worth R3,624,500.00 was not raised, understating the commitments balance. This has an effect on the opening balance of commitments in the current year as shown in table below.

29.3) A discretionary grant creditor worth R1,659,686.50 was not raised last year, resulting in a increase in DG expenditure and trade payables.

29.4) The total for Related Parties Independent committee members was incorrectly disclosed as R676,000.00 instead of R692,000.00

29. PRIOR PERIOD ERRORS (CONTINUED)

	Note	2024 R '000	2023 R '000
COMMITMENTS NOTE			
Opening Balance adjustment	29.1&29.2	3 472	-
STATEMENT OF FINANCIAL POSITION			
Increase in payables from non-exchange transactions	29.3	-	1 660
STATEMENT OF FINANCIAL PERFORMANCE			
Increase in DG expenditure	29.3	-	1 660

30. EVENTS AFTER THE REPORTING DATE

Subsequent to year end, a TVET has breached its obligations in terms of the MoA by capturing the Learners that PSETA funded with another SETA. Furthermore, as part of the College's remedy, PSETA demands that the College refund PSETA with the discretionary grant amounts that has been paid to the College towards the Apprenticeship training for the 05 Motor Mechanic Learners that the College has captured and reported with another SETA. The total amount of estimated refund is at R604,662,15.

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