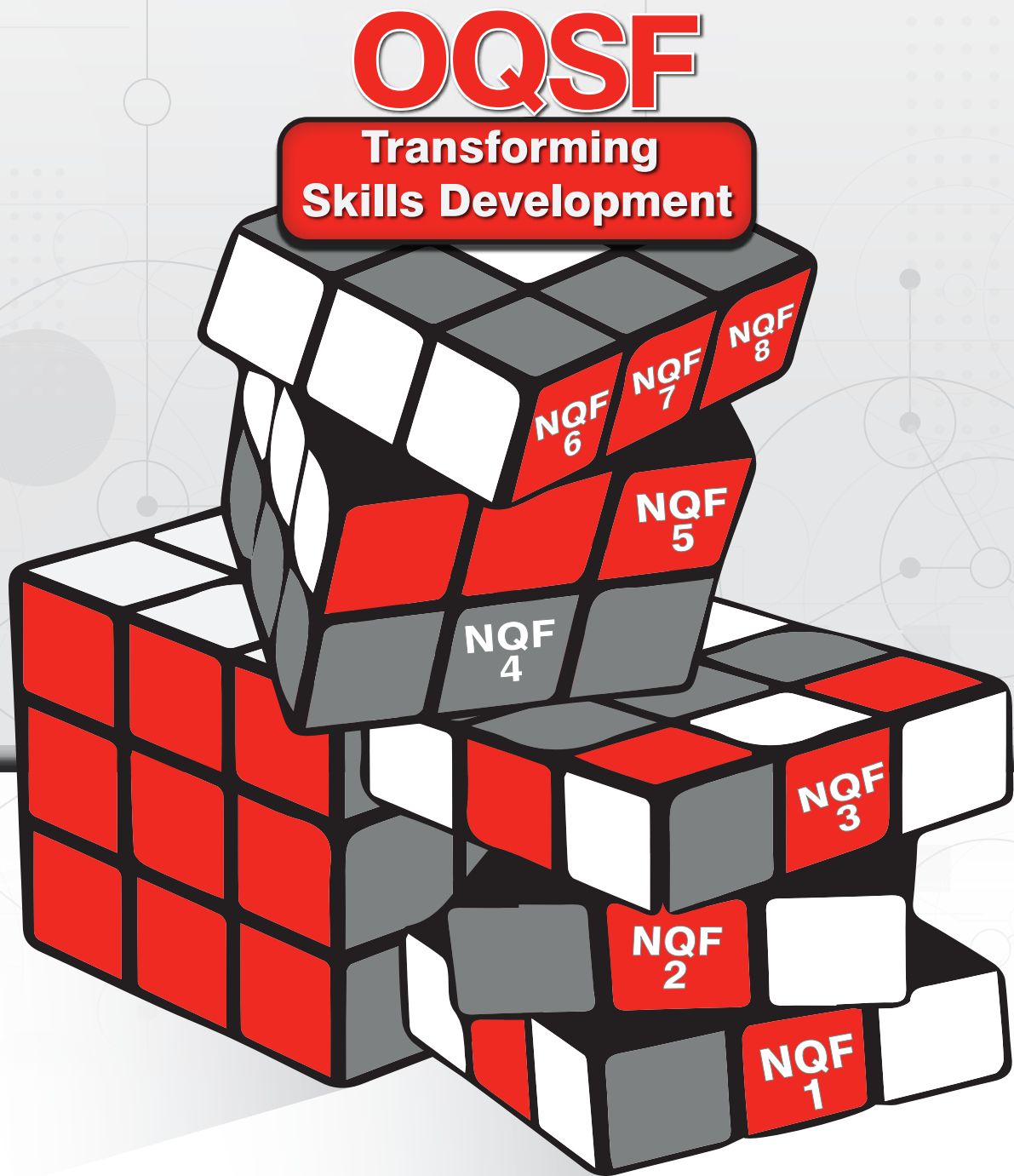




# ANNUAL REPORT

## 2023/24





# ANNUAL REPORT

2023/24

*OQSF: Transforming Skills Development*

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# PART A: GENERAL INFORMATION



## 1. PUBLIC ENTITY'S GENERAL INFORMATION

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

## 2. FOREWORD BY THE CHAIRPERSON



**Mr Themba Dlamini**  
Chairperson of the Council

*"OQSF: Transforming Skills  
Development"*

This Annual Report for 2023/2024 is the fourth report in the five-year Strategic Plan (2020/21 to 2024/25) and coincides with the penultimate year of the Revised Medium-Term Strategic Framework (MTSF) (2019 – 2024). It therefore provides the Quality Council for Trades and Occupations (QCTO) the opportunity to reflect on the journey traversed in terms of the implementation of its legislated mandate with respect to the Revised Strategic Plan 2020/21 to 2024/25, as well as the MTSF. The imperatives contained in the MTSF (Priority 3: Education, Skills and Health) have played a pivotal role in shaping the agenda of the QCTO. Indeed, the QCTO aligned itself with the following extract from the Minister's Overview, "Through this MTSF 2019-2024, government commits to making a difference in the lives of ordinary South Africans during the sixth administration, setting us on a new trajectory for the next 25 years of democracy in growing South Africa together" (Late Honourable Jackson Mthembu, Minister in The Presidency).

The vision of the QCTO viz. *to qualify a skilled and capable workforce*, remains relevant and critical for the Post-School Education and Training (PSET) Sector. The QCTO continues to be focused on its mission that seeks to effectively and efficiently manage the *Occupational Qualifications Sub-Framework (OQSF); in order to set standards, develop and quality assure national occupational qualifications for all who want a trade or occupation and, where appropriate, professions.*

The theme of this Annual Report, entitled: "OQSF: Transforming Skills Development" follows on from the trajectory of the previous Annual Report "Promoting Access to, and Success in, Post-School Education and Training (PSET) for the future world of work", (2022/23), the "Emergent Game Changer" (2021/22) and "Emergency to Emergence" (2020/21). These themes are indicative that the QCTO is intentional in its plans to transform Skills Development through the implementation of the OQSF. The 2021/22 Annual Report theme was influenced by two significant policies gazetted by the Minister: HESI. The first being the Ministerial Determination on the Sub-Frameworks gazetted in December 2020, which enabled the revised Occupational Qualifications Sub-Framework to be gazetted in October 2021. The implementation of the OQSF is positioned to be a "Game Changer" in Skills Development as it offers a suite of qualification types on Levels 1-8 of the NQF, which carries nomenclature similar to that of qualifications on the Higher Education Qualifications Sub-Framework (HEQSF). The intention is firstly to provide qualifications, part qualifications and skills programmes that are responsive to labour market demands and secondly to destigmatise the occupational and trades sector as being inferior to other professions.

The QCTO agenda has also been shaped by other government imperatives and interventions like the South African Economic Reconstruction and Recovery Plan (ERRP), the Skills Strategy in support of the South African ERRP, the Draft Concept Note: Master Skills Plan (MSP), Just Transition Framework (2022) and the National Plan

for Post School Education and Training (NPPSET). The QCTO is on track in implementing the recommendations of the NPPSET

The QCTO has rolled out its Vision 2027 strategy throughout the year under review. This has strengthened the relationship between the QCTO and its Quality Partners (Sector Education and Training Authorities). Once fully implemented, Vision 2027 will ensure a simplified and seamless quality assurance system for providers of Skills Training, both Public and Private.

The QCTO is also committed to ensuring that the skills development ecosystem creates an enabling environment that supports human resource development and contributes to alleviating poverty, reducing unemployment and addressing inequalities.

The QCTO's strategic imperative of developing and setting occupational standards as well as quality assuring occupational qualifications, part qualifications and skills programmes that are responsive to labour market and developmental state initiatives continues to be the crux of the work that the organisation does. To adequately respond to labour market demands, the QCTO engages with the industry through its Quality Assurance Partners (SETAs). The QCTO will, over the remaining period of the next financial year, continue with its efforts towards realizing the full implementation of the OQSF (2021).

We are optimistic that the attainment of Occupational Qualifications, Part Qualifications and Skills Programmes will lead to increased opportunities in terms of livelihood and employability for learners who achieve them. Further, the occupational qualifications will not only be responsive to the rapid changes in technology and the changing nature of jobs of the future, but they will also enable holders to contribute to the economic growth and development of our country.

As Chairperson of the Third Council, I am delighted to report to our stakeholders that the organisation has once again fulfilled its legislative mandate as the QCTO.

Through the continued hard work and dedication of its staff and leadership, the QCTO has achieved its eighth consecutive clean audit and 92% (23 out of 25) targets set in the Annual Performance Plan (APP) 2023/24.

The funding regime continues to be an area of concern. The current funding model is insufficient for the QCTO to execute its full mandate. This has been compounded by the work being done with Technical Vocational Education and Training (TVET) and Community Education and Training

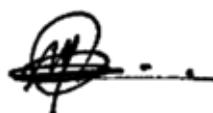
(CET) Colleges. This was raised as a critical issue that the Department of Higher Education and Training (DHET) needs to give attention to by the Portfolio Committee on Higher Education, Science and Innovation (PHESI) during their presentation of the Committees hand over report to the incoming Committee for the 7<sup>th</sup> Administration.

My sincere appreciation and thanks go to the highly esteemed and capable members of the Third QCTO Council for their support in overseeing the QCTO.

In conclusion, I would like to express my sincere thanks and appreciation to the following persons:

- The Honourable Minister of Higher Education, Science and Innovation: Dr. Blade Nzimande, MP; the Deputy Minister, Mr. Buti Manamela, MP; the Director-General (DG) of Higher Education and Training (HET): Dr. Nkosinathi Sishi; Senior Management and department officials, for their continued support of the QCTO's work.
- Ms. Mkhatswa, and the honourable members of the Portfolio Committee on Higher Education, Science and Innovation, for their steadfast support of the QCTO.
- All members of the Third QCTO Council for their sacrifice and professionalism in ensuring a skilled and capable South Africa.
- The chairpersons and members of the sub-committees of the Council for their unselfish contribution and dedication to the work of the QCTO.
- All QCTO stakeholders and partners for their ongoing partnership and support to ensure we develop a skilled and capable workforce, that is able to contribute significantly to the future world of work and the growing South African economy, and
- Mr Vijayen Naidoo, Chief Executive Officer (CEO of the QCTO), his Executive and Management and all QCTO staff for their dedication and hard work.

I thank you.



**Mr Themba Dlamini**  
**CHAIRPERSON**  
**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**

Date: 31 July 2024

### 3. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER



**Mr Vijayen Naidoo**  
Chief Executive Officer

During the year under review the QCTO continued with its efforts to transform the Skills Development System of the country by implementing the policy imperatives contained in the Ministerial Determination of the Sub-Frameworks (NQF) that comprise the National Qualifications Framework (Government Notice 1391 published in Gazette No. 44031) and the Occupational Qualifications Sub-Framework (OQSF) Policy (Government Gazette No. 45401 Notice 1463). Together, these provide the legislative framework for transforming the skills development regime. The OQSF positioned by the QCTO as the “Game Changer” is the implementation vehicle for this transformation, hence the theme for this Annual Report “OQSF – Transforming Skills Development”.

Improving the quality of provisioning in the PSET sector remains our singular objective through the implementation of Risk-Based Quality Assurance measures, a Standardised National Quality Assurance Framework and a sub-framework for occupational qualifications, part qualifications, and skills programmes that will ensure greater parity of esteem between the various sub-frameworks of qualifications on the National Qualifications Framework (NQF).

The purpose of the OQSF Policy (2021) is to facilitate the development and registration of quality-assured occupational (including trade-related) qualifications, part-qualifications and skills programmes from National Qualifications Framework (NQF) Levels 1 to 8. The OQSF

makes available occupational qualifications and part-qualifications (including skills programmes) that give people access to occupations, trades and/or relevant professions. It meets the needs of existing and emerging sectors by ensuring that all learners, professionals, workers, unemployed persons and those classified as NEET (not in employment, education or training), are provided with opportunities to equip themselves with relevant and portable competencies that support lifelong employability.

The QCTO has taken into consideration the Outcomes and Interventions as contained in the NDP, the MTSF, and the NPPSET, particularly those concerning expanded access to PSET opportunities. While the MTSF focussed on increasing enrolments across the PSET Sector, the QCTO focussed on ensuring that the students entering the various PSET institutions receive quality education and training. This was achieved through the five pillars as per the QCTO mandate, viz., the development of standards and occupational qualifications, accreditation of Skills Development Providers, monitoring the quality of provisioning, the quality assurance of assessments and certification.

To date, the QCTO has developed over 800 qualifications and part qualifications. A further 275 Skills Programmes have also been developed. Many of the qualifications and Skills Programmes respond to the Economic Reconstruction and Recovery Skills Strategy. The number of External Integrated Summative Assessments (EISAs)

increased by approximately 88% from 111 for the 2022/23 cycle to 208 for the year under review. This is indicative of a significant uptake of occupational qualifications.

TVET and CET Colleges have been a huge focus area for the year under review. In this regard the QCTO conducted capacitation initiatives at all TVET and CET Colleges to enable them to offer Occupational Qualifications, part qualifications and Skills Programmes. At the time of reporting forty-eight TVET college sites are accredited as Assessment Centers, and 61 TVET College Sites are accredited as Skills Development Providers. TVET Colleges are accredited to offer 131 Skills Programmes. Three CET Colleges are accredited as SDPs, and CET Colleges are accredited to offer 38 Skills Programmes. In terms of the NDP the target for artisan development is 30 000 artisans per year by the year 2030. The QCTO issued 22 344 trade certificates for the year under review.

The QCTO also experienced a massive increase in applications to be accredited as Skills Development Providers. For the year under review, the QCTO processed 2 475 applications as compared to 1 622 over the previous reporting period - an increase of almost 50%. For skills programmes the QCTO processed 684 applications as compared to 179 for the previous year. Skills programmes are short training initiatives implemented to get people trained and employable in the shortest space of time. These programmes also address the need for upskilling and reskilling to keep pace with the rapid changes in technology.

The QCTO also published its Fourth Research Bulletin (2023/24) taking a close look at how Occupational Curricula are utilised by our stakeholders, and providing clear guidance to the sector on the use and definition of Subject Matter Experts in occupational training.

In response to the ERRP, the Department of Higher Education and Training (DHET) and the Department of Science and Innovation (DSI) under the direction of the Minister of Higher Education, Science and Innovation (MHESI), Dr Nzimande, developed strategies to ensure successful implementation of the South African Economic Reconstruction and Recovery Plan (ERRP) within the PSET system. The QCTO played a significant role in the development of the Economic Reconstruction and Recovery Skills Strategy (ERRSS) and acknowledges that it has a significant role to play in the execution of the strategy. In response to the DHET's Skills Strategy, the QCTO has developed a Plan of Action and response to ensure the successful implementation of appropriate

mitigation strategies and actions in support of the ERRSS. Quarterly progress reports are submitted to the DHET in this regard.

Over the year under review, QCTO's mandate and activities were funded at a cost of R 153,6 million. This included an accumulated surplus of R76,4 million, which was an approved surplus from the prior years that helped to cover the budget shortfall of the QCTO. However, the total revenue available to the QCTO was R162,8 million and this consisted of the fiscal grant from the DHET (R 20,2 million), Sector Education and Training Authority's (SETAs) levy grant allocation (R110,5 million), conditional grants from NSF of R3,7 million and other income (R18,4 million).

In terms of expenditure, the organisation has experienced a steady rise as a result of increases in the annual performance targets as well as general price increases of goods and services. Total expenditure grew by 12,7% from R136,5million in 2022/23 to R153,9 million in 2023/24. This occurred against the backdrop of an increase in revenue of 16,4% QCTO funding is still constrained even though the organisation yielded an R8,9 million accounting surplus which is already earmarked for capital projects.

The QCTO has also forged strong working relationships with local and international organisations to share best practice and experience. This has resulted in the QCTO being able to develop quality standards and models for the implementation of occupational qualifications.

During 2023/24, the QCTO identified and filled only critical posts as reflected on its approved organogram due to the financial constraints. The QCTO funding model does not guarantee the quantum of funding for the medium to long term and therefore the QCTO has to fill posts conservatively and within the parameters of the available funding constraints.

The QCTO remains committed to good corporate governance and prudent expenditure management. To enhance these control measures, the QCTO applies stringent consequence management practices.

Following to the COVID-19 Pandemic and to ensure that the QCTO is able to ensure uninterrupted continuity in the event of some other pandemic or event requiring a shutdown, the QCTO has strengthened its Business Continuity Plan (BCM). All staff have been provided with the tools of trade to enable off-site or work from home arrangements.

The QCTO continues to implement its hybrid model of work on a rotational basis with a 70:30 ratio (70% office and 30% home). The plan is in keeping with international trends and keeping the organisation ready to continue with minimal disruption should any future situation result in a shutdown. This initiative also serves to “cushion” the financial burden on staff in the midst of the economic crisis and high transport costs.

Subsequent events are detailed on No.25 of the Annual Financial Statements.

I remain grateful to the Third QCTO Council, the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande and Senior Management and officials of the DHET, the Portfolio Committees on Higher Education, Science and Innovation, as well as the Executive, Management and all QCTO staff, for their continued dedication, support and commitment to the mandate, vision, and mission of the QCTO: that of ensuring a skilled and capable workforce.

Last but not least, I want to acknowledge the late Professor Peliwe Lolwana who passed away in December 2023. We will always remain indebted to Prof. Lolwana for charting the course of the QCTO during her two terms as Council Chairperson. We remain steadfast and committed to seeing her vision come to fruition. Hers was “a life dedicated to advocating for inclusivity and equal access to quality education”

*“Together we can Transform the Skills Development System”*



**Mr Vijayen Naidoo**  
**CHIEF EXECUTIVE OFFICER**  
**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**

Date: 31 July 2024



## 4. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

The Annual Report is complete, accurate and free from any omissions.

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

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

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

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

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

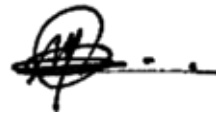
In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.

Yours faithfully



**Mr Vijayen Naidoo**  
CHIEF EXECUTIVE OFFICER

Date: 31 July 2024



**Mr Themba Dlamini**  
CHAIRPERSON OF THE COUNCIL

Date: 31 July 2024

## 5. STRATEGIC OVERVIEW

This Annual Report for 2023/24 is the fourth to be produced in terms of the approved QCTO Strategic Plan to cover the five-year period from 2020/21 to 2024/25. Throughout the implementation of the current five-year Strategic Plan, the focus was on re-configuring the organisation and re-defining its operations to create a “vehicle” to respond to the skills demand of the country. This five-year period is further characterised by refining outcomes, outputs, output indicators, targets and baselines as the QCTO mandate is implemented. This Annual Report further provides a moment to pause, evaluate the organisation’s contribution and the priorities of the MTSF. A key element of this period will be the full implementation of the Occupational Qualifications Sub-

Framework (OQSF) Policy (2021) as well as its Vision 2027. The QCTO achieved 92% (23 out of 25) of its targets this year, which is consistent with that of the previous year. The achievement for 2022/23 was 93% (26 out of 28 targets). It is unfortunate that one of two targets not achieved is not directly linked to the performance of the core operations of the organisation but is due to the organisation not being able to appoint a suitable service provider for the development of the Management Information System (MIS) for the organisation as the tender process did not yield any qualifying service providers. The achievement of the set targets which are in line with the mandate of the QCTO demonstrates our commitment to performance and impact. .



### 1.1 VISION

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



### 1.2 MISSION

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

### 1.3 VALUES

|                                     |                                                                                                                                                                                                  |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Innovation and Excellence</b>    | We rise to opportunities and challenges, we continuously learn, we are innovative and we consistently produce work of distinction and fine quality, on time and in line with our clients’ needs. |
| <b>Empowerment and Recognition</b>  | We enable people to make things happen, we encourage and support one another when and where needed and we celebrate successful accomplishment of work.                                           |
| <b>Respect and Dignity</b>          | We value and show consideration for all the people we work with, treat one another with kindness and thoughtfulness and embrace inclusivity.                                                     |
| <b>Ethics and Integrity</b>         | We embrace and practise a moral code of trustworthiness, honesty and truthfulness in everything we say and do and we honour our promises and commitments.                                        |
| <b>Ownership and Accountability</b> | We take ownership of our responsibilities and we answer for our decisions and actions.                                                                                                           |
| <b>Authenticity</b>                 | We protect the public by issuing authentic, quality qualifications.                                                                                                                              |

## 6. LEGISLATIVE AND OTHER MANDATES

The QCTO is established in terms of the Skills Development Act (Act 97 of 1998), as amended, and was listed as a Schedule 3A Public Entity under the Public Finance Management Act, effective from 1 April 2010 (Gazette Notice 33900). The National Qualification Framework (NQF) Act (Act 67 of 2008), as amended, repositioned the QCTO as a Quality Council responsible for the development and management of the Occupational Qualifications Sub-Framework (OQSF).

### 6.1 CONSTITUTIONAL MANDATE

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

#### **22. Freedom of Trade, Occupation and Profession**

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

#### **29. Education**

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

The QCTO contributes to Section 22 by ensuring the quality of occupational qualifications, including those leading to trades, other occupations, and professions.

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

### 6.2 LEGISLATIVE AND OTHER MANDATES

The following Acts and Legislation are applicable:

#### **6.2.1 National Qualifications Framework Act, No. 67 of 2008**

The National Qualifications Framework (NQF) Act, as amended, is the guiding act for the qualification sub-frameworks with the Skills Development Act, the General

and Further Education and Training Qualification Act (GENFETQA Act) and the Higher Education Act providing the specific functions for each of the quality councils.

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

#### **Section 4 – Framework**

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

#### **Section 7 – Sub-frameworks**

“The NQF is a single integrated system which comprises of three coordinated qualifications sub-frameworks, for:

- (a) General and Further Education and Training, contemplated in the GENFETQA Act;
- (b) Higher Education, contemplated in the Higher Education Act; and
- (c) Trades and Occupations, contemplated in the Skills Development Act.”

#### **Section 27 – Quality Councils**

All three Quality Councils perform their functions in line with the NQF Act and the respective Acts establishing such quality Councils with regard to the development, implementation and quality assurance of their respective qualification sub-framework, qualifications and part qualifications and the learning and assessment provision thereof, and must amongst others

- (a) perform its functions subject to this Act and the law by which the QC is established;
- (b) comply with any policy determined by the Minister in terms of section 8(2)(b);
- (c) consider the Minister’s guidelines contemplated in section 8(2)(c);
- (k) (iii) perform any other function required by this Act; and
- (k) (iv) perform any function consistent with this Act that the relevant Minister may determine”.

More detailed prescriptions are contained in Section 27 of the NQF Act.

In terms of the National Qualifications Framework Act, the specific mandate (in summary) of the QCTO is as follows:

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

### 6.2.2 Skills Development Act (SDA), No. 97 of 1998

The Skills Development Act, as amended in 2008, provides for the establishment, composition, constitution and other functions of the QCTO providing the requirements for both the:

- Corporate form of the QCTO (Structure and Functions).
- Core services of the QCTO (Products and Services).

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

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

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

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

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

On 7 December 2010, the Higher Education Laws Amendment Act was passed in which the following sections of the Skills Development Act, relevant to the QCTO, were amended:

Amendment of section 26 of Act 97 of 1998, as inserted by section 11 of Act 37 of 2008:

- Section 26G of the Skills Development Act, 1998, is hereby amended by the substitution of subsection (5) of the following subsection:
  - (5)(a) The Minister must appoint the chief executive officer of the QCTO on the recommendation of the members of the QCTO
  - (b) If the Minister does not agree with the recommendation of the members of the QCTO, they must make another recommendation for consideration by the Minister
  - (c) The QCTO must appoint such number of employees to assist the QCTO in the performance of its functions as it may deem necessary
  - (d) Despite paragraph (a), the QCTO is the employer of the executive officer and employees and must determine their remuneration, allowances, subsidies and other conditions of service
  - (e) Staff identified in posts on the establishment of the Department, who immediately before the commencement of the Higher Education Laws

Amendment Act, 2010, performed functions relating to the administrative management of the QCTO may, subject to section 197 of the Labour Relations Act, 1995 (Act No. 66 of 1995), be appointed or transferred to the QCTO.

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

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

#### 6.2.5 Other Legislation

The Minister of Higher Education, Science and Innovation, Minister Nzimande, published the Ministerial Determination of the Sub-Frameworks that comprises the National Qualifications Framework (NQF, on 24 December 2020, (Gazette No. 44031). This Ministerial determination paved the way for the publication and implementation of the Occupational Qualifications Sub-Framework (OQSF) OQSF Policy on 29 October 2021, in terms of section 8(2)(b) of the National Qualifications Framework (NQF Act, 2008 (Act No. 67 of 2008), in Government Gazette No. 45401 Notice 1463.

With respect to accomplishing its mandate, the work of the QCTO over the period of the 2021/22 to 2024/25

Strategic Plan (Revised) is encapsulated into three main strategic outcomes:

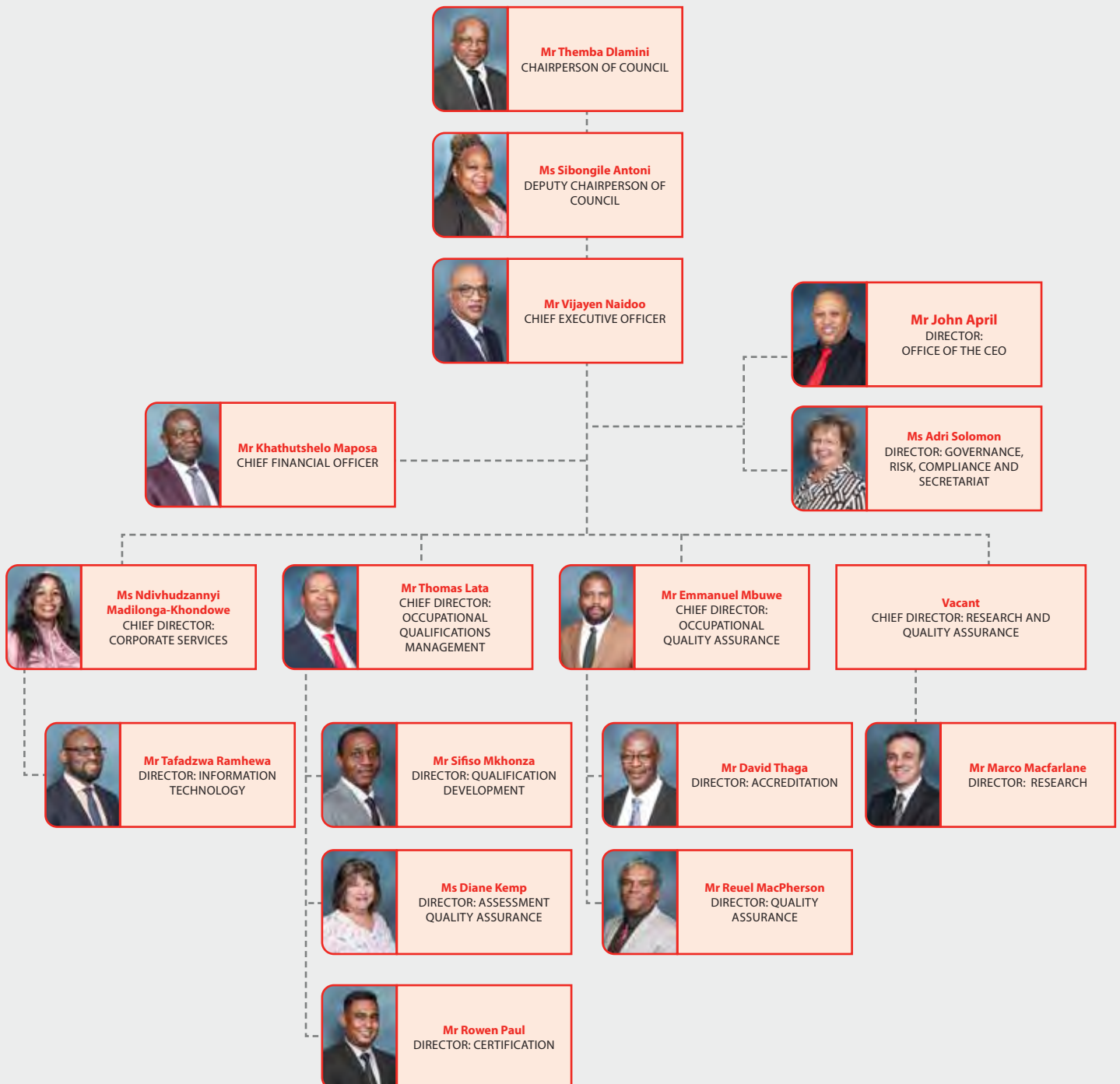
- Maintaining a single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness;
- Ensuring the development and quality assurance of occupational qualifications, part qualifications and skills programmes that are responsive to labour market and developmental state initiatives; and
- Creating a QCTO that is a learning organisation.

The National Plan for Post-School Education and Training (2021 – 2030), gives effect to the vision of the White Paper for Post-School Education and Training (2013). The Plan simplifies, aligns, and clarifies the range of policy documents, plans, and strategies currently in existence that impact on the system without reducing the diversity of the system, but making it work better as a system, bringing together institutions and traditions with very different histories and investments, and finding ways of making them work together towards common goals. The Plan further includes outcomes based strategies that the QCTO has duly considered and incorporated, as far as possible, in its Vision 2027.

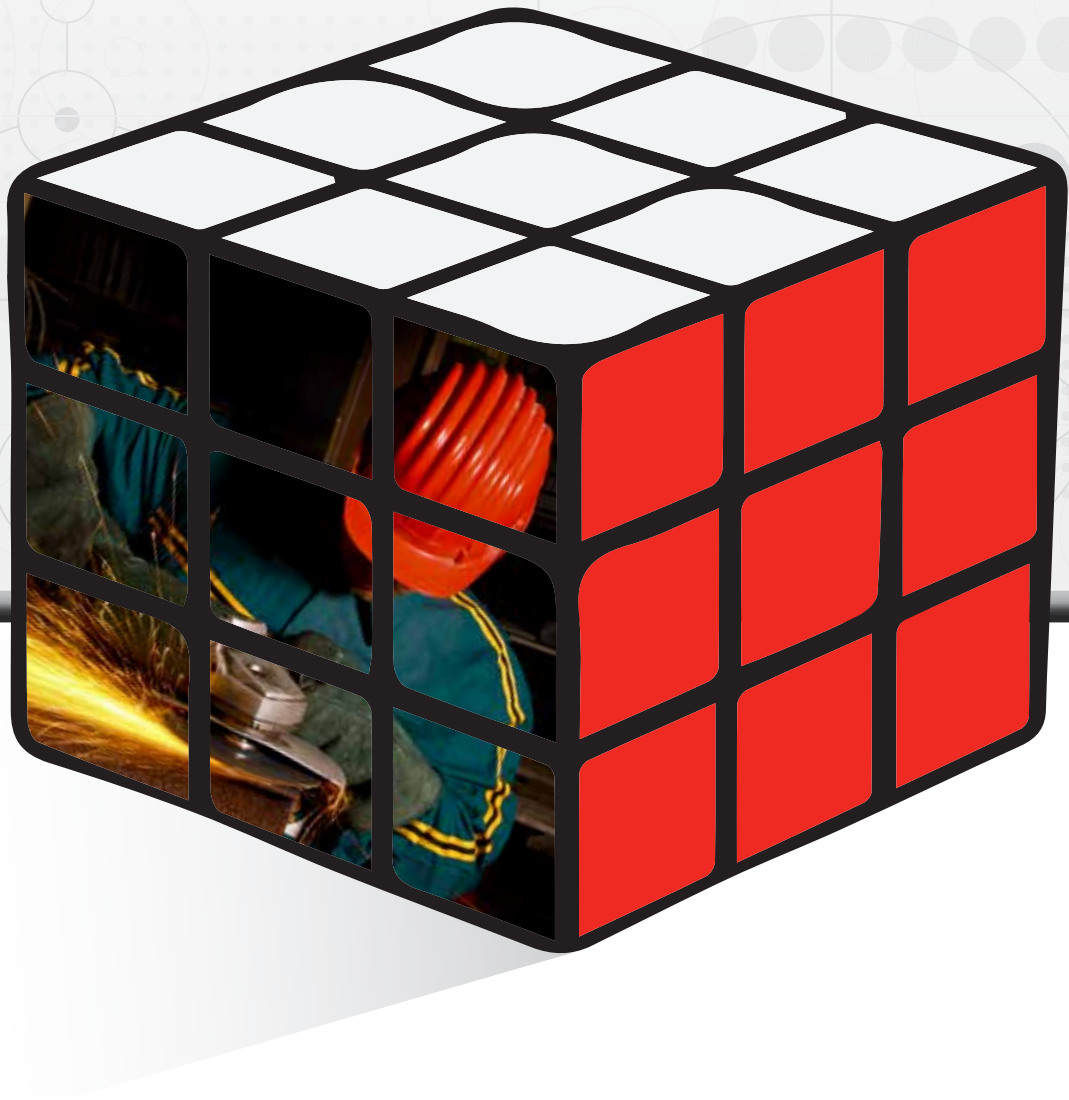
In responding to these imperatives, the QCTO has embarked on the repositioning of the organisation to be a key cog in the PSET machinery.



## 7. ORGANISATIONAL STRUCTURE



## PART B: PERFORMANCE INFORMATION



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## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the

Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the auditor's report.

Refer to page 75 of the Report of the AGSA, published as Part F: Financial Information.

## 2. OVERVIEW OF PERFORMANCE

### 2.1 SERVICE DELIVERY ENVIRONMENT

#### 2.1.1 Policy Imperatives

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

- Implementation of the Ministerial Determination of Sub-Frameworks that comprises the National Qualifications Framework (NQF) (2020)
- Implementation of the Occupational Qualifications Sub-Framework (OQSF) Policy (2021):
  - Developing and submitting new occupational qualifications and part qualifications to SAQA for registration;
  - Overseeing the NATED Report 190/1 Part 2 qualifications (N4 to N6 and National N Diploma) along with the total revision of these qualifications;
  - Overseeing the Historically Registered (unit standard based and private provider based) Qualifications and deregistration or redesign thereof as the case may be;
  - Maintaining a database for Skills programmes; and
  - Ensuring the development of new occupational qualifications, part qualifications and Skills Programmes and submission of qualifications and part-qualifications to SAQA for registration.

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

The QCTO quality assurance system is guided by the White Paper on Post School Education and Training as well (WPPSET) as well as the National Plan for Post School Education and Training (NPPSET). In particular the calls for a simplification of the quality assurance activities of the various sub-frameworks as well as move towards a more centralised assessment system to ensure national standards are attained.

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

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

- National Development Plan 2030 (2012)
- White Paper for Post-School Education and Training (2013)
- Ministerial Guidelines on Implementation of the National Qualifications Framework (NQF)
- NQF Evaluation Improvement Plan
- National Skills Development Plan 2030 (2019)
- Revised Medium-Term Strategic Framework (2019 - 2024)
- Ministerial Determination of Sub-Frameworks that comprises the NQF (2020)
- South African Economic Reconstruction and Recovery Plan (2020)
- NQF Implementation Framework 2021 - 2025
- Revised Strategic Plan 2020/21 to 2024/25 of the Department of Higher Education and Training
- Skills Strategy in support of the South African Economic Reconstruction and Recovery Plan (2022)
- National Plan for Post School Education and Training (2021 - 2030)
- Just Transition Framework for South Africa (2022)
- South Africa's Just Energy Transition Investment Plan (2023 – 2027)
- DTI Masterplans
- A National Implementation Framework towards the Professionalisation of the Public Service (2020)
- National Skills Fund Strategic Plan (2020 – 2025)
- District Development Model
- A Review of South Africa's Higher Education, Science, Technology and Innovation Institutional Landscape (HESTIIL) (2020)
- Department of Science and Innovation, Decadal Plan (2022)
- Report of a Ministerial Task Team on the implications of the 4th Industrial Revolution for the Post-School Education and Training system (2021)

The QCTO has fully embraced and incorporated the objectives of the national policy initiatives mentioned above where possible. The QCTO recognises the significance of its contribution to the success of these

initiatives and is committed to fulfilling its legislative mandate.

#### **Revised Medium-Term Strategic Framework (2019 - 2024) and the National Development Plan 2030 (2012)**

The QCTO contributes to the collective achievement of Priority 3 (Education, Skills and Health) of the Revised Medium-Term Strategic Framework (MTSF). The successful implementation of the Revised MTSF and the National Development Plan (NDP), remains critically dependent on access to education and training of the highest quality.

The QCTO diligently pursues the increase of access to occupationally directed qualifications and skills programmes that are aligned with economic areas of highest demand, with specific focus on increasing the supply of artisan skills and digital skills, which is facilitated through an emphasis on Technical Vocational Education and Training (TVET) College and Community Education and Training (CET) College expansion interventions. In executing its mandate, the QCTO has prioritised the development of trade qualifications, in particular those related to the Strategic Integrated Projects (SIPs), as well as the priority occupations identified in the Skills Strategy in support of the South African ERRP (2020), that are responsive to labour market and developmental state initiatives. The QCTO is pleased that apart from the Centres of Specialisation, many other TVET Colleges have been accredited to offer the Occupational Certificates and Skills Programmes. Many TVET Colleges have also been accredited as Assessment Centres. Although not entirely within its scope, the QCTO has provided capacity building for all TVET Colleges and CET Colleges on the delivery of occupational qualifications.

The National Development Plan (NDP) has set a target for the introduction of 30 000 skilled artisans to join the workplace per year by 2030 as an imperative for producing a skilled and capable workforce engaged in sustainable economic endeavour. Whilst there has been a decline in the number of artisans produced in the 2020/21 financial year, compared to the 2019/20, the Minister has made a clarion call to drastically increase the number, leading up to 2030, to realise the NDP target. The QCTO's support to artisan development in the country is further underscored by the key focus of the National Apprenticeship and Artisan Development Strategy 2030 (2022) of rejuvenating the apprenticeship system. For the 2023/24 reporting period, QCTO issued 22 344 trade certificates.

From the Report on monitoring National Development Plan (NDP) indicators and targets (December 2022), NDP Implementation Pathways towards 2030 and Critical Actions, A Review of the National Development Plan 2030 (2020), the report on the Analysis of PSET Trends towards NDP 2030 (2020), and other similar reports and reviews, it is clear that there is a need for course correction. The QCTO's Vision 2027 takes these into account and has set the organisation on a new course, to mitigate potential risks and anticipated changes in the skills development ecosystem caused by the future world of work, 4IR; for example, Artificial Intelligence (AI), Machine Learning, big data, gig; blue, green and circular economy, digitalisation, automation, and globalisation.

It is therefore imperative for QCTO to keep ahead of the curve in terms of new technologies and the demands of the digital economy.

#### **The White Paper for Post-School Education and Training (2013) and National Plan for Post-School Education and Training (2021 – 2030)**

The White Paper for Post-School Education and Training's (WP PSETs) focus on expansion of TVET colleges has been an important driver of the QCTO's operations where substantial work has been performed on converting NATED qualifications into occupational qualifications that have significant relevance to industry, over the years, as well as building the capacity of the sub-sectors to offer occupational qualifications and skills programmes.

This is geared towards making TVET colleges institutions of choice.

For the 2022/23 period, this work has continued to be a major focus of the QCTO, and the reconstruction of Engineering Studies, in partnership with the relevant stakeholders like the Department of Higher Education and Training (DHET) and the Engineering Council of South Africa (ECSA).

The QCTO has provided ongoing support through its capacity building interventions, to DHET accreditation projects, in support of the expansion of access to TVET and CET colleges, to offer occupational qualifications and skills programmes.

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

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

The National Plan for Post-School Education and Training (NP PSET), amongst others, seeks to support the vision of the WP PSET by:

- Indicating the goals, strategies and responsibilities for achieving an improved, transformed, expanded, responsive and articulated PSET system,
- Putting in place a roadmap for realising the goals of the White Paper, and
- Detailing the strategies through which the outcomes will be accomplished and the PSET stakeholder's primary responsibilities in the implementation of the NP PSET is clearly outlined.

This Plan sets the strategic direction of all actors in the quality assurance environment of the skills development ecosystem over the coming years leading to 2030. The CEO of the QCTO is a member of the Planning Committee for the implementation of the NP PSET).

### **The National Skills Development Plan (NSDP)**

The mission of the National Skills Development Plan (NSDP) is to improve access to occupations in high demand and priority skills aligned to supporting economic growth, employment creation and social development whilst also seeking to address systemic considerations.

Amongst others, the purpose of the NSDP is to seek to ensure that South Africa has adequate, appropriate and high quality skills that contribute towards economic growth, employment creation and social development.

According to the NSDP, for the country to achieve high levels of economic growth and address unemployment, poverty and inequality, social partners must work

together to invest in skills development in order to achieve the vision of an educated, skilled and capable workforce for South Africa.

The NSDP states that the Quality Assurance Function (QAF) needs to be streamlined. The quality assurance conducted by SETAs and NAMB will be integrated into the QCTO, at the opportune time. Funding allocation from the fiscus and skills levy will be reviewed to ensure that QCTO is adequately resourced to comply with its legislative mandate. Discussions regarding the revoking of quality assurance functions delegated to the SETAs and the incorporation of quality assurance functions executed by NAMB commenced in 2015, has been concluded through Vision 2020. The NSDP provides the framework for the integration of these functions into the QCTO. Further to this, the Minister published for public comment, the Draft Sector Education and Training Authorities (SETAs) Grant Regulations regarding monies received by a SETA and related matters, on 27 January 2023. This will pave the way for a more stable funding framework, should the recommendations be accepted and promulgated. It is unfortunate that the Grant Regulations have not yet been approved. This means that QCTO continues to receive only 0,5% of the SETA Levy.

In order to give effect to the outcomes and principles of the NSDP, the QCTO has amongst others, entered into Service Level Agreements (SLAs) with SETAs which allow the QCTO to execute its quality assurance functions while the SETAs and other Quality Partners (QPs) take responsibility for the quality control/management activities related to the implementation of skills development initiatives.

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

The QCTO continued to manage the legacy or Historically Registered Qualifications through the re-alignment, review and de-registration processes called for in the **Ministerial Determination of the Sub-Frameworks that Comprise the National NQF**.

The QCTO continues to manage and quality assure the legacy (unit standard-based) qualifications in partnership with the Quality Partners (SETAs). The QCTO envisages concluding all mop-up processes like deregistration, realignment, review and development of occupational qualifications and part qualifications in line with the new nomenclature of the OQSF and SAQA framework

levels and qualification types. As the QCTO addressed these matters, it was well aware of the need to focus its resources on fully implementing the OQSF Policy (2021). Furthermore, the ongoing registration of occupational qualifications and the significant reduction of legacy qualifications remained a priority for the year in line with the instructions from the Minister in the Ministerial Determination.

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

The QCTO's Revised Strategic Plan 2020/21 to 2024/25 and Annual Performance Plan (APP) 2022/2023 resonate well with the following outcomes as outlined in the Revised Strategic Plan of the Department:

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

The QCTO's strategies and plans are aligned to the DHET Revised Strategic Plan as we move to a more improved and integrated way of planning in the PSET system.

### **The South African Economic Reconstruction and Recovery Plan (ERRP)**

President Cyril Ramaphosa launched the South African Economic Reconstruction and Recovery Plan (ERRP) on 15 October 2020. The ERRP recognises the extent of the crisis caused by the pandemic and takes into consideration the impact of it on our stagnant economy and low levels of investment and growth in South Africa. *The ERRP further emphasises that skills development, science and innovation as not only critical in driving South Africa's economic reconstruction and recovery, but also key in sustaining it.* As a result, the Department developed a Skills Strategy: Support for the South African Economic Reconstruction and Recovery Plan (2022) to support government's efforts to mitigate the long - term impact of COVID-19 and the initiatives towards economic and social recovery.

The QCTO has ensured the incorporation of applicable interventions as espoused in the Skills Strategy as part of the its Annual Performance Plan (APP) for 2022/23. The QCTO is part of the Technical Implementation Forum (TIF) that reports quarterly to the Department on the progress made with regards to the implementation of interventions within its ambit.

According to the Department's Skills Strategy, the QCTO is expected to play a central and critical role in providing an appropriate response to the economic reconstruction

and recovery and its interventions both in the short, medium and long term skills needs of the country. The Chief Executive Officer (CEO) of the QCTO serves as the lead in the CEO's Committee (SAQA, CHE, Umalusi and QCTO) for resolving blockages within the PSET sector as it relates to the roles of the South African Qualifications Authority (SAQA) and the other Quality Councils.

The QCTO further noted that, whilst many of the interventions are aligned to its legislative mandate, much of the work would require additional funding to ensure the successful implementation of interventions as outlined in the Department's Skills Strategy and would therefore require additional funding either through the SETA Levy Grant application process and or the National Skills Fund (NSF), as these activities were not previously budgeted for.

The QCTO continues to do everything in its power to meet the requirements of its legislative mandate within the current budget constraints.

### **Industrial Policy Action Plan (IPAP)**

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

The Draft Country Investment Strategy (2022), further emphasises the challenges faced by the lack of appropriate and sufficient digital skills. The Master Plans for the various economic sectors, further gives direction on interventions required for the skills development system, in the medium to long term, to which the QCTO is gearing in terms of developing a forward looking skills planning mechanism.

### **The NQF Evaluation Improvement Plan**

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

The DHET, the Department of Basic Education (DBE), SAQA and the Quality Councils must prioritise the revision of the objectives of the NQF set out in the Act so as to ensure that they describe the specific contribution of the NQF to systemic goals.

To accomplish this, the DHET, SAQA and Quality Councils must consider the following actions:

- SAQA, DHET and the quality councils must create theories of change and/ or log frames that can be used as tools to clarify the following:
  - a. The aims and objectives of the NQF, and how these will contribute to the broader goals of the education and training system; and
  - b. How the specific NQF objectives are expected to be achieved. The required tools should be developed through cooperation between the NQF bodies and other key stakeholders and experts in the economic areas of greatest priority. Fundamentally, the intent of this recommendation is to use the theory of change approach (or any other appropriate method) to come to an agreement about the ways in which the NQF Act will be implemented and its objectives achieved.
- DHET, in consultation with DBE, SAQA, and the Quality Councils, must finalise the standards and criteria that all policies and guidelines developed under the NQF Act should comply with.

### **The NQF Implementation Framework 2021 - 2025**

SAQA and the Quality Councils are tasked with ensuring the further development and implementation of the National Qualifications Framework (NQF). This is the 3rd NQF Implementation Framework that SAQA has developed and monitored as to its implementation. The NQF Implementation Framework (2021 – 2025) allows for NQF organisations to work on a common agreed-upon roadmap for implementation that is accessible to all NQF partners and stakeholders. The current NQF Implementation Framework builds on the work and the priorities set out in previous versions, as well as the recommendations and objectives emanating from the NQF Act Implementation Evaluation Improvement Plan and the 2017 NQF Impact Study. Implementation of the NQF requires careful thought and planning. This Implementation Framework provides a broad roadmap for the implementation of the NQF, and includes:

- a. Developing a NQF-wide automated end-to-end process for the registration of qualifications;
- b. Finalisation by the NQF partners of the standards and criteria that all policies and guidelines developed under the NQF Act should meet;
- c. Developing and implementing a Monitoring and Evaluation Framework for the NQF; and
- d. Minimising areas of duplication in key regulatory processes and adopting a risk-based approach to regulation.

## **2.1.2 Opportunities**

In the financial year 2023/2024, the QCTO conducted a survey to gather data on stakeholders' knowledge of the Occupational Qualifications Sub-framework (OQSF) and their level of satisfaction with QCTO services. The study serves as a baseline and reference point for stakeholders' impressions of the OQSF and QCTO services. In the future, additional surveys can be carried out to gather longitudinal data on the subject. This will enable the organisation to assess any changes in stakeholder perceptions of the QCTO functions and services. The survey revealed that the majority of stakeholders believe that the QCTO is ready to manage the OQSF and the Quality Assurance thereof.

The Ministerial Determination of the Sub-Frameworks that comprise the NQF (Government Gazette No: 44031) states in Section 14:

*The last date of first-time learners enrolling for Pre-2009 qualifications and unit-standards registered on the OQSF shall be 30 June 2024.*

This imperative from the Minister created an opportunity for the QCTO to complete the realignment of the Skills system to the new and modern Occupational Qualifications, Part Qualifications and Skills Programmes. A large majority of the pre-2009 qualifications have been redeveloped or realigned into Occupational Qualifications and the QCTO is anticipating rapid uptake of the new qualifications.

Occupational Qualifications are also moving into the Public TVET college space, beyond just the Centres of Specialisation project spearheaded by the DHET, and the QCTO very much welcomes the move towards the full uptake of Occupational training by the Public Sector.

## **2.1.3 Threats**

The very same Ministerial Determination of the Sub-Frameworks that Comprise the NQF referenced above has also resulted in some threats to the operations of the QCTO in fulfilling its mandate. In the 2023/24 financial year the QCTO has faced opposition from several lobby groups that remain financially tied to the pre-2009 qualifications. The QCTO has taken pains to explain that it is both implementing a direct and unambiguous instruction from the Minister and has, for the previous decade, been preparing the system for this transition.

A threat related to the above is also that a small minority of Quality Partners (SETAs) have failed to realign or redevelop some of their active qualifications during the previous decade since this plan was mooted.

The QCTO has worked closely with the QPs that have outstanding qualifications or programmes in this regard, and is confident that the small number of outstanding qualifications and/or programmes do not pose a threat to the stability of the Skills system. This challenge has, however, caused some reputational damage to the QCTO.

Finally, the stakeholder survey conducted by the QCTO revealed that stakeholders are concerned about the levels of responsiveness from the QCTO. The organisation has identified that much of this challenge is attributable to the small number of staff employed at the QCTO to manage the very large mandate of the organisation. While the funding environment that has led to this situation remains constrained, the QCTO is working on streamlining public-facing services to better meet the expectations of our stakeholders.

## 2.2 ORGANISATIONAL ENVIRONMENT

### 2.2.1 Overview

The QCTO is a pivotal entity in the skills development landscape.

The organisation is responsible for the quality assurance of all qualification development on the Occupational Qualifications Sub-Framework, accreditation of providers, monitoring of such provision, assessment and assessment standards, and the certification of learners. This 'cradle to the grave' model of quality assurance, in which a single entity carries all aspects of this mandate is unique globally. The very large and integrated mandate for Quality Assurance of the QSF – the Sub-framework that represents the nexus of vocational training aimed at the workplace – is challenged by the low funding environment in which the QCTO operates.

While employment and skills for employability represent some of the biggest crises that South Africa faces, the QCTO as the organisation that carries the mandate for qualifications used in and for the workplace finds itself with significant funding constraints. Despite the size of the Skills sector and the depth of the crisis of employability, the funding model for the QCTO has the organisation applying annually for just 0.5% of the SETA Levy Grant. Not only does this hinder long-term planning due to annual financial uncertainty, but it has had a negative effect on the sustainably and anticipated financial flows for the organisation.

As the QCTO has progressively taken on all aspects of its mandate, the organisation's lack of sufficient funds

becomes increasingly evident, significantly impairing its capacity to fully carry out its legislated responsibilities. Due to these financial limitations, the QCTO faces significant challenges in securing the necessary human, physical, and technological resources to operate successfully and efficiently in a rapidly evolving work environment.

### 2.2.2 Strengths

The QCTO has created a strong organisation with robust policies and procedures that meet the mandate of the organisation. The strength of organisational governance is such that the QCTO achieved its eighth consecutive clean audit in the 2023/24 period, and was judged as one of the best performing entities of the DHET by the Portfolio Committee for Higher Education, Science and Innovation. The suite of qualifications, part-qualifications, and Skills Programmes that have been developed to populate the QSF are extensive and meet the various needs of the nation in terms of Trades and Occupational qualifications.

The robust policies and procedures developed and implemented by the QCTO are also poised for a rapid scale-up as the Ministerial Determination of the Sub-Frameworks comes into effect. This determination will have the effect of ensuring rapid uptake of Occupational Qualifications which have been designed to update and improve on the suite of pre-2009 qualifications that are seeing their sunset in the system.

Between 2024/25 and 2027/28 the QCTO expects to expand capacity to meet the challenges associated with the rapid uptake of Occupational Qualifications in the coming years. A stakeholder awareness survey of the QSF shows that the majority of stakeholders are confident that the QCTO is ready to meet these challenges. Further, the QCTO has benchmarked the QSF against several high-performing international Vocational Qualification Frameworks, and we have found that the QSF can stand toe to toe with the best systems in the world.

### 2.2.3 Weaknesses

Retention of staff and the institutional memory that they carry remains a challenge for the QCTO in the resource-constrained environment in which it operates. Although the financial challenges that lay behind this issue are outside of the organisation's control, the QCTO is putting in place several digital databases and related systems to both mitigate the loss of knowledge represented by the loss of key staff, as well as streamline and codify the operating model of the QCTO in digital systems.

The QCTO has also not moved rapidly enough in upgrading the digital infrastructure available at the organisation, particularly in terms of the digital database systems required for the management of a rapidly growing system. While such projects are underway, and have been in progress for some time, it is clear that the QCTO must redouble its efforts in the digital arena. While digital systems do not directly address the human resource constraints at the QCTO, such systems do serve to mitigate some of the effects of these constraints.

The stakeholder satisfaction survey completed by the QCTO in the 2023/24 period also revealed that, again due to thinly stretched human resources, stakeholders have identified communication turnaround times as problematic at the QCTO. While most stakeholders were satisfied with the QCTO's operating model, policy and procedures, functional domains and the QOSF in general – the single outlier was the turnaround time on feedback from the QCTO. As part of the digital systems development that is taking place, the QCTO also seeks to mitigate this particular weakness.

## **2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES**

The publication of the Ministerial Determination of the Sub-Frameworks that Comprise the National NQF, on 24 December 2020 paved the way for the gazetting of the revised Occupational Qualifications Sub-Framework (QOSF) Policy (2021), on 29 October 2021.

## **2.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES**

In respect of its revised Strategic Plan towards accomplishing its mandate over the five-year period, the work of the QCTO is guided by the following strategic outcomes:

1. Maintaining a single, national, quality-assured QOSF that promotes synergy, simplification and efficiency;
2. QCTO to ensure the development and quality assurance of occupational qualifications, part qualifications and skills programmes that are responsive to labour market and developmental state initiatives; and
3. Making the QCTO a responsive learning organisation.

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

The achievements around Outcome 1 thus far are borne out of the achievements in the number of occupational qualifications, Part Qualifications and Skills Programmes developed by the QCTO, the number of historically registered qualifications replaced by occupational qualifications and part qualifications or deactivated due to being inactive as well as the extent of the quality assurance of these qualifications which includes the assessments conducted and certification issued to competent learners. The Skills Programmes are gaining traction as a number of SDPs and CET Colleges have started to utilise these, especially for the sectors that require immediate and short training for addressing needs urgently required. The launch of the QOSF by the Council has placed the QCTO on a good footing, which promotes simplification and efficiency across the PSET sector.

QCTO strategic Outcome 2 relates directly to the MTSF's focus on expanded access to PSET opportunities. QCTO has to ensure that the development and quality assurance of occupational qualifications, part qualifications and skills programmes are responsive to labour market and developmental state initiatives. This is also intricately linked to the country's ERRP Strategy. The QCTO has contributed to the expansion of access to PSET institutions by developing occupational qualifications, part qualifications and skills programmes that can be offered at TVET and CET colleges. There was a remarkable growth in the number of TVET and CET Colleges that utilise registered Occupational and Part qualifications. The QCTO continues to support initiatives such as the Centres of Specialisation (COS) that contribute directly to the development of over 30 000 artisans, as noted in the MTSF and NDP. The QCTO continues to ensure that there is no certificate backlog within the SETA sub-system. Regular meetings are held with Quality Partners to assess the certification process so that less or no backlog is experienced.

QCTO Strategic Outcome 3 reads that the QCTO is a responsive learning organisation that is broadly linked with Priority 1 of the MTSF, viz. a capable, ethical and developmental State. In order to fulfil its mandate, the QCTO has to be responsive to the environment and ensure the capacity to meet the identified needs.

2.4.1 The QCTO began to implement its Strategic Plan 2020/21 to 2024/25 as from 1 April 2020. Amendments were made to the Strategic Plan 2020/21 to 2024/25 for the 2022/23 financial year.

2.4.2. The major achievements of QCTO for the 2023/24 financial year are itemised below:

- 8 Consecutive Clean Audits for the years preceding 2023/24. It is envisaged that the QCTO will maintain this status for 2024/25.
- Achieve 92% (unaudited) of its 2023/24 Annual Performance Plan Targets.
- Identified by the PCHESI as one of the best-performing entities in the DHET stable of entities.
- 14 Occupational Qualifications as part of the public TVET College Programme Qualification Mix approved and funded by the Minister;
- Submitted more than 800 Occupational Qualifications to SAQA for registration. Qualifications and Skills Programmes to respond to sustainability and the green economy prioritised.
- Capacitated all TVET and CET Colleges to offer Occupational Qualifications. Forty-eight TVET college sites are accredited as Assessment Centers, and 61 TVET Colleges are accredited as Skills Development Providers. TVET colleges are accredited to offer 131 Skills Programmes. 3 CET Colleges are accredited as SDPs, and CET Colleges are accredited to offer 38 Skills Programmes.
- Conducting research on the uptake of Occupational Qualifications;
- Implementing of the 2020 Ministerial Determination of the Sub-frameworks which makes provision for qualification types that have parity of esteem with the HEQSF
- Implemented Vision 2027 which provides for the coordination of ETQA functions between QCTO and SETAs (Quality Partners).
- The realignment of N4-N6 and the associated NATED Diplomas to Occupational Diploma:

Electrical Engineering Technician (Automation), Occupational Diploma: Electronics Engineering Technician (Automation), and Occupational Diploma: Mechanical Engineering Technician (Automation) has been concluded, and these qualifications have been gazetted. A formal Desktop Evaluation by the Engineering Council of South Africa to recognise these qualifications is in progress.

- A Quality Partner Forum has been established with SETAs as part of the intervention to implement the SLA between SETAs and the QCTO fully, eliminate barriers, and improve efficiency within the PSET. The Forum is well-attended and has already started to be effective.
- 100% uptime of the Digital Records Management System, the Enterprise Content Management (ECM) aligned to the QCTO's approved File Plan, which enables quick and easy access of records/ information.
- Full achievement of the Year 3 – 20% implementation of the approved capacity building strategy.
- Full achievement of the Year 2 – 40% implementation of the approved change management strategy.
- Publication of a landmark study on the implementation of Occupational Curricula in South Africa
- Publication of a study defining the category of Subject Matter Experts for the construction and maintenance of Occupational Qualifications, Curricula, and Assessments.
- Completion of two nationwide surveys on the perceptions and needs of stakeholders of the QCTO.
- Established partnerships with National Departments, Universities, International and National partners to ensure QCTO responds to national imperatives to respond to the skills demands of the economy.
- Obtained approval for the purchasing of its own Building.

The QCTO made progress in terms of its outcomes, as outlined below:

**Outcome 1:**

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

| INDICATORS                                                                                                                             | BASELINE                                                                                                                                                                                                                                         | 2024/25 TARGETS                                                                                                                                           | PROGRESS                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1 Quality assurance functions performed by the QCTO for qualifications and part qualifications on the QOSF evaluated and reported on | QCTO currently performs all QA functions (accreditation, quality assurance of provisioning, quality assurance of assessment and certification) for newly registered occupational qualifications and provides an Annual Report of such activities | An evaluation report on the quality assurance functions performed by the QCTO for qualifications and part qualifications on the QOSF over 5 years         | A report on QA functions completed in 2022/23                                                                                                                                                                         |
| 1.2 Level of Articulation between the QOSF, GENFETQA and HEQSF                                                                         | No baseline established as yet                                                                                                                                                                                                                   | An evaluation report on the extent of articulation of qualifications on the QOSF with qualifications on the other two Sub-frameworks (GENFETQA and HEQSF) | Research work underway for completion in the 2024/25 financial year                                                                                                                                                   |
| 1.3 Uptake of occupational qualifications                                                                                              | 11% (32 out of 300)                                                                                                                                                                                                                              | 60%                                                                                                                                                       | 2022/23 – 38% (268 Occupational Qualifications active out of 704 Registered Occupational Qualifications.<br>2023/24 – 43,6% (357 Occupational Qualifications active out of 818 Registered Occupational Qualifications |
| 1.4 Level of Industry satisfaction with the QOSF                                                                                       | No baseline established as yet                                                                                                                                                                                                                   | Evaluation report on the extent of industry satisfaction with the QOSF                                                                                    | All data gathered, report due for completion 2024/25                                                                                                                                                                  |
| 1.5 Number of comparable Qualifications Frameworks against which the QOSF is benchmarked                                               | No baseline established as yet                                                                                                                                                                                                                   | 5                                                                                                                                                         | Completed 2022/23                                                                                                                                                                                                     |

**Outcome 2:**

**QCTO to ensure that development and quality assurance of occupational qualifications, part qualifications and skills programmes are responsive to labour market and developmental state initiatives.**

| INDICATOR                                                                                                                                                                         | BASELINE                             | 2024/25 TARGETS                                                                                                        | PROGRESS                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1 Percentage of occupational qualifications, part qualifications and skills programmes developed as identified in the DHET Economic Reconstruction and Recovery Skills Strategy | No baseline established as yet       | 80% Percent of qualifications developed as identified in the DHET Economic Reconstruction and Recovery Skills Strategy | For 2023/24:<br>Qualifications registered by SAQA - 40% responded to ERRSS<br>Submitted to SAQA for registration - 1% responded to ERRSS<br>In process - 2% are responding to ERRSS.<br>Applications received - 9% are responding to ERRSS |
| 2.2 Number of occupational qualifications, part qualifications and skills programmes in high demand offered by TVET Colleges                                                      | 14 Occupational trade qualifications | As per targets in the approved DHET Revised Strategic Plan and ERR SS                                                  | 20 Occupational trades qualifications in high demand are offered at TVET Colleges                                                                                                                                                          |
| 2.3 Number of occupational qualifications, part qualifications and skills programmes in high demand offered by Universities                                                       | No baseline established as yet       | As per agreed targets in the approved DHET Revised Strategic Plan and ERR SS                                           | There were no Occupational Qualifications, Part Qualifications and Skills Programmes on high demand offered in Universities                                                                                                                |
| 2.4 Number of occupational qualifications, part qualifications and skills programmes in high demand offered by CET Colleges                                                       | No baseline established as yet       | As per agreed targets in the approved DHET Revised Strategic Plan and ERR SS                                           | Three occupational skills programmes in high demand are offered by CET Colleges                                                                                                                                                            |

| INDICATOR                                                                                                                                           | BASELINE                       | 2024/25 TARGETS                                                              | PROGRESS                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.5 Number of occupational qualifications, part qualifications and skills programmes in high demand offered by Private Skills Development Providers | No baseline established as yet | As per ERR SS                                                                | 60 Occupational Qualifications and part qualifications programmes in high demand were offered by Private Skills Development Providers<br>5 Skills Programmes in high demand are offered by Private Skills Development Providers |
| 2.6 Number of TVET Colleges offering occupational qualifications, part qualifications and skills programmes in high demand                          | No baseline established as yet | As per agreed targets in the approved DHET Revised Strategic Plan and ERR SS | 47 TVET College Campuses accredited for 120 Occupational Qualifications (not all with learner enrolments)<br>37 TVET College Campuses accredited for 100 Skills Programmes (not all with learner enrolments)                    |
| 2.7 Number of CET Colleges offering occupational qualifications, part qualifications and skills programmes in high demand                           | No baseline established as yet | As per agreed targets in the approved DHET Revised Strategic Plan and ERR SS | 1 CET College in KZN offering one Occupational Qualification.<br>9 Sites, excluding Site accredited for 37 Skills Programmes (not all with learner enrolments)                                                                  |
| 2.8 Number of Universities offering occupational qualifications, part qualifications and skills programmes in high demand                           | No baseline established as yet | As per agreed targets in the approved DHET Revised Strategic Plan and ERR SS | No Universities offering occupational qualifications, part qualifications and skills programmes in high demand                                                                                                                  |
| 2.9 Number of Private Skills Development Providers offering occupational qualifications, part qualifications and skills programmes in high demand   | No baseline established as yet | As per agreed targets in the approved DHET Revised Strategic Plan and ERR SS | 75 Occupational Qualifications and Part Qualifications and 12 Skills Programmes in high demand are offered by Private Skills Development Providers                                                                              |

Please note that Outcome 2 has been revised in the Revised 2020/21-2024/25 Strategic Plan to ensure that progress can be measured against a valid instrument. Without losing its focus on TVET and CET Colleges, the revised outcome will use the Economic Reconstruction and Recovery Skills Strategy as the instrument to measure and report on progress.

**Outcome 3:**  
**QCTO is a responsive learning organisation**

| INDICATORS                                                              | BASELINE                       | 2024/25 TARGETS                                                                                                      | PROGRESS                                                                                                           |
|-------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| 3.1 The relevance and responsiveness of the QCTO and the QOSF evaluated | No baseline established as yet | An evaluation report that measures sectoral perceptions of the relevance and responsiveness of the QCTO and the QOSF | All external reports were completed, and all data was gathered. An analytical report is being developed internally |

### 3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The QCTO hereby reports against its Annual Performance Plan 2023/24 as approved by the Minister on 9 March 2023.

#### 3.1 PROGRAMME 1: Administration

##### Programme Purpose:

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

The Programme contributes towards Strategic Outcome 3: QCTO is a responsive learning organisation.

It provides for the development of the IT infrastructure as well as the human resource capabilities required by the organisation. Moreover, the mandate of the QCTO as per the National Qualifications Framework Act includes informing the public about its sub-framework, and it is through the Marketing and Communications Unit that this outcome is realised.

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

##### Programme 1: Administration in the QCTO performed as follows:

Achievements include but are not limited to:

- Deployment of a classification tool as per the approved QCTO Security Architecture;
- Fully functional Registry, an approved file plan, registry procedure manual, records management policy and SOP for Drafting, Approval and Filing Process of Submissions;
- 100% disposal of documents that needed to be disposed of in compliance with the Protection of Personal Information Act no.4 of 2013 (POPIA) and Protection of Information Act no 84 of 1982;
- 100% uptime of the Digital Records Management System, the enterprise Content Management (ECM) aligned to the QCTO's approved File Plan, which enables quick and easy access of records/ information;
- 100% participation of staff in the Cybersecurity Awareness
- Full achievement of the Year 3 – 20% implementation of the approved capacity building strategy;
- Full achievement of the Year 2 – 40% implementation of the approved change management strategy; and
- Mandatory workplace structures and committees in place and functioning.



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

| PROGRAMME 1: ADMINISTRATION                   |                                                                          |                                                                    |                                                                                      |                                                                                |                                                                       |                                                                       |                                                             |                                                                                                                                         |
|-----------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| OUTCOME                                       | OUTPUT                                                                   | OUTPUT INDICATOR                                                   | AUDITED ACTUAL PERFORMANCE 2021/22                                                   | AUDITED ACTUAL PERFORMANCE 2022/23                                             | PLANNED ANNUAL TARGET 2023/24                                         | ACTUAL ACHIEVEMENT 2023/24                                            | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/24 | REASONS FOR DEVIATION                                                                                                                   |
| 1. QCTO is a responsive learning organisation | 1.1 A capacity building strategy is developed and implemented            | 1.1.1 % Implementation of the Capacity building strategy           | New indicator Achieved 40% implementation of the capacity building strategy (Year 1) | Achieved 40% of the capacity building strategy implemented (Year 2)            | 20% of the capacity building strategy implemented (Year 3)            | Achieved                                                              | N/A                                                         | N/A                                                                                                                                     |
|                                               | 1.2 Master Systems Plan (MSP) is developed and implemented               | 1.2.1 % implementation of the MSP                                  | Not achieved. 69% of the Annual Plan deliverables were implemented.                  | Not achieved 72% MSP Annual Plan deliverables implemented                      | MSP Annual Plan deliverables 100% implemented                         | Not Achieved 60 % Annual Plan deliverables implemented                | 40 %                                                        | Cancellation of the tender for Business Process Re-engineering and Automation. Non-responsive RFQs for specialised IT security software |
|                                               | 1.3 A marketing and communications strategy is developed and implemented | 1.3.1 % implementation of the Marketing and Communication strategy | Achieved 40% of the the marketing and communications strategy implemented (Year 1)   | Achieved 40% of the Marketing and Communications strategy implemented (Year 2) | 20% of the Marketing and Communications strategy implemented (Year 3) | Not Achieved 97% of Marketing and Communications Annual Plan achieved | 3%                                                          | Plan not fully achieved due to delays in the SCM processes for one activity                                                             |
|                                               | 1.4 A change management strategy is developed and implemented            | 1.4.1 % implementation of the Change management strategy           | Achieved Change Management strategy approved by Council                              | Achieved 40% of the Change management strategy implemented (Year 1)            | 40% of the Change management strategy implemented (Year 2)            | Achieved                                                              | N/A                                                         | N/A                                                                                                                                     |

### Strategy to overcome areas of under performance

- e. By the end of the year, the MSP annual ICT planned deliverables were not fully achieved due a non-responsive closed tender process. The tender shall be re-advertised as an open tender in the 2024/25 financial year. Any uncompleted projects will be prioritised in the next financial year 2024/25. The 2023/24 Marketing and Communications Annual Implementation Plan encountered procurement

delays that hindered the completion of one activity. The activity will be prioritised in the new financial year. A revised procurement strategy that prioritises early planning and submission of requests will be implemented for efficiency and to ensure the full achievement of all deliverables in 2024/25 financial year.

## Linking performance with budgets

Hereunder is an analysis of the 2023/24 budget for Programme 1:

### PROGRAMME 1: ADMINISTRATION

| PROGRAMME / ACTIVITY / OBJECTIVE | 2022/23       |                          |                                  | 2023/24       |                          |                                  |
|----------------------------------|---------------|--------------------------|----------------------------------|---------------|--------------------------|----------------------------------|
|                                  | BUDGET R'000  | ACTUAL EXPENDITURE R'000 | (OVER) / UNDER EXPENDITURE R'000 | BUDGET R'000  | ACTUAL EXPENDITURE R'000 | (OVER) / UNDER EXPENDITURE R'000 |
| Compensation                     | 29 141        | 28 832                   | 309                              | 31 307        | 37 838                   | -6 531                           |
| Goods and services               | 33 560        | 38 548                   | -4 988                           | 44 947        | 42 046                   | 2 901                            |
| Capital expenditure              | 4000          | 2 439                    | 1 561                            | 5000          | 1 208                    | 3 792                            |
| <b>Total</b>                     | <b>66 701</b> | <b>69 819</b>            | <b>-3 118</b>                    | <b>81 254</b> | <b>81 092</b>            | <b>162</b>                       |

## 3.2 PROGRAMME 2: OCCUPATIONAL QUALIFICATIONS MANAGEMENT, ASSESSMENT AND CERTIFICATION

### Programme purpose

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

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

A total of 148 qualifications were processed. This overall performance met the set target of 75%.

There are a total of 215 learnerships registered by Department of Higher Education and Training (DHET).

A total of 101 occupational qualifications and part qualifications were registered by SAQA during this fiscal year. The overall total of registered occupational qualifications and part qualifications stands at 818, of which 60 have been developed utilising the new qualification types as per the Ministerial Determination of 2020.

The reconstruction of N4-N6 engineering studies resulted in 3 occupational qualifications being approved for public comments. These qualifications were developed by stakeholders which include TVET college lecturers, industry stakeholders as well as the Engineering Council of South Africa (ECSA) as a regulatory body responsible for the qualifications in the engineering space. These qualifications will be recommended to SAQA for registration.

The development of skills programmes is gaining momentum with 275 skills programmes applications being approved during this period. This represents a significant increase in the overall number of skills programmes.

The development of qualifications, part qualifications and skills programmes is guided by key imperatives such as the Economic Reconstructions and Recovery Plan Skills Strategy, the Master Skills Plan, the New Growth Path, Sector Skills Plans as well as other imperatives focussing on scarce and critical skills.

The assessment unit has approved the results for 100% (208 out of 208) of assessments within the turnaround time for Occupational qualifications for the 2023/24 financial year, 47 FISAs (Final Integrated Supervised Assessment) for historically registered qualifications, and 26 FISAs for Skills Programmes. It is worth noting that the number of EISAs (External Integrated Summative Assessments) conducted for Occupational Qualifications are increasing. The transitioning of the sector to a national standardised assessment required for an Occupation Qualification is fast gaining respect and is seen as a positive improvement in ensuring skilled and competent learners.

There has also been a significant increase in the number of FISAs conducted for historically registered qualifications (Indicator 2.2.2), and this is assisting the QCTO in ensuring the quality assurance of all qualifications registered on the OQSF. The results of 47 qualifications by LG SETA, HW SETA, CHIETA and MICT SETA were quality assured. There is also a steady increase in the FISAs for Skills Programmes (Indicator 2.2.3).

The Capacity-building workshops held with individual Quality Partners on the QCTO assessment standards (Indicator 2.2.4) during the period had a significant impact on preparing all Quality Partners for the management, conduct, and administration of the EISA. More especially

those Quality Partners implementing EISAs for the first time. These reports are yielding a slow but consistent improvement in Quality Partners' performance in their role of Assessment Assurance. All 22 QPs have consistently reported quarterly to the QCTO, and a total of 88 quarterly evaluation reports have been sent to QPs to assist with improvements and further planning.

Where large groups of learners were found to be to be Not Yet Competent (NYC), e.g. Child and Youth Care Worker, Social Auxiliary Worker, Organisational Risk Practitioner, and Compliance Officer, the unit launched investigations to determine the causes leading to poor performance. The general conclusion for this poor performance is the poor quality of training which may be consequential for the accreditation status of identified providers.

The Certification unit continued to achieve its set targets, which has an impact on the output indicators as well as the impact of the strategic plan. For the year under review, the QCTO issued 4 466 occupational certificates, which reflects an uptake in occupational qualifications. The QCTO has also commenced with the certification of Skills Programmes in August 2022 and has to date issued 438 Skills Programme Certificates. Since taking over the function in November 2013, the QCTO has issued in excess of 188 600 trade certificates, with 22 344 issued in the last financial year. The QCTO is also printing all certificates now with a QR code that assists a certificate holder with

real-time verification feedback by scanning the code from the certificate. The cumulative number of occupational certificates issued to date is in excess of 10 403.

The digitisation project was concluded on the 31st March 2024. The data capturing element (double capturing approach) of the project has not been completed as expected due to a number of challenges and the complexity of capturing data where information is mainly recorded in Afrikaans, trade information not written in full, faded information on documents and damaged and fragile documents likely due to the age of the documents. The project was funded by the National Skills Fund and all progress reports have been submitted as required. Despite the challenges experienced in the project, all scanning and capturing of records have been completed successfully. The migration of the captured records into the QCTO Certification system has been completed.

It should be noted that the Occupational Qualifications Management Unit has the following committees that it provides support and reports to:

- Internal Qualifications Committee; and
- Occupational Qualifications, Assessment and Certification Committee.

Overall, the Occupational Qualifications Management unit has achieved all its 2023/24 Targets and will strive to maintain this in the years ahead.

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

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

| PROGRAMME 2: OCCUPATIONAL QUALIFICATIONS MANAGEMENT AND CERTIFICATION                                                                  |                                                                                                   |                                                                                                                                                                              |                                                                                                                      |                                    |                               |                                                                                                                                                                                                                               |                                                             |                        |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------|
| OUTCOME                                                                                                                                | OUTPUT                                                                                            | OUTPUT INDICATOR                                                                                                                                                             | AUDITED ACTUAL PERFORMANCE 2021/22                                                                                   | AUDITED ACTUAL PERFORMANCE 2022/23 | PLANNED ANNUAL TARGET 2023/24 | ACTUAL ACHIEVEMENT 2023/24                                                                                                                                                                                                    | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/24 | REASONS FOR DEVIATIONS |
| 2. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness | 2.1. Occupational qualifications and part qualifications recommended for registration on the QOSF | 2.1.1 % of prioritised occupational qualifications (full/ part) processed (Approved or declined for recommended to SAQA for registration on the QOSF) within 90 working days | Achieved 72<br>Prioritised occupational qualifications (full/ part) recommended to SAQA for registration on the QOSF | 50<br>Achieved 54                  | Revised Indicator<br><br>75%  | Achieved<br><br>75%<br><br>(75% i.e. 132 out of 176 prioritised occupational qualifications (full/part) were processed (approved or declined) for recommendation to SAQA for registration on the QOSF within 90 working days) | N/A                                                         | N/A                    |

| PROGRAMME 2: OCCUPATIONAL QUALIFICATIONS MANAGEMENT AND CERTIFICATION                                                                              |                                                                                                               |                                                                                                                                                                                                               |                                                                                                                      |                                                                                                                          |                                                         |                                                                                                                                                             |                                                             |                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OUTCOME                                                                                                                                            | OUTPUT                                                                                                        | OUTPUT INDICATOR                                                                                                                                                                                              | AUDITED ACTUAL PERFORMANCE 2021/22                                                                                   | AUDITED ACTUAL PERFORMANCE 2022/23                                                                                       | PLANNED ANNUAL TARGET 2023/24                           | ACTUAL ACHIEVEMENT 2023/24                                                                                                                                  | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/24 | REASONS FOR DEVIATIONS                                                                                                                                                                            |
| 2. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness (continued) | 2.1. Occupational qualifications and part qualifications recommended for registration on the OQSF (continued) | 2.1.2 % of remaining historically registered qualifications recommended to SAQA for deactivation on the OQSF                                                                                                  | Achieved 472<br>Historically registered qualifications were recommended to SAQA for deactivation on the OQSF         | Achieved 221<br>Historically registered qualifications were recommended to SAQA for deactivation on the OQSF             | 80% of remaining historically registered qualifications | Achieved 100%<br><br>(100 % i.e. 1246 out of 1246 of remaining Historically Registered Qualifications recommended to SAQA for deactivation on the OQSF)     | 20% deviation                                               | The Ministerial Determination gazetted on 24 Dec 2020 led to the variance as it was a policy directive that had to be implemented                                                                 |
|                                                                                                                                                    |                                                                                                               | 2.1.3 % of prioritised skills programmes processed (Approved and/or declined by QCTO CEO) within 90 working days                                                                                              | Not achieved 81 skills programmes were approved by Council                                                           | Achieved 118 skills programmes were approved by Council                                                                  | Revised Indicator 75%                                   | Achieved 100%<br><br>(100% i.e. 17 out of 17 prioritised skills programmes were processed (Approved and/or declined by the QCTO CEO within 90 working days) | 25% deviation                                               | More skills programmes were processed surpassing the target of 75%. The processing of skills programmes were faster due to improved processes being implemented                                   |
|                                                                                                                                                    | 2.2 A national External assessment is implemented for all qualifications registered on the OQSF               | 2.2.1 % of assessments for occupational qualifications and part qualifications quality assured against QCTO standards within 21 working days' turnaround time                                                 | Achieved 97.5%<br>39 of 40 EISAs were quality assured against QCTO standards within 21 working days turnaround time. | Achieved 99%<br>111 out of 112 EISAs were quality assured against QCTO standards within 21 working days' turnaround time | 90%                                                     | Achieved 100%<br>208 out of 208 were quality assured against QCTO Standards within 21 working days turnaround time                                          | There was an additional 10% achievement                     | The deviation is as a result of QCTO's aim to ensure that all EISAs submitted are quality assured within 21 working days                                                                          |
|                                                                                                                                                    |                                                                                                               | 2.2.2 % of assessments for remaining historically registered qualifications quality assured against QCTO standards (excluding historical skills programmes and NATED) within 21 working days' turnaround time | Achieved 100%<br>64 out of 64 assessments for historically registered qualifications were quality assured            | Achieved 100%<br>46 out of 46 assessments for historically registered qualifications were quality assured                | 90%                                                     | Achieved 100 %<br>47 out of 47 assessments for historically registered qualifications were quality assured                                                  | There was an additional 10% achievement                     | The deviation was as a result of QCTO's effort to ensure that all assessments are quality assured within 21 days and this can also be attributed to reduced historical qualifications assessments |

| PROGRAMME 2: OCCUPATIONAL QUALIFICATIONS MANAGEMENT AND CERTIFICATION                                                                              |                                                                                                    |                                                                                                                                |                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                      |                               |                                                                                                                                                                                                                                                                 |                                                             |                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OUTCOME                                                                                                                                            | OUTPUT                                                                                             | OUTPUT INDICATOR                                                                                                               | AUDITED ACTUAL PERFORMANCE 2021/22                                                                                                                                                                                                                             | AUDITED ACTUAL PERFORMANCE 2022/23                                                                                                                                                                                                                                                                   | PLANNED ANNUAL TARGET 2023/24 | ACTUAL ACHIEVEMENT 2023/24                                                                                                                                                                                                                                      | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/24 | REASONS FOR DEVIATIONS                                                                                                                                                                         |
| 2. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness (continued) | 2.2 A national assessment is implemented for all qualifications registered on the QOSF (continued) | 2.2.3 % of assessments for QCTO-approved skills programmes quality assured against QCTO standards within 21 working days       | Not achieved 0%.<br>0 out of 0 assessments for QCTO developed skills programmes quality assured.                                                                                                                                                               | Achieved 100%<br>7 out of 7 assessments for QCTO developed Skills Programmes quality assured                                                                                                                                                                                                         | 80%                           | Achieved 100%<br>26 out of 26 assessments for Skills Programmes quality assured                                                                                                                                                                                 | There was a 20% additional achievement                      | The deviation was as a result of all received assessments quality assured within 21 working days, this can also be attributed to the increasing demand of assessments on the Skills Programmes |
|                                                                                                                                                    |                                                                                                    | 2.2.4 % of Quality Partners (or Assessment bodies) quality assured against QCTO compliance standards                           | Achieved 100%<br>148 out of 148 AQP's reports were quality assured                                                                                                                                                                                             | Achieved 100%<br>37 out of 37 AQP's were quality assured against QCTO compliance standards<br>148 (4 times 37) out of 148 (4 times 37) AQP's reports were quality assured                                                                                                                            | 90%                           | Achieved 100%<br>22 out of 22 QPs were quality assured quarterly against QCTO compliance standards. Leading to a total of 88 out of 88 evaluation reports                                                                                                       | There was a 10% additional achievement                      | The deviation was as a result of all QPs being quality assured                                                                                                                                 |
|                                                                                                                                                    | 2.3 A certification system is maintained                                                           | 2.3.1 % of certificates issued within the turnaround time (21 working days)                                                    | Achieved 100%.<br>16 338 out of 16 338 certificates (Legacy trades) applications approved issued within the 21 working day turnaround time<br>1395 out of 1395 Occupational certificate applications approved issued within the 21 working day turnaround time | Achieved 100%<br>21 568 out of 21 568 certificates (Legacy trades) applications approved issued within the 21 working day turnaround time<br>2 451 out of 2 451 Occupational certificates and 114 out of 114 Skills Programme applications approved issued within the 21 working day turnaround time | 95%                           | Achieved 100%.<br>22 344 out of 22 344 certificates (legacy trades) applications approved issued within the 21 working day turnaround time.<br>4904 out of 4904 Occupational certificate applications approved issued within the 21 working day turnaround time | There was a 5% additional achievement                       | The deviation was as a result of all certificate applications issued within 21 working days                                                                                                    |
|                                                                                                                                                    |                                                                                                    | 2.3.2 % of verification of authenticity of certificates requests received and verified within turnaround time (5 working days) | Achieved 100%.<br>10 124 out of 10 124 requests verified within turnaround time of 5 working days                                                                                                                                                              | Achieved 100%.<br>13 757 out of 13 757 requests verified within turnaround time of 5 working days                                                                                                                                                                                                    | 95%                           | Achieved 99.88%<br>19 738 out of 19 760 requests verified within turnaround time of 5 working days                                                                                                                                                              | There was a 4.88% additional achievement                    | This was a result of more than 95% of verification requests being verified within the turnaround time                                                                                          |

The achievement of the above targets responds to the Output and Output Indicators of Programme 2. All Programme 2 Indicators of the Annual Performance Plan 2023/24 have been achieved..

### Strategy to Overcome Areas of Under Performance

Although no underperformance was recorded , the following strategies will be put in place to ensure that all targets for the five-year strategic planning cycle are achieved. :

- a. A Plan is in place to deregister historically registered qualifications and reregister occupational qualifications in accordance with the Ministerial Determination Gazette;
- b. Continue developing and reviewing occupational qualifications listed in the ERRSS;
- c. Continue with advocacy workshops on skills programmes. These workshops will assist in communicating to stakeholders the skills programmes requirements and provide an opportunity to listen to and address stakeholder needs;
- d. Increase the number of EISAs developed, especially where there are learner enrolment statistics;
- e. Ensure that EISAs implementation process is monitored from EISA readiness up to EISA resulting;
- f. Build an automated Resulting System that will link with the CVS , and will ensure learner certification issue is improved;
- g. Maintain achieving the certification targets, which include the close-out process of the digitisation project
- h. Monitor the certificates issued by SETAs/ QPs; and
- i. Maintain the learner records through a digitised system that has been established.



### Linking performance with budgets

Below is an analysis of the 2023/24 budget for Programme 2:

#### PROGRAMME 2: Occupational Qualifications Management, Assessment and Certification

| PROGRAMME / ACTIVITY / OBJECTIVE | 2022/23       |                          |                                  | 2023/24       |                          |                                  |
|----------------------------------|---------------|--------------------------|----------------------------------|---------------|--------------------------|----------------------------------|
|                                  | BUDGET R'000  | ACTUAL EXPENDITURE R'000 | (OVER) / UNDER EXPENDITURE R'000 | BUDGET R'000  | ACTUAL EXPENDITURE R'000 | (OVER) / UNDER EXPENDITURE R'000 |
| Compensation                     | 18 027        | 18 240                   | -213                             | 18 748        | 16 267                   | 2 481                            |
| Goods and services               | 6 778         | 7 749                    | -971                             | 9 702         | 8 891                    | 811                              |
| <b>Total</b>                     | <b>24 805</b> | <b>25 989</b>            | <b>-1 184</b>                    | <b>28 450</b> | <b>25 158</b>            | <b>3 292</b>                     |

### 3.3 PROGRAMME 3: Occupational Qualifications Quality Assurance

#### Programme purpose

To establish and maintain quality standards for accreditation and quality assurance of Skills Development Providers offering qualifications registered on the OQSF.

The Programme contributes towards Outcome 1: A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification and effectiveness, and Outcome 2: QCTO to ensure that development and quality assurance of occupational qualifications, part qualifications and skills programmes are responsive to labour market and developmental state initiatives.

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

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

Programme 3 can be broken down into three main strategic objectives, the first being to establish and maintain standards for a national quality assurance system for all qualifications registered on the OQSF. This objective was achieved through indicators 3.2.1, 3.2.2, 3.2.3(a), 3.2.3(b), 3.2.4 and 3.2.5. All indicators under this objective were achieved.

The second objective of establishing and maintaining standards for a national accreditation system for all qualifications registered on the OQSF was fully achieved through indicators 3.1.1, 3.1.2, 3.1.3 and 3.1.4.

The third objective of measuring the uptake of occupational qualifications and skills programmes by TVET Colleges, CET Colleges, Universities and Private Skills Development Providers was fully achieved through indicator 3.3.1.

Significant achievement of targets for Programme 3 is Output Indicator 3.1.3, which talks to Skills Development Providers accreditation applications for historically registered Qualifications (Trades, Non-Trades, NATED Report 190/191, Skills Programmes) processed within the turnaround time (90 working days). This indicator came to an end during quarter 1 as the registration end date of these Trades, Non-Trades, NATED Report 190/191, and Skills Programmes was passed in June 2023.

The focus has shifted to quality assurance of these pre-2009 qualifications and programmes until the last learner has exited the system. The plan for quality assurance of NATED report 190/191 was approved by Council in March 2021, and will ensure that N4, N5 and N6 are quality assured by using a similar process as that for occupational part qualifications. This will ensure that the necessary practicals, simulations or work experience learning are incorporated to satisfy industry requirements. TVET college graduates will benefit from this intervention as industry values the NATED programmes, albeit reaching their end dates. The plan will ensure parity of esteem between the occupational qualifications and the NATED diplomas where a learner can complete the NATED programmes and gain access to the external integrated summative assessment of the applicable occupational qualification and, if successful, obtain certification for the occupational qualification. Challenges encountered were limited support from the TVET branch as well as slow uptake of the occupational qualifications, although there seems to be an improvement in this area.

Further regular engagement with the Skills, TVET, CET and Universities Branches within the DHET would add momentum to the output of establishing, implementing and maintaining a national quality assurance system for all qualifications registered on the OQSF and by implication of the NQF.

Another significant achievement for Programme 3 centres on 3.2.4, which measures accredited SDPs with skills programmes implemented, as quality assured against QCTO standards. This target was achieved, and the appetite for occupational skills programmes by industry has drastically increased, as these are designed such that they will directly contribute to the ERRP by

upskilling and reskilling of workers, women, youth and people with disabilities amongst others. These skills programmes are brief in nature and are occupationally directed such that the certified person will be able to immediately become self-sustainable or employed once he or she has been certified as competent.

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

| PROGRAMME 3: OCCUPATIONAL QUALIFICATIONS QUALITY ASSURANCE                                                                           |                                                                                                  |                                                                                                                                                                                    |                                                                                                                                                                                        |                                                                                                                                                |                               |                                                                                                                                                                  |                                                 |                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------|
| OUTCOME                                                                                                                              | OUTPUT                                                                                           | OUTPUT INDICATOR                                                                                                                                                                   | AUDITED ACTUAL PERFORMANCE 2021/22                                                                                                                                                     | AUDITED ACTUAL PERFORMANCE 2022/23                                                                                                             | PLANNED ANNUAL TARGET 2023/24 | ACTUAL ACHIEVEMENT 2023/24                                                                                                                                       | DEVIATION FROM PLANNED TARGET TO ACTUAL 2023/24 | REASONS FOR DEVIATIONS                                                                           |
| 3. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness | 3.1 A national Accreditation system is implemented for all qualifications registered on the QOSF | 3.1.1 % of Skills Development Providers accreditation applications for Occupational qualifications and, part qualifications processed within the turnaround time (90 working days) | Achieved: 92%.<br>911 out of 987 SDP accreditation applications processed within the turnaround time of 90 working days                                                                | Achieved: 95%<br>1622 out of 1711 SDP accreditation applications were processed within the turnaround time of 90 working days                  | 90%                           | Achieved<br>96%<br>2475 out of 2586 SDP accreditation applications were processed within the turnaround time of 90 working days                                  | There was a 6% additional achievement           | The deviation was due to improved efficiencies by implementing online processing of applications |
|                                                                                                                                      |                                                                                                  | 3.1.2 % of Skills Development Providers accreditation applications for approved Skills Programmes processed within the turnaround time (90 working days)                           | Revised Indicator 80%<br>Achieved: 100%.<br>90 out of 90 SDP accreditation applications for Council-approved skills programmes processed within the turnaround time of 90 working days | Achieved: 100%<br>179 out of 179 accreditation applications for Skills Programmes were processed within the turnaround time of 90 working days | 80%                           | Achieved<br>92%<br>684 out of 747 accreditation applications for Council-approved Skills Programmes were processed within the turnaround time of 90 working days | There was a 12 % additional achievement         | The deviation was due to improved efficiencies by implementing online applications               |

| PROGRAMME 3: OCCUPATIONAL QUALIFICATIONS QUALITY ASSURANCE                                                                                       |                                                                                                              |                                                                                                                                                                                                                                    |                                                                                                                                                                              |                                                                                                                                                                                   |                               |                                                                                                                                                                             |                                                 |                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------|
| OUTCOME                                                                                                                                          | OUTPUT                                                                                                       | OUTPUT INDICATOR                                                                                                                                                                                                                   | AUDITED ACTUAL PERFORMANCE 2021/22                                                                                                                                           | AUDITED ACTUAL PERFORMANCE 2022/23                                                                                                                                                | PLANNED ANNUAL TARGET 2023/24 | ACTUAL ACHIEVEMENT 2023/24                                                                                                                                                  | DEVIATION FROM PLANNED TARGET TO ACTUAL 2023/24 | REASONS FOR DEVIATIONS                                                             |
| 3. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness (continued) | 3.1 A national Accreditation system is implemented for all qualifications registered on the OQSF (continued) | 3.1.3 % of Skills Development Providers accreditation applications for historically registered Qualifications (Trades, Non-trades, NATED Report 190/191, skills programmes) processed within the turnaround time (90 working days) | Achieved: 96%. 934 SDP accreditation applications for historically registered qualifications out of 972 applications processed within the turnaround time of 90 working days | Achieved: 100% 1178 SDP accreditation applications for historically registered qualifications out of 1178 applications processed within the turnaround time of 90 working days    | 80%                           | Achieved 100% 135 SDP accreditation applications for historically registered qualifications out of 135 applications processed within the turnaround time of 90 working days | There was a 20 % additional achievement         | The deviation was due to improved efficiencies by implementing online applications |
|                                                                                                                                                  |                                                                                                              | 3.1.4 % of assessment centre accreditation applications processed (accreditation granted or declined) within the turnaround time (30 working days)                                                                                 | Achieved 100%. 254 out of a total of 254 accreditation centre applications were processed within the turnaround time of 30 working days                                      | Achieved: 99% 371 Assessment Centre applications out of 373 of received processed within the turnaround time of 30 working days                                                   | 90%                           | Achieved 100% 563 Assessment Centre applications out of 563 of received processed within the turnaround time of 30 working days                                             | There was a 10% additional achievement          | The deviation was due to improved efficiencies by implementing online applications |
|                                                                                                                                                  | 3.2 A national quality assurance system is implemented for all qualifications registered on the OQSF         | 3.2.1 % of accredited SDPs with implemented occupational qualifications and part qualifications quality assured according to QCTO standards                                                                                        | Not achieved 70% 123 out of 176 accredited skills development providers with implemented occupational qualifications with learner uptake were quality assured                | Achieved: 85% 204 out of 241 accredited Skills Development Providers with implemented occupational qualifications with learner uptake quality assured according to QCTO standards | 80%                           | Achieved 85% 235 out of 276 accredited skills development providers implementing occupational qualifications with learners were quality assured                             | There was a 5% additional achievement           | The deviation was due to improved efficiencies by implementing online applications |

| PROGRAMME 3: OCCUPATIONAL QUALIFICATIONS QUALITY ASSURANCE                                                                                       |                                                                                                                  |                                                                                                                                                                                        |                                                                                                                                                                         |                                                                                                                                                                          |                                |                                                                                                                                                                         |                                                             |                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------|
| OUTCOME                                                                                                                                          | OUTPUT                                                                                                           | OUTPUT INDICATOR                                                                                                                                                                       | AUDITED ACTUAL PERFORMANCE 2021/22                                                                                                                                      | AUDITED ACTUAL PERFORMANCE 2022/23                                                                                                                                       | PLANNED ANNUAL TARGET 2023/24  | ACTUAL ACHIEVEMENT 2023/24                                                                                                                                              | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/24 | REASONS FOR DEVIATIONS                                                             |
| 3. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness (continued) | 3.2 A national quality assurance system is implemented for all qualifications registered on the OQSF (continued) | 3.2.2 % of accredited SDPs implementing remaining historically registered qualifications (Excluding NATED Report 190/191 Programmes) quality assured against QCTO compliance standards | Achieved 55%<br>324 out of 593 accredited skills development providers with implemented historically registered qualifications with learner uptake were quality assured | Achieved: 77%<br>318 out of 414 accredited Skills Development Providers with implemented historically registered qualifications with learner uptake were quality assured | 75%                            | Achieved 77%<br>151 out of 195 accredited skills development providers with implemented historically registered qualifications with learner uptake were quality assured | There was a 2 % additional achievement                      | The deviation was due to improved efficiencies by implementing online applications |
|                                                                                                                                                  |                                                                                                                  | 3.2.3 (a) Report on quality assurance of accredited SDPs implementing NATED Report 190/191 (N4-N6) with compliance with QCTO standards                                                 | Achieved 32%<br>100 out of 311 accredited skills development providers with implemented NATED Report 190/191 (e.g. N4-N6) programmes were quality assured               | 75%<br>Achieved: 77%<br>106 out of 138 accredited skills development providers with implemented NATED Report 190/191 (e.g. N4-N6) programmes were quality assured        | Revised Indicator<br>2 Reports | Achieved 2 Reports produced                                                                                                                                             | N/A                                                         | N/A                                                                                |
|                                                                                                                                                  |                                                                                                                  | 3.2.3 (b) Report on Quality Assurance of NATED Report 190/191 (e.g. N4 – N6) instructional offering exams sessions and marking sessions against QCTO standards                         | N/A                                                                                                                                                                     | Achieved 126<br>126 NATED exam sessions have been quality assured                                                                                                        | Revised Indicator<br>2 Reports | Achieved 2 Reports produced                                                                                                                                             | N/A                                                         | N/A                                                                                |
|                                                                                                                                                  |                                                                                                                  | 3.2.4 Report on compliance of accredited SDPs implementing Skills Programmes against QCTO Quality Assurance Standards                                                                  | Not achieved. 0%                                                                                                                                                        | Not achieved: 65%<br>11 out of 17 accredited SDPs with skills programmes implemented, quality assured against QCTO standards                                             | Revised Indicator<br>4 Reports | Achieved 4 Reports submitted                                                                                                                                            | N/A                                                         | N/A                                                                                |

| PROGRAMME 3: OCCUPATIONAL QUALIFICATIONS QUALITY ASSURANCE                                                                                                                                             |                                                                                                                                                       |                                                                                                                                                                                                     |                                                                                  |                                                                                        |                                             |                                          |                                                             |                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------|-------------------------------------------------------------|------------------------|
| OUTCOME                                                                                                                                                                                                | OUTPUT                                                                                                                                                | OUTPUT INDICATOR                                                                                                                                                                                    | AUDITED ACTUAL PERFORMANCE 2021/22                                               | AUDITED ACTUAL PERFORMANCE 2022/23                                                     | PLANNED ANNUAL TARGET 2023/24               | ACTUAL ACHIEVEMENT 2023/24               | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/24 | REASONS FOR DEVIATIONS |
| 3. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness (continued)                                                       | 3.2 A national quality assurance system is implemented for all qualifications registered on the QOSF (continued)                                      | 3.2.5 Report on compliance of accredited assessment centres conducting EISAs (External Integrated Summative Assessments) against QCTO Quality Assurance Standards                                   | Achieved 92%<br>44 out of 48 assessment centres conducting EISAs quality assured | Achieved: 76%<br>37 out of 49 Assessment Centres conducting EISAs were quality assured | Revised Indicator<br>2 Reports              | Achieved<br>2 Reports produced           | N/A                                                         | N/A                    |
| 2. QCTO to ensure that development and quality assurance of occupational qualifications, part qualifications and skills programmes are responsive to labour market and developmental state initiatives | 3.3 Uptake of occupational qualifications and skills programmes by TVET Colleges, CET Colleges, Universities and Private Skills Development Providers | 3.3.1 Report on occupational qualifications, part qualifications and skills programmes in high demand offered by TVET Colleges, CET Colleges, Universities and Private Skills Development Providers | N/A                                                                              | New indicator<br>As per approved ERRSS<br><br>Achieved<br>Report submitted             | Revised Indicator<br>Report approved by CEO | Achieved<br>1 Report approved by the CEO | N/A                                                         | N/A                    |



### Strategy to overcome areas of underperformance

There are no direct areas of under-performance linked to Programme 3.

### Linking performance with budgets

Hereunder is an analysis of the 2023/24 budget for Programme 3.

#### PROGRAMME 3: Occupational Qualifications Quality Assurance

| PROGRAMME / ACTIVITY / OBJECTIVE | 2022/23       |                          |                                  | 2023/24       |                          |                                  |
|----------------------------------|---------------|--------------------------|----------------------------------|---------------|--------------------------|----------------------------------|
|                                  | BUDGET R'000  | ACTUAL EXPENDITURE R'000 | (OVER) / UNDER EXPENDITURE R'000 | BUDGET R'000  | ACTUAL EXPENDITURE R'000 | (OVER) / UNDER EXPENDITURE R'000 |
| Compensation                     | 24 751        | 22 785                   | 1 966                            | 25 741        | 23 083                   | 2 658                            |
| Goods and services               | 9 779         | 7 021                    | 2 758                            | 15 026        | 13 190                   | 1 836                            |
| <b>Total</b>                     | <b>34 530</b> | <b>29 806</b>            | <b>4 724</b>                     | <b>40 767</b> | <b>36 273</b>            | <b>4 494</b>                     |

### 3.4 PROGRAMME 4: Research Analysis

#### Programme Purpose:

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

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

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

**Programme 4: Research Analysis in the QCTO performed as follows:**

#### Research Projects

Five research projects were undertaken in the 2022/23 financial year. The Research and Analysis (R&A) Unit completed the planned annual research projects and ensured they were quality assured and approved. Each project was planned and discussed in consultation with the Chief Executive Officer and was based on the immediate and strategic needs of the organization. For the 2022/23 financial year, the planned research projects were as follows:

Five research reports were completed in this financial year:

#### a. The Curriculum Research Project

This project provided an in-depth analysis of the ways in which Skills Development Providers (SDPs) use and interact with the QCTO Curriculum documents. The aim of the research was to investigate common practices at skills development providers to better understand their implementation of occupational learning programmes, and specifically how they were using regulatory documents (qualification, curriculum, and assessment) in delivering learning programmes. The purpose of the investigation was to advise the QCTO on improvements to the occupational qualifications and their associated regulatory documents.

#### b. The Analysis of Quality Assurance Functions Project

This project was part of a series of projects aimed at ensuring the highest possible quality of the QCTO's quality assurance model and its expression. This report responds to a strategic imperative to conduct an analysis of the QCTO's Quality Assurance functions and forms the final external survey data that will be compiled for the Quality Assurance Model report in 2024/25.

c. The Report on Subject Matter Experts

This report provides an overview on the role that Subject Matter Experts (SMEs) play within the context of the QCTO's Quality Partners (QPs). SME are crucial in the development of content for learning materials and programmes, and this report answers several crucial questions:

- How are QPs using SMEs in their work on Occupational Qualifications?
- What do QPs think the role of SMEs is?
- How are QPs managing SMEs?
- What are the challenges and possible best practices in working with SMEs?

Ultimately this report provides advice to the sector on best practices in the management and deployment of SMEs.

d. The OQSF Awareness Project

This project included a large scale survey of QCTO's stakeholders to determine their levels of awareness and satisfaction with the Occupational Qualifications Sub-Framework in its revised form. While the OQSF remains a complex instrument, the majority of stakeholders saw the value of the revisions to the OQSF, and the improved links with both the National Qualifications Framework and the world of work were emphasised as key improvements that had been made. Overall the OQSF was well received, and the improvements in the sub-framework allowed for better articulation throughout the NQF.

e. The Stakeholder Satisfaction Project

This report queried QCTO's direct stakeholders – SETAs, State Entities, SDPs, TVET Colleges among others – who had experience of working with the QCTO in various functional areas such as accreditation, qualification development and so forth. The central question was the level of

satisfaction with QCTO's services and its level of efficiency. While stakeholders were generally positive about the QCTO's operational model and the various functions that it undertook, the majority of stakeholders also emphasised responsiveness and turnaround times as key improvements that could be effected.

The unit also published the annual Research Bulletin on the QCTO Website. This bulletin contains all the QCTO's public-facing research work, as well as contributions from the skills sector on key issues that are emerging in the space. This year's external contributions hailed from the Department of Higher Education and Training interrogating key issues with the ever increasing uptake of Occupational Qualifications in TVET colleges.

The Insurance SETA (INSETA) also provided interesting examples of how TVET colleges can partner with Universities to further evidence-based research. This fits with a key theme that the QCTO continues to explore, and that is the thorough going integration of the NQF through articulation and partnerships.

The R&A Unit also continues to maintain several online information service subscriptions:

- a. Legislative Information Service – This provides up to date access to Government Gazettes, amended legislation, and other official documentation crucial to the operations of the QCTO.
- b. Publication Information Service – This service provides access to regular periodicals via a digital portal to senior staff members of the QCTO

The Research work undertaken at the QCTO is used to interrogate the fundamental models that underlie the fulfilment of the QCTO's mandate and provide a streamlined and targeted service to stakeholders in the OQSF.

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

| PROGRAMME 4: RESEARCH ANALYSIS                                                                                                       |                                                                                                                                |                                                      |                                                    |                                                                         |                               |                                                  |                                                             |                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------|-------------------------------|--------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| OUTCOME                                                                                                                              | OUTPUT                                                                                                                         | OUTPUT INDICATOR                                     | AUDITED ACTUAL PERFORMANCE 2021/22                 | AUDITED ACTUAL PERFORMANCE 2022/23                                      | PLANNED ANNUAL TARGET 2023/24 | ACTUAL ACHIEVEMENT 2023/24                       | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/24 | REASONS FOR DEVIATIONS                                                                                                 |
| 1. A single national quality assured Occupational Qualifications Sub-framework that promotes synergy, simplification & effectiveness | 4.1 Research on issues of importance to the development and implementation of the QOSF conducted or commissioned and published | 4.1.1 Number of research reports approved by the CEO | Achieved<br>3 Research Reports approved by the CEO | Achieved: 100%<br>3 of 3 reports were completed and approved by the CEO | 3                             | Achieved<br>5 Reports                            | +2<br>Two more projects completed than originally planned   | Additional staff were employed in the unit and allowed for the completion of more projects within the allocated budget |
|                                                                                                                                      |                                                                                                                                | 4.1.2 Research Bulletin published online             | Achieved<br>1 Research bulletin published online   | Achieved: 100%<br>1 Research Bulletin published online                  | 1                             | Achieved<br>1 Research Bulletin published online | N/A                                                         | N/A                                                                                                                    |

#### Strategy to Overcome Areas of Under-Performance



- There are no direct areas of under-performance linked to Programme 4;
- The QCTO has implemented the necessary control processes to manage the SETAs; and quality partners, as they are the major stakeholders;
- Quarterly meetings focusing on operations have been successfully instituted;
- Indicators will be managed using project management best practices;
- The NATED quality assurance plan has been approved and is being implemented; and
- The specific focus is on managing stakeholder relationships.

#### Linking Performance with Budgets

Below is an analysis of the 2023/24 budget for Programme 4.

#### PROGRAMME 4: Research Analysis

| PROGRAMME / ACTIVITY / OBJECTIVE | 2022/23      |                          |                                  | 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 |
| Compensation                     | 1 949        | 1 989                    | -40                              | 2 027        | 2 355                    | -328                             |
| Goods and services               | 1 918        | 1 356                    | 562                              | 5 289        | 1 593                    | 3 696                            |
| <b>Total</b>                     | <b>3 867</b> | <b>3 345</b>             | <b>522</b>                       | <b>7 316</b> | <b>3 948</b>             | <b>3 368</b>                     |

## 4. REVENUE COLLECTION

| SOURCES OF REVENUE    | 2022/2023      |                                |                                | 2023/24        |                               |                                |
|-----------------------|----------------|--------------------------------|--------------------------------|----------------|-------------------------------|--------------------------------|
|                       | ESTIMATE R'000 | ACTUAL AMOUNT COLLECTION R'000 | (OVER)/ UNDER COLLECTION R'000 | ESTIMATE R'000 | ACTUAL AMOUNT COLLECTED R'000 | (OVER)/ UNDER COLLECTION R'000 |
| Government Grant      | 28 506         | 28 506                         | -                              | 29 241         | 29 241                        | -                              |
| SETA Grant            | 96 147         | 96 147                         | -                              | 111 646        | 111 646                       | -                              |
| Rendering of services | 3 400          | 5 979                          | 2 579                          | 6 900          | 7 149                         | 249                            |
| Finance Income        | 1 200          | 6 920                          | 5 720                          | 10 000         | 11 293                        | 1 293                          |
| Other Income          | -              | 83                             | 83                             | -              | 59                            | 59                             |
| <b>Total</b>          | <b>129 253</b> | <b>137 635</b>                 | <b>8 382</b>                   | <b>157 787</b> | <b>159 388</b>                | <b>1 601</b>                   |

#### Notes:

The over-collection was due to:

- Certification, verification and accreditation services that were introduced in prior years were budgeted for in the current financial year; and
- Interest that was earned from excess funds saved in the ABSA account as the majority of SETA Grant was received at the beginning of the year as well as interest earned from funds invested in the Corporation for Public Deposits at the South African Reserve Bank.

## PART C: GOVERNANCE



## 1. INTRODUCTION

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

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

## 2. PORTFOLIO COMMITTEE ON HIGHER EDUCATION, SCIENCE AND INNOVATION

The QCTO made a presentation on its Revised Strategic Plan 2020/21 – 2024/25 and the Annual Performance Plan for 2023/24 to the Portfolio Committee on Higher Education, Science and Innovation on 10 May 2023 in person. The QCTO was represented by the Council Chairperson, Mr Themba Dlamini the Chief Executive Officer (CEO), Mr. Vijayen Naidoo and Chief Financial Officer (CFO), Mr. Khathutshelo Maposa. The QCTO duly responded in writing to questions posed by the Committee. The issues were the following:

- Implementing Vision 2027 to replace Vision 2020;
- Implementation of SLAs with SETAs;
- Budget and Funding;
- Nated Curriculum Matters; and
- Changing the Narrative that PSET is not responsive.

The QCTO also made a presentation and attended a virtual briefing session held on 11 October 2023 and was duly represented by the Council Chairperson, Mr Themba Dlamini, together with Mr Naidoo (CEO) and Mr Maposa (CFO) who presented the QCTO's Annual Report 2022/23 to the Committee. The Annual Report was well received and QCTO noted the commendation by the Committee on the achievement of the organisation's seventh consecutive clean audit.

During the last quarter the Portfolio Committee on Higher Education, Science and Innovation met on 20 March 2024 at the Northlink TVET College with the Department of Higher Education and all its public entities to present the Legacy Report. The delegation from the QCTO that attended included Mr. Z Mfecane, member of the QCTO Council and EXCO and the CEO, Mr V Naidoo. In presenting the report on the QCTO, the Chairperson of the Portfolio Committee, Ms. NT Mkhatswa (MP) acknowledged the QCTO as the best performing public

entity of the Department during the 6<sup>th</sup> Administration. The QCTO timeously responded to all requests, questions, complaints and enquiries received from the Portfolio Committee during the reporting period.

## 3. EXECUTIVE AUTHORITY

The QCTO submitted the final 2022/23 Annual Report to the Minister of Higher Education, Science and Innovation via the DHET on 31 August 2023. The printed, final version was submitted for presentation to Parliament and tabled on 28 September 2023.

The QCTO has also submitted all four of its Quarterly Performance Reports for the 2023/24 financial year to the Minister via the Director-General: Higher Education and Training, as required by the Department. Submission dates were as follows:

- a. Quarter 1 Performance Report: 31 July 2023
- b. Quarter 2 Performance Report: 25 October 2023
- c. Quarter 3 Performance Report: 30 January 2024
- d. Quarter 4 Performance Report: 29 April 2024

The revised Strategic Plan 2020/21 to 2024/25 and the Annual Performance Plan for 2023/24 were approved by the Minister on 9 March 2023.

## 4. THE ACCOUNTING AUTHORITY

### Introduction

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

### Role of the Council

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

- It ensures financial statements are prepared;
- It must appraise the performance of the Chairperson;
- It must ensure effective Council induction; and
- It must maintain integrity, responsibility and accountability.

### Council Charter

The requirements of the QCTO's Constitution are provided for in the SDA. The third Constitution was approved by the Minister on 14 November 2018. The fourth reviewed version was submitted to the Department in December 2021 for consideration and approval is still awaited.

### Composition of the Council

The third Council was appointed by the Minister of Higher Education, Science and Innovation on 29 August 2020 for the term 1 April 2020 to 31 March 2025 under the Chairperson, Mr Samuel Zungu. Mr Zungu became the Deputy Director-General of TVET on 1 May 2021 and resigned as Council Chair. Ms Sibongile Antoni became the Acting Chairperson of Council until 10 November 2022 when Mr Themba Dlamini was appointed as the Council Chairperson.

The third Council held four ordinary meetings and two strategic workshops during the financial year under review.

| NAME                | DESIGNATION<br>(IN TERMS OF<br>THE BOARD<br>STRUCTURE)                                                              | DATE<br>APPOINTED | DATE<br>RESIGNED | QUALIFICATIONS                                                                                                                                                                                                                                                                                                                                                          | AREA OF<br>EXPERTISE                                                                                                   | BOARD<br>DIRECTORSHIPS<br>(LIST THE ENTITIES)                                                                                                                                                                                                                              | OTHER<br>COMMITTEES<br>IN QCTO<br>(E.G.: AUDIT<br>COMMITTEE) | NO. OF<br>MEETINGS<br>(4 ORDINARY<br>COUNCIL<br>MEETINGS<br>HELD) |
|---------------------|---------------------------------------------------------------------------------------------------------------------|-------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------|
| Mr Themba Dlamini   | Chairperson                                                                                                         | 10 November 2022  | N/A              | MA-Development Economics                                                                                                                                                                                                                                                                                                                                                | Economics, Governance, Project Management Strategy and Planning Skills Development Regulatory (Telecoms) Public Sector | National Planning Commission (NPC)<br>Housing Company Tshwane<br>National Library of South Africa (NLSA)<br>National Heritage Council (NHC)<br>North West Development Corporation (NWDC)<br>Metropolitan Trading Company (MTC)<br>Black Management Forum Investment (BMFI) | Executive Committee                                          | 4 present                                                         |
| Ms Sibongile Antoni | Acting Chairperson until 9 November 2022 / Deputy Chairperson / Nominated by NEDLAC to represent organised business | 29 August 2020    | N/A              | National Higher Diploma in Human Resources – Cape Peninsula University of Technology (CPUT)<br>Strategic Retail Business Management – (Part-time, UCT Graduate School of Business)<br>Process Facilitation (The South African College of Applied Psychology)<br>Advanced Certificate in Leadership - (UCT Business School)<br>Future Executive Programme (Bain Academy) | Human capital development<br>strategic skills development<br>omni channel learning experience<br>design & delivery     | N/A                                                                                                                                                                                                                                                                        | Executive Committee                                          | 2 present<br>2 apologies                                          |

| NAME                   | DESIGNATION<br>(IN TERMS OF<br>THE BOARD<br>STRUCTURE)                                | DATE<br>APPOINTED     | DATE<br>RESIGNED | QUALIFICATIONS                                                                                                                                                                                                             | AREA OF<br>EXPERTISE                                                                                                                                                                                                      | BOARD<br>DIRECTORSHIPS<br>(LIST THE ENTITIES)            | OTHER<br>COMMITTEES<br>IN QCTO<br>(E.G.: AUDIT<br>COMMITTEE)                  | NO. OF<br>MEETINGS<br>(4 ORDINARY<br>COUNCIL<br>MEETINGS<br>HELD) |
|------------------------|---------------------------------------------------------------------------------------|-----------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Mr Vijayen Naidoo      | CEO: QCTO                                                                             | 28 August 2020        | N/A              | BPaedSc<br>National Dip (Mech Eng)<br>BEd (Hons)                                                                                                                                                                           | Technical and vocational education and training as well as quality assurance                                                                                                                                              | SAQA<br>CHE.<br>Umalusi<br>NSA<br>NAADAB                 | Executive Committee                                                           | 4 present                                                         |
| Ms Nadia Starr         | CEO: SAQA                                                                             | 1 December 2022       | N/A              | MEd                                                                                                                                                                                                                        | Education                                                                                                                                                                                                                 | CHE<br>SAQA<br>NSA<br>HRDC                               | N/A                                                                           | 4 present                                                         |
| Dr Whitfield Green     | CEO: CHE                                                                              | 13 May 2021           | N/A              | BSc<br>HDE<br>BEd<br>MEd<br>PhD                                                                                                                                                                                            | Science education, teacher education, igher education                                                                                                                                                                     | Umalusi<br>SAQA                                          | N/A                                                                           | 1 present<br>3 apologies                                          |
| Dr Mafu Rakometsi      | CEO: Umalusi                                                                          | 28 August 2020        | N/A              | PhD                                                                                                                                                                                                                        | History of education Curriculum, examinations and assessment                                                                                                                                                              | SAQA, QCTO, CHE and Member of Helderberg College Council | N/A                                                                           | 3 present<br>1 apology                                            |
| Mr Zamakwakhe Khuzwayo | Executive Officer: NSA                                                                | 5 May 2022            | N/A              | Master's degree: Public Development and Management (Public Finance and Economics)<br>Bachelor of Education (Honours): Quality Assurance and Assessment<br>Higher Diploma in Secondary Education (Accounting and Economics) | Public Finance<br>Human Resource Management and Development and Training<br>Corporate Governance<br>Monitoring and Evaluation<br>Policy Planning, Formulation and Evaluation<br>Qualifications and Curriculum Development | N/A                                                      | N/A                                                                           | 3 present<br>1 apology                                            |
| Mr Zongamele Mfecane   | Nominated by NEDLAC to represent organised labour                                     | 29 August 2020        | N/A              | National Diploma in Labour Law                                                                                                                                                                                             | Labour law, National education                                                                                                                                                                                            | CPF Chairperson, LED Chairperson, NEDCOM Member          | ICT Strategic Committee                                                       | 4 present                                                         |
| Vacancy                | Nominated by NEDLAC to represent organised labour                                     | Still to be appointed | N/A              | N/A                                                                                                                                                                                                                        | N/A                                                                                                                                                                                                                       | N/A                                                      | N/A                                                                           | N/A                                                               |
| Mr Mustak Ally         | Nominated by NEDLAC to represent organised business                                   | 29 August 2020        | N/A              | Masters in Business Administration (GIBS - University of Pretoria)                                                                                                                                                         | Human resources management and more specifically skills development                                                                                                                                                       | HRDC<br>NSA<br>MQA<br>Sentinel Pension Fund              | Audit and Risk Committee<br>Council representative<br>ICT Strategic Committee | 3 present<br>1 apology                                            |
| Vacant                 | Nominated by NEDLAC to represent organisations of community and development interests | Still to be appointed | To be appointed  | N/A                                                                                                                                                                                                                        | N/A                                                                                                                                                                                                                       | N/A                                                      | N/A                                                                           | N/A                                                               |

| NAME                      | DESIGNATION<br>(IN TERMS OF<br>THE BOARD<br>STRUCTURE)                                                                                                                                                   | DATE<br>APPOINTED | DATE<br>RESIGNED | QUALIFICATIONS                                                                                                                                                                           | AREA OF<br>EXPERTISE                                                                                                        | BOARD<br>DIRECTORSHIPS<br>(LIST THE ENTITIES)                                                                                                                                                                                                         | OTHER<br>COMMITTEES<br>IN QCTO<br>(E.G.: AUDIT<br>COMMITTEE) | NO. OF<br>MEETINGS<br>(4 ORDINARY<br>COUNCIL<br>MEETINGS<br>HELD) |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------|
| Vacant                    | Nominated by NEDLAC to represent organisations of community and development interests                                                                                                                    |                   |                  |                                                                                                                                                                                          |                                                                                                                             |                                                                                                                                                                                                                                                       |                                                              |                                                                   |
| Mr Sanele Mlotshwa        | Appointed by the Minister to represent the interests of public education and training providers                                                                                                          | 2 September 2020  | N/A              | Masters in Edu Degree (Unizulu)<br>BEd (Hons) Degree (NWU)<br>HDE (UNISA)<br>Diploma in Education (SACTE)                                                                                | Education leadership and management curriculum delivery and Management                                                      | SACPO NEC<br>Higher Health<br>NSA<br>HRDC<br>QCTO<br>Majuba College<br>Council<br>TCCP                                                                                                                                                                | Executive Committee<br>QAOQC                                 | 4 present                                                         |
| Mr Jayanathan Soobramoney | Member nominated by the private providers of education and training to represent the interests of private education and training providers, which providers are accredited providers in terms of the SDA | 29 August 2020    | N/A              | N.Dip E-engineering, Higher Dip-Light<br>Current Dip-Proj Management<br>BTech-Pulp and Paper, Current PhD student.<br>Trades: Fitting and Maching<br>Instrumentation and Process Control | ETQA functions; WIL functions; Business operations; artisan development; skills development; Management and leadership      | SAIMC; QCTO; Mangosuthu University of Technology (MUT) & Durban University of Technology (DUT) Advisory Board for Mechanical Engineering<br>MUT & DUT Advisory Board for Electrical Engineering.<br>TEKmaton Training Institute of Board of Directors | Executive Committee<br>OQACC                                 | 4 present                                                         |
| Ms Trudi van Wyk          | Member to represent the interests of the state.                                                                                                                                                          | 29 August 2020    | N/A              | BSc Mathematics and Chemistry (UNW)<br>Higher Education Diploma (Remedial Education) (UNW)<br>BEd (UNW)<br>MEd (Educational Management) (UJ)                                             | e-Learning; Open and distance learning; social inclusion and equity; National Qualifications Framework Career C Development | SAQA                                                                                                                                                                                                                                                  | N/A                                                          | 4 present                                                         |
| Ms Thandi Phele           | Member to represent the interests of the state                                                                                                                                                           | 29 August 2020    | N/A              | BCOM (Hons in Economics), Executive Development Programme                                                                                                                                | Strategy and programme industrial development and implementation                                                            | Board of Trade and industrial Policy Strategy, TIPS, Served on South African National Accreditation system SANAS, QCTO Council member                                                                                                                 | N/A                                                          | 1 Present<br>1 apology<br>2 absent                                |

## Standing Committees

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

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

### Executive Committee

#### Purpose:

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

#### Functions:

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

- To preside over management reports and make recommendations to Council;
- To independently review quarterly financial reports in accordance with the National Treasury Regulations 30.2.1;
- To ensure proper accountability of the CEO as the custodian of the PFMA and QCTO mandates;
- Supervise the proper management of all financial matters;
- Coordinate and supervise the implementation of the policies of the QCTO;
- Monitor national policy issues and developments and make recommendations on the development and/or adoption of policies by the QCTO;
- Evaluate the effectiveness of Council Committees (Oversee the functioning of committees, and structures of the QCTO);
- Monitor and evaluate the implementation of the Annual Performance Plan (APP), budgets and expenditure of the organisation;
- Review quarterly the In-Year Management and Monitoring Report of their activities to ensure that they are acting within the terms of any powers delegated to them by the QCTO;
- Advise on the management of staff employment issues;
- Monitor and advise the relations and interactions of the QCTO with the NSA, Umalusi, the CHE, SAQA and other relevant regulatory government departments;

- Oversee business continuity management in QCTO;
- Fulfil the role of a remuneration committee by reviewing the quarterly reports of remuneration of the Council and Committee members and Cost of Living Adjustment (COLA);
- Review the User Assessment Management of the QCTO;
- Consider Alternative Funding Models;
- Perform any other function or duty delegated to it by the QCTO Council or conferred by the QCTO constitution;
- The EXCO must deal with any urgent matter between Council meetings; and
- The EXCO must ensure that the QCTO complies with the requirements of the relevant legislation and the QCTO's constitution in accordance with the principles and prescripts of governance.

### Occupational Qualifications, Assessment and Certification Committee (OQACC)

#### Purpose:

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

#### Functions

The Occupational Qualifications, Assessment and Certification Committee (OQACC) assumes the following functions and responsibilities as a committee accountable to the QCTO Council:

- Recommend to the QCTO Council inputs on policy matters regarding the development of new occupational qualifications and part qualifications, realignment of historically registered qualifications into occupational qualifications, reconstruction of NATED Report 191 Part 2 (N4 to N6 Programmes) qualifications and review of occupational qualifications, part qualifications and Historically Registered Qualifications, registered on the OQSF, including Skills Programmes;
- Endorse approved qualifications, part qualifications and skills programmes and submit such to the QCTO Council for noting;
- Guidance on matters relating to the registration of occupational qualifications by the National Qualifications Framework (NQF) requirements;
- Recommend to the QCTO Council inputs on policy

matters and guide the unit on the issues relating to its work in establishing, maintaining and improving the standard and quality of assessments and certification for qualifications on the OQSF;

- Receive and consider research reports relevant to the scope of the committee;
- Receive and consider reports on the quality of assessments and certification for qualifications on the OQSF and report on the same to QCTO Council;
- Serve as an appeals committee provided an internal committee does not resolve appeals;
- Receive reports from the following:
  - Internal Qualifications Committee and Occupational Qualification Development Unit,
  - Internal Assessment Committee and Assessment Unit, and
  - Certification Unit.
- Participate in joint internal and external committee meetings as and when required.

### **Quality Assurance of Occupational Qualifications Committee (QAOQC)**

#### **Purpose**

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

#### **Functions**

The Quality Assurance of Occupational Qualifications Committee (QAOQC) will assume the following functions and responsibilities as a committee accountable to the QCTO Council:

- Recommend to the QCTO Council inputs on policy matters regarding quality assurance, which includes accreditation and monitoring and evaluation of the provisioning of qualifications registered on the OQSF;
- Advise the Council on all matters related to quality assurance aimed at establishing and improving the standard and quality of accreditation, quality assurance, monitoring and evaluation for the provisioning of qualifications on the OQSF;
- Receive and consider reports on the quality assurance of accreditation, provision, monitoring and evaluation for qualifications on the OQSF and report on the same to Council;

- Receive and consider research reports relevant to the scope of the Committee;
- Receive and consider reports on Quality Assurance Partners and Assessment Partners;
- Guide the unit on quality assurance, monitoring and evaluation and provisioning related matters objectives;
- Provide advice to the Council on appeals;
- Participate in joint internal and external committee meetings as and when required; and
- Serve as an appeals committee in the event that the internal QCTO committees are not able to resolve appeals.

### **Information Communication and Technology Strategic Committee**

#### **Purpose**

The purpose of the Information, Communication and Technology (ICT) Strategic Committee is to exercise dashboard authority and oversee the QCTO's ICT Governance in partnership with other Committees (Audit and Risk Committee, ICT Steering Committee).

#### **Functions**

- To be an independent role for ICT matters with accountability to the Council;
- Ensure that ICT Governance, as part of enterprise governance, is adequately addressed;
- Advise the ICT Steering Committee on resource allocation for all major ICT projects;
- Ensure that ICT unit aligns and supports the QCTO business direction;
- Review the business benefits from significant ICT investments on behalf of the Council;
- Identify stakeholder ICT needs and how they should be realised;
- Determine the value ICT is expected to create through its enablement of the business;
- Define the benefits ICT is expected to realise in its enablement of business;
- Articulate ICT risk appetite and how it should be managed within the risk management regime of the QCTO;
- Facilitate the establishment of sufficient ICT organisational structure, resources, capacity and capability;
- Evaluate and monitor significant ICT expenditure;
- Determine the monitoring criteria and reporting requirements; and
- Evaluate the change management requirements for the implementation of CGICT

The following table indicates details per standing committee of Council:

| COMMITTEE                                                           | NO. OF MEETINGS HELD                          | NO. OF MEMBERS        | NAMES OF MEMBERS                                                                                                                                                                                                                                                                                                                                     | NO. OF MEETINGS ATTENDED                                         | NO. OF APOLOGIES RECEIVED                                             |
|---------------------------------------------------------------------|-----------------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------|
| Executive Committee                                                 | 4 ordinary meetings plus moderation committee | 6 members             | Mr Themba Dlamini<br>Ms Sibongile Antoni<br>(Acting Chairperson and Deputy Chairperson)<br>Mr Vjajen Naidoo (CEO)<br>Mr Zongamele Mfecane<br>Mr Sanele Mlotshwa<br>Mr Jayanathan Soobramoney                                                                                                                                                         | 3<br>3<br><br>5<br>5<br>5<br>5                                   | 2<br>2<br><br>0<br>0<br>0<br>0                                        |
| Occupational Qualifications, Assessment and Certification Committee | 5                                             | 14 members (2 vacant) | Mr Jayanathan Soobramoney (Chairperson)<br>Mr Robert Best<br>Mr Sabelo Buthelezi<br>Dr Shirley Lloyd<br>Ms Astrid Straussner<br>Mr Thomas Lata (QCTO)<br>Dr Sanele Nene<br>Dr Linda Meyer<br>Ms Busi Mtintsilana<br>Mr Japie Nel<br>Dr Eva Sujee (resigned)<br>Co-opted members (invited to 3 meetings)<br>Mr Willy Matthiae<br>Mr Dugmore Mphuthing | 5<br><br>4<br>5<br>5<br>5<br>5<br>4<br>5<br>5<br>2<br><br>3<br>2 | 0<br><br>1<br>0<br>0<br>0<br>0<br>1<br>0<br>0<br>3<br>1<br><br>0<br>0 |
| Quality Assurance of Occupational Qualifications Committee          | 4                                             | 11 members            | Mr Sanele Mlotshwa (Chairperson)<br>Mr Paulus Mahlangu<br>Dr Alti Kriel<br>Ms Raish Singh<br>Ms Kim Dry-Courtois<br>Mr Jayanathan Soobramoney<br>Dr Remigius Nnadozie<br>Mr Emmanuel Mbuwe (QCTO)<br>Mr David Thaga<br>Ms Olivia Mokgatle (resigned)<br>Mr Tusani Hleza<br>Dr Mary Dliwayo                                                           | 4<br>2<br>4<br>4<br>4<br>4<br>4<br>4<br>3<br>1<br>3<br>4         | 0<br>2<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>1<br>0              |
| Information Communication and Technology Strategic Committee        | 5                                             | 7 members             | Mr Mustak Ally (Chairperson)<br>Mr Zongamele Mfecane<br>Dr Walter Matli<br>Dr Harold Patrick<br>Ms Unathi Somagaca<br>Mr Maredi Makgolane<br>Mr Nkosenhle Ngongoma                                                                                                                                                                                   | 4<br>5<br>5<br>5<br>5<br>5<br>5                                  | 1<br>0<br>0<br>0<br>0<br>0<br>0                                       |



**OQACC: Standing from left: Mr. J Nel, Mr. D Thwala, Mr R Best and Mr. S Buthelezi  
Seated from left: Dr. S Lloyd, Ms. A Straussner, Dr. J Soobramoney and Ms. N Langa-Mtintsilana**

## Remuneration of Council members

The QCTO Council members were remunerated as per National Treasury rates. Reimbursement was in accordance with the Remuneration Policy of the QCTO Council and Council Committees.

| NAME                                                               | REMUNERATION<br>R | OTHER RE-IMBURSEMENT<br>R | TOTAL<br>R |
|--------------------------------------------------------------------|-------------------|---------------------------|------------|
| Mr Themba Dlamini<br>(Chairperson)                                 | N/A               | N/A                       | N/A        |
| Ms Sibongile Antoni<br>(Deputy Chairperson and Acting Chairperson) | 45,671.00         | 200.00                    | 44,871.00  |
| Mr Jay Soobramoney                                                 | 132,265.00        | 600.00                    | 132,865.00 |
| Mr Zongamele Mfecane                                               | 94,475.00         | 2,320.00                  | 96,795.00  |
| Mr Sanele Mlotshwa                                                 | 98,254.00         | 54,588.00                 | 152,842.00 |
| Ms Francina Motjoadi                                               | N/A               | N/A                       | N/A        |
| Mr Ally Mustak                                                     | N/A               | N/A                       | N/A        |
| Mr Vijayen Naidoo CEO)                                             | N/A               | N/A                       | N/A        |
| Dr Julie Reddy (replaced by Ms Nadia Starr)                        | N/A               | N/A                       | N/A        |
| Dr Whitfield Green                                                 | N/A               | N/A                       | N/A        |
| Dr Mafu Rakometsi                                                  | N/A               | N/A                       | N/A        |
| Dr Thabo Mashongoane (replaced by Mr Zamakwakhe Khuzwayo)          | N/A               | N/A                       | N/A        |
| Ms Trudy van Wyk                                                   | N/A               | N/A                       | N/A        |
| Ms Thandi Phele                                                    | N/A               | N/A                       | N/A        |
| Total*                                                             | 369,665.00        | 57,708.00                 | 427,373    |

*\* The above amounts include remuneration, subsistence and travel allowances for attending all Council and committee meetings.*



**Council: Standing from left: Mr. M Ally, Dr J Soobramoney, Ms. T Phele, Ms T Van Wyk, Mr. Z Mfecane, Dr W Green and Mr Z Khuzwayo. Seated from left: Ms N Starr, Mr S Mlotshwa, Mr T Dlamimi -Chairperson, Mr V Naidoo (CEO) and Ms S Antoni - Deputy Chairperson.**

## 5. RISK MANAGEMENT

The Council reviewed and continued to implement the Risk Management Policy, Risk Management Framework and Risk Management Strategy. The CEO serves as the Chief Risk Officer. All milestones of the Risk Management Strategy for 2023/24 were achieved. Various risk assessments were conducted, which culminated in a reviewed strategic risk register and operational risk registers for all Chief Directorates. A Risk Management Committee is in place, which considers new and emerging risks. Progress on the mitigation of risks is continually monitored and reported to the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee advises the Council on risk management and independently monitors the effectiveness of the system of risk management. The QCTO has seen progress in the management of risks and also maintains a system of evidence for risk mitigation. According to a review on the maturity of the implementation of risk management, the organisation is doing well. A Combined Assurance Framework is in place and assists Council to monitor the level of assurance provided by different assurers per the top 17 key risks. The new ICT Strategic Committee also monitors risks in the area of ICT.

## 6. INTERNAL CONTROL UNIT

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

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



**QAOQC: The members Standing from left: Mr. E Mbuwe, Mr. R MacPherson, Mr. E Hleza, Mr. P Thaga, and Dr. R Nnadozie. Seated from left: Dr A Kriel, Ms K Dry-Courtois, Mr S Mlotshwa - Chairperson, Dr M Dliwayo, Dr J Soobramoney and Ms R Singh.**

## 7. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

### Key activities and objectives of Internal Audit

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

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

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

The objectives of the function of the Internal Audit function, defined in terms of audit focus areas, are as follows.

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

### Audit Work

The QCTO had outsourced the function of internal audit to BIG (Business Innovation Group) but the company was liquidated at the end of March 2023. A short contract was entered into with OMA Chartered Accountants through participation on a contract procured by UMALUSI and then after a tender PKF were appointed on a three year contract.

The following reviews/activities as per audit plan were completed during the 2023/24 financial period and presented to the Audit and Risk Committee:

#### O.M.A (1 May 2023 – 30 September 2023)

- Extract of the Approved Internal Audit Plan – May 2023 to 14 September 2023;
- Preparation of 2022/2023 Overall Conclusion;
- Combined assurance heatmap IA section completion;
- Liaison with the Auditor-General SA;
- Facilitated a Strategic Risk Assessment Workshop;
- Facilitated an Annual Root Cause Workshop to assist management in their preparation of an "Audit Action Plan";
- Audit and Risk Committee Charter Annual Review;
- Attended Quarterly Audit and Risk Committee Meetings;
- Participated in Quarterly Risk Management Committee Meetings;
- Participated in Quarterly Internal Dashboard Meetings;
- Preparation of Internal Audit Close - Out Report;
- Conducted the following internal audit reviews:
  - Performance Information (Performance against Objectives) – Cumulative Including Unaudited Annual Performance Report – 2022/2023;
  - Unaudited Financial Statements GRAP Compliance Review – 2022/2023;
  - Phase 1 – Review of the Draft Annual Performance Plan 2024/25;
  - Information Technology – Governance Review
- Ad hoc:
  - Credit Card Transactions.

#### PKF (01 Oct 2023 – 31 March 2024)

- 2023/24 Internal Audit Plan take-over;
- Annual Internal Audit Plan for the period 01 April 2023 – 31 March 2024;
- Internal Audit Three year- Rolling Plan - 2025/2027;
- Internal Audit One-year plan 2024/25;
- Attended Quarterly Audit and Risk Committee Meetings;
- Participated in Quarterly Risk Management Committee Meetings;

- Participated in Quarterly Internal Dashboard Meetings;
- Facilitated a Fraud Risk Assessment Workshop;
- QCTO Combined assurance (Heat Map 2023/24);
- Conducted the following internal audit reviews:
  - Performance Information (Performance against Objectives - Q2 and Q4 only);
  - Compliance Report against Check List;
  - Phase 2 - Review of the Draft Annual performance Plan;
  - Follow Up Review on Audit Action Plans - External and Internal Audit Findings;
  - Supply Chain Management Review

#### Objectives of the Audit and Risk Committee

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

#### Key activities of the Audit and Risk Committee

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

- a. Financial, management and other reporting practices;

- b. Internal controls and management of risks; and
- c. Compliance with laws, regulations, and ethics.

Furthermore, the Audit and Risk Committee should:

- Report to the Council any matter identified during the course of carrying out its duties that it considers significant; and
- Perform or undertake on behalf of the Council any such other tasks or actions as the Council may from time to time authorise.

Further activities include the following, to:

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

- 1.4 The Audit and Risk Committee was appointed in August 2021 and all members of the Audit and Risk Committee are external to the QCTO.



**ICT Strat. Comm.: Standing from left: Dr H Patrick, Mr. N Ngongoma, Mr. M Makgolane, Dr W Matli  
Seated from left: Mr. Z Mfecane, Mr. M Ally - Chairperson, and Ms U Somagaca**

The table below represents the members of the third Audit and Risk Committee appointed from 1 August 2021 to 31 July 2024. The Committee held four ordinary meetings in 2023/24 financial year and one special meeting. The Committee was also invited to Council's Strategic Planning Workshop on 9 March 2023.

| NAME                                               | QUALIFICATIONS                                                                                                                                                                     | DATE APPOINTED / RE-APPOINTED | DATE RESIGNED | NO. OF MEETINGS |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------|-----------------|
| Mr Suren Maharaj<br>(Chairperson)                  | MBA,<br>Hons BCompt Degree;<br>BCom Degree;<br>CA (SA)                                                                                                                             | 01 August 2021                | N/A           | 5 present       |
| Mr Lucern Kearns<br>(Alternate: Ms Amelia Poolman) | BCom (Accounting)<br>Advance Diploma in Accounting Science<br>Postgraduate Diploma Applied Accounting Science (CTA)<br>Masters in Business Administration<br>ACMA, CGMA<br>CA (SA) | 01 August 2021                | N/A           | 4 present       |
| Dr Denisha Jairam-Owthar                           | PhD in ICT<br>Master of Business Admin BCOMPT Accounting Sciences<br>Certified Director                                                                                            | 01 August 2021                | N/A           | 5 present       |
| Mr Patrick Roy Mnisi                               | Bachelor of Laws / LLB Degree Post Grad Certificate in Compliance Management<br>MBA                                                                                                | 01 October 2021               | N/A           | 3 present       |
| Mr Gideon Labane                                   | National Diploma Cost and Management Accounting;<br>B com Honors Accounting;<br>CA (SA)                                                                                            | 01 October 2021               | N/A           | 5 present       |
| Mr Mustak Ally<br>(Council representative)         | Masters in Business Administration (GIBS - University of Pretoria)                                                                                                                 | 17 March 2021                 | N/A           | 4 present       |

## 8. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

## 9. FRAUD AND CORRUPTION

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

The QCTO launched its own Fraud and Ethics Hotline in March 2016. Continued awareness raising is conducted with staff and stakeholders. The contact details of the QCTO Fraud and Ethics Hotline are as follows:

**Telephone:** 0800 111 894

**Email:** qcto@thehotline.co.za

The alleged cases of fraud, a total of 20 from April 2023 to March 2024 versus 12 during the previous year, were reported and investigated, and no actual fraud was detected during the course of the financial year reported via the Hotline. Neither was any other actual fraud detected through other QCTO processes.

## 10. MINIMISING CONFLICT OF INTEREST

In the past year, no conflicts of interest were declared.

## 11. CODE OF CONDUCT

The QCTO has its own approved Code of Conduct for employees, which is signed by each of these.

## 12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

The unprecedented times of COVID-19, followed by the announcement of the National Lockdown by the President on 26 March 2020, necessitated the need for the organisation to respond quickly and have an understanding of the impact that the virus may have on the way in which health and safety is managed. The building was remodelled in order to accommodate more staff and be COVID-19 compliant. The process was

completed during the 2022/2023 financial year. COVID-19-related matters have been dealt with through as part of the OHS activities.

Furthermore, several health and safety precautionary measures were consistently implemented. A hybrid working system continues to be implemented as and when needed, in line with the provisions of internal policies.

## 13. COUNCIL SECRETARY

The QCTO does not fall under the Companies Act and therefore this section is not applicable to it. The QCTO does have a Director: Governance, Risk, Compliance and Secretariat and staff that perform the secretariat function to Council and its committees.

## 14. SOCIAL RESPONSIBILITY

Not applicable to the QCTO for the 2023/24 financial year.



## 15. AUDIT AND RISK COMMITTEE REPORT

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

### Audit and Risk Committee Responsibility

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

### Summary of Main Activities Undertaken by Audit and Risk Committees during the Financial Year under Review

The Audit and Risk Committee met five times during the financial year and performed, amongst other activities, the following key responsibilities:

- Approved the strategic and coverage plans of Internal Audit;
- Reviewed the audit strategy of the Auditor-General South Africa and submitted their audit report to the entity for the financial year ended 31 March 2024;
- Reviewed and approved the Internal Audit Charter new guidelines expected by the Institute for Internal Auditors,;
- Reviewed the Audit and Risk Committee Charter but deferred it to the next meeting in view of the new guidelines expected by the Institute for Internal Auditors,;
- Reviewed the in-year management reporting related to financial management, risk management and performance management;
- Reviewed the Risk Management Strategy;
- Reviewed the Fraud Prevention Policy and Fraud Prevention Plan;
- Noted review reports and outcomes from Internal Audit;
- Reviewed the remedial actions implemented by management to address control weaknesses reported by Internal Audit and the AGSA;
- Noted the quarterly and annual performance reports; and
- Noted the Annual Performance Plan 2024/25.

### The Effectiveness of Internal Control

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

### The Quality of In-Year Management and Quarterly Reports submitted in terms of the PFMA

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

### Evaluation of Annual Financial Statements

The Audit and Risk Committee has:

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

### Internal Audit

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

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

- Adequacy and effectiveness audits on various internal control and governance processes;
- Review of the Annual Financial Statements for the financial year ended 31 March 2024;
- Reviews of the Quarters 2 and 4 performance information report for the financial year ended 31 March 2024, including annual performance information;
- Follow-up audits on previous audits to evaluate the effective implementation of Internal Audit recommendations that management had agreed to implement;
- Advisory services; and
- Follow-up on implementation of previous years' audit recommendations by the AGSA.

### Auditor-General South Africa

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

### Risk Management

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

### Conclusion

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

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



**Mr Suren Maharaj**  
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE  
QUALITY COUNCIL FOR TRADES AND OCCUPATIONS

Date: 31 July 2024

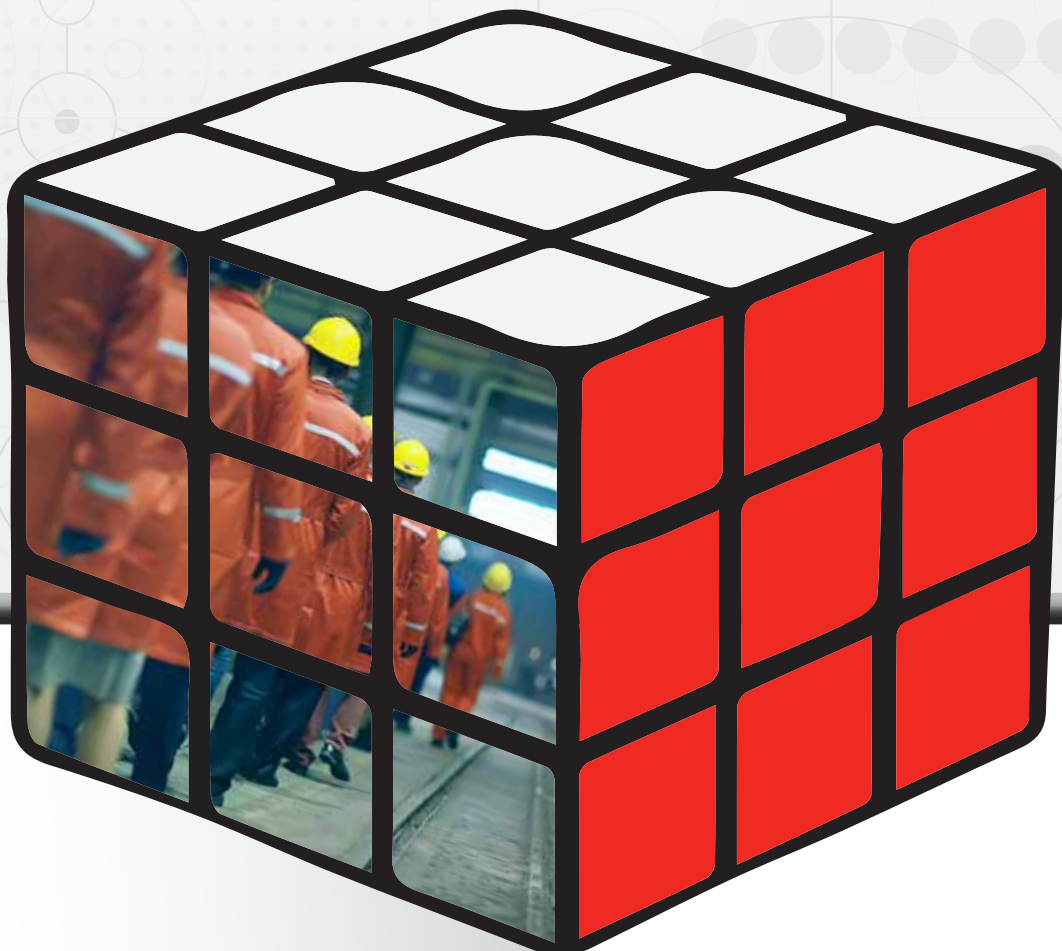


**ARC: Standing from left: Mr. L Kearns, Mr M Ally and Mr. G Labane.  
Seated from left: Ms A Poolman, Mr. S Maharaj-Chairperson, and Dr D Jairam.**

## 16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

| HAS THE PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1-8) WITH REGARD TO THE FOLLOWING:                          |                    |                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| CRITERIA                                                                                                                                                | RESPONSE<br>YES/NO | DISCUSSION                                                                                                                                     |
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law | No                 | The QCTO does not issue any licences or concessions                                                                                            |
| Developing and implementing a preferential procurement policy                                                                                           | Yes                | The organisation complied to National Treasury Instruction Note to put tenders in abeyance following Constitutional Court ruling on Regulation |
| Determining qualification criteria for the sale of state-owned enterprises                                                                              | No                 | Not applicable to the QCTO                                                                                                                     |
| Developing criteria for entering into partnerships with the private sector                                                                              | No                 | There has not been any project that required the QCTO to enter into a partnership with the private sector                                      |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment                 | No                 | The QCTO has no capacity to award grants and/or incentives as the organisation itself is a grant recipient                                     |

## PART D: HUMAN RESOURCE MANAGEMENT



## 1. INTRODUCTION

- Overview of HR matters at the QCTO

The QCTO total staff complement for 2023/24 is 98, which consists of:

- 96 permanent staff as per approved organisational structure; and
- 2 contract employees as per approved structure.

The 2023 revised QCTO-approved structure provides for 247 permanent posts to be filled in phases based on the availability of funds. However, since not all of the approved posts could be filled, a total of twenty-two (22) posts considered to be of a critical nature were advertised during the year under review owing to limited funding and extreme budget cuts. The 2023/24 approved budget and MTEF budgets permits approximately 121 posts to be filled. The vacancy rate stands at 60% for the 2023/24 financial year, a slight increase when compared to the previous financial year (2022/23), which stood at 57%. For the year under review, the QCTO was able to fill 96 of all funded posts on a permanent basis, while two (2) permanent posts were filled on contract. The result of filling posts on permanent capacities will bring greater stability to the organisation. HR priorities for the year under review and the impact of these priorities:

The main HR focus was to implement the reviewed Human Resources Policies, Human Resources Procedures and the implementation of the approved Capacity Building Strategy (Year 3 – 20%), and the approved Change Management Strategy (Year 2 – 40%).

- Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce:

The QCTO's own Human Resources Policies, procedures, and systems were implemented as from 1 September 2014. These approved Human Resources policies and procedures include elements of improved employee benefits, staff retention, such as training and development and bursaries for staff. During 2023/24 the Talent Management Framework was developed and approved. An implementation plan will be developed in 2024/2025. The Talent Management Framework is intended, amongst others, to attract and recruit a skilled and capable workforce for the QCTO.

Part of the Capacity Building Strategy (Year 3 – 20%) and part of the Change Management Strategy (Year 2 – 40%) were successfully implemented.

- Employee performance management framework:

The QCTO Performance Management Procedure was reviewed and will be submitted for approval in Q1 of 2024/25, and this will enhance the monitoring and evaluation of the performance of employees and ensure full compliance by all staff.

- Recruitment and appointments

QCTO implemented the E-Recruitment System to enhance the recruitment systems. The SLA was signed in March 2024. This means that the application of posts henceforth will be conducted or submitted via the E-Recruitment System. The system enhances the recruitment process as it is used to conduct sifting of the applications, which was previously conducted manually and for data record management of applications. The system will allow for advertising on social media platforms to reach a wider pool of potential candidates.

- Employee wellness programmes:

QCTO hosted a Wellness Day for all staff on 1 December 2023. Experts conducted health talks, checks, and testing, and staff also participated in gym activities.

Stress and Burnout Management workshop was conducted for all employees.

Employee wellness day for all employees, wherein health experts provided health advises all employees, was conducted.

- Policy implementation

HR Policies and Procedures workshop was conducted for all staff.

- As per requirements:

- The QCTO submitted the Employment Equity Report for 2023/24 to the Department of Employment and Labour. The Employment Equity Committee has been established to oversee the implementation of Employment Equity activities;

- The QCTO submitted the Workplace Skills Plan for 2023/24 and the Training and Development Committee has been established to oversee implementation of training and development programmes of employees;
- The QCTO continued to successfully implement its own payroll system (VIP), the Employee Self Service (ESS) System). These modules enable the effective administration of payroll the management of leave of employees;
- Year 2 – 40% of the Change Management Strategy was successfully implemented in full;
- Year 3 – 20% of the Capacity Building Strategy was successfully implemented in full;
- A Pension Fund Committee is in place to manage pension related matters of the employees;
- An Employment Equity Plan is in place; and
- Implementation of the following organization-wide training programmes was achieved.
  - Labour Relations
  - Annual Labour Law
  - Govtech
  - Certified Biometrics Training
  - IPM Annual HRM Convention
  - BOTI E – Learning training programs
- Challenges faced by the QCTO:
 

The QCTO was able to fill 96 posts on a permanent basis and 2 contract posts, although funding remains a hindrance to fully capacitating the approved structure. The QCTO's compensation budget does not allow for all the approved posts (247) to be filled. Of the 247 approved posts, the budget permits not more than 121 posts to be filled. These posts are funded mainly from the SETA grant; however, as these funds are allocated annually, based on a submission made to the DHET, the amount received (if any) can vary considerably. The uncertainty constrains the QCTO around fully implementing its mandate.
- Future HR plans/goals:
  - Implementation of Capacity Building initiatives;
  - Implementation of Year 3 – 20% of the approved Change Management Strategy;
  - Employment Equity initiatives;
  - Facilitation of the training programmes to all QCTO employees to enhance their skills in terms of the Workplace Skills Plan;
  - Diversity Management training;
  - Customer Relations Training;
  - Performance Management Workshop;
  - Employee Wellness initiatives as per approved QCTO Calendar; and
  - Monitoring of the E-Learning System platform that allows employees to attend to various training programmes at their own pace via the system.

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### Personnel Cost by Programme

| PROGRAMME | TOTAL EXPENDITURE FOR THE ENTITY R'000 | PERSONNEL EXPENDITURE R'000 | PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE | NUMBER OF EMPLOYEES | AVERAGE PERSONNEL COST PER EMPLOYEE R'000 |
|-----------|----------------------------------------|-----------------------------|---------------------------------------------------|---------------------|-------------------------------------------|
| QCTO      | 153 611                                | 77 573                      | 50%                                               | 98                  | 792                                       |

### Personnel Cost by Salary Band

| CLASSIFICATION         | PERSONNEL EXPENDITURE R'000 | % OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COSTS | NUMBER EMPLOYEES | AVERAGE PERSONNEL COST PER EMPLOYEE R'000 |
|------------------------|-----------------------------|-----------------------------------------------------|------------------|-------------------------------------------|
| Top Management         | 2 641                       | 3%                                                  | 1                | 2 641                                     |
| Senior Management      | 21 488                      | 28%                                                 | 13               | 1 653                                     |
| Professional qualified | 41 771                      | 54%                                                 | 32               | 1 305                                     |
| Skilled                | 6 630                       | 9%                                                  | 26               | 255                                       |
| Semi-Skilled           | 4 029                       | 5%                                                  | 25               | 161                                       |
| Unskilled              | 1 014                       | 1%                                                  | 1                | 1 014                                     |
| <b>TOTAL</b>           | <b>77 573</b>               | <b>100%</b>                                         | <b>98</b>        | <b>792</b>                                |

### Performance Rewards

| LEVEL                  | PERFORMANCE REWARDS (R'000) | PERSONNEL EXPENDITURE (R'000) | % OF PERFORMANCE REWARDS TO TOTAL PERSONNEL EXPENDITURE |
|------------------------|-----------------------------|-------------------------------|---------------------------------------------------------|
| Top Management         | 307                         | 2 576                         | 12%                                                     |
| Senior Management      | 1 238                       | 21 598                        | 6%                                                      |
| Professional qualified | 2 270                       | 41 550                        | 5%                                                      |
| Skilled                | 121                         | 6 660                         | 2%                                                      |
| Semi - Skilled         | 125                         | 4 038                         | 3%                                                      |
| Unskilled              | 3                           | 1 014                         | 3%                                                      |
| <b>TOTAL</b>           | <b>4 092</b>                | <b>77 436</b>                 | <b>5%</b>                                               |

### Training Costs

| PROGRAMME | PERSONNEL EXPENDITURE R'000 | TRAINING EXPENDITURE R'000 | TRAINING AS A % OF PERSONNEL COSTS | NUMBER OF EMPLOYEES | AVERAGE TRAINING COST PER EMPLOYEE R'000 |
|-----------|-----------------------------|----------------------------|------------------------------------|---------------------|------------------------------------------|
| QCTO      | 77 573                      | 561                        | 1%                                 | 83                  | 7                                        |

### Employment and Vacancies

| LEVEL                  | 2022/23 APPROVED POSTS | 2022/23 NUMBER OF EMPLOYEES | 2022/23 VACANCIES | 2022/23 % OF VACANCIES | 2023/24 APPROVED POSTS | 2023/24 NUMBER OF EMPLOYEES | 2023/24 VACANCIES | 2023/24 % OF VACANCIES |
|------------------------|------------------------|-----------------------------|-------------------|------------------------|------------------------|-----------------------------|-------------------|------------------------|
| Top Management         | 1                      | 1                           | 0                 | 0%                     | 1                      | 1                           | 0                 | 0%                     |
| Senior Management      | 20                     | 14                          | 6                 | 30%                    | 20                     | 13                          | 7                 | 35%                    |
| Professional qualified | 151                    | 62                          | 89                | 59%                    | 152                    | 32                          | 120               | 79%                    |
| Skilled                | 45                     | 11                          | 34                | 76%                    | 45                     | 26                          | 19                | 42%                    |
| Semi-skilled           | 26                     | 13                          | 13                | 50%                    | 26                     | 25                          | 1                 | 4%                     |
| Unskilled              | 3                      | 5                           | -2                | -67%                   | 3                      |                             | 2                 | 67%                    |
| <b>TOTAL</b>           | <b>246</b>             | <b>106</b>                  | <b>140</b>        | <b>57%</b>             | <b>247</b>             | <b>98</b>                   | <b>149</b>        | <b>60%</b>             |

**Notes:**

1. Of the total of 247 approved posts on the approved organogram, 198 are centred on the core business operations of QCTO and 49 on the support structure.
2. All approved positions and employee appointments have been budgeted accordingly throughout the MTEF period, with a total 121 posts funded for the 2023/24 financial year. The vacancy rate stands at 60% for the 2023/24 financial year, a slight increase when compared to the previous financial year (2022/23), when it stood at 57%.
3. Taking into consideration, the number of funded posts, the vacancy rate is 60%.

**Employment Changes**

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

| LEVEL                  | 2022/23<br>APPROVED<br>POSTS | 2022/23<br>NUMBER OF<br>EMPLOYEES | 2022/23<br>VACANCIES | 2022/23<br>% OF<br>VACANCIES | 2023/24<br>APPROVED<br>POSTS | 2023/24<br>NUMBER OF<br>EMPLOYEES | 2023/24<br>VACANCIES | 2023/24<br>% OF<br>VACANCIES |
|------------------------|------------------------------|-----------------------------------|----------------------|------------------------------|------------------------------|-----------------------------------|----------------------|------------------------------|
| Top Management         | 1                            | 1                                 | 0                    | 0%                           | 1                            | 1                                 | 0                    | 0%                           |
| Senior Management      | 20                           | 14                                | 6                    | 30%                          | 20                           | 13                                | 7                    | 35%                          |
| Professional qualified | 151                          | 62                                | 89                   | 59%                          | 152                          | 32                                | 120                  | 79%                          |
| Skilled                | 45                           | 11                                | 34                   | 76%                          | 45                           | 26                                | 19                   | 42%                          |
| Semi-skilled           | 26                           | 13                                | 13                   | 50%                          | 26                           | 25                                | 1                    | 4%                           |
| Unskilled              | 3                            | 5                                 | -2                   | -67%                         | 3                            | 1                                 | 2                    | 67%                          |
| <b>TOTAL</b>           | <b>246</b>                   | <b>106</b>                        | <b>140</b>           | <b>57%</b>                   | <b>247</b>                   | <b>98</b>                         | <b>149</b>           | <b>60%</b>                   |

**Reasons for staff leaving**

| CATEGORY           | NUMBER OF STAFF LEAVING | % OF STAFF LEAVING TO TOTAL<br>STAFF (99) |
|--------------------|-------------------------|-------------------------------------------|
| Death              | 0                       | 0%                                        |
| Resignation        | 8                       | 9%                                        |
| Dismissal          | 0                       | 0%                                        |
| Retirement         | 0                       | 0%                                        |
| Ill - Health       | 2                       | 2%                                        |
| Expiry of Contract | 0                       | 0%                                        |
| Other              | 0                       | 0%                                        |
| <b>TOTAL</b>       | <b>10</b>               | <b>11%</b>                                |

**Labour Relations: Misconduct and Disciplinary Action**

There were no new misconduct cases registered for the financial year.

| NATURE OF DISCIPLINARY ACTION | NUMBER   |
|-------------------------------|----------|
| Verbal Warning                | 0        |
| Written Warning               | 0        |
| Final Written Warning         | 0        |
| Dismissal                     | 0        |
| <b>TOTAL</b>                  | <b>0</b> |

**Equity Target and Employment Equity Status**

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

| LEVELS                 | FEMALE    |           |          |           |          |           |          |           |
|------------------------|-----------|-----------|----------|-----------|----------|-----------|----------|-----------|
|                        | AFRICAN   |           | COLOURED |           | INDIAN   |           | WHITE    |           |
|                        | CURRENT   | TARGET    | CURRENT  | TARGET    | CURRENT  | TARGET    | CURRENT  | TARGET    |
| Top Management         | 0         | 0         | 0        | 0         | 0        | 0         | 0        | 0         |
| Senior Management      | 1         | 5         | 0        | 3         | 0        | 3         | 2        | 3         |
| Professional qualified | 15        | 1         | 1        | 6         | 1        | 4         | 1        | 4         |
| Skilled                | 16        | 0         | 0        | 2         | 0        | 1         | 0        | 2         |
| Semi-skilled           | 19        | 1         | 0        | 3         | 0        | 1         | 0        | 2         |
| Unskilled              | 1         | 4         | 0        | 2         | 0        | 2         | 0        | 2         |
| <b>TOTAL</b>           | <b>52</b> | <b>11</b> | <b>1</b> | <b>16</b> | <b>1</b> | <b>11</b> | <b>3</b> | <b>13</b> |

| LEVELS                 | MALE      |           |          |           |          |           |          |           |
|------------------------|-----------|-----------|----------|-----------|----------|-----------|----------|-----------|
|                        | AFRICAN   |           | COLOURED |           | INDIAN   |           | WHITE    |           |
|                        | CURRENT   | TARGET    | CURRENT  | TARGET    | CURRENT  | TARGET    | CURRENT  | TARGET    |
| Top Management         | 0         | 0         | 0        | 0         | 1        | 0         | 0        | 0         |
| Senior Management      | 7         | 0         | 2        | 0         | 1        | 1         | 1        | 2         |
| Professional qualified | 14        | 1         | 0        | 8         | 0        | 5         | 0        | 6         |
| Skilled                | 9         | 0         | 0        | 5         | 0        | 5         | 1        | 2         |
| Semi-skilled           | 6         | 1         | 0        | 3         | 0        | 4         | 0        | 2         |
| Unskilled              | 0         | 8         | 0        | 3         | 0        | 4         | 0        | 2         |
| <b>TOTAL</b>           | <b>36</b> | <b>10</b> | <b>2</b> | <b>19</b> | <b>2</b> | <b>19</b> | <b>2</b> | <b>14</b> |

| LEVELS                 | DISABLED STAFF |           |          |           |
|------------------------|----------------|-----------|----------|-----------|
|                        | MALE           |           | FEMALE   |           |
|                        | CURRENT        | TARGET    | CURRENT  | TARGET    |
| Top Management         | 0              | 0         | 0        | 0         |
| Senior Management      | 0              | 2         | 0        | 2         |
| Professional qualified | 0              | 3         | 0        | 3         |
| Skilled                | 0              | 3         | 0        | 2         |
| Semi-skilled           | 0              | 2         | 0        | 2         |
| Unskilled              | 0              | 1         | 0        | 1         |
| <b>TOTAL</b>           | <b>0</b>       | <b>11</b> | <b>0</b> | <b>10</b> |

The Employment Equity Plan for 2023/24 was submitted to the Department of Labour and an Employment Equity Committee is in place to oversee the implementation of the plan. The recruitment process is currently based on the gaps the QCTO has on Employment Equity statistics.

## PART E: PFMA COMPLIANCE REPORT



## 1. INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

### 1.1 IRREGULAR EXPENDITURE

Public Financial Management Act No. 1 of 1999 (PFMA) defines irregular expenditure as:

“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 (Act No. 86 of 1968), or any regulations made in terms of that Act; or
- Any provincial legislation providing for procurement procedures in that provincial Government”

The table below outlines irregular expenditure balances.

- Reconciliation of irregular expenditure

| DESCRIPTION                                               | 2023/24<br>R'000 | 2022/23<br>R'000 |
|-----------------------------------------------------------|------------------|------------------|
| Opening balance                                           | 0.00             | 0.00             |
| Add: Irregular expenditure confirmed                      | 0.00             | 0.00             |
| Less: Irregular expenditure condoned                      | 0.00             | 0.00             |
| Less: Irregular expenditure not condoned and removed      | 0.00             | 0.00             |
| Less: Irregular expenditure recoverable                   | 0.00             | 0.00             |
| Less: Irregular expenditure not recovered and written off | 0.00             | 0.00             |
| <b>Closing balance</b>                                    | <b>0.00</b>      | <b>0.00</b>      |

QCTO did not incur and recorded any irregular expenditure in the past two (02) financial years.

### 1.2 FRUITLESS AND WASTEFUL EXPENDITURE

Public Financial Management Act No. 1 of 1999 (PFMA) defines fruitless and wasteful expenditure as:

“expenditure which was made in vain and would have been avoided had reasonable care been exercised;”

The tables below outline irregular expenditure balances:

- Reconciliation of fruitless and wasteful expenditure

| DESCRIPTION                                          | 2023/24<br>R'000 | 2022/23<br>R'000 |
|------------------------------------------------------|------------------|------------------|
| Opening balance                                      | 0.00             | 0.00             |
| Add: Fruitless and wasteful expenditure confirmed    | 16               | 0.00             |
| Less: Fruitless and wasteful expenditure written off | 0.00             | 0.00             |
| Less: Fruitless and wasteful expenditure recoverable | (16)             | 0.00             |
| <b>Closing balance</b>                               | <b>0.00</b>      | <b>0.00</b>      |

In April 2023, as part of its monthly reconciliation process, the QCTO became aware of the unauthorised use of the company credit card. Personal transactions of a former employee were debited from the QCTO credit card. The employee left the employ of the organisation in November 2022. At the time of departure of the employee the bank was notified to change the banking mandate and remove the former employee from the account. The former employee was immediately informed and, upon realizing that the QCTO credit card was linked to his profile, repaid the funds. The total transactions amounted to R16 410.44.

The QCTO Internal Auditors conducted an investigation which confirmed that no similar transactions occurred in the past. As part of the investigation and upon inquiry with the bank, it was discovered that the former employee had activated the "Absa bank tap to pay" facility on his cell phone, which erroneously linked the QCTO ABSA corporate credit card to his profile. This occurrence is due to the banking mandate change not being implemented across all QCTO banking accounts held at ABSA.

Disciplinary proceedings are underway for officials who failed to report the unauthorized transactions on time.

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

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

| MATERIAL LOSSES THROUGH CRIMINAL CONDUCT | 2023/24<br>R'000 | 2022/23<br>R'000 |
|------------------------------------------|------------------|------------------|
| Theft                                    | 0.00             | 0.00             |
| Other material losses                    | 0.00             | 0.00             |
| Less: Recovered                          | 0.00             | 0.00             |
| Less: Not recovered and written off      | 0.00             | 0.00             |
| <b>Total</b>                             | <b>0.00</b>      | <b>0.00</b>      |

QCTO did not record any material losses through criminal conduct in the previous two (02) financial years.

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

Paragraph 8.4 (C) of The National Treasury Instruction No. 3 of 2021/22 financial year requires that the Accounting officer of a public entity must pay suppliers within 30 days of receipt of invoices.

The table below depicts all invoices paid within 30 days and explanations for invoices not paid within 30 days.

| DESCRIPTION                                                               | NUMBER OF<br>INVOICES | CONSOLIDATED<br>VALUE<br>R'000 |
|---------------------------------------------------------------------------|-----------------------|--------------------------------|
| Valid invoices received                                                   | 535                   | R59,558,205.72                 |
| Invoices paid within 30 days or agreed period                             | 530                   | R59,291,919.50                 |
| Invoices paid after 30 days or agreed period                              | 5                     | R266,286.22                    |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | -                     | -                              |
| Invoices older than 30 days or agreed period (unpaid and in dispute)      | -                     | -                              |

1. MINOLTA:

Invoices were received very late from the service provider.

2. PKF VGA ADVISORY SER:

Approved Purchase Order was closed off by the system before all the invoices were captured and paid.

3. MOSEN TECHNOLOGIES:

Approved Purchase Order was closed off by the system before all the invoices were captured and paid.

4. TURNKEY INTERIORS:

It was due to Addition of Scope approval that was required before payment was processed.

5. TINDLELA TRADING:

It was due to Addition of Scope approval that was required before payment was processed.

### 3. INFORMATION ON SUPPLY CHAIN MANAGEMENT

#### 3.1 PROCUREMENT BY OTHER MEANS

Paragraph 4.7 of The National Treasury Instruction No. 3 of 2021/22 financial year requires that the Accounting officer of a public entity to report all procurements through other means (Deviations from normal procurement process) on the annual report.

The table below depicts all transactions procured through other means during the financial year.

| PROJECT DESCRIPTION                                   | NAME OF SUPPLIER          | TYPE OF PROCUREMENT BY OTHER MEANS                           | CONTRACT NUMBER | VALUE OF CONTRACT R'000 |
|-------------------------------------------------------|---------------------------|--------------------------------------------------------------|-----------------|-------------------------|
| HR Sage support payroll reporting and Administration. | Jl Payroll                | Single Source                                                | P008254         | 17 655.00               |
| Certificate Printing Paper                            | Government Printing Works | Single Source                                                | P008480         | 108 675.00              |
| Publication of Qualifications Notice                  | Government Printing Works | Single Source (Statutory requirement)                        | P008519         | 18 157.90               |
| Ipad accessories                                      | Istore                    | Single Source                                                | Sundry expenses | 18 094.00               |
| Publish Qualification notice on Government Gazette    | Government Printing Works | Single Source (Statutory requirement)                        | P008323         | 15 131.60               |
| Internet Connectivity                                 | Comsol Networks           | Emergency Procurement (Original contract terminated)         | P008844         | 192 899.85              |
| Back up Management and Disaster Recovery              | Triple 4 Consulting       | Emergency Procurement (Original contract terminated)         | P008856         | 979 735.41              |
| Firewall Services                                     | Securicom                 | Emergency Procurement (Original contract terminated)         | P008857         | 49 990.50               |
| Mimcast Services                                      | Destiny Global Technology | Emergency Procurement (Original contract terminated)         | P008922         | 491 790.00              |
| Telephony Services                                    | Telkom                    | Emergency Procurement (Original contract terminated)         | P008925         | 310 836.94              |
| Internet Connectivity                                 | Comsol Networks           | Extension of scope (additional six (06) public IP Addresses) | P008886         | 192 899.85              |
| Public Qualification Notice                           | Government Printing Works | Sole-Supplier (mandatory requirement)                        | P009005         | 9 078.95                |
| Pressreader                                           | Newspaper Direct          | Sole-Supplier                                                | P009014         | 234 950.00              |
| Supply of Certification                               | Government Printing Works | Single Source (Government Entity)                            | P009059         | 119 887.50              |
| Labour Relation Training                              | 8 Major League Business   | Single source – Continuation.                                | P009046         | 120 000.00              |
| Flight Ticket                                         | Kimzel Travel             | Single source – Reimbursement for conference attendance.     | EFT             | 45 671.00               |
| Atlas Licences (Research Project)                     | Mosen Technologies        | Single source – limited suppliers                            | P008945         | 35 686.56               |
| Grammarly Licence Subscription                        | Iqon Business Solutions   | Single source – limited suppliers                            | P009204         | 21 160.00               |

| PROJECT DESCRIPTION                                    | NAME OF SUPPLIER            | TYPE OF PROCUREMENT BY OTHER MEANS                                    | CONTRACT NUMBER | VALUE OF CONTRACT R'000 |
|--------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------|-----------------|-------------------------|
| Research Journal Access                                | EBSCO international Inc     | Single source – International Sourcing                                | P009248         | 202 730.29              |
| Armed Response System                                  | Bidvest Protea Coin         | Single source – limited suppliers                                     | P009271         | 75 644.70               |
| Publication of Qualification on the Government gazette | Government Printing Works   | Single source - Statutory requirement                                 | P009294         | 9 078.75                |
| Publication of qualification on the government gazette | Government Printing Works   | Single source - Statutory requirement                                 | P009342         | 6 052.63                |
| Insurance for entity's assests                         | Sankofa insurance brokers   | Single sourcing limited market                                        | P009389         | 376 085.04              |
| Catering service                                       | A1 Events and Catering      | Urgent services-no minimum quotes obtained                            | P009396         | 6 000.00                |
| Annual subscription services grammarly                 | Inside Business Consulting  | Limited market -no minimum quotes obtained                            | P009404         | 155 092.00              |
| Newspaper Advert                                       | Kashan Advertising          | Urgent services-minimum quotes obtained                               | P009495         | 185 995.00              |
| Labour news conference HR officials                    | Labour news                 | Annual conference                                                     | P009434         | 45 000.00               |
| OQSF Artification research project                     | Mzabalazo Advisory services | Specialized services with limited market – no minimum quotes obtained | P009436         | 558 900.00              |
| Caseware annual renewal licence                        | Adapt IT                    | Sole supplier                                                         | P009560         | 105 095.12              |
| Threat surveillance solution                           | Technolibra solution        | Specialised services with limited market – no minimum quotes obtained | P009583         | 978 750.00              |
| Customer service training                              | University of Pretoria      | Single sourcing                                                       | P009616         | 264 787.50              |
| Total                                                  |                             |                                                                       |                 | R 1 021 426.01          |

### 3.2 CONTRACT VARIATIONS AND EXPANSIONS

Paragraph 5.5 of The National Treasury Instruction No. 3 of 2021/22 financial year requires that the Accounting officer of a public entity to report all the contracts variations above the limit on the annual report.

The table below depicts all variations made during the financial year above the limit of 20% / R20 million for construction projects or 15% / R15 million for all other contracts.

| PROJECT DESCRIPTION                                                         | NAME OF SUPPLIER          | CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION) | CONTRACT NUMBER | ORIGINAL CONTRACT VALUE R'000 | VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE) R'000 | VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION R'000 |
|-----------------------------------------------------------------------------|---------------------------|-----------------------------------------------------|-----------------|-------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------|
| Domain Name Hosting services                                                | Lis Consulting Services   | Expansion of scope                                  | QCTO – 04/2023  | 982 500.00                    | N/A                                                                         | 4 020.00                                               |
| Maintenance and Enhancement of the CV's and apprentice certification system | iSolve Business Solutions | Variation                                           | P008208         | 750 720.00                    | N/A                                                                         | 112 412.50                                             |
| Internet Connectivity                                                       | Comsol Networks           | Variation                                           | P008844         | 192 899.85                    | N/A                                                                         | 12 075.00                                              |
| Total                                                                       |                           |                                                     |                 | 1 926 119.85                  | N/A                                                                         | 128 507.50                                             |

## PART F: FINANCIAL INFORMATION



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## ABBREVIATIONS USED:

|       |                                               |
|-------|-----------------------------------------------|
| ABSA  | Amalgamated Banks of South Africa             |
| AFS   | Annual Financial Statements                   |
| AGSA  | Auditor-General South Africa                  |
| CEO   | Chief Executive Officer                       |
| CFO   | Chief Financial Officer                       |
| DHET  | Department of Higher Education and Training   |
| GRAP  | Generally Recognised Accounting Practice      |
| PFMA  | Public Finance Management Act                 |
| PPPFA | Preferential Procurement Policy Framework Act |
| SARB  | South African Reserve Bank                    |
| SCM   | Supply Chain Management                       |



# 1. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE QUALITY COUNCIL FOR TRADES AND OCCUPATIONS

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Quality Council for Trades and Occupations set out on pages 81 to 115, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, 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 Quality Council for Trades and Occupations 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).

### 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.

### Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. 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

8. 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.
9. 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 of the annexure to the auditor's report, forms part of our auditor's report.

## Report on the annual performance report

10. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
  - 2.1.1 % of prioritised occupational qualifications (full/part) processed (approved and/or declined for recommendation to SAQA for registration on the OQSF) within 90 working days
  - 2.1.2 % of remaining historically registered qualifications recommended to SAQA for deactivation on the OQSF
  - 2.1.3 % of prioritised skills programmes processed (approved and/or declined by the QCTO CEO) within 90 working days
  - 2.2.1 % of assessments for occupational qualifications and part qualifications quality assured against QCTO standards within 21 working days turnaround time
  - 2.2.2 % of assessments for historically registered qualifications quality assured against QCTO standards (excluding historical skills programmes and NATED) within 21 working days turnaround time
  - 2.2.3 % of assessments for QCTO approved skills programmes quality assured against QCTO standards within 21 working days
  - 2.2.4 % of Quality Partners (or assessment bodies) quality assured against QCTO compliance assessment standards
  - 2.3.1 % of certificates issued within the turnaround time (21 working days)
  - 2.3.2 % of verification of authenticity of certificates requests received and verified within turnaround time (5 working days)
  - 3.1.1 % of skills development providers accreditation applications for occupational qualifications and, part qualifications processed within the turnaround time (90 working days)
  - 3.1.2 % of skills development providers accreditation applications for skills programmes processed within the turnaround time (90 working days)
  - 3.1.3 % of skills development providers accreditation applications for historically registered qualifications (trades, non-trades, NATED Report 190/191, skills programmes) processed within the turnaround time (90 working days)
  - 3.1.4 % of assessment centre accreditation applications processed (accreditation granted or declined) within the turnaround time (30 working days)
  - 3.2.1 % of accredited SDPs with implemented occupational qualifications and part qualifications quality assured according to QCTO standards
  - 3.2.2 % of accredited SDPs with implemented historically registered qualifications (excluding NATED Report 190/191 programmes) quality assured against QCTO compliance standards.
  - 3.2.3 (a) report on quality assurance of accredited SDPs implementing NATED Report 190/191 (N4-N6) compliance with QCTO standards.
  - 3.2.3 (b) report on quality assurance of NATED Report 190/191 (N4 – N6) instructional offering exam sessions and marking sessions against QCTO standards.
  - 3.2.4 report on compliance of accredited SDPs implementing skills programmes against QCTO Quality Assurance Standards
  - 3.2.5 report on compliance of accredited assessment centres conducting EISAs (External Integrated Summative Assessments) against QCTO Quality Assurance Standards.

- 3.3.1 report on occupational qualifications, part qualifications and skills programmes in high demand offered by TVET Colleges, CET Colleges, universities and private skills development providers
12. I evaluated the reported performance information for the selected material performance indicators 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.
  13. 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.
    - 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 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 achievement of targets.
  14. I performed the procedures to report material findings only, and not to express an assurance opinion or conclusion.
  15. I did not identify any material findings on the reported performance information for the selected material performance indicators.

## Other matter

16. I draw attention to the matter below.

## Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over achievements.

## Report on compliance with legislation

18. 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.
19. 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.
20. 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.
21. I did not identify any material non-compliance with the selected legislative requirements.

## Other information in the annual report

22. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
23. 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.
24. 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 material indicators in the scoped-in programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If, based on the work I have performed 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

26. 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.
27. 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 material performance indicators and on the public entity's compliance with selected requirements in key legislation.

#### Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### Communication with those charged with governance

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

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

## COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

| LEGISLATION                                                            | SECTIONS OR REGULATIONS                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Finance Management Act 1 of 1999 (PFMA)                         | Sections 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii)<br>Section 53(4)<br>Sections 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i)<br>Section 57(b)                                                                                                                                                                                                                                       |
| Preferential Procurement Policy Framework Act of 2000                  | Section 1<br>Sections 2(1)(a); 2(1)(b); 2(1)(f)                                                                                                                                                                                                                                                                                                                                 |
| Preferential Procurement Regulations (PPR), 2017                       | Regulations 4(1); 4(2)<br>Regulations 5(1); 5(3); 5(6); 5(7)<br>Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8)<br>Regulation 7(1); 7(2); 7(3); 7(5); 7(6); 7(8)<br>Regulations 8(2); 8(5)<br>Regulation 9(1)<br>Regulations 10(1); 10(2)<br>Regulations 11(1); 11(2)                                                                                                            |
| Preferential Procurement Regulations (PPR), 2022                       | Regulation 3(1)<br>Regulations 4(1); 4(2); 4(3); 4(4)<br>Regulations 5(1); 5(2); 5(3); 5(4)                                                                                                                                                                                                                                                                                     |
| Treasury Regulations issued in terms of PFMA, 1999                     | TR 8.2.1; 8.2.2<br>TR 16A3.2; 16A6.3(a); 16A6.3(b); 16A6.3(c)<br>TR 16A6.1; 16A6.2(a) & (b); 16A6.3(a)-(c); 16A6.4; 16A6.5; 16A6.6<br>TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7<br>TR 16A8.3; 16A8.4<br>TR 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii)<br>TR 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1<br>TR 31.1.2(c); 31.2.1; 31.3.3<br>TR 33.1.1; 33.1.3 |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA) | Section 34(1)                                                                                                                                                                                                                                                                                                                                                                   |
| SCM Instruction Note 02 of 2021-22                                     | Paragraphs 3.2.1; 3.2.4; 3.3.1                                                                                                                                                                                                                                                                                                                                                  |
| PFMA SCM instruction note 03 of 2021-22                                | Paragraphs 4.1; 4.3; 4.4<br>Paragraphs 7.1                                                                                                                                                                                                                                                                                                                                      |
| National Treasury instruction note 3 of 2021-22                        | Definition<br>Paragraph 4.2(b)                                                                                                                                                                                                                                                                                                                                                  |
| National Treasury Instruction 4A of 2016-17                            | Paragraph 6                                                                                                                                                                                                                                                                                                                                                                     |
| National Treasury Instruction 07 of 2017-18                            | Paragraph 4.3                                                                                                                                                                                                                                                                                                                                                                   |
| National Treasury Instruction 01 of 2021-22                            | Paragraph 4.1                                                                                                                                                                                                                                                                                                                                                                   |
| National Treasury Instruction note 4 of 2015-16                        | Paragraph 3.4                                                                                                                                                                                                                                                                                                                                                                   |
| Construction Industry Development Board Act No.38 of 2000 (CIDB)       | Section 18(1)                                                                                                                                                                                                                                                                                                                                                                   |
| CIDB Regulations                                                       | Regulation 17& 25(7A)                                                                                                                                                                                                                                                                                                                                                           |
| Practice Note 5 of 2009-10                                             | Paragraph 3.3                                                                                                                                                                                                                                                                                                                                                                   |
| Practice Note 11 of 2008/9                                             | Paragraph 2.1; 3.1 (b)                                                                                                                                                                                                                                                                                                                                                          |
| National Treasury Instruction 5 of 2020-21                             | Paragraphs 3.2; 3.7<br>Paragraphs 4.8; 4.9<br>Paragraphs 5.3                                                                                                                                                                                                                                                                                                                    |
| National Treasury SCM Instruction No. 2 of 2021/22                     | Paragraphs 3.2.1; 3.2.4; 3.2.4(a); 3.3.1                                                                                                                                                                                                                                                                                                                                        |
| National Treasury SCM Instruction Note 03 2021/22                      | Paragraphs 4.1; 4.2; 4.3; 4.4 ; 4.4(d)                                                                                                                                                                                                                                                                                                                                          |
| Second amendment National Treasury Instruction 5 of 2020-21            | Paragraph 1                                                                                                                                                                                                                                                                                                                                                                     |
| Erratum National Treasury Instruction note 5 of 2020-21                | Paragraphs 1; 2                                                                                                                                                                                                                                                                                                                                                                 |
| Treasury Instruction note 11 of 2020-21                                | Paragraphs 3.1; 3.4(b); 3.9                                                                                                                                                                                                                                                                                                                                                     |

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

|                                         | Note(s) | 2024<br>'000   | 2023<br>'000   |
|-----------------------------------------|---------|----------------|----------------|
| <b>Assets</b>                           |         |                |                |
| <b>Current Assets</b>                   |         |                |                |
| Receivables from exchange transactions  | 4       | 3 778          | 2 436          |
| Cash and cash equivalents               | 5       | 108 907        | 96 661         |
|                                         |         | <b>112 685</b> | <b>99 097</b>  |
| <b>Non-Current Assets</b>               |         |                |                |
| Property, plant and equipment           | 6       | 10 134         | 12 966         |
| Intangible assets                       | 7       | -              | 29             |
|                                         |         | <b>10 134</b>  | <b>12 995</b>  |
| <b>Total Assets</b>                     |         | <b>122 819</b> | <b>112 092</b> |
| <b>Liabilities</b>                      |         |                |                |
| <b>Current Liabilities</b>              |         |                |                |
| Operating lease liability               | 8       | 146            | 536            |
| Payables from exchange transactions     | 9       | 4 841          | 3 529          |
| Payables from non-exchange transactions | 10      | 10 606         | 9 705          |
| Unspent conditional grants and receipts | 11      | 117            | 1 324          |
| Provisions                              | 12      | 8 476          | 7 642          |
|                                         |         | <b>24 186</b>  | <b>22 736</b>  |
| <b>Total Liabilities</b>                |         | <b>24 186</b>  | <b>22 736</b>  |
| <b>Net Assets</b>                       |         | <b>98 633</b>  | <b>89 362</b>  |
| Accumulated surplus                     |         | 98 633         | 89 362         |
| <b>Total Net Assets</b>                 |         | <b>98 633</b>  | <b>89 362</b>  |

## STATEMENT OF FINANCIAL PERFORMANCE

|                                                     | Note(s) | 2024<br>'000     | 2023<br>'000     |
|-----------------------------------------------------|---------|------------------|------------------|
| <b>Revenue</b>                                      |         |                  |                  |
| <b>Revenue from exchange transactions</b>           |         |                  |                  |
| Rendering of services                               |         | 7 136            | 5 979            |
| Other income                                        |         | 59               | 83               |
| Interest received - investment                      |         | 11 293           | 6 962            |
| <b>Total revenue from exchange transactions</b>     |         | <b>18 488</b>    | <b>13 024</b>    |
| <b>Revenue from non-exchange transactions</b>       |         |                  |                  |
| <b>Transfer revenue</b>                             |         |                  |                  |
| Government grants & subsidies                       |         | 140 597          | 124 653          |
| Conditional grant (NSF)                             |         | 3 797            | 2 246            |
| <b>Total revenue from non-exchange transactions</b> |         | <b>144 394</b>   | <b>126 899</b>   |
| <b>Total revenue</b>                                | 13      | <b>162 882</b>   | <b>139 923</b>   |
| <b>Expenditure</b>                                  |         |                  |                  |
| Personnel costs                                     | 14      | (77 573)         | (72 596)         |
| Depreciation and amortisation                       | 15      | (4 727)          | (5 014)          |
| Administrative expenses                             | 16      | (71 311)         | (58 957)         |
| <b>Total expenditure</b>                            |         | <b>(153 611)</b> | <b>(136 567)</b> |
| <b>Surplus from operations</b>                      |         | <b>9 271</b>     | <b>3 356</b>     |
| Gain on disposal of assets                          |         | -                | 23               |
| <b>Surplus for the year</b>                         |         | <b>9 271</b>     | <b>3 379</b>     |

## STATEMENT OF CHANGES IN NET ASSETS

|                                 | Accumulated<br>surplus / deficit<br>'000 | Total net<br>assets '000 |
|---------------------------------|------------------------------------------|--------------------------|
| <b>Balance at 01 April 2022</b> | <b>85 983</b>                            | <b>85 983</b>            |
| Surplus for the year            | 3 379                                    | 3 379                    |
| Total changes                   | 3 379                                    | 3 379                    |
| <b>Balance at 01 April 2023</b> | <b>89 362</b>                            | <b>89 362</b>            |
| Surplus for the year            | 9 271                                    | 9 271                    |
| Total changes                   | 9 271                                    | 9 271                    |
| <b>Balance at 31 March 2024</b> | <b>98 633</b>                            | <b>98 633</b>            |

## CASH FLOW STATEMENT

|                                                         | Note(s) | 2024<br>'000   | 2023<br>'000   |
|---------------------------------------------------------|---------|----------------|----------------|
| <b>Cash flows from operating activities</b>             |         |                |                |
| <b>Receipts</b>                                         |         |                |                |
| Sale of goods and services                              |         | 6 694          | 5 979          |
| Grants                                                  |         | 144 088        | 127 364        |
| Interest income                                         |         | 11 287         | 6 962          |
| Other receipts                                          |         | 59             | 82             |
|                                                         |         | 162 128        | 140 387        |
| <b>Payments</b>                                         |         |                |                |
| Employee costs                                          |         | (76 739)       | (71 719)       |
| Suppliers                                               |         | (71 281)       | (56 443)       |
|                                                         |         | (148 020)      | (128 162)      |
| <b>Net cash flows from operating activities</b>         | 17      | <b>14 108</b>  | <b>12 225</b>  |
| <b>Cash flows from investing activities</b>             |         |                |                |
| Purchase of property, plant and equipment               | 6       | (1 864)        | (2 439)        |
| Proceeds from disposal of assets                        |         | 2              | 20             |
| <b>Net cash flows from investing activities</b>         |         | <b>(1 862)</b> | <b>(2 419)</b> |
| <b>Net increase in cash and cash equivalents</b>        |         | <b>12 246</b>  | <b>9 807</b>   |
| Cash and cash equivalents at the beginning of the year  |         | 96 661         | 86 854         |
| <b>Cash and cash equivalents at the end of the year</b> | 5       | <b>108 908</b> | <b>96 661</b>  |

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### Budget on Cash Basis

|                                               | Approved<br>budget<br>'000 | Adjustments<br>'000 | Final Budget<br>'000 | Actual<br>amounts on<br>comparable<br>basis<br>'000 | Difference<br>between final<br>budget and<br>actual<br>'000 | Reference |
|-----------------------------------------------|----------------------------|---------------------|----------------------|-----------------------------------------------------|-------------------------------------------------------------|-----------|
| <b>Statement of Financial Performance</b>     |                            |                     |                      |                                                     |                                                             |           |
| <b>Revenue</b>                                |                            |                     |                      |                                                     |                                                             |           |
| <b>Revenue from exchange transactions</b>     |                            |                     |                      |                                                     |                                                             |           |
| Rendering of services                         | 3 570                      | 3 330               | 6 900                | 6 694                                               | (206)                                                       | 1         |
| Other income                                  | -                          | -                   | -                    | 59                                                  | 59                                                          | 2         |
| Interest received - investment                | 1 236                      | 8 764               | 10 000               | 11 287                                              | 1 287                                                       | 3         |
| Total revenue from exchange transactions      | <b>4 806</b>               | <b>12 094</b>       | <b>16 900</b>        | <b>18 040</b>                                       | <b>1 140</b>                                                |           |
| <b>Revenue from non-exchange transactions</b> |                            |                     |                      |                                                     |                                                             |           |
| <b>Transfer revenue</b>                       |                            |                     |                      |                                                     |                                                             |           |
| Government grants & subsidies                 | 141 387                    | (500)               | 140 887              | 144 088                                             | 3 201                                                       | 4         |
| <b>Total revenue</b>                          | <b>146 193</b>             | <b>11 594</b>       | <b>157 787</b>       | <b>162 128</b>                                      | <b>4 341</b>                                                |           |
| <b>Expenditure</b>                            |                            |                     |                      |                                                     |                                                             |           |
| Personnel                                     | (77 823)                   | -                   | (77 823)             | (76 739)                                            | 1 084                                                       | 5         |
| General Expenses                              | (63 370)                   | (11 594)            | (74 964)             | (71 281)                                            | 3 683                                                       | 6         |
| <b>Total expenditure</b>                      | <b>(141 193)</b>           | <b>(11 594)</b>     | <b>(152 787)</b>     | <b>(148 020)</b>                                    | <b>4 767</b>                                                |           |
| <b>Operating surplus</b>                      | <b>5 000</b>               | <b>-</b>            | <b>5 000</b>         | <b>14 108</b>                                       | <b>9 108</b>                                                |           |

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### Budget on Cash Basis

|                                        | Approved<br>budget<br>'000 | Adjustments<br>'000 | Final Budget<br>'000 | Actual<br>amounts on<br>comparable<br>basis<br>'000 | Difference<br>between final<br>budget and<br>actual<br>'000 | Reference |
|----------------------------------------|----------------------------|---------------------|----------------------|-----------------------------------------------------|-------------------------------------------------------------|-----------|
| <b>Statement of Financial Position</b> |                            |                     |                      |                                                     |                                                             |           |
| <b>Assets</b>                          |                            |                     |                      |                                                     |                                                             |           |
| <b>Non-Current Asset</b>               |                            |                     |                      |                                                     |                                                             |           |
| Property, plant and equipment          | (5 000)                    |                     | (5 000)              | (1 864)                                             | 3 136                                                       | 7         |
| Proceeds from disposal of assets       | -                          | -                   | -                    | 2                                                   | 2                                                           |           |
|                                        | <b>(5 000)</b>             | <b>-</b>            | <b>(5 000)</b>       | <b>(1 862)</b>                                      | <b>3 138</b>                                                |           |
| <b>Total Assets</b>                    | <b>(5 000)</b>             | <b>-</b>            | <b>(5 000)</b>       | <b>(1 862)</b>                                      | <b>3 138</b>                                                |           |

1. The revenue is within the revised budget after QCTO established the budget baseline.
2. The major part of the revenue consists of statutory grants received from ETDP SETA as part of skill development in the organisation and is not budgeted as it fluctuates annually.
3. Interest was earned from excess funds saved in the ABSA account and investment in SARB CPD account as the SETA Levy Grant is received at the beginning of the year. The bulk of excess funds were transferred into the SARB CPD account at the beginning of the financial year to earn better interest. The SARB has been continuously increasing the interest rate which resulted in above anticipated interest income.
4. The difference is due to SETA Levy Grant received in advance in the current year.
5. The spending on personnel expenditure is below the budget due to resignations and late replacements of vacant posts by employees that left the employ of the organisation in the current year.
6. The general expenses have been spent below revised budget due some tenders that were not finalised in the current financial year. The National Treasury approved budget roll-over for prior financial year commitments.
7. The capital expenditure was underspent due to MIS and Furniture tenders which had to be readvertised again after no suitable suppliers were appointed. These could not be finalised in the current financial year end.

## SIGNIFICANT ACCOUNTING POLICIES

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### 1.1 BASIS OF PREPARATIONS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

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

These accounting policies are consistent with the previous period.

#### 1.2 PRESENTATION CURRENCY

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

#### 1.3 GOING CONCERN ASSESSMENT

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

#### 1.4 MATERIALITY

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

information item, or a combination of both, could be the determining factor.

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

#### 1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

##### Trade receivables

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

##### Impairment testing

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

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

### Property, plant and equipment

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

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

### 1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

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

management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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

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

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

| Item                   | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Furniture and fittings | Straight-line       | 5 - 15 years        |
| Motor vehicles         | Straight-line       | 10 years            |
| Office equipment       | Straight-line       | 3 - 5 years         |
| Computer equipment     | Straight-line       | 3 - 5 years         |
| Leasehold improvements | Straight-line       | 5 - 10 years        |

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

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

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

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

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

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

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

### 1.7 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

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

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.8 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial assets and financial liabilities are recognised in QCTO's statement of financial position when QCTO becomes party to the contractual provisions of the instrument. Financial assets and liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value. Financial assets are derecognised if the QCTO's contractual rights to the cash flows from the

financial assets expire or if QCTO transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the QCTO's obligations specified in the contract expire or are discharged or cancelled.

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

A financial asset is:

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

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

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

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

### Classification

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

| Class                                      | Category                               |
|--------------------------------------------|----------------------------------------|
| Receivables from exchange transactions     | Financial asset measured at fair value |
| Receivables from non-exchange transactions | Financial asset measured at fair value |
| Cash and cash equivalents                  | Financial asset measured at fair value |

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

| Class                                   | Category                                   |
|-----------------------------------------|--------------------------------------------|
| Payables from exchange transactions     | Financial liability measured at fair value |
| Payables from non-exchange transactions | Financial liability measured at fair value |

### 1.9 LEASES

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

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

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.10 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

### 1.11 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

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

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

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

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

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Designation

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

The entity designates an asset or a cash-generating unit as cash-generating when:

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

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

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

### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

### 1.12 EMPLOYEE BENEFITS

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

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

### 1.13 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of QCTO.

Contingent assets and contingent liabilities are not recognised but disclosed in the notes to the financial statements. Contingencies are disclosed in note 20.

### 1.14 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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

### 1.15 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

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

#### Measurement

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

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Rendering of services

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

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

### Interest

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

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

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

### 1.16 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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.

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

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

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

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

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

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

### Recognition

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

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

and recognises an amount of revenue equal to that reduction.

### Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

### Transfers

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

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

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

### Gifts and donations, including goods in-kind

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

### 1.17 INVESTMENT INCOME

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

### 1.18 COMPARATIVE FIGURES

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

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

### 1.19 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

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

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

### Fruitless and wasteful expenditure

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

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

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 1.20 IRREGULAR EXPENDITURE

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

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

National Treasury practice note no. 4 of 2022/2023 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 January 2023):

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

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

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

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

statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.21 BUDGET INFORMATION

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

The approved budget covers the fiscal period from 01 Apr 2023 to 31 Mar 2024.

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

### 1.22 RELATED PARTIES

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

## SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

### 1.23 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial

statements are authorised for issue. Two types of events can be identified:

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

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

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 2. CHANGES IN ACCOUNTING POLICY

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

### 3. NEW STANDARDS AND INTERPRETATIONS

#### 3.1 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 2024 or later periods:

| Standard/ Interpretation:                                                | Effective date:<br>Years beginning on or after | Expected impact:                         |
|--------------------------------------------------------------------------|------------------------------------------------|------------------------------------------|
| GRAP 107 Mergers                                                         | 01 April 2099                                  | Unlikely there will be a material impact |
| GRAP 106 Transfer of Functions Between Entities Not Under Common Control | 01 April 2099                                  | Unlikely there will be a material impact |
| GRAP 105 Transfer of Functions Between Entities Under Common Control     | 01 April 2099                                  | Unlikely there will be a material impact |
| GRAP 2023 Improvements to the Standards of GRAP 2023                     | 01 April 2099                                  | Unlikely there will be a material impact |
| GRAP 1 (amended): Presentation of Financial Statements (Going Concern)   | 01 April 2099                                  | Unlikely there will be a material impact |
| GRAP 103 (as revised): Heritage Assets                                   | 01 April 2099                                  | Unlikely there will be a material impact |
| iGRAP 22 Foreign Currency Transactions and Advance Consideration         | 01 April 2025                                  | Unlikely there will be a material impact |
| GRAP 104 (as revised): Financial Instruments                             | 01 April 2025                                  | Unlikely there will be a material impact |

### 4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

|                  |              |              |
|------------------|--------------|--------------|
| Trade debtors    | 1 179        | 737          |
| Accrued income   | 57           | 51           |
| Prepaid expenses | 2 542        | 1 648        |
|                  | <b>3 778</b> | <b>2 436</b> |

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2024, 369 000 (2023: 142 662) were past due but not impaired.

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

|                   |     |     |
|-------------------|-----|-----|
| 3 months past due | 369 | 143 |
|-------------------|-----|-----|

### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

|                     |                |               |
|---------------------|----------------|---------------|
| Bank balances       | 7 349          | 7 054         |
| Short-term deposits | 101 558        | 89 607        |
|                     | <b>108 907</b> | <b>96 661</b> |

Short-term deposits consist of cash equivalents, highly liquid investments that are held at call account with the SARB Corporation for Public Deposits (CPD).

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|  | 2024<br>'000 | 2023<br>'000 |
|--|--------------|--------------|
|--|--------------|--------------|

### Credit facilities

The credit facilities approved and available to the entity as at 31 March 2024 are as follows:

|                                |            |            |
|--------------------------------|------------|------------|
| Travel Lodge card (Unutilised) | 400        | 400        |
| Fleet management (Utilised)    | 50         | 50         |
| Credit card (Unutilised)       | 20         | 20         |
|                                | <b>470</b> | <b>470</b> |

## 6. PROPERTY, PLANT AND EQUIPMENT

|                        | 2024                |                                                                 |                   | 2023                |                                                                 |                   |
|------------------------|---------------------|-----------------------------------------------------------------|-------------------|---------------------|-----------------------------------------------------------------|-------------------|
|                        | COST /<br>VALUATION | ACCUMULATED<br>DEPRECIATION<br>AND<br>ACCUMULATED<br>IMPAIRMENT | CARRYING<br>VALUE | COST /<br>VALUATION | ACCUMULATED<br>DEPRECIATION<br>AND<br>ACCUMULATED<br>IMPAIRMENT | CARRYING<br>VALUE |
| Furniture and fittings | 5 391               | (4 428)                                                         | 963               | 5 391               | (4 167)                                                         | 1 224             |
| Motor vehicles         | 3 705               | (2 877)                                                         | 828               | 3 705               | (2 704)                                                         | 1 001             |
| Office equipment       | 3 459               | (3 085)                                                         | 374               | 3 091               | (2 972)                                                         | 119               |
| Computer equipment     | 10 065              | (5 994)                                                         | 4 071             | 8 569               | (4 181)                                                         | 4 388             |
| Leasehold improvements | 14 733              | (10 835)                                                        | 3 898             | 14 733              | (8 499)                                                         | 6 234             |
| <b>Total</b>           | <b>37 353</b>       | <b>(27 219)</b>                                                 | <b>10 134</b>     | <b>35 489</b>       | <b>(22 523)</b>                                                 | <b>12 966</b>     |

### Reconciliation of property, plant and equipment - 2024

|                        | OPENING<br>BALANCE | ADDITIONS    | DEPRECIATION   | TOTAL         |
|------------------------|--------------------|--------------|----------------|---------------|
| Furniture and fittings | 1 224              | -            | (261)          | 963           |
| Motor vehicles         | 1 001              | -            | (173)          | 828           |
| Office equipment       | 119                | 368          | (113)          | 374           |
| Computer equipment     | 4 388              | 1 496        | (1 813)        | 4 071         |
| Leasehold improvements | 6 234              | -            | (2 336)        | 3 898         |
|                        | <b>12 966</b>      | <b>1 864</b> | <b>(4 696)</b> | <b>10 134</b> |

### Reconciliation of property, plant and equipment - 2023

|                        | OPENING<br>BALANCE | ADDITIONS    | DEPRECIATION   | TOTAL         |
|------------------------|--------------------|--------------|----------------|---------------|
| Furniture and fittings | 1 529              | -            | (305)          | 1 224         |
| Motor vehicles         | 1 175              | -            | (174)          | 1 001         |
| Office equipment       | 69                 | 73           | (23)           | 119           |
| Computer equipment     | 3 998              | 2 366        | (1 976)        | 4 388         |
| Leasehold improvements | 8 601              | -            | (2 367)        | 6 234         |
|                        | <b>15 372</b>      | <b>2 439</b> | <b>(4 845)</b> | <b>12 966</b> |

### Pledged as security

No part of property, plant and equipment was pledged as security.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|  | 2024<br>'000 | 2023<br>'000 |
|--|--------------|--------------|
|--|--------------|--------------|

### Expenditure incurred to repair and maintain property, plant and equipment

### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

|                  |       |       |
|------------------|-------|-------|
| General expenses | 2 154 | 1 945 |
|------------------|-------|-------|

## 7. INTANGIBLE ASSETS

|                   | 2024                |                                                                 |                   | 2023                |                                                                 |                   |
|-------------------|---------------------|-----------------------------------------------------------------|-------------------|---------------------|-----------------------------------------------------------------|-------------------|
|                   | COST /<br>VALUATION | ACCUMULATED<br>AMORTISATION<br>AND<br>ACCUMULATED<br>IMPAIRMENT | CARRYING<br>VALUE | COST /<br>VALUATION | ACCUMULATED<br>AMORTISATION<br>AND<br>ACCUMULATED<br>IMPAIRMENT | CARRYING<br>VALUE |
| Computer software | 2 971               | (2 971)                                                         | -                 | 2 971               | (2 942)                                                         | 29                |

### Reconciliation of intangible assets - 2024

|                   | OPENING<br>BALANCE | AMORTISATION | TOTAL |
|-------------------|--------------------|--------------|-------|
| Computer software | 29                 | (29)         | -     |

### Reconciliation of intangible assets - 2023

|                   | OPENING<br>BALANCE | AMORTISATION | TOTAL |
|-------------------|--------------------|--------------|-------|
| Computer software | 199                | (170)        | 29    |

### Pledged as security

No part of intangible assets was pledged as security.

## 8. OPERATING LEASE LIABILITY

Current liabilities

### Operating lease - as lessee (expense)

-within one year

-in second to fifth year inclusive

|                 |                |
|-----------------|----------------|
| (146)           | (536)          |
| (10 608)        | (6 245)        |
| (6 529)         | (634)          |
| <b>(17 137)</b> | <b>(6 879)</b> |

### Photocopiers

The QCTO leases 7 photocopy machines from Konica Minolta for a period of 36 months, effective from 01 March 2023 to 28 February 2026. The monthly lease payments are R26,428 with no annual escalation. The organisation is also expected to pay 6.66 cents per page for black copies and 28.03 cents per page for colour copies during the duration of the contract

### Office space

The QCTO extended its lease agreement for office space and parking with Izandla Property Fund by a further 2 years effective from 01 November 2023 to 31 October 2025. The monthly lease payments for the office space is R721,383 with an annual escalation of 7% and R110,400 parking space with an annual escalation of 7% per annum.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|  | 2024<br>'000 | 2023<br>'000 |
|--|--------------|--------------|
|--|--------------|--------------|

### 9. PAYABLES FROM EXCHANGE TRANSACTIONS

|                  |              |              |
|------------------|--------------|--------------|
| Trade payables   | 1 822        | 1 663        |
| Accrued expenses | 2 921        | 1 866        |
| Other payables   | 98           | -            |
|                  | <b>4 841</b> | <b>3 529</b> |

### 10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

|                             |               |              |
|-----------------------------|---------------|--------------|
| Payment received in advance | 10 596        | 9 694        |
| Other payables              | 10            | 11           |
|                             | <b>10 606</b> | <b>9 705</b> |

### 11. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

#### Movement during the year

|                                      |            |              |
|--------------------------------------|------------|--------------|
| Balance at the beginning of the year | 1 324      | 859          |
| Additions during the year            | 2 590      | 2 711        |
| Income recognition during the year   | (3 797)    | (2 246)      |
|                                      | <b>117</b> | <b>1 324</b> |

The National Skills Fund conditional grants were awarded to QCTO for Digitisation of paper based data and Accreditation of skills development service providers projects. The projects duration was initially estimated to be for three years starting from January 2019 and will be concluded in the 2022/23 financial year.

### 12. PROVISIONS

#### Reconciliation of provisions - 2024

|                     | OPENING<br>BALANCE | ADDITIONS    | UTILISED<br>DURING THE<br>YEAR | TOTAL        |
|---------------------|--------------------|--------------|--------------------------------|--------------|
| Leave pay provision | 2 466              | 858          | (206)                          | 3 118        |
| Bonus provision     | 5 176              | 7 097        | (6 915)                        | 5 358        |
|                     | <b>7 642</b>       | <b>7 955</b> | <b>(7 121)</b>                 | <b>8 476</b> |

#### Reconciliation of provisions - 2023

|                     | OPENING<br>BALANCE | ADDITIONS    | UTILISED<br>DURING THE<br>YEAR | TOTAL        |
|---------------------|--------------------|--------------|--------------------------------|--------------|
| Leave pay provision | 2 383              | 415          | (332)                          | 2 466        |
| Bonus provision     | 4 421              | 6 817        | (6 062)                        | 5 176        |
|                     | <b>6 804</b>       | <b>7 232</b> | <b>(6 394)</b>                 | <b>7 642</b> |

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|  | 2024<br>'000 | 2023<br>'000 |
|--|--------------|--------------|
|--|--------------|--------------|

The payment of the performance bonuses is at the discretion of the Council after considering recommendations of the Moderation Committee. The 13th cheque is payable on the birth month of employees or prorata bonus gets paid when the employee leaves the employment of the entity.

### 13. REVENUE

|                               |                |                |
|-------------------------------|----------------|----------------|
| Rendering of services**       | 7 136          | 5 979          |
| Other income***               | 59             | 83             |
| Interest received             | 11 293         | 6 962          |
| Government grants & subsidies | 140 597        | 124 653        |
| Conditional Grant (NSF)       | 3 797          | 2 246          |
|                               | <b>162 882</b> | <b>139 923</b> |

\*\* *Rendering of services include an amount of R4,930,588 for certification services and an amount of R2,218,000 for accreditation services.*

\*\*\* *Other income consists of grants received from ETDP SETA for skills development levy.*

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

|                       |               |               |
|-----------------------|---------------|---------------|
| Rendering of services | 7 136         | 5 979         |
| Other income          | 59            | 83            |
| Interest received     | 11 293        | 6 962         |
|                       | <b>18 488</b> | <b>13 024</b> |

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

|                               |                |                |
|-------------------------------|----------------|----------------|
| Taxation revenue              |                |                |
| Transfer revenue              |                |                |
| Government grants & subsidies | 140 597        | 124 653        |
| Conditional grant (NSF)       | 3 797          | 2 246          |
|                               | <b>144 394</b> | <b>126 899</b> |

### 14. PERSONNEL COSTS

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Basic salaries                      | 51 146        | 47 308        |
| Car allowance                       | 114           | 110           |
| Defined contribution plans          | 6 567         | 5 942         |
| Housing benefits and allowances     | 1 289         | 1 203         |
| Medical aid - company contributions | 1 619         | 1 577         |
| Other benefits**                    | 7 553         | 7 942         |
| COIDA                               | 77            | 52            |
| SDL                                 | 658           | 617           |
| UIF                                 | 205           | 206           |
| Termination benefits                | 389           | 400           |
| Provision for bonus                 | 7 098         | 6 817         |
| Leave pay provision                 | 858           | 422           |
|                                     | <b>77 573</b> | <b>72 596</b> |

\*\* *Included in Other benefits is cash allowance portion of employees benefits.*

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|  | 2024<br>'000 | 2023<br>'000 |
|--|--------------|--------------|
|--|--------------|--------------|

### 15. DEPRECIATION AND AMORTISATION

|                               |              |              |
|-------------------------------|--------------|--------------|
| Property, plant and equipment | 4 698        | 4 844        |
| Intangible assets             | 29           | 170          |
|                               | <b>4 727</b> | <b>5 014</b> |

### 16. ADMINISTRATIVE EXPENSES

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Advertising                           | 1 053         | 1 480         |
| Audit fees - External auditors        | 1 497         | 1 644         |
| Audit fees - Internal auditors        | 613           | 723           |
| Bank charges                          | 56            | 52            |
| Cleaning                              | 1 050         | 1 573         |
| Conferences and seminars              | 1 431         | 1 272         |
| Consulting and professional fees**    | 20 419        | 13 801        |
| Council & committees remuneration     | 1 190         | 1 254         |
| IT expenses                           | 11 069        | 5 799         |
| Insurance                             | 429           | 483           |
| Lease rentals                         | 10 165        | 9 280         |
| Legal fees                            | 1 009         | 4 676         |
| Motor vehicle expenses                | 1 335         | 496           |
| Postage and courier                   | 25            | 19            |
| Printing and stationery               | 1 608         | 752           |
| Recruitment costs                     | 88            | 266           |
| Repairs and maintenance costs***      | 2 154         | 1 945         |
| Security expenses                     | 193           | 180           |
| Staff welfare and refreshments        | 235           | 144           |
| Subscriptions and membership fees     | 334           | 231           |
| Cellphone and data expenses           | 689           | 783           |
| Training                              | 561           | 382           |
| Travel, subsistence and accommodation | 9 814         | 7 731         |
| Water & electricity expenses          | 4 225         | 3 826         |
| Other expenses                        | 69            | 165           |
|                                       | <b>71 311</b> | <b>58 957</b> |

\*\*Included in the Consulting and professional fees are fees related to Subject Matter Experts, Verifiers and Monitors.

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|  | 2024<br>'000 | 2023<br>'000 |
|--|--------------|--------------|
|--|--------------|--------------|

### 17. CASH GENERATED FROM OPERATIONS

|                                                  |               |               |
|--------------------------------------------------|---------------|---------------|
| Surplus                                          | 9 271         | 3 379         |
| <b>Adjustments for:</b>                          |               |               |
| Depreciation and amortisation                    | 4 727         | 5 014         |
| Movements in operating lease assets and accruals | (390)         | (768)         |
| Movements in provisions                          | 834           | 838           |
| (Proceeds)/Loss on disposal of assets            | 2             | (23)          |
| <b>Changes in working capital:</b>               |               |               |
| Receivables from exchange transactions           | (1 343)       | (245)         |
| Receivables from non-exchange transactions       | -             | 38            |
| Payables from exchange transactions              | 1 314         | 2 073         |
| Payables from non-exchange transactions          | 901           | 1 455         |
| Unspent conditional grants and receipts          | (1 207)       | 465           |
|                                                  | <b>14 108</b> | <b>12 225</b> |

### 18. FINANCIAL INSTRUMENTS DISCLOSURE

#### Categories of financial instruments

#### 2024

##### Financial assets

|                                                        | AT FAIR VALUE  | TOTAL          |
|--------------------------------------------------------|----------------|----------------|
| Trade and other receivables from exchange transactions | 3 778          | 3 778          |
| Cash and cash equivalents                              | 108 907        | 108 907        |
|                                                        | <b>112 685</b> | <b>112 685</b> |

##### Financial liabilities

|                                                     | AT FAIR VALUE | TOTAL |
|-----------------------------------------------------|---------------|-------|
| Trade and other payables from exchange transactions | 4 841         | 4 841 |

#### 2023

##### Financial assets

|                                                        | AT FAIR VALUE | TOTAL         |
|--------------------------------------------------------|---------------|---------------|
| Trade and other receivables from exchange transactions | 2 436         | 2 436         |
| Cash and cash equivalents                              | 96 661        | 96 661        |
|                                                        | <b>99 097</b> | <b>99 097</b> |

##### Financial liabilities

|                                                     | AT FAIR VALUE | TOTAL |
|-----------------------------------------------------|---------------|-------|
| Trade and other payables from exchange transactions | 3 529         | 3 529 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

### **Fair values**

As indicated above QCTO's financial instruments consist mainly of cash and cash equivalents and Trade 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.

Financial assets and financial liabilities are recognised on the entities Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. The following methods and assumptions are used to determine the fair value of each class of financial instruments:

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

#### ***Accounts receivables***

Trade and other receivables are stated at fair value, which approximates their fair value due to the relatively short-term maturity of these financial assets

#### ***Accounts payable***

Trade and other payables are stated at fair values, which approximates their fair value due to the relatively short-term maturity of these financial liabilities.

### **Financial instrument risk**

In the course of the QCTO operations it is exposed to market, interest rate, credit, and liquidity risk. However the impact of these risks are immaterial to the financial instruments of the QCTO. The risk management process relating to each of these risks is discussed below:

#### **Market risk**

##### ***Foreign exchange risk***

The QCTO does not initiate any transactions with international parties and is therefore not exposed to any exchange risk due to currency fluctuations. All transactions are denominated in South African Rand with local vendors.

##### ***Price risk***

The QCTO is not exposed to price or commodity price risk as they do not carry any investments. Cash includes cash with commercial banks. These cash equivalents are subject to an insignificant risk of change in value.

##### ***Interest rate risk***

The QCTO does not carry any significant interest bearing assets, therefore the revenue and operating cash flows are not substantially dependent on changes in market interest rates. As the QCTO does not have significant interest bearing liabilities, the expense and cash flows are not substantially dependent on changes in market interest rates.

The QCTO exposure to interest rate risk and effective interest rates on financial instruments at reporting date are as follows:

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** *(continued)*

|                                        | Effective<br>interest rate<br>'000 | Subject to<br>interest rate<br>movement:<br>Floating<br>'000 | Non-interest<br>bearing<br>'000 | Total<br>'000  |
|----------------------------------------|------------------------------------|--------------------------------------------------------------|---------------------------------|----------------|
| <b>31 March 2024</b>                   |                                    |                                                              |                                 |                |
| <b>Current financial assets</b>        |                                    |                                                              |                                 |                |
| Cash and cash equivalents              | 8%                                 | 108 907                                                      | -                               | 108 907        |
| Receivables from exchange              | -                                  | -                                                            | 3 778                           | 3 778          |
|                                        | <b>8,00 %</b>                      | <b>108 907</b>                                               | <b>3 778</b>                    | <b>112 685</b> |
| <b>Current financial liabilities</b>   |                                    |                                                              |                                 |                |
| Trade and other payables               | -                                  | -                                                            | 4 841                           | 4 841          |
|                                        | -                                  | -                                                            | <b>4 841</b>                    | <b>4 841</b>   |
| <b>31 March 2023</b>                   |                                    |                                                              |                                 |                |
| <b>Current financial assets</b>        |                                    |                                                              |                                 |                |
| Cash and cash equivalents              | 4.17%                              | 96 661                                                       | -                               | 96 661         |
| Receivables from exchange transactions | -                                  | -                                                            | 2 436                           | 2 436          |
|                                        | <b>4,17 %</b>                      | <b>96 661</b>                                                | <b>2 436</b>                    | <b>99 097</b>  |
| <b>Current financial liabilities</b>   |                                    |                                                              |                                 |                |
| Trade and other payables               | -                                  | -                                                            | 3 529                           | 3 529          |
|                                        | -                                  | -                                                            | <b>3 529</b>                    | <b>3 529</b>   |

**Guarantees**

The QCTO has approached ABSA bank to issue a guarantee of R1,48 million to the Labour Court for the case outcome of Ms Nkomo vs QCTO. The guarantee is set to expire on 30 November 2024.

**Credit risk**

Financial assets, which potentially subject the QCTO to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

The QCTO management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury.

The QCTO does not have any material exposure to any individual or counter-party. The QCTO's concentration of credit risk is limited to the industry in which the QCTO operates. No events occurred in the industry during the financial year that may have an impact on the recovery of Trade and other receivables.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

The funds maximum exposure to credit risk is equal to the total value of the following assets:

|                           | Rated          | Non-rated | Total          |
|---------------------------|----------------|-----------|----------------|
| <b>2024</b>               |                |           |                |
| Cash and cash equivalents | 108 907        | -         | 108 907        |
| Receivables from exchange | 3 778          | -         | 3 778          |
|                           | <b>112 685</b> | <b>-</b>  | <b>112 685</b> |
| <b>2023</b>               |                |           |                |
| Cash and cash equivalents | 96 661         | -         | 96 661         |
| Receivables from exchange | 2 436          | -         | 2 436          |
|                           | <b>99 097</b>  | <b>-</b>  | <b>99 097</b>  |

### Liquidity risk

The QCTO manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecasted cash flows. Adequate reserves and liquid resources are also maintained.

#### Forecast liquidity reserve as of 31 March 2024 is as follows:

|                                       | 2025<br>'000 | 2026<br>'000 | 2027<br>'000 |
|---------------------------------------|--------------|--------------|--------------|
| Opening balance for the period        | 108 907      | -            | -            |
| Operating proceeds                    | 162 771      | 168 381      | 175 338      |
| Operating outflow                     | (271 678)    | (168 381)    | (175 338)    |
| <b>Closing balance for the period</b> | <b>-</b>     | <b>-</b>     | <b>-</b>     |

The table below analyses the financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date:

|                          | LESS THAN<br>1 YEAR<br>'000 | TOTAL<br>'000 |
|--------------------------|-----------------------------|---------------|
| <b>31 March 2024</b>     |                             |               |
| Trade and other payables | 4 841                       | 4 841         |
| <b>31 March 2023</b>     |                             |               |
| Trade and other payables | 3 529                       | 3 529         |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|                                                         | 2024<br>'000  | 2023<br>'000  |
|---------------------------------------------------------|---------------|---------------|
| <b>19. COMMITMENTS</b>                                  |               |               |
| <b>Approved and contracted commitments</b>              |               |               |
| Capital commitments                                     | 270           | 166           |
| Operational expenditure commitments                     | 25 595        | 11 741        |
|                                                         | <b>25 865</b> | <b>11 907</b> |
| <b>Authorised capital expenditure</b>                   |               |               |
| <b>Not yet contracted for and authorised by council</b> |               |               |
| • Property, plant and equipment                         | 5 800         | 9 500         |
| • Intangible assets                                     | 13 500        | 4 500         |
|                                                         | <b>19 300</b> | <b>14 000</b> |
| <b>Total capital commitments</b>                        |               |               |
| Not yet contracted for and authorised by council        | 19 300        | 14 000        |
| <b>Authorised operational expenditure</b>               |               |               |
| <b>Not yet contracted for and authorised by council</b> |               |               |
| • Expenditure                                           | 15 700        | 40 400        |
| <b>Total operational commitments</b>                    |               |               |
| Not yet contracted for and authorised by council        | 15 700        | 40 400        |
| <b>Total commitments</b>                                |               |               |
| <b>Total commitments</b>                                |               |               |
| Authorised capital expenditure                          | 19 570        | 14 166        |
| Authorised operational expenditure                      | 41 295        | 52 141        |
|                                                         | <b>60 865</b> | <b>66 307</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

### 20. CONTINGENCIES

#### Contingent Liabilities

##### 2022-23

A dispute has been declared between the entity and a service provider who donated the Management Information System (MIS) after the entity terminated the Service Level Agreement due to non-compliance with some prescripts of PFMA, the service provider is seeking damages of R7,228,494 and R334,407. The entity's lawyers and management are still considering the success likelihood of the action against the entity and the case should be resolved within the next financial years.

A dispute has been declared between the entity and a service provider who renders the internet and telephone services and the service provider is seeking an amount of R191,647 which is disputed by the entity as it relates to goods and services not yet rendered or delivered. The entity has initiated the process of terminating the SLA due to poor performance and the service provider was served with a notice of termination.

Two former QCTO employees have taken the entity to the Commission for Conciliation, Mediation and Arbitration (CCMA) contesting their dismissals. Should all two succeed with their cases, the QCTO is likely to pay an estimated R1,233,257 however management and its legal representatives have determined that the likelihood of the QCTO losing all the cases is very minimal.

The QCTO applied to National Treasury for the retention of its accumulated cash surplus of R76,359,000 after the finalisation of the external audit. The approval to retain the accumulated surplus was obtained on the 12 September 2023.

##### 2023-24

A dispute has been declared between the entity and a service provider who donated the Management Information System (MIS) after the entity terminated the Service Level Agreement due to non-compliance with some prescripts of PFMA, the service provider is seeking damages of R7,562,901. The entity's lawyers and management are still considering the success likelihood of the action against the entity and the case should be resolved within the next financial years.

Former QCTO employee have taken the entity to the Commission for Conciliation, Mediation and Arbitration (CCMA) contesting their dismissals. Should the case succeed, the QCTO is likely to pay an estimated R500,000 however management and its legal representatives have determined that the likelihood of the QCTO losing all the cases is very minimal.

The QCTO will apply to National Treasury for the retention of its accumulated cash surplus estimated to R88,499,000. This will be done after the finalisation of the external audit. The Minister of Finance has approved the QCTO's request to purchase its office building and the accumulated surpluses will be used to finance the purchase of the building in the 2024-25 financial year.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

### 21. RELATED PARTIES

#### Relationships

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Controlling body              | Department of Higher Education and Training (DHET)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Entities under the department | Agriculture Sector Education and Training Authority (AGRSETA)<br>Banking Sector Education and Training Authority (BANKSETA)<br>Culture, Arts, Tourism, Hospitality and Sports Educational and Training Authority (CATHSSETA) Chemical Industries Education Training Authority (CHIETA)<br>Construction Education and Training Authority (CETA)<br>Education, Training and Development Practices (ETDP)<br>Energy Sector Education and Training Authority (EWSETA)<br>Financial and Accounting Services Sector Education and Training Authority (FASSET)<br>Food and Beverages Manufacturing Industry Sector Education and Training Authority (FOODBEV)<br>Fibre Processing Manufacturing Sector Education and Training Authority (FP&M SETA)<br>Health and Welfare Sector Education and Training Authority (HWSETA)<br>Insurance Sector Education and Training Authority (INSETA)<br>Local Government Sector Education and Training Authority (LGSETA)<br>Media, Advertising, Information and Communication Technologies Sector Education and Training Authority (MICT)<br>Mining Qualifications Authority (MQA) Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA) Public Services Sector Education and Training Authority (PSETA)<br>Safety and Security Sector Education and Training Authority (SASSETA)<br>Services Sector Education and Training Authority (SERVICES SETA)<br>Transport Education and Training Authority (TETA) Wholesale and Retail Sector Education and Training Authority (W&RSETA)<br>National Skills Authority (NSF)<br>South African Qualification Authority (SAQA) National Student Financial Aid Scheme (NSFAS) Council for Higher Education (CHE)<br>Public TVET Colleges controlled by DHET |
| Council members               | Mr T Dlamini (Chairperson)<br>Ms S Antoni (Deputy Chairperson)<br>Mr Z Mfecane<br>Ms S Mlotshwa<br>Mr J Soobramoney<br>Ms. Nadia Staar<br>Mr Zamakwakhe Khuzwayo<br>Dr Whitfield Green<br>Dr Mafu S Rakometsi<br>Ms Trudi Van Wyk<br>Ms Thandi Phele                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|  | 2024<br>'000 | 2023<br>'000 |
|--|--------------|--------------|
|--|--------------|--------------|

### Related party balances

#### Amounts included in Payables from non-exchange transactions regarding related parties

|            |        |       |
|------------|--------|-------|
| NSF*       | 117    | 1 324 |
| W&R SETA** | 10 596 | 9 694 |

\* NSF outstanding balance relates to conditional grants received for NSF projects, The funds were received in advance to pay for project expenses so the balance is for funds not yet utilised relating to the projects. The funds are refundable to NSF if the projects are completed under the budget.

\*\* W&R SETA balance relates to 2024/25 SETA Levy grant that was paid in the current financial year and is not refundable.

### Related parties transactions - SETA levies grants received

|                                                                  |        |        |
|------------------------------------------------------------------|--------|--------|
| AGRISETA                                                         | 3 770  | 3 276  |
| BANKSETA                                                         | 6 224  | 5 826  |
| CATHSSETA                                                        | 2 348  | 2 262  |
| CETA                                                             | 4 251  | 3 660  |
| CHIETA                                                           | 4 318  | 3 660  |
| ETDP SETA                                                        | 4 733  | 4 050  |
| EWSETA                                                           | 2 259  | 2 019  |
| FASSET                                                           | 4 551  | 3 861  |
| FOODBEV SETA                                                     | 3 238  | 2 801  |
| FP&M SETA                                                        | 2 549  | 2 208  |
| HWSETA                                                           | 4 347  | 3 546  |
| INSETA                                                           | 4 294  | 3 777  |
| LGSETA                                                           | 6 367  | 5 197  |
| MERSETA                                                          | 10 561 | 9 191  |
| MICT SETA                                                        | 7 234  | 6 203  |
| MQA                                                              | 9 806  | 8 655  |
| PSETA                                                            | 30     | 27     |
| SASSETA                                                          | 2 798  | 2 446  |
| SERVICES SETA                                                    | 12 290 | 10 231 |
| TETA                                                             | 5 696  | 5 013  |
| W&R SETA                                                         | 9 693  | 8 239  |
| <b>Transfer from Department of Higher Education and Training</b> |        |        |
| DHET                                                             | 29 241 | 28 506 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

### Remuneration of management

#### Management class: Council members

##### 2024

| Name                             | COUNCIL AND<br>OR COMMITTEE<br>FEES | REIMBURSABLE<br>EXPENSES | TOTAL      |
|----------------------------------|-------------------------------------|--------------------------|------------|
| Ms S Antoni (Deputy Chairperson) | 45                                  | -                        | 45         |
| Mr Z Mfecane                     | 95                                  | 2                        | 97         |
| Ms S Mlotshwa                    | 98                                  | 55                       | 153        |
| Mr J Soobramoney                 | 132                                 | 1                        | 133        |
|                                  | <b>370</b>                          | <b>58</b>                | <b>428</b> |

Mr T Dlamini (Chairperson) and other Council members are employed in the public service and are not remunerated for attending Council meetings or any other meetings of the Council sub-committees.

##### 2023

| Name             | COUNCIL AND<br>OR COMMITTEE<br>FEES | REIMBURSABLE<br>EXPENSES | TOTAL      |
|------------------|-------------------------------------|--------------------------|------------|
| Ms S Antoni      | 113                                 | 2                        | 115        |
| Mr Z Mfecane     | 69                                  | 2                        | 71         |
| Ms S Mlotshwa    | 88                                  | 37                       | 125        |
| Ms R Motjoadi    | 41                                  | 1                        | 42         |
| Mr J Soobramoney | 133                                 | 2                        | 135        |
|                  | <b>444</b>                          | <b>44</b>                | <b>488</b> |

#### Management class: Executive management

##### 2024

| Name            | Designation                        | BASIC SALARY  | SERVICE<br>AND OR<br>PERFORMANCE<br>BONUS | PENSION      | OTHER<br>BENEFITS | TOTAL         |
|-----------------|------------------------------------|---------------|-------------------------------------------|--------------|-------------------|---------------|
| Mr V Naidoo     | Chief Executive Officer            | 1 659         | 367                                       | 215          | 401               | 2 642         |
| Mr K Maposa     | Chief Financial Officer            | 864           | -                                         | 89           | 518               | 1 471         |
| Ms N Madilonga  | Chief Director: Corporate Services | 1 151         | 167                                       | 119          | 410               | 1 847         |
| Mr T Lata       | Chief Director: OQM                | 1 133         | 167                                       | 117          | 402               | 1 819         |
| Mr E Mbuwe      | Chief Director: OQA                | 1 230         | 172                                       | 127          | 320               | 1 849         |
| Ms A Solomon    | Director: Governance               | 980           | 194                                       | 99           | 263               | 1 536         |
| Mr S Mkhonza    | Director: OQM                      | 946           | 160                                       | 98           | 259               | 1 463         |
| Mr R Paul       | Director: Certification            | 733           | -                                         | 76           | 267               | 1 076         |
| Mr T Ramhewa    | Director: ICT                      | 934           | 87                                        | 121          | 304               | 1 446         |
| Ms D Kemp       | Director: Assessment               | 866           | 118                                       | 89           | 272               | 1 345         |
| Mr R Macpherson | Director: Quality Assurance        | 866           | 81                                        | 89           | 318               | 1 354         |
| Mr M Marfalane  | Director: Research & Analysis      | 880           | 127                                       | 91           | 312               | 1 410         |
| Mr D Thaga      | Director: Accreditation            | 724           | 138                                       | 75           | 252               | 1 189         |
|                 |                                    | -             | -                                         | -            | -                 | -             |
| Mr J April      | Director: Office of the CEO        | 661           | 127                                       | 68           | 232               | 1 088         |
|                 |                                    | <b>13 627</b> | <b>1 905</b>                              | <b>1 473</b> | <b>4 530</b>      | <b>21 535</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

|                   |                                    |              |                                  |         | 2024           | 2023   |
|-------------------|------------------------------------|--------------|----------------------------------|---------|----------------|--------|
|                   |                                    |              |                                  |         | '000           | '000   |
| 2023              |                                    |              |                                  |         |                |        |
| Name              | Designation                        | BASIC SALARY | SERVICE AND OR PERFORMANCE BONUS | PENSION | OTHER BENEFITS | TOTAL  |
| Mr V Naidoo       | Chief Executive Officer            | 1 549        | 228                              | 200     | 480            | 2 457  |
| Mr I Gumbochuma   | Chief Financial Officer            | 600          | 123                              | 59      | 313            | 1 095  |
| Ms N Madilonga    | Chief Director: Corporate Services | 1 071        | 129                              | 110     | 396            | 1 706  |
| Mr T Lata         | Chief Director: OQM                | 1 071        | 137                              | 110     | 369            | 1 687  |
| Mr E Mbuwe        | Chief Director: OQA                | 1 178        | 137                              | 122     | 303            | 1 740  |
| Ms A Solomon      | Director: Governance               | 905          | 109                              | 93      | 318            | 1 425  |
| Mr S Mkhonza      | Director: OQM                      | 892          | 60                               | 91      | 308            | 1 351  |
| Ms A Van Rensburg | Director: Certification            | 865          | 127                              | 89      | 305            | 1 386  |
| Mr T Ramhewa      | Director: ICT                      | 853          | 103                              | 109     | 276            | 1 341  |
| Ms D Kemp         | Director: Assessment               | 815          | 64                               | 84      | 304            | 1 267  |
| Mr R Macpherson   | Director: Quality Assurance        | 815          | 54                               | 84      | 286            | 1 239  |
| Mr T Gqili        | Director: Non-Engineering          | 509          | 54                               | 50      | 153            | 766    |
| Mr M Marfalane    | Director: Research & Analysis      | 815          | 98                               | 84      | 286            | 1 283  |
| Mr J April        | Director: Office of the CEO        | 815          | 98                               | 84      | 286            | 1 283  |
| Mr S Davids       | Director: Engineering              | 76           | -                                | 8       | 35             | 119    |
|                   |                                    | 12 829       | 1 521                            | 1 377   | 4 418          | 20 145 |

## 22. CHANGE IN ESTIMATE

### Property, plant and equipment

The useful life of certain plant, plant and equipment was initially estimated to be 3 to 10 years. In the current period management have revised their estimate to 15 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R551 366.

## 23. PRIOR PERIOD ERRORS

Gain on disposal of property, plant and equipment was erroneously omitted in the 2022-23 financial year. Gain on disposal of property, plant and equipment has been reclassified from expenditure to separate line item after surplus from operations. Prior year figures have been retrospectively adjusted in the Annual Financial Statements.

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

### Statement of Financial Position

|                                                   |   |   |
|---------------------------------------------------|---|---|
| Sundry debtors                                    | - | 2 |
| <b>Statement of financial performance</b>         |   |   |
| Gain on disposal of property, plant and equipment | - | 2 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

|  | 2024 | 2023 |
|--|------|------|
|  | '000 | '000 |

24. GOING CONCERN

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

The management has done a going concern assessment of the entity as at 31 March 2024 and based on the available information, management is satisfied that the entity will continue as a going concern in the foreseeable future.

25. EVENTS AFTER THE REPORTING DATE

There is reportable subsequent event identified as QCTO, PSETA, SAQA and DIRCO received the court summons on 11 June 2024.

- The matter is about the SA School of Diplomacy challenging the QCTO, PSETA, SAQA and Minister of International Relations for the loss of income in relation to the decision of not granting them accreditation to offer 2 diplomatic qualifications.

PSETA and QCTO had previously rejected the accreditation application because the two diplomacy qualifications were ringfenced by SAQA and DIRCO

The applicant has now issued a Notice in terms of section 3(1) of the Institution of Legal Proceedings Against Certain Organs of State Act, 2002 wherein the applicant approached the court claiming alleged patrimonial loss to the amount of R 203 701 234. Should the case be decided in favour of the applicant, the court order for the loss could be shared amongst the four respondents. This legal case is still in progress and QCTO is not certain of the outcomes that will be determined by the court of law.

26. UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

|                                    |   |   |
|------------------------------------|---|---|
| Unauthorised expenditure           | - | - |
| Irregular expenditure              | - | - |
| Fruitless and wasteful expenditure | - | - |
| Closing balance                    | - | - |

Additional Narratives

Fruitless and wasteful expenditure incurred during the year

The entity incurred R16,410.44 fruitless and wasteful expenditure during the year as the result of unauthorised use of entity credit card. The amount was recovered in full.

*\*Refer to reconciling notes in the compliance section(Chapter E) of the annual report.*

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

### 27. BUDGET DIFFERENCES

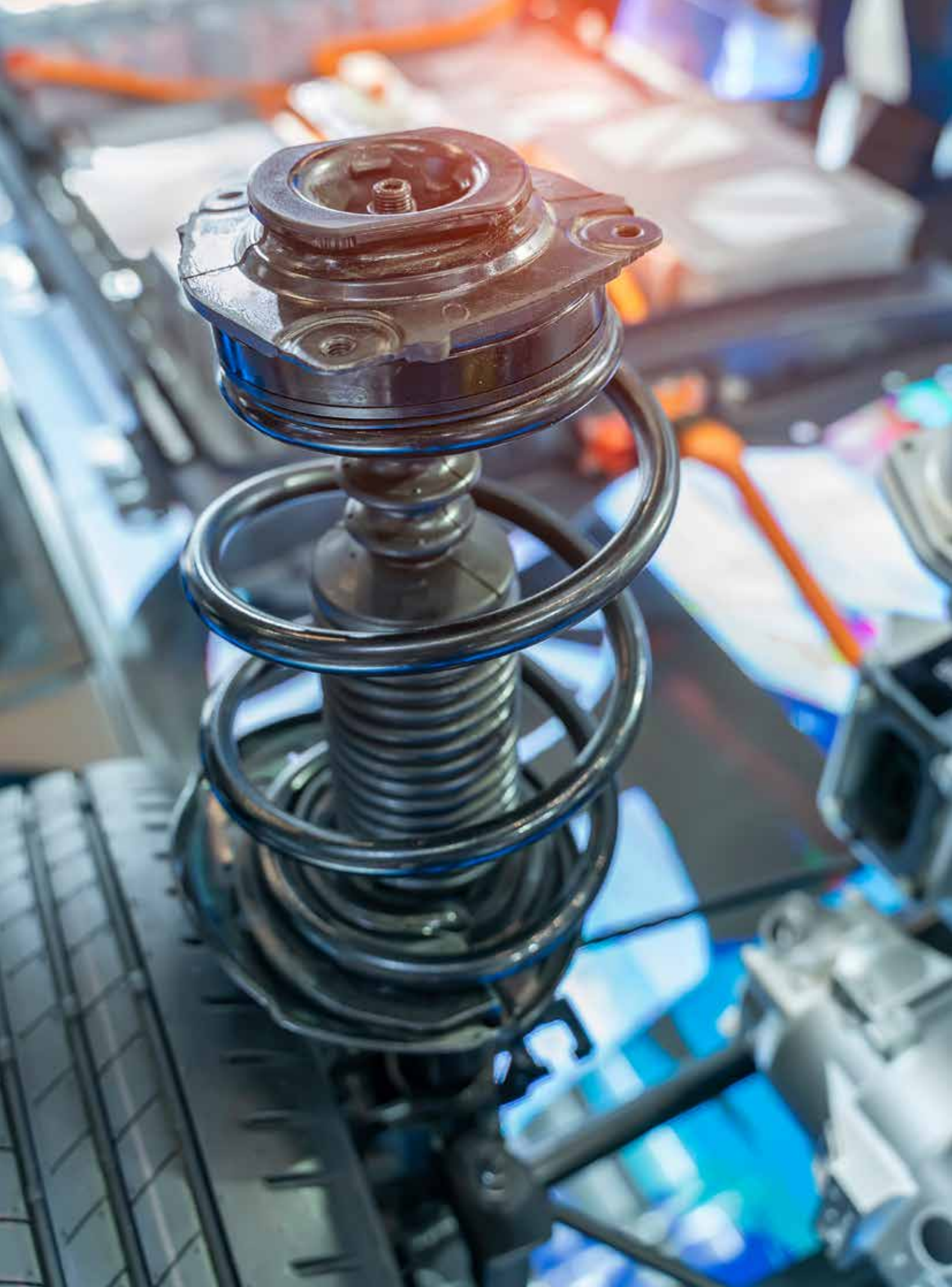
#### **Differences between budget and actual amounts basis of preparation and presentation**

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

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

### 28. BBBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.



## LIST OF ABBREVIATIONS / ACRONYMS

|                  |                                                                                          |
|------------------|------------------------------------------------------------------------------------------|
| <b>AFS</b>       | Annual Financial Statements                                                              |
| <b>AGSA</b>      | Auditor-General South Africa                                                             |
| <b>AGRISETA</b>  | Agriculture Sector Education and Training Authority                                      |
| <b>APP</b>       | Annual Performance Plan                                                                  |
| <b>AQP</b>       | Assessment Quality Partner                                                               |
| <b>ARC</b>       | Audit and Risk Committee                                                                 |
| <b>BANKSETA</b>  | Banking Sector Education and Training Authority                                          |
| <b>BIG</b>       | Business Innovation Group                                                                |
| <b>CATHSSETA</b> | Culture, Arts, Tourism, Hospitality and Sports Sector Educational and Training Authority |
| <b>CCMA</b>      | Commission for Conciliation, Mediation and Arbitration                                   |
| <b>CEO</b>       | Chief Executive Officer                                                                  |
| <b>CET</b>       | Community Education and Training                                                         |
| <b>CETA</b>      | Construction Education and Training Authority                                            |
| <b>CIE</b>       | Catholic Institute of Education                                                          |
| <b>CFO</b>       | Chief Financial Officer                                                                  |
| <b>CHE</b>       | Council on Higher Education                                                              |
| <b>CHIETA</b>    | Chemical Industries Education Training Authority                                         |
| <b>CLC</b>       | Community Learning Centre                                                                |
| <b>COIDA</b>     | Compensation for Occupational Injuries and Diseases Act                                  |
| <b>CPD</b>       | Corporation for Public Deposits                                                          |
| <b>DBE</b>       | Department of Basic Education                                                            |
| <b>DG</b>        | Director-General                                                                         |
| <b>DHET</b>      | Department of Higher Education and Training                                              |
| <b>DSI</b>       | Department of Science and Innovation                                                     |
| <b>ECD</b>       | Early Childhood Development                                                              |
| <b>ECM</b>       | Enterprise Content Management                                                            |
| <b>ECSA</b>      | Engineering Council of South Africa                                                      |
| <b>EISA</b>      | External Integrated Summative Assessment                                                 |

|                  |                                                                                         |
|------------------|-----------------------------------------------------------------------------------------|
| <b>ETQA</b>      | Education and Training Quality Assurance body                                           |
| <b>ETDP</b>      | Education, Training and Development Practices                                           |
| <b>ERRP</b>      | Economic Recovery and Reconstruction Plan                                               |
| <b>ERRSS</b>     | Economic Reconstruction and Recovery Skills Strategy                                    |
| <b>EXCO</b>      | Executive Committee of Council                                                          |
| <b>ESS</b>       | Employee Self Service                                                                   |
| <b>EWSETA</b>    | Energy and Water Sector Education and Training Authority                                |
| <b>FOODBEV</b>   | Food and Beverages Sector Education and Training Authority                              |
| <b>FASSET</b>    | Financial and Accounting Services Sector Education and Training Authority               |
| <b>FASB</b>      | Financial Accounting Standards Boards                                                   |
| <b>FLC</b>       | Foundational Learning Competence                                                        |
| <b>FP&amp;M</b>  | Fibre Processing and Manufacturing Sector Education and Training Authority              |
| <b>FWOW</b>      | Future World of Work                                                                    |
| <b>GENFETQSF</b> | General and Further Education and Training Qualifications Sub-Framework                 |
| <b>GRAP</b>      | Generally Recognised Accounting Practice                                                |
| <b>GRC&amp;S</b> | Governance, Risk, Compliance and Secretariat                                            |
| <b>HEI</b>       | Higher Education Institution                                                            |
| <b>HET</b>       | Higher Education and Training                                                           |
| <b>HEQSF</b>     | Higher Education Qualifications Sub-Framework                                           |
| <b>HR</b>        | Human Resources                                                                         |
| <b>HWSETA</b>    | Health and Welfare Sector Education and Training Authority                              |
| <b>ICT</b>       | Information and Communications Technology                                               |
| <b>IT</b>        | Information Technology                                                                  |
| <b>INSETA</b>    | Insurance Sector Education and Training Authority                                       |
| <b>ISA</b>       | International Standards on Auditing                                                     |
| <b>LGSETA</b>    | Local Government Sector Education and Training Authority                                |
| <b>MERSETA</b>   | Manufacturing, Engineering and Related Services Sector Education and Training Authority |
| <b>MHESI</b>     | Minister of Higher Education, Science and Innovation                                    |
| <b>MICT</b>      | Media, Advertising, Information and Communication Technologies                          |
| <b>MIS</b>       | Master Information System                                                               |

|                |                                                                                 |
|----------------|---------------------------------------------------------------------------------|
| <b>MOA</b>     | Memorandum of Agreement                                                         |
| <b>MOU</b>     | Memorandum of Understanding                                                     |
| <b>MSP</b>     | Master Systems Plan                                                             |
| <b>MTEF</b>    | Medium-Term Expenditure Framework                                               |
| <b>MTSF</b>    | Medium-Term Strategic Framework                                                 |
| <b>MQA</b>     | Mining Qualifications Authority                                                 |
| <b>N/A</b>     | Not applicable                                                                  |
| <b>NAADAB</b>  | National Artisan and Apprenticeship Development Advisory Board                  |
| <b>NAMB</b>    | National Artisan Moderation Body                                                |
| <b>NATED</b>   | National Education Report 191 (Part 2) N4 to N6                                 |
| <b>NDP</b>     | National Development Plan                                                       |
| <b>NEDLAC</b>  | National Economic Development and Labour Council                                |
| <b>NGO</b>     | Non-Governmental Organisations                                                  |
| <b>NLRD</b>    | National Learner Records Database                                               |
| <b>NPO</b>     | Non-Profit Organisation                                                         |
| <b>NPPSET</b>  | National Plan for Post School Education and Training                            |
| <b>NQF Act</b> | National Qualifications Framework Act (No. 67 of 2008)                          |
| <b>NSF</b>     | National Skills Fund                                                            |
| <b>NSA</b>     | National Skills Authority                                                       |
| <b>NSDP</b>    | National Skills Development Plan                                                |
| <b>OFO</b>     | Organising Framework for Occupations                                            |
| <b>OHS</b>     | Occupational Health and Safety                                                  |
| <b>OQACC</b>   | Occupational Qualifications Assessment and Certification Committee Occupational |
| <b>OQM</b>     | Qualifications Management                                                       |
| <b>OQSF</b>    | Occupational Qualifications Sub-Framework                                       |
| <b>PAYE</b>    | Pay As You Earn                                                                 |
| <b>PFMA</b>    | Public Finance Management Act                                                   |
| <b>PPPFA</b>   | Preferential Procurement Policy Framework Act                                   |
| <b>PSET</b>    | Post-School Education and Training                                              |
| <b>PSETA</b>   | Public Services Sector Education and Training Authority                         |

|                    |                                                                             |
|--------------------|-----------------------------------------------------------------------------|
| <b>PYEI</b>        | Presidential Youth Employment Initiative                                    |
| <b>QA</b>          | Quality Assurance                                                           |
| <b>QAP</b>         | Quality Assurance Partner                                                   |
| <b>QAOQC</b>       | Quality Assurance of Occupational Qualifications Committee                  |
| <b>QAF</b>         | Quality Assurance Function                                                  |
| <b>QC</b>          | Quality Council                                                             |
| <b>QCTO</b>        | Quality Council for Trades and Occupations                                  |
| <b>QDF</b>         | Qualifications Development Facilitator                                      |
| <b>R&amp;A</b>     | Research and Analysis                                                       |
| <b>RPL</b>         | Recognition of Prior Learning                                               |
| <b>SASSETA</b>     | Safety and Security Sector Education and Training Authority                 |
| <b>SAQA</b>        | South African Qualifications Authority                                      |
| <b>SARB</b>        | South African Reserve Bank                                                  |
| <b>SCM</b>         | Supply Chain Management                                                     |
| <b>SDA</b>         | Skills Development Act (No 97 of 1998)                                      |
| <b>SDL</b>         | Skills Development Levy                                                     |
| <b>SDP</b>         | Skills Development Provider                                                 |
| <b>SETA</b>        | Sector Education and Training Authority                                     |
| <b>SIP</b>         | Strategic Integrated Projects                                               |
| <b>SLA</b>         | Service Level Agreement                                                     |
| <b>SOP</b>         | Standard Operating Procedure                                                |
| <b>TETA</b>        | Transport Education and Training Authority                                  |
| <b>TVET</b>        | Technical and Vocational Education and Training                             |
| <b>UIF</b>         | Unemployment Insurance Fund                                                 |
| <b>Umalusi</b>     | Council for Quality Assurance in General and Further Education and Training |
| <b>WIL</b>         | Work Integrated Learning                                                    |
| <b>WPPSET</b>      | White Paper on Post School Education and Training                           |
| <b>W&amp;RSETA</b> | Wholesale and Retail Sector Education and Training Authority                |
| <b>YES</b>         | Youth Employment Service                                                    |





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